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**CAREER AND TECHNICAL EDUCATION – BASIC GRANTS TO STATES**

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**State Project/Program:** CAREER AND TECHNICAL EDUCATION – (PRC 017)

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**U. S. Department of Education**

**Federal Authorization:** Strengthening Career and Technical Education for the 21<sup>st</sup> Century Act 2018 (Perkins V) (P.L. 115-224)

**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 purpose of the Strengthening Career and Technical Education for the 21<sup>st</sup> Century Act of 2018 (P.L. 115-224 known as Perkins V) is to develop more fully the academic and technical skills of secondary students and post-secondary students who elect to enroll in Career and Technical Education.

## II. PROGRAM PROCEDURES

Funds are provided by the U.S. Department of Education to the North Carolina Department of Public Instruction (DPI) for Career and Technical Education in accordance with section 111 of Perkins V. Annual performance reports and updates are required per federal specifications. The State Board, in turn, makes grants directly to eligible local educational agencies, and contracts for services as described in Perkins V (section 112). It also forwards one-third of the funds to the N.C. Department of Community Colleges.

Funds are distributed according to the cash request procedures discussed in the DPI Cross-Cutting Requirements, DPI-0.

Eligible local educational agencies follow procedures required of the state to carry out the purposes of Perkins V. These procedures include a biennial comprehensive local needs assessment and application based on the requirements below. In North Carolina the following terms are synonymous at the secondary education level and below: Career and Technical Education (CTE), Vocational and Technical Education (VTE), Vocational Education (VE), and Workforce Development Education (WDE).

A subrecipient must be a local educational agency eligible to receive assistance under section 131 of the Strengthening Career and Technical Education for the 21<sup>st</sup> Century Act of 2018. A local educational agency shall not receive an allocation unless 1) the amount is greater than \$15,000.00, 2) the local educational agency enters into a consortium with other local educational agencies for meeting the minimum requirements, or the local educational agency receives a waiver. Local educational agencies eligible for waivers are 1) those located in rural, sparsely populated areas, 2) public charter schools operating a secondary career and technical program, and 3) those demonstrating they are unable to enter into a consortium for purposes of providing activities under Perkins V. (PL 115-224, Section 131) (c) (2).

Program guidelines can be found by using the following guides: 1) *Fiscal and Policy Guide for Career and Technical Education* (August 2021), and the 2) *Career and Technical Education Essential Standards* (Effective July 2021).

## 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 2022 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 & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

#### A. Activities Allowed or Unallowed

**Compliance Requirement** - The application from the eligible local educational agency must be approved and must describe the activities that are required and allowed. The approved local application may be found in the CTE Local Application System (CTE LAS, <https://ccip.schools.nc.gov> Login: Public Access). The eligible local educational agency’s local application must include:

1. LOCAL APPLICATION--Any eligible recipient desiring financial assistance under this part shall, in accordance with requirements established by the eligible agency (in consultation with such other educational training entities as the eligible agency determines to be appropriate) submit a local application to the eligible agency.
  - (a) Contents - The eligible agency shall determine the requirements for local applications, except that each local application shall contain—
    - (1) a description of the results of the comprehensive needs assessment conducted under subsection(c);
    - (2) information on the career and technical education course offerings and activities that the eligible recipient will provide with funds under this part, which shall include not less than one program of study approved by a State under section 124(b)(2), including--
      - (A) how the results of the comprehensive needs assessment described in subsection(c) informed the selection of the specific career and technical education programs and activities selected to be funded;

- (B) a description of any new programs of study the eligible recipient will develop and submit to the State for approval; and
  - (C) how students, including students who are members of special populations, will learn about their school's career and technical education course offerings;
- (3) a description of how the eligible recipient, in collaboration with local workforce development boards and other local workforce agencies, one-stop delivery systems described in section 121(e)(2) of the Workforce Innovation and Opportunity Act (29 U.S.C. 3151(e)(2)), and other partners, will provide—
- (A) career exploration and career development coursework, activities, or services;
  - (B) career information on employment opportunities that incorporate the most up-to-date information on high-skill, high-wage, or in-demand industry sectors or occupations, as determined by the comprehensive needs assessment described in subsection (c); and
  - (C) an organized system of career guidance and academic counseling to students before enrolling and while participating in a career and technical education program;
- (4) a description of how the eligible recipient will improve the academic and technical skills of students participating in career and technical education programs by strengthening the academic and career and technical education components of such programs through the integration of coherent and rigorous content aligned with challenging academic standards and relevant career and technical education programs to ensure learning in the subjects that constitute a well-rounded education(as defined in section 8101 of the Elementary and Secondary Education Act of 1965);
- (5) a description of how the eligible recipient will—
- (A) provide activities to prepare special populations for high-skill, high-wage, or in-demand industry sectors or occupations that will lead to self-sufficiency;
  - (B) prepare CTE participants for non-traditional fields;
  - (C) provide equal access for special populations to career and technical education courses, programs, and programs of study; and
  - (D) ensure that members of special populations will not be discriminated against on the basis of their status as members of special populations;
- (6) a description of the work-based learning opportunities that the eligible recipient will provide to students participating in career and technical education programs;
- (7) a description of how the eligible recipient will provide students participating in career and technical education programs with the opportunity to gain postsecondary credit while still attending high school;
- (8) a description of how the eligible recipient will coordinate with the eligible agency and institutions of higher education to support the recruitment, preparation, retention, and training, including professional development, of teachers, faculty, administrators, and specialized instructional support personnel and paraprofessionals who meet applicable State certification and licensure

- requirements (including any requirements met through alternative routes to certification), including individuals from groups underrepresented in the teaching profession; and
- (9) a description of how the eligible recipient will address disparities or gaps in performance as described in section 113(b)(3)(C)(ii)(II) in each of the plan years, and if no meaningful progress has been achieved prior to the third program year, a description of the additional actions such recipient will take to eliminate those disparities or gaps.
2. Funds that will be used to support CTE programs that are of sufficient size, scope, and quality to be effective and that— (PL 115-224, Section 135(b)):
- a. Provide career exploration and career development activities through an organized, systematic framework designed to aid students, including in the middle grades, before enrolling and while participating in a career and technical education program, in making informed plans and decisions about future education and career opportunities and programs of study, which may include—
1. introductory courses or activities focused on career exploration and career awareness,
  2. readily available career and labor market information, including information on—
    - i. occupational supply and demand;
    - ii. educational requirements;
    - iii. other information on careers aligned to State, local, or Tribal (as applicable) economic priorities; and
    - iv. employment sectors;
  3. programs/activities related to the development of student graduation and career plans;
  4. career guidance and academic counselors that provide information on postsecondary education and career options;
  5. any other activity that advances knowledge of career opportunities and assists students in making informed decisions about future education and employment goals, including nontraditional fields; or
  6. providing students with strong experience in, and comprehensive understanding of, all aspects of an industry;
- b. Provide professional development for teachers, faculty, school leaders, administrators, specialized instructional support personnel, career guidance and academic counselors, or paraprofessionals, which may include—
1. professional development on supporting individualized academic and career and technical education instructional approaches, including the integration of academic and career and technical education standards and curricula;
  2. professional development on ensuring labor market information is used to inform the programs, guidance, and advisement offered to students, including information provided under section 15(e)(2)(C) of the Wagner-Peyser Act (29 U.S.C. 491-2(e)(2)(C));
  3. providing teachers, faculty, school leaders, administrators, specialized instructional support personnel, career guidance and academic counselors, or paraprofessionals, as appropriate, with opportunities to advance knowledge, skills, and understanding of all aspects of an industry, including the latest workplace equipment, technologies, standards, and credentials;

4. supporting school leaders and administrators in managing career and technical education programs in the schools, institutions, or local educational agencies of such school leaders or administrators;
5. supporting the implementation of strategies to improve student achievement and close gaps in student participation and performance in career and technical education;
6. providing teachers, faculty, specialized instructional support personnel, career guidance and academic counselors, principals, school leaders, or paraprofessionals, as appropriate, with opportunities to advance knowledge, skills, and understanding in pedagogical practices, including, to the extent the eligible recipient determines that such evidence is reasonably available, evidence-based pedagogical practices;
7. training teachers, faculty, school leaders, administrators, specialized instructional support personnel, career guidance and academic counselors, or paraprofessionals, as appropriate, to provide appropriate accommodations for individuals with disabilities, and students with disabilities who are provided accommodations under the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.) or the Individuals with Disabilities Education Act;
8. training teachers, faculty, specialized instructional support personnel, career guidance and academic counselors, and paraprofessionals in frameworks to effectively teach students, including a particular focus on students with disabilities and English learners, which may include universal design for learning, multi-tier systems of supports, and positive behavioral interventions and support; or
9. training for the effective use of community spaces that provide access to tools, technology, and knowledge for learners and entrepreneurs, such as makerspaces or libraries;
- c. Provide within career and technical education the skills necessary to pursue careers in high-skill, high-wage, or in-demand industry sectors or occupations;
- d. Support integration of academic skills into career and technical education programs and programs of study to support—
  1. CTE participants at the secondary school level in meeting the challenging State academic standards adopted under section 1111(b)(1) of the Elementary and Secondary Education Act of 1965 by the State in which the eligible recipient is located; and
  2. CTE participants at the postsecondary level in achieving academic skills;
- e. Plan and carry out elements that support the implementation of career and technical education programs and programs of study and that result in increasing student achievement of the local levels of performance established under section 113, which may include—
  1. a curriculum aligned with the requirements for a program of study;
  2. sustainable relationships among education, business and industry, and other community stakeholders, including industry or sector partnerships in the local area, where applicable, that are designed to facilitate the process of continuously updating and aligning programs of study with skills that are in demand in the State, regional, or local economy, and in collaboration with business outreach staff in one-stop centers, as defined in section 3 of the Workforce Innovation and Opportunity Act (29 U.S.C. 3102), and other appropriate organizations, including community-based and youth-serving organizations;

3. where appropriate, expanding opportunities for CTE concentrators to participate in accelerated learning programs (as described in section 4104(b)(3)(A)(i)(IV) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7114(b)(3)(A)(i)(IV)), including dual or concurrent enrollment programs, early college high schools, and the development or implementation of articulation agreements as part of a career and technical education program of study;
4. appropriate equipment, technology, and instructional materials (including support for library resources) aligned with business and industry needs, including machinery, testing equipment, tools, implements, hardware and software, and other new and emerging instructional materials;
5. a continuum of work-based learning opportunities, including simulated work environments;
6. industry-recognized certification examinations or other assessments leading toward a recognized postsecondary credential;
7. efforts to recruit and retain career and technical education program teachers, faculty, school leaders, administrators, specialized instructional support personnel, career guidance and academic counselors, and paraprofessionals;
8. where applicable, coordination with other education and workforce development programs and initiatives, including career pathways and sector partnerships developed under the Workforce Innovation and Opportunity Act (29 U.S.C. 3101 et seq.) and other Federal laws and initiatives that provide students with transition-related services, including the Individuals with Disabilities Education Act;
9. expanding opportunities for students to participate in distance career and technical education and blended- learning programs;
10. expanding opportunities for students to participate in competency-based education programs;
11. improving career guidance and academic counseling programs that assist students in making informed academic and career and technical education decisions, including academic and financial aid counseling;
12. supporting the integration of employability skills into career and technical education programs and programs of study, including through family and consumer science programs;
13. supporting programs and activities that increase access, student engagement, and success in science, technology, engineering, and mathematics fields (including computer science and architecture) for students who are members of groups underrepresented in such subject fields;
14. providing career and technical education, in a school or other educational setting, for adults or out-of-school youth to complete secondary school education or upgrade technical skills;
15. supporting career and technical student organizations, including student preparation for and participation in technical skills competitions aligned with career and technical education program standards and curricula;
16. making all forms of instructional content widely available, which may include use of open educational resources;
17. supporting the integration of arts and design skills, when appropriate, into career and technical education programs and programs of study;
18. partnering with a qualified intermediary to improve training, the development of public-private partnerships, systems development, capacity-building, and scalability of the delivery of high-quality career and technical education;

19. support to reduce or eliminate out-of-pocket expenses for special populations participating in career and technical education, including those participating in dual or concurrent enrollment programs or early college high school programs, and supporting the costs associated with fees, transportation, child care, or mobility challenges for those special populations; or
  20. other activities to improve career and technical education programs; and
- f. Develop and implement evaluations of the activities carried out with funds under this part, including evaluations necessary to complete the comprehensive needs assessment required under section 134(c) and the local report required under section 113(b)(4)(B).

### **Audit Objective**

To determine that expenditures are allowable and properly recorded.

### **Suggested Audit Procedures**

- Review expenditure records (Budget Balance Reconciliation Report JHA305EG) and supporting documentation to determine whether funds were spent only for required and allowable services and activities in accordance with the approved CTE Local Application (CTE LAS, <https://ccip.schools.nc.gov> Login: Public Access).
- Determine if program guidelines are being followed by reviewing the most recent: 1) *Fiscal and Policy Guide for Career and Technical Education*; and, 2) the *Career and Technical Education Essential Standards*.
- Determine that personnel paid from these funds do not exceed budgeted personnel in approved program budget and support the purposes of CTE. See State Public School Fund guidelines for salary audit requirements.
- Verify that expenditures for administrative purposes (Purpose Code 6120 plus indirect costs) do not exceed the 5% cap.
- See *CTE Fiscal and Policy Guide for Career and Technical Education* (PRC 017 section) for salary audit requirements.
- Verify compliance with Uniform Grant Guidance 2 CFR 200.430 Compensation – Personal Services requirements for certification of time and effort via twice annual certification or monthly certification as appropriate (or alternative system if approved).
- Check the online LEA Licensure and Salary Information Center Exception List for audit exceptions from monthly payrolls. Ask for and check printouts of CTE course numbers compared to CTE teacher licensure to verify that CTE teachers are being paid to teach courses for which they are qualified. Use the Licensure In-Field-Subject-EC Crosswalk <https://bit.ly/3skNOuX> to determine appropriate licensure areas for specific courses.
- Verify the validity of the content of the local application. Review the applicable year's Career and Technical Education Local Application System (CTE LAS) to determine that expenditures are in accordance with local application. Evaluate CTE LAS Part



I Data Indicators of Performance Strategies against Budget Balance Reconciliation Report JHA305EG appropriate for the program.

- Determine if samples of requirements, programs, services, and activities are implemented as described in the approved LAS.
- Verify that expenditures supplement activities under non-federal fund sources and do not supplant activities funded under non-federal fund sources.
- Verify proper utilization of Object Code 311. Review usage of Object Code 311 – Contracted Services to ensure proper procedures are used for expenditure of funds for this purpose including a signed agreement/contract for services rendered. Contracted Services may not be used to acquire equipment, furniture or computer equipment. Object Code 311- Contracted Services may not be used for renovations to existing facilities, for construction, demolition, fixture purchase and/or installation, or other capital improvement.

**B. Allowable Costs/Cost Principles** (2 CFR 200 Subpart E Cost Principles and 34 CFR 76.530 General Cost Principles)

Addressed in the US Department of Education Cross-Cutting Section, the NC Department of Public Instruction Cross-Cutting Requirements and Code of Federal Regulations.

**C. Cash Management**

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

**E. Eligibility**

Eligibility for Subrecipients - The CTE Regional Coordinator determines if the eligibility requirements are met when the project application is approved. Local auditor is not required to test for this requirement.

Eligibility for Individuals - This compliance requirement does not apply at the local level. No testing is required.

**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 is required.

**2. Level of Effort**

Addressed in the Code of Federal Regulations.

**3. Earmarking**

Addressed in the Code of Federal Regulations.

## H. Period of Performance

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

**Compliance Requirements** - The LEA must expend Federal program funds during the period for which the funds were available for expenditure. Perkins V funds are allocated for the academic year (fiscal year) without carryover. All funds must be expended for activities for the academic year (fiscal year) (P.L. 115-224 Section 133 (b)). The LEA shall maintain documentation to demonstrate that the expenditure occurred during the period of availability and was charged to the appropriate fund. These funds are available for use by the LEA from July 1 of one calendar year through June 30 of the following calendar year unless indicated otherwise in the approval document for the LEA's application for CTE state/federal funding. This approval comes through the online Career and Technical Education Local Application System (CTE LAS) and through the DPI Budget and Amendment System (BAAS) as implemented by the district.

**Audit Objective** - To determine that no expenditures were incurred outside of the academic year.

### Suggested Audit Procedures

- Review transactions to verify that no expenditures were incurred prior to the approved project application beginning date.
- Review transactions to verify that all expenditures were for the current year (no expenditures for the following fiscal/academic year).

## I. Procurement and Suspension and Debarment

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

## J. Program Income

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

## L. Reporting Requirements

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

**Compliance Requirement** - The eligible local educational agency will provide sufficient information to the State to enable the State to comply with the provisions of Perkins V and with state requirements, including Section 122(d)(13)(B) and (3)(A) of PL 115-224, and of G.S. 115C-154.

### Audit Objective

To determine whether reports contain the proper information and are fairly presented in accordance with program requirements.

### Suggested Audit Procedures:

- Obtain a copy of the Concentrator Feedback and the completed Comprehensive Local Needs Assessment results from the eligible local educational agency.
- Trace reports and data to supporting documentation.

- Comprehensive Local Needs Assessment – Local Application System (verify consultation method includes input from business/industry representatives and local community college representatives.)
- Compare expenditures to specifications of the LEA's approved plan budget in the Budget and Amendment System (BAAS).

**M. Subrecipient Monitoring**

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

**N. Special Test and Provisions**

Addressed in the US Department of Ed Cross-Cutting Section, the Code of Federal Regulations and the NC Department of Public Instruction Cross-Cutting Requirements.