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.

I. PROGRAM OBJECTIVES

The purpose of this part is to provide opportunities for communities to establish or expand activities in community learning centers that

(1) Provide opportunities for academic enrichment, including providing tutorial services to help students, particularly students who attend low-performing schools, to meet State and local student academic achievement standards in core academic subjects, such as reading and mathematics;

(2) Offer students a broad array of additional services, programs, and activities, such as youth development activities, drug and violence prevention programs, counseling
programs, art, music, and recreation programs, technology education programs, and character 
education programs, that are designed to reinforce and complement the regular academic 
program of participating students; and
(3) Offer families of students served by community learning centers opportunities for literacy 
and related educational development.

II. PROGRAM PROCEDURES

Eligibility - LEAs, Charter Schools or any public or private organization are eligible to 
apply for funding. Grants will be made based on a competitive process. The actual 
recipient to be funded will be selected on the basis of criteria specified in the Request for 
Proposal (RFP) and Federal regulations. State Board of Education approval is required 
before allocation of funds.

III. COMPLIANCE REQUIREMENTS

The NC Department of Public Instruction (DPI) mandates that all testing in the DPI 
Cross-Cutting Requirements are to be performed by the local auditor. Please refer to 
Cross-Cutting Requirements, in the audit compliance supplement.

Other procedures that pertain to this program can be found in the U.S. Department of 
Education Cross-Cutting Requirements and the Federal Compliance Supplement.

A. Activities Allowed or Unallowed

Compliance Requirement – Funds may be used by a LEA or other operating agency 
only in accordance with the approved State plan and only for those services or activities 
in its project application or approved amendments.

Audit Objective – The auditor is to determine that expenditures that have been made 
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 project application from the local program coordinator and 
  review expenditures to determine that expenditures are in accordance with the 
  project application.

• Review salary expenditures to determine that personnel paid from these funds do 
  not exceed budgeted personnel in approved program budget. Funds cannot be 
  used for any activity during the school day unless approved in writing by DPI.
• Review the Request for Proposal (RFP) to determine the number of students each center proposed to serve. Then look at the number of students each center serves. If there is a difference, then determine any Questioned Cost. Example, RFP proposes 200 students but only serves 100. The funds received was based on 200 students, therefore the questioned cost would be half the grant.

B. Allowable Costs/Cost Principles

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

C. Cash Management

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

E. Eligibility

Eligibility for Subrecipients – No testing is required. The Department of Public Instruction program consultant determines if the eligibility requirements are met when the project is approved.

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

No match requirement has been imposed on sub recipients.

2. Sustainability Plan

Compliance Requirement – A Sustainability Plan must be in place.

Audit Objective – To determine if the required plan exists.

Suggested Audit Procedures: Review the plan to see if exists.

3. Level of Effort

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

4. Earmarking
Addressed in the US Department of Education Cross-Cutting Section and the Federal Compliance Supplement.

H. Period of Availability of Federal Funds

**Compliance Requirement** - Expenditures may not be incurred before the initial project begins. Any expenditures prior to the beginning date are considered unallowable and must be refunded to the SEA.

**Audit Objective** – To determine that no expenditures were incurred prior to the date the project began.

**Suggested Audit Procedures:**

- Review transactions to verify that no expenditures were incurred prior to the effective date of the project application beginning date.

I. Procurement and Suspension and Debarment

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

L. Reporting

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

N. Special Tests and Provisions

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