

84.425-2

EDUCATION STABILIZATION FUND

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**State Project/Program:** CRRSA – K-12 EMERGENCY RELIEF FUND (PRC 171)  
CRRSA – PUBLIC SCHOOL UNIT SUPPLEMENTAL FUNDING (PRC 172)  
CRRSA – SUPPLEMENTAL CONTRACTED INSTRUCTIONAL SUPPORT FUNDING (PRC 173)  
CRRSA – SCHOOL NUTRITION COVID SUPPORT (PRC 174)  
CRRSA – EXTENDED LEARNING AND INTEGRATED STUDENT SUPPORT GRANT (ELISS) (PRC 175)  
CRRSA – LEARNING LOSS FUNDING (PRC 176)  
CRRSA – SUMMER CAREER ACCELERATOR PROGRAM (PRC 177)  
CRRSA — COMPETENCY-BASED ASSESSMENT (PRC178)

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**U. S. Department of Education**

**Federal Authorization:** The Elementary and Secondary School (K-12) Emergency Relief Fund, authorized by Section 313 of the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act 2021 is intended to assist eligible public school units during and after the coronavirus pandemic.

**State Authorization:** GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2021  
SESSION LAW 2021-3 HOUSE BILL 196

**NC Department of Public Instruction**

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**Address Confirmation Letters To:**

Confirmation of Funds Expended and/or Disbursed from the State Public School Fund and Federal Programs 2022-23 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.

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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 2023 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 objective of the Elementary and Secondary School (K-12) Emergency Relief Fund PRC 171 (ESSER II Fund), authorized by Section 313 of the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act 2021 is intended to assist eligible local education agencies, charter, lab, regional and innovative schools (herein referred to as public school units or PSU), during and after the coronavirus pandemic.

## **II. PROGRAM PROCEDURES**

CRRSA Act funds are provided to DPI based on the same proportion as the most recent Title I award. Allocations to eligible units are made in proportion to the amount of funds such units received under Title I, Part A in the most recent fiscal year. All local education agency, charter, lab, regional and innovative schools (PSUs), who are eligible to receive Title 1 funds, are also eligible to receive funds under the CRRSA Fund. Units that seek funds must complete and submit to NCDPI a brief application form provided by NCDPI and the State Board of Education. The application describes the PSUs plan for the use of the ESSER II Funds (PRC 171) as provided by the CRRSA Act. The plan should be data-based and reflective of needs that have emerged as a result of COVID-19. Allotments will be distributed to the PSUs once applications are approved.

CRRSA, State Reserves allocation methods were different for each objective and were allocated as follows:

PRC 172 - For PSUs that did not receive Title I, Part A funds in 2020-21, an allocation of \$180 per 2020-21 funded ADM. For PSUs that received Title I, Part A in 2020-21, an allocation of \$180 per 2020-21 funded ADM, less the 2021 planning allotment in PRC171. Any PSUs with a PRC 171 planning allotment greater than \$180 per 2020-21 funded ADM shall not receive additional funding nor a reduction.

PRC 173 - Funds shall be allocated in the same basis as the instructional support allotment. Charter, ISD and Lab schools shall receive a per pupil share.

PRC 174 - Funds shall be allocated based on the Average Daily Membership of each PSU less the unexpended balance of CRF School Nutrition funds as of July 31, 2021.

PRC 175 - Grant participants are eligible to receive grants in an amount of up to five hundred thousand dollars (\$500,000) each year. Nonprofit corporations may apply for funds through the Federal Programs Monitoring and Support Division. All grant awards must be approved by the State Board of Education.

PRC 176 - The allotments shall be calculated as dollars per K-12 average daily membership (ADM). The dollars per ADM shall be determined based on the percentage of ESSER I - PRC 163 and ESSER I Supplemental funds- PRC 164 unexpended as of July 31, 2021. If the PSU was not eligible for PRC 163 or PRC 164 the PSU shall be allotted at the 32.00-100% tier. The dollars per ADM shall be as follows:

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0.00% – 5.99% of the funds unexpended \$X  
6.00% - 31.99% of the funds unexpended \$X-\$2  
32.00% - 100% of the funds unexpended \$X-\$4

PRC 177 - The allotments shall be calculated as dollars per 6-12 average daily membership (ADM). The dollars per ADM shall be determined based on the percentage of ESSER I - PRC 163 and ESSER I Supplemental Funds- PRC 164 unexpended as of July 31, 2021. If the PSU was not eligible for PRC 163 or PRC 164 the PSU shall be allotted at the 32.0-100% tier. The dollars per ADM shall be as follows:

0.0% – 5.99% of the funds unexpended \$X  
6.0% - 31.99% of the funds unexpended \$X-\$2  
32.0% - 100% of the funds unexpended \$X-\$4

PRC 178 - Funds shall be allotted based on 2020-21 allotted K-8 ADM for LEAs.

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

### III. COMPLIANCE REQUIREMENTS

Below on the matrix are the types of compliance requirements are applicable to the federal program, noted as “Y,” as determined by the federal granting agency if the federal program is listed in Part 2 of the OMB 2023 Compliance Supplement. A State agency may have added a Type. If the program is not listed in Part 2, the State Agency has determined the applicable Types. If a Type, applicable by OMB, does not apply at the local level or if the State has modified the federal requirements at the local level, this should be explained in the supplement under the Type. A Type that is not applicable at the local level is noted by “N.”

If a particular Type is noted as “Y,” the auditor must determine if the Type has a direct and material effect on the federal program for the auditee. For each Type of compliance requirement, the auditor must use the OMB 2023 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.

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	Y	N	Y	Y	Y	Y	N	Y	Y	Y

### Crosscutting Requirements

The compliance requirements in Supplement “DPI-0 Crosscutting Requirements” are applicable to this grant. If the Matrix above indicates “Y” for a particular type, the auditor should refer to DPI-0 for additional testing requirements for that Type.

#### 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 activities 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.
- Obtain a copy of the CRRSA application and review the PSU plan as described in Parts A through D. Review a sample of expenditures to determine that the uses are in accordance with the plan described in the grant application.
- Test a sample of expenditures and related records to determine if expenditures were made only for those services or activities allowed and in the CRRSA Fund application.

#### B. Allowable Costs/Cost Principles

**Compliance Requirement-** For the most up to date information, see the COVID Allotment Manual at [COVID Funds | NC DPI](#). In summary:

Allowable costs related to the CRRSA Funds PRC 171 include:

1. Any activity authorized by the Elementary and Secondary Act of 1965 (ESEA), the Individuals with Disabilities Education Act (IDEA), the Adult Education and Family Literacy Act, the Carl D. Perkins Career and Technical Education Act of 2006, or Title VII, Subtitle B of the McKinney-Vento Homeless Assistance Act.
2. Coordination of preparedness and response efforts of PSUs with State or local public health departments and other relevant agencies to improve coordinated responses in preventing, preparing for, and responding to coronavirus.
3. Providing principals and other school leaders with resources to address the needs of their individual schools.
4. Activities to address the unique needs of low-income children or students, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and foster care youth, including how outreach and service delivery will meet the needs of those students.
5. Develop and implementing procedures and systems to improve preparedness and response efforts.
6. Training and professional development for staff pertaining to sanitation and minimizing the spread of infectious diseases.
7. Purchasing sanitation and cleaning supplies for PSU facilities.
8. Planning for and coordinating long term closures, including for how to provide meals to eligible students, provide technology for online learning to all students, provide guidance for carrying requirements under IDEA, and ensuring that other services can continue consistent with applicable Federal, State, and local requirements.
9. Purchasing educational technology (including hardware, software and connectivity) for students to aid in regular and substantive interaction between students and their

- classroom instructors (including low-income and disabled students), which may include assistive technology or adaptive equipment.
10. Providing mental health services and supports.
  11. Planning and implementing summer learning and supplemental afterschool program activities, including providing classroom instruction or online learning during the summer months.
  12. Addressing learning loss among students, including low-income students, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and children and youth in foster care, of the local educational agency.

Allowable costs related to CRRSA Reserves include:

- PRC 172 - is a supplemental fund to public school units receiving Elementary and Secondary School (K-12) Emergency Relief Fund (PRC172) funds. These funds are intended to assist eligible public school units during the novel coronavirus pandemic and can be used for the same purposes as PRC 171.
- PRC 173 - contracted services for school health support personnel.
- PRC 174 - To provide funding for local school nutrition programs approved to participate in the Federally assisted School Nutrition Programs.
- PRC 175 - Grants shall be used to award funds for new or existing eligible programs operated by NGOs for at-risk students.
- PRC 176 - To provide funds for in-person K-12 Summer Bridge Programs.
- PRC 177 - To provide funding for Summer Career Accelerator programs for students in grades 6-12.
- PRC 178 - Provide funds for a single competency-based assessment (CBE) for students in grades K-8.

**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:

- supported with adequate documentation;
- necessary and reasonable for the performance of the award;
- reasonable as defined in Uniform Guidance 200.404; and
- allocable to the grant.

C. Cash Management

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

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 at local level

H. Period of Performance

**Compliance Requirement** - Funds are available from March 13, 2020, until September 30, 2023, plus an additional 12 months through the Tydings Amendment. Expenditures may not be incurred before the grant begins or after the grant period ends. Any expenditures prior to the beginning date or after the end date are considered unallowable and must be refunded to DPI.

**Audit Objective** - Determine that no expenditures were incurred and/or obligated 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 incurred prior to or after the approved period of performance, including liquidation.

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** – Not applicable at the local level

M. Subrecipient Monitoring

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

N. Special Tests and Provisions

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