

84.358

RURAL EDUCATION

State Project/Program

RURAL AND LOW-INCOME SCHOOLS (PRC 109)

US Department of Education

Federal Authorization:

Elementary and Secondary Education Act of 1965, Title V, Part B, as amended by Every Student Succeeds Act (ESSA) P.L. 114-95. Effective 07/01/2017

State Authorization:

Rural and Low-Income Schools (PRC 109) Rural Education Achievement Program (REAP)

NC 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 2020-21 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 2021 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 B-4 Supplement is Section A of the State Compliance Supplement.

I. PROGRAM OBJECTIVES

The Rural Low-Income Schools program (RLIS) is designed to address the needs of rural, low-income schools by providing additional funds to eligible LEAs. Participating LEAs use funds to implement activities permitted by the statute.

II. PROGRAM PROCEDURES

To be eligible an LEA must:

- Be eligible for an allocation under the Rural and Low-Income Schools Program.
- Have an approved application outlining which Title(s) the LEA plans to designate funds and how funds will be utilized to impact the students' not meeting State standards.

Funds available through the Rural, Low-Income Program can be used for allowable activities under the following programs:

- Title IA
- Title IIA
- Title III
- Title IVA
- Parent and Family Engagement Activities
- Administrative Cost (5% maximum)

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 2021 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 2021 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 &	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	Y	Y	N	Y	N	Y	Y	N	Y	N	Y

A. Activities Allowed or Unallowed

Compliance Requirement – Funds must be used by the LEA only in accordance with the approved State plan, and only for those services or activities in its project application or approved amendments.

Audit Objective – To determine that expenditures 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/amendments.

Review salary expenditures to determine that personnel paid from these funds do not exceed budgeted personnel in approved program budget.

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 Sub-recipients – 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**

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

2. Level of Effort

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

3. Earmarking

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

H. Period of Availability of Federal Funds

Compliance Requirement - Expenditures may not be incurred before the initial project begins. Any expenditure 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 Procedure:

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

I. Procurement and Suspension and Debarment

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

J. Program Income

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

L. Reporting

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

M. Subrecipient Monitoring

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

N. Special Tests and Provisions

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