

## Charter School Funding (PRC 0036)

**State Authorization:** North Carolina General Statute 115C, Article 14A  
North Carolina State Law 2021-424, Section 28.20  
North Carolina State Law 2020-97, Section 3.1(1)  
North Carolina State Law 2023-134, Section 7.26, 7.84

### N. C. Department of Public Instruction

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#### N.C. DPI Confirmation Reports:

PRC 0036 provides funding to charter schools based on ADM. Other allocations are included in the PRC 0036 allotment, such as School transportation, Children with Disabilities and others. The specific state grants included in PRC 0036 need to be spent on the intended purpose and supported in the finance records.

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.

## I. PROGRAM OBJECTIVES

The objective of the PRC 0036 is to provide funding for Charter Schools.

## II. PROGRAM PROCEDURES

PRC 0036 includes an allocation to the Charter Schools for funding based on PRC. Other state funding allocations are grouped with the 0036 allocation including:

- Children with Disabilities, PRC 0032.
- Limited English Proficiency funding, PRC 0054.
- *Supplemental Funds for Teacher Compensation, PRC 0071.*
- School Connectivity, PRC 0073.
- *Literacy Intervention, PRC 0085.*
- Charter School Transportation Grants (G.S. 115C-218.42)
- Other grants as applicable

**(The schools have to support that they met objectives of the programs)**

### 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 State agency noted by "Y."

If the Matrix indicates "Y," the auditor must determine if a particular type of compliance requirement has a direct and material effect on the State program for the auditee.

1	2	3	4	5	6	7	8	9	10	12	13	14
Activities Allowed or Unallowed	Allowable Costs/ Cost Principles	Cash Management	Conflict of Interest	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	N	N	N	N	N	N	N	N	N	Y	N	N

#### 1. Activities Allowed or Unallowed

**Compliance Requirement** - Grant funds shall be used in order to comply with NC State Laws and requirements outlined in the specific PRC's.

**Audit Objective** - To determine that programs, services, and activities are allowable according to the requirements listed above. Determine that funds received are spent on the intended purpose. Determine that the financial records delineate the expenditures to support and document the expenditures were spent for the intended purpose.

**Suggested Audit Procedures:**

- Review expenditures and related records to determine whether programs, services, and activities funded by the State are allowable.