

I. PROGRAM OBJECTIVES

The purpose of this subpart is to improve students' academic achievement by increasing the capacity of States, local educational agencies, schools, and local communities to— (1) provide all students with access to a well-rounded education; (2) improve school conditions for student learning; and (3) improve the use of technology in order to improve the academic achievement and digital literacy of all students.

Each State educational agency must submit an application to the Secretary of the U.S. Department of Education. A state may choose to submit their applications as part of the Consolidated Plan. Applications are approved by the Secretary of the US Department of Education. Funds are provided to each state educational agency (SEA), NC Department of Public Instruction (DPI), for allocation to local education agencies (LEAs) and Charter Schools that have current approved project applications on file with the SEA describing the project to be implemented using these funds.

Allotment reports are sent from the School Allotment Section of the Division of School Business notifying the LEAs of the amount of funds that they have available.

Funds are distributed according to the cash request procedures discussed in the NC Department of Public Instruction Cross-cutting Requirements, DPI-0.

III. COMPLIANCE REQUIREMENTS

Noted below in the following matrix are the types of compliance requirements that are applicable to the federal program. These Types are determined by the federal agency, noted as "Y," on the "Matrix of Compliance Requirements" located in Part 2 of the OMB 2021 Compliance Supplement; however, the State Agency may have added the Type and this is noted by "Y." If the State determines that the federal requirement does not apply at the local level or if the State modifies the federal requirements, this is noted in the supplement under the type of compliance requirement. If the federal and/or State agencies have determined that the type is not applicable, it is noted by "N."

If the Matrix indicates "Y," the auditor must determine if a particular type of compliance requirement has a direct and material effect on the federal program for the auditee. For each such compliance requirement subject to the audit, the auditor must use the OMB 2021 Compliance Supplement, Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and Part 4 (which includes any program-specific requirements) to perform the audit.

If there is no program listed on the "Matrix" in Part 2 or Part 4, the State has determined the Type that is applicable. If a Type is determined to be direct and material, the auditor should refer to the requirements found in Part 3 and listed in this supplement.

CC	A	B	C	E	F	G	H	I	J	L	M	N
Cross Cutting Requirements	Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period of Performance	Procurement Suspension &	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	Y	Y	Y	N	Y	Y	N	N	N	N	Y

A. Activities Allowed or Unallowed

Compliance Requirements:

Funds may be used by a LEA or other operating agency only in accordance with the approved State plan and only for those services or activities in its approved project application.

An LEA that receives at least \$30,000 in SSAE program funds must conduct a comprehensive needs assessment that includes, at a minimum, a focus on the three content areas identified above under program objectives (ESEA section 4106(d)). Based on the results of that assessment, the LEA must use:

- Not less than 20 percent of funds to support one or more of the activities authorized under section 4107 pertaining to well-rounded educational opportunities;
- Not less than 20 percent of funds to support one or more activities authorized under section 4108 pertaining to safe and healthy students; and
- A portion of funds to support one or more activities authorized under section 4109(a) pertaining to the effective use of technology, including an assurance that it will not use more than 15 percent of the remaining portion for purchasing technology infrastructure as described in section 4109(b).12

Of the amount received under Section 4105(a)(2), a local educational agency may reserve not more than 2 percent for the direct administrative costs of carrying out the local educational agency's responsibilities under this subpart.

Within each of these areas, LEAs have broad flexibility to use the SSAE program funds for a variety of activities to improve student outcomes and address the opportunity gaps identified through the needs assessment.

Audit Objective – To determine that expenditures are allowable and properly recorded.

Suggested Audit Procedures:

- Obtain a copy of the approved project plan and approved program budget from the local program coordinator.
- Review expenditures to determine that expenditures are in accordance with the approved project plan.
- Review salary expenditures to determine that personnel paid from these funds do not exceed budgeted personnel in approved program budget.

B. Allowable Costs/Cost Principles

Addressed in the NC Department of Public Instruction Cross-cutting Requirements.

C. Cash Management

Addressed in the NC Department of Public Instruction Cross-cutting Requirements.

E. Eligibility

Eligibility for Subrecipients – This compliance requirement does not apply at the local level. The local auditor is not required to test for compliance with this requirement.

F. Equipment and Real Property Management

Addressed in the NC Department of Public Instruction Cross-cutting Requirements

G. Matching, Level of Effort, Earmarking**1. Matching**

This compliance requirement does not apply at the local level. No testing required.

2. Level of Effort

Addressed in the US Department of Education Cross-cutting Section.

H. Period of Availability of Federal Funds

Addressed in the US Department of Education Cross-cutting Section and Federal Compliance Supplement.

Compliance Requirement - Expenditures may not be incurred before the project begins. Any expenditure prior to the beginning date are considered unallowable and must be refunded to SEA.

Audit Objective – To determine that no expenditures were incurred prior to the date the project began.

Suggested Audit Procedure:

- Review transactions to verify that no expenditures were incurred prior to the approved application beginning date.

I. Procurement and Suspension and Debarment

Addressed in the US Department of Education Cross-cutting Section and NC Department of Public Instruction Cross-cutting Requirements.

J. Program Income

This compliance requirement does not apply at the local level. No testing is required.

L. Reporting

Addressed in the US Department of Education Cross-cutting Section and NC Department of Public Instruction Cross-cutting Requirements.

M. Subrecipient Monitoring

This compliance requirement does not apply at the local level. No testing is required.

N. Special Tests and Provisions

Compliance Requirement - An LEA may transfer all or a lesser amount of its Title II and Title IV allocation to supplement its allocation under Title I, Parts A, C, and D, and/or Title III, Parts A and B per Section 5103 in ESSA.

Audit Objective - An LEA that wishes to transfer funds must do so by budget amendment: (1) using the object code 722 to transfer the funds out of the desired federal program entering the amount to be transferred out as a positive number and (2) using the object code 721 to transfer the funds into the desired federal program entering the amount to be transferred in as a negative number.

Suggested Audit Procedures:

- Verify that the LEA or charter school performed budget amendments for both federal programs affected by the transfer.
- Verify that the budget amendments performed by the LEA or charter school used the appropriate object codes.