

**SCHOOL TECHNOLOGY FUND
STATE PUBLIC SCHOOL FUND (SPSF) – PRC 015
(LOCAL EDUCATION AGENCIES - LEAS)**

State Authorization: North Carolina General Statutes 115C-102.6A to 115C-102.6D

N. C. Department of Public Instruction

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Program

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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 2019-20 will be available at [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.

I. PROGRAM OBJECTIVES

The objective of the School Technology Fund, program report code (PRC) 015, State Public School Fund, is to provide funding to the Local Education Agencies (LEAs) and Charter Schools to develop and implement a plan for implementation of digital learning as part of their overall strategic plan.

II. PROGRAM PROCEDURES

The School Technology Fund, State Public School Fund, PRC 015, is administered through the State Board of Education (SBE) and the Department of Public Instruction (DPI). This supplement is only used to audit funds allotted to the LEAs in PRC 015. The State Board of Education establishes policies and procedures to implement legislative requirements to provide the LEAs with a uniform system of accounting for and reporting on the appropriations and the current operating expenditures. Two or more LEAs may jointly expend funds to develop their individual plan for implementation of digital learning as part of their overall strategic plan. Funds must be expended in accordance with their overall strategic plan addressing digital learning. Allotments in the form of dollars are provided to the LEAs in PRC 015 and to Charter Schools as part of their

total State allotment by the Department of Public Instruction based on allotted average daily membership (ADM) of student population. Monthly allotment adjustments will be made to each LEA based on interest received on their account with the State Treasurer, on fines and penalties received from the Office of State Budget and Management, and on transfers from the School Building Fund received from the Office of State Budget and Management. No monthly allotment adjustments are made to the Charter Schools' allotment of School Technology funds. Allotment reports are sent from the School Allotments Section of the Division of School Business notifying the LEAs and Charter Schools of the amount of State funds, including School Technology funds, that they have available.

DPI publishes monthly Cash Certification Calendars establishing deadlines for requesting funds to assist the LEAs with their cash management efforts. The LEAs have access to request State funds five (5) days per week, except for banking holidays, so that funds may be deposited no more than two business days prior to the date of disbursement. The LEAs must enter requests for funds for a particular Funds Requirement Date (date of intended disbursement) according to the deadlines established on the Cash Certification Calendar. Once approval is received from the State Controller's Office, DPI processes the requests so that the funds are deposited into the respective LEAs State Treasurer account after 2:00 p.m. the day before the Funds Requirement Date.

III. COMPLIANCE REQUIREMENTS

1. Activities Allowed or Unallowed

Compliance Requirements:

The LEAs must comply with the requirements of the North Carolina General Statutes and particularly Chapter 115C-102.6C. In addition, DPI has the authority to issue rules and regulations, such as the [North Carolina Public Schools Allotment Policy Manual](#), and letters/memos, with which they must comply. These rules and regulations have the force of law governing procedures for disbursement of monies allocated to the LEAs by and through the State. (G.S. 115C-436(b))

The only payroll expenditures allowed are those related to staff development activities, i.e., workshop participants, workshop instructors, substitutes for those attending the staff development activity, and related benefits.

Obligations must be incurred in accordance with state purchasing requirements. If an obligation is evidenced by a contract or agreement requiring payment of money or by a purchase order for supplies and materials, the contract, agreement, or purchase order shall include on its face a certificate signed by the finance officer stating that the instrument has been pre-audited to assure that an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year.

Payments of obligations must be made in accordance with requirements of the General Statutes, with generally accepted accounting procedures, and with rules and regulations issued by DPI. A bill, invoice, or other claim may not be paid unless it has been approved by the finance officer or by the local board of education. (G.S. 143-48 through 143-60, 143-62 through 143-64.5, 115C-441(a), 115C-441(b))

The approved strategic plan, the [North Carolina Public Schools Allotment Policy Manual](#), and the [North Carolina Public Schools Uniform Chart of Accounts](#), should be used to monitor the appropriateness of expenditures and the proper use of allotments within the intent and limitations for which they are appropriated. School units are required to expend funds in accordance with their strategic plan and for the purposes they were allotted. The

[North Carolina Public Schools Allotment Policy Manual](#) and the [North Carolina Public Schools Uniform Chart of Accounts](#), revised annually, are distributed to each LEA and also available on the Internet at: <http://www.ncpublicschools.org/>.

Audit Objective – To determine that obligations were incurred in accordance with state purchasing requirement, that the LEA is complying with the requirements of the applicable North Carolina General Statutes and rules and regulations issued by DPI, that the LEA is maintaining their records according to generally accepted accounting procedures, and that the LEA is expending funds for the purpose for which they were allotted according to their strategic plan.

Suggested Audit Procedures:

- Obtain the payroll register for selected period(s) and select a sample of School Technology (PRC 015) disbursements. Determine that no payments other than for staff development activities and related benefits were made.
- Determine whether expenditures exceeded the dollar amount allotted for PRC 015 and determine the status of any refunds due to DPI. The need for a refund should be included in the auditor's recommendation. The status of any refund should be addressed in the management's response.
- Select a sample of general expenditure disbursements made from PRC 015 and perform the following tests:
 - a) Determine that purchases met the state purchasing requirements (G.S. 143-48 through 143-64.5).
 - b) Trace posting of the disbursements to the general ledger noting the account codes used and determine if the disbursements represent allowable activities as defined in the strategic plan, the [North Carolina Public Schools Allotment Policy Manual](#) and the [North Carolina Public Schools Uniform Chart of Accounts](#).
 - c) Determine whether non-salary items are being charged to salary general ledger accounts.

3. Cash Management

Compliance Requirement – The local auditor is not required to test compliance with this requirement. Cash request procedures detailed in the Program Procedures is for information only.

6. Equipment & Real Property Management

Compliance Requirement – All assets such as moveable equipment should be recorded on the LEA's fixed asset system according to the LEA's capitalization policy, available from the finance officer or assets manager.

Audit Objective – To determine that asset acquisitions such as moveable equipment were recorded on the LEA's fixed asset system according to the LEA's capitalization policy.

Suggested Audit Procedure – Review LEA's fixed asset report and their capitalization policy. Determine that asset acquisitions such as moveable equipment were recorded on the LEA's fixed asset system according to the LEA's capitalization policy.

8. Period of Availability of State Funds

Compliance Requirement – An LEA may incur no obligation unless the budget resolution includes an appropriation authorizing the obligation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year. (115C-441)

Audit Objective – To determine that all sums obligated for the current fiscal year were expended in the current fiscal year.

Suggested Audit Procedure - Inspect the June vouchers to determine that the school unit ensured that all items **were received** prior to payment.

9. Procurement and Suspension and Debarment

A. Compliance Requirement – All grantees that expend State funds are required to comply with the procurement standards described in the North Carolina General Statutes (143-48 through 143-64.5) and the North Carolina Administrative Code, which are identified in [the State of North Carolina Agency Procurement Manual](#).

Nongovernmental subrecipients shall maintain written Procurement policies that are followed in procuring the goods and services required to administer the program.

Audit Objective – To determine that obligations were incurred in accordance with state purchasing requirements.

Suggested Audit Procedures:

- Select a sample of general expenditure disbursements made from the appropriate Grant Fund:
- Determine that purchases met the state purchasing requirements found in G.S. 143-48 through 143-64.5 and the North Carolina Administrative Code.

B. Compliance Requirement – LEAs/charter schools are prohibited from entering into a contract with a party that has been suspended or debarred by the State of North Carolina.

Audit Objective – To determine that the LEA/charter school has not entered into a contract with a party that has been suspended or debarred by the State of North Carolina.

Suggested Audit Procedure – Verify that the LEA/charter school has not entered into a contract with a party that has been suspended or debarred by the State of North Carolina. A list of debarred parties can be found at:

<https://ncadmin.nc.gov/government-agencies/procurement/contracts/debarred-vendors>.

12. Reporting

Compliance Requirement - The LEA shall comply with the reporting requirements established by the SBE in the Uniform Education Reporting System (UERS). (G.S. 115C-12(18)) The school unit must electronically submit monthly expenditures to the Department of Public Instruction as specified under the Uniform Education Reporting System (UERS) to report expenditures made for the month for each allotment category.

Audit Objective – To determine that the expenditures being reported of monthly are accurate and supported by documentation.

Suggested Audit Procedures:

- Obtain copies of required reports and review for accuracy
- Trace data to supporting documentation