

21.019

**CORONAVIRUS RELIEF FUND**

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**State Project/Program:** STATE AID TO NORTH CAROLINIANS IN RESPONSE TO THE CORONAVIRUS

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**US Department of Treasury**

**Federal Authorization:** Social Security Act §601(a), as added by section 5001 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

**State Authorization:** General Assembly of North Carolina Session 2019 – Session Law 2020-4 House Bill 1043, 2020 COVID-19 Recovery Act

**N. C. Department of Public Instruction**

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**N.C. DPI Confirmation Reports:**

Confirmation of Funds Expended and/or Disbursed from the State Public School Fund and Federal Programs 2021-22 will be available at the [NC DPI School Business Division Annual Reports Application](#). The system provides an electronic view of Year-to-Date (YTD) financial reports in response to requests for confirmation from independent auditors.

The auditor should not consider the Supplement to be “safe harbor” for identifying audit procedures to apply in a particular engagement, but the auditor should be prepared to justify departures from the suggested procedures. The auditor can consider the supplement a “safe harbor” for identification of compliance requirements to be tested if the auditor performs reasonable procedures to ensure that the requirements in the Supplement are current.

The grantor agency may elect to review audit working papers to determine that audit tests are adequate.

**Auditors may request documentation of monitoring visits by the State Agencies.**

This compliance supplement must be used in conjunction with the OMB 2022 Compliance Supplement which will be issued in the summer. This includes “Part 3 - Compliance Requirements,” for the types that apply, “Part 6 - Internal Control,” and “Part 4 - Agency Program” requirements if the Agency issued guidance for a specific program. The OMB Compliance Supplement is Section A of the State Compliance Supplement.

**I. PROGRAM OBJECTIVES**

The Coronavirus Relief Fund (CRF) is established in the Coronavirus Aid, Relief and Economic Security Act of 2020 (CARES Act). CRF funding received from the U.S. Department

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of Treasury by the State of North Carolina was appropriated under Session Law 2020-4 (House Bill 1043). The fund is established to provide necessary and appropriate relief and assistance from the effects of COVID19, consistent with the provisions of the CARES Act and subsequent legislation addressing the effects of COVID-19. All funds allocated from the Fund must be used for necessary expenditures incurred due to the public health emergency with respect to COVID-19.

### II. PROGRAM PROCEDURES

The 2020 COVID-19 Recovery Act appropriates nonrecurring Coronavirus Relief Funds to OSBM for the 2019-2020 fiscal year. OSBM allocated Funds to the Department of Public Instruction (NCDPI) as provided in Section 3.3 of the act.

Public school units (PSUs) which include local education agencies (LEA), charter schools (Charter), innovative school districts (ISD), regional schools, lab schools, and residential schools are eligible to receive Funds as outlined in the act and in the NCDPI policies approved by the State Board of Education.

The State Board of Education approved the NCDPI proposed allocation methods to be used for each of the Fund's program report codes (PRC). Approved eligibility and the approved allocation methods are as follows:

Eligibility:

LEAs, Charter Schools, ISDs	PRC 121, 122, 123,124, 126, 127, 128, 129, 132, 135, 137, 138
Lab schools	PRC 122, 123, 129, 132, 137, 138
Regional Schools	PRC 123,124, 126, 127, 128, 129, 132, 135, 137, 138
All PSUs that participate in the National School Lunch Program or School Breakfast Program	PRC 125
Programs operated by (i) nonprofit corporations and (ii) nonprofit corporations working in collaboration with local school administrative units	PRC 133

Allocation Methodology:

- a. PRC 121 – Eligible PSUs serving students in Kindergarten through 4th grade in the 2019-20 school year. Allocated to PSUs with eligible grades based on history of students not proficient in 3rd and 4th grade math and reading. PSUs are required to submit plans and an application to DPI prior to release of funds.
- b. PRC 122 – Eligible PSUs that are also eligible to receive a portion of the instructional support appropriation. Funds shall be allocated in the same basis as the instruction support allotment. Charter, ISD and Lab schools shall receive a per pupil share.
- c. PRC 123 - Funds appropriated shall be allotted based on 2019-20 allotted ADM for LEAs and funded ADM for other eligible PSUs.

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- d. PRC 124 – 50% of the funds appropriated shall be allotted based on 2019-20 allotted average daily membership (ADM) for LEAs and funded ADM for other PSUs. 50% of the funds appropriated shall be allotted based on the students in poverty per the 2017 census for LEAs. Other PSUs shall receive an average dollars per student in poverty.
- e. PRC 125 - Funds shall be allocated based on the proportion of State total of federal reimbursements and eligible student meal receipts the PSU received in February 2020.
- f. PRC 126 – Funds appropriated shall be allotted based on 2019-20 allotted ADM for LEAs and funded ADM for other PSUs.
- g. PRC 127 – Eligible PSUs may apply for funds through the Digital Teaching and Learning Division. Funds allotted based on ADM.
- h. PRC 128 – 50% of the funds appropriated shall be allotted based on 2019-20 allotted ADM for LEAs and funded ADM for other PSUs. 50% of the funds appropriated shall be allotted based on the estimated households without an internet subscription, per FCC data, in the county in which the PSU is located.
- i. PRC 129 – Eligible PSUs may apply to the Digital Teaching and Learning Division in the Department of Public Instruction for funds for Canvas licenses. for Canvas licenses. A. For units that do not currently have a contract for Canvas the award shall be a base plus a dollar per license requested. B. For units that have a current Canvas contract and request to expand the number of licenses the award shall be a dollar per license requested. If the total requests exceed the total appropriated amounts, the approved grant requests shall be adjusted as follows: 1. Fund the cost of new licenses only 2. Reduce on a pro rata basis the remaining approved grant requests to meet funds available
- j. PRC 132 – Eligible PSUs may apply for grant funds through the Division of Exceptional Children.
- k. PRC 133 – Nonprofit corporations may apply for grant funds through the Federal Programs Division. A grant award shall not exceed \$500,000.
- l. PRC 135 – 50% of the funds appropriated shall be allotted based on 2019-20 allotted ADM for LEAs and funded ADM for other PSUs. 50% of the funds appropriated shall be allotted based on the students in poverty per the 2017 census for LEAs. Other PSUs shall receive an average dollars per student in poverty. No eligible PSU shall receive less than \$2,000.
- m. PRC 137 - Funds appropriated shall be allotted based on a weighted dollars per ADM, as follows: PSUs operating in Phase B on September 1, 2020 3 x ADM PSUs operating in Phase A/B on October 5, 2020 2.5 x ADM PSUs operating in Phase A/B on October 26, 2020 2 x ADM PSUs operating in Phase C 1 x ADM 2019-20 allotted ADM for LEAs and funded ADM for other eligible public school units.
- n. PRC 138 - Eligible public school units may apply to the Digital Teaching and Learning Division in the Department of Public Instruction for Gaggles safety management licenses based on the PSU's Month 2, 2021 ADM in one or more grades. Approved applications shall be funded based on the DPI convenience contract with Gaggles as follows: O365 or Google Email and Drive \$2.50/ADM GSM Microsoft Teams or Google Hangouts \$1.25/ADM GSM Microsoft O365 or Google

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Drive ONLY \$1.25/ADM Minimum cost of \$500. If the total approved requests exceed the total appropriated amounts, the approved requests shall be reduced on a pro rata basis to meet funds available.

Funds are distributed according to the cash request procedures discussed in the DPI 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 2020 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 2020 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 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
N	Y	Y	N	N	N	N	Y	N	N	Y	Y	N

#### A. Activities Allowed or Unallowed

##### Compliance Requirement –

1. Payments from the Fund may only be used to cover costs that are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19).

Expenditures must be used for actions taken to respond to the public health emergency. These may include expenditures incurred to respond directly to the emergency as well as expenditures incurred to respond to second-order effects of

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the emergency. The expenditure is reasonably necessary for its intended use in the reasonable judgment of the government officials responsible for spending Fund payments. Please see the link to the DPI allotment manual for additional detail on the use of funds. ([Microsoft Word - APM 20-22 COVID Manual 0407 2022 \(nc.gov\)](#))

2. Funds may be used in accordance with the activities described in the PRC and the application when one is required.
  - a. PRC 121 - To provide a supplemental summer learning program, prior to August 17, 2020, for students whose learning has been negatively affected by the impacts of COVID-19. (Application was required to be submitted.)
  - b. PRC 122 - To provide funding for additional contracted physical and mental health support services for students in response to COVID-19, including remote and in person physical and mental health support services.
  - c. PRC 123 - To provide nondigital remote instruction resources to students with limited connectivity, in order to continue learning growth during the school closure period related to COVID-19.
  - d. PRC 124 – To provide funding for additional computers and other electronic devices for use by students in response to COVID-19.
  - e. PRC 126 – To provide funding for additional computers and other electronic devices for use by school personnel in response to COVID-19.
  - f. PRC 127 – To provide funds to improve Internet connectivity for students, in response to COVID-19, by installing extended reach mobile Wi-Fi gateway router devices in school buses.
  - g. PRC 128 – To provide funds to improve internet connectivity for students, in response to COVID-19, by providing community and home mobile Internet access points.
  - h. PRC 129 – To provide funds to assist and support PSUs in providing remote instruction in response to the impacts of COVID-19 by expanding the learning management platform provided by the Department of Public Instruction.
  - i. PRC 125 - To provide funding for school nutrition services provided in response to COVID-19 by PSUs participating in the National School Lunch Program or School Breakfast Program.
  - j. PRC 132 – Grant to support extraordinary costs associated with providing Extended School Year Services or future services, as appropriate, for exceptional children who qualify for these services due to the impacts of COVID-19. (Application was required to be submitted.)
  - k. PRC 133 – Grant to fund new or existing eligible programs that provide high quality, independently validated extended learning and integrated student support service programs for at-risk students whose learning has been negatively affected by COVID19 impacts. (Application was required to be submitted.)
  - l. PRC 135 – (i) establish a statewide shared cybersecurity infrastructure to protect school business systems and minimize instructional disruption and (ii) for district cybersecurity monitoring and support in consultation with the School Connectivity Initiative.
  - m. PRC 137 - To provide personal protective equipment (PPE) that meet applicable federal standards and guidelines from the Centers for Disease

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Control and Prevention. Funds may also be used to provide COVID-19 testing for public schools

- n. PRC 138 - To provide funds to public school units for one or more Gaggle safety management products to enhance student safety while providing remote instruction in response to COVID-19.
3. The Fund may only be used to cover costs that were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or the local government.

**Audit Objective** - Determine that expenditures are allowable.

**Suggested Audit Procedures** - Obtain a copy of the Budget Balance Reconciliation Report (305/705) from the finance officer and compare to local accounting records for appropriateness.

Test a sample of expenditures and related records to determine if expenditures were:

1. Obtain a copy of the Budget Balance Reconciliation Report (305/705) from the finance officer and compare it to local accounting records for conformity;
2. Review the budget section of the applications. Compare this section with the actual budget to determine if funds are used as indicated in approved grant application;
3. Obtain a copy of the application and review the PSU plan. Review a sample of expenditures to determine that expenditures are in accordance with the plan described in the grant application;
4. Test a sample of expenditures and related records to determine if expenditures were made only for those services or activities allowed and in Fund application.

### **B. Allowable Costs/Cost Principles**

#### **Compliance Requirement –**

1. Allowable cost includes:
  - a. PRC 121 - Funds shall only be used for costs associated with the Plan, Funds shall not be transferred in to or out of this allotment category.
  - b. PRC 122 - The term school health support personnel shall refer to school counselors, school nurses, school psychologists, and school social workers.
  - c. PRC 123 - Funds shall only be used for the purchase of nondigital instructional resources.
  - d. PRC 124 – Funds shall only be used for the purchase of computers and other electronic devices, software management license and maintenance protection.
  - e. PRC 125 - To provide funding for school nutrition services provided in response to COVID-19.
  - f. PRC 126 – Funds shall only be used for the purchase of computers and other electronic devices.
  - g. PRC 127 – Funds shall be used only for the purchase of devices and not for subscription services.
  - h. PRC 128 – Funds shall be used only for the purchase of devices and not for subscription services.
  - i. PRC 129 – Funds shall only be used for the purchase of Canvas software licenses and initial contract costs.

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- j. PRC 132 – Funds shall be used only for the implementation of the grant, as stated in the approved application.
- k. PRC 133 – Funds shall be used only for the implementation of the grant, as stated in the application. The Program is to fund high-quality, independently validated extended learning and integrated student support service programs for at-risk students that raise standards for student academic outcomes.
- l. PRC 135 – Funds shall be used only for the purchase of products and/or services to improve cybersecurity risk posture and response capabilities. Emphasis should be on school business systems and servers. Public School Units shall request approval for expenditures from the School Connectivity Initiative team.
- m. PRC 137 - Funds may be used to purchase personal protective equipment, in alignment with Centers for Disease Control and Prevention and other applicable federal guidelines, including gloves, face masks, protective eyewear, face shields, protective barriers, and protective clothing (e.g. reusable or disposable gown, jacket, lab coat). The funds may also be used to purchase hand sanitizer, cleaning wipes, soap, and additional materials used to clean and disinfect and to upgrade HVAC systems with specialized filters and/or technology, etc. to prevent airflow that would spread COVID-19. Funds may also be used for COVID testing.
- n. PRC 138 - Funds shall only be used for the purchase of Gaggle monitoring subscription licenses and minimum contract costs.

See allotment manual for additional details. ([Microsoft Word - APM 20-22 COVID Manual\\_0407\\_2022 \(nc.gov\)](#))

### SPECIAL PROVISIONS:

- 1. In accordance with the federal CARES) Act, Coronavirus Relief Fund Title V, these funds may not be used to directly account for revenue shortfalls related to the COVID-19 outbreak.
- 2. Funds may only be used for necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19), and for costs that are a substantially different use from any expected use of budgeted funds.
- 3. Funds may not be used for expenses that have been or will be reimbursed under any federal program.
- 4. For employees who are not substantially dedicated to mitigating or responding to COVID-19 public health emergency, funds may be used for a prorata share of payroll or benefits reflecting the proportion of time the employee's work duties are substantially dedicated to mitigating or responding to the COVID-19 public health emergency.

**Audit Objective** - To determine costs are allowable.

### **Suggested Audit Procedures** -

Test a sample of expenditures and related records to determine if expenditures are:

- Approved and have supporting documentation;
- Reasonable with respect to cost being incurred due to the Coronavirus Disease 2019 (COVID–19);
- In compliance with the allowable activities and costs as defined by the corresponding PRC;
- In alignment with the application, if one was required.
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**C. Cash Management**

**Compliance Requirement** – Not applicable

**E. Eligibility**

**Compliance Requirement** – Not applicable

**F. Equipment and Real Property Management**

**Compliance Requirement** – Not applicable

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

**Compliance Requirement** – Not applicable

**H. Period of Performance**

**Compliance Requirements** - Funds from the act are available March 1, 2020 through December 30, 2020 with the exception of the following PRCs:

- PRC 121 - Eligible expenditures for LEAs and ISD are those incurred from the date of submission of the Plan to DPI to December 30, 2020. Eligible expenditures for charter schools are those incurred from the date of charter school board approval of the Plan to December 30, 2020,
- PRC 125 - Eligible expenditures are those incurred from March 16 to December 30, 2020,
- PRC 133, 137, 138 - Eligible expenditures are those incurred from July 1 to December 30, 2020.

The period of performance was extended to December 31, 2021.

Expenditures may not be incurred or obligated before the period begins or after the period ends. Any expenditures prior to the beginning date or after the end date are considered unallowable and must be refunded to NCDPI.

**Audit Objective** - Determine that no expenditures were incurred prior to the date the period began or after the period ends.

**Suggested Audit Procedure** - Review a sample of transactions to verify that no expenditures were incurred prior to or after the approved period of availability.

**I. Procurement and Suspension and Debarment**

**Compliance Requirement** – Not applicable

**J. Program Income**

**Compliance Requirement** – Not applicable

**L. Reporting**

**Compliance Requirement** – Not applicable at the local level

**M. Subrecipient Monitoring**

**Compliance Requirement** – Not applicable at local level

**N. Special Tests and Provisions**

**Compliance Requirement** – Not applicable