

21.027

**CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY
FUND**

State Project/Program: ARP – STATE FISCAL RECOVERY FUND – SCHOOL BUS
SAFETY PILOT PROGRAM (PRC 140)
ARP – STATE FISCAL RECOVERY FUND – EMPLOYEE
BONUSES (PRC 141)

U. S. Department of Education

Federal Authorization: The Elementary and Secondary School (K-12) Emergency Relief Fund, authorized by Section 2001 of the American Rescue Plan Act (ARPA) of 2021 is intended to assist eligible public school units during and after the coronavirus pandemic.

State Authorization: SL 2021-180 Section 7.70(a) and (b)
SL 2021-180 Section 39.2
SL 2021-189 section 8.1
SL 2021-180 Part VII

NC Department of Public Instruction

Agency Contact Person

Program

Jennifer Bennett, Chief Business Officer of NC Public
Schools
Division of School Business
jennifer.bennett@dpi.nc.gov (984) 236-2457

Program (PRC 140)

Kevin Harrison, Section Chief
District Operations Division
Kevin.Harrison@dpi.nc.gov (984) 236-2932

Financial

Shirley McFadden, Monitoring and Compliance
Manager
Monitoring and Compliance Section
Shirley.McFadden@dpi.nc.gov (984) 236-2258

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.

STATE FISCAL RECOVERY FUND

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

Section 7.70 of S.L. 2021-180, as amended by section 2.7 of S.L. 2022-6, directs the Department of Public Instruction (DPI) to establish the 2021 Smart School Bus Safety Pilot Program (PRC 140) beginning with the 2021-2022 school year and ending on or before January 1, 2025. The Program is designed to improve the transportation of public school students through technology in response to the COVID-19 pandemic.

State Fiscal Recovery Funds – Premium Pay Bonus (PRC 141) NC SL 2021-180 Section 39.2 authorized the payment of a one time, lump-sum bonus to all permanent State employees using funds from the State Fiscal Recovery Fund (SFRF).

II. PROGRAM PROCEDURES

PRC 140 funding will be allotted based on the amounts for each authorized public school units as ratified in SL 2021-180 Section 7.70(b) ([SL 2021-180 \(SB 105\) \(ncleg.gov\)](#)). Funds shall be used to contract with qualifying vendors to provide technology and services for student transportation.

See the following link for the LEAs and charter schools that shall receive funds under PRC 140. ([Microsoft Word - APM 20-22 COVID Manual 0407 2022 \(nc.gov\)](#))

PRC 141 provides \$1,000 for all permanent full-time eligible employees who are employed as of December 1, 2021. An additional \$500 for all permanent full-time eligible employees who are employed as of December 1, 2021 who earn an annual salary that does not exceed \$75,000. Permanent part-time eligible employees shall receive the bonuses on a prorated and equitable basis.

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 should be 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 direct and material, the auditor should refer to the requirements found in Part 3 and listed in this supplement.

A	B	C	E	F	G	H	I	J	L	M	N
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 & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	N	N	Y	Y	N	Y	Y	N

A. Activities Allowed or Unallowed

Compliance Requirement - Funds may be used by an LEA only in accordance with State and Federal laws, regulations and policies, and only for those services or activities included in its project application for grant funds.

Audit Objective - To 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 conformity.
- Review a sample of expenditures to determine that expenditures are in accordance with the plan described in the grant application, if one was required.
- Test a sample of expenditures and related records to determine if expenditures were made only for those services or activities allowed.

B. Allowable Costs/Cost Principles

Compliance Requirement –

Allowable cost include:

- PRC 140 – Funds shall only be used to contract with qualifying vendors to provide technology and services to modernize the transportation of public school students.
- PRC 141 – Funds shall only be used to provide bonuses to eligible employees working during the COVID-19 pandemic. To include all employees of local school administrative units, innovative schools, regional schools, and public charter schools regardless of funding source employed as of December 1, 2021. The definitions of the employment status related to temporary, permanent, part time and full time in the North Carolina Public School Benefits and Employment Policy Manual Policy ID#1.1 shall apply to all eligible public school units including charter, regional and innovative schools for purposes of determining eligibility and bonus amounts.

Only permanent employees of a local school administrative unit, charter school, regional school, or innovative school are eligible to receive the SFRF bonuses. Permanent employees may be classified as full-time or part-time, but must work a minimum of 20 hours per week to be eligible for the SFRF bonus.

Employees of contracted charter management organizations (CMOs/EMOs) are not eligible to receive a SFRF bonus. See provided link for PRC 203 FAQ to ensure that bonuses are paid to only eligible employees. [COVID Funds | NC DPI](#)

Audit Objective - To determine costs are allowable.

Suggested Audit Procedures - Test expenditures and related records to ensure expenditures are in alignment with cost principles of Subpart E of the Uniform Guidance including determining if costs are:

- Approved and supported with adequate documentation;
- in compliance with the allowable activities and costs as defined by the corresponding PRC;
- reasonable as defined in Uniform Guidance 200.404; and
- allocable to the grant;
- in alignment with the application, if one was required, and
- that the use of funds occurred as intended.

C. Cash Management

Compliance Requirement - Not applicable.

E. Eligibility

Compliance Requirement – Not applicable

F. Equipment and Real Property Management

Compliance Requirement - Addressed in the NC Department of Public Instruction Cross-Cutting Requirements.

G. Matching, Level of Effort, Earmarking

Compliance Requirement – Not applicable.

H. Period of Performance

Compliance Requirement –

- PRC 140 funds are available November 18, 2021, until September 30, 2024.
- PRC 141 bonuses to be paid by January 31, 2022, and any funds remaining after March 31, 2022, shall revert.

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

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

I. Procurement and Suspension and Debarment

Compliance Requirement – Addressed in the NC Department of Public Instruction Cross-Cutting Requirements.

J. Program Income

Compliance Requirement – Not applicable.

L. Reporting

Compliance Requirement – Addressed in the NC Department of Public Instruction Cross-Cutting Requirements.

M. Subrecipient Monitoring

Compliance Requirement – Not applicable at the local level.

N. Special Tests and Provisions

Compliance Requirement – Not applicable