

CAREER TECHNICAL EDUCATION – STATE: PROGRAM SUPPORT FUNDS (PRC 014)

State Authorization: North Carolina General Statute 115C-156
North Carolina General Statute 115C-152

N. C. 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.

I. PROGRAM OBJECTIVES

The objective of the Career and Technical Education program support funds is to provide for support, initiation, improvement, and/or expansion of regular and special Career and Technical Education programs in grades 6-12. In addition, PRC 014 funds may be used for career awareness activities to encourage 5th grade students to explore career pathways and prepare students for the transition to middle school career exploration.

II. PROGRAM PROCEDURES

Allocations will be made to each local education agency (LEA) based on providing a \$10,000 base to each LEA. The remainder of funds will be allotted based on average daily membership (ADM) of LEA student population for grades 8-12.

The N.C. Department of Public Instruction (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 (2) business days prior to the date of disbursement. The LEAs must request 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.

In North Carolina, the following terms are synonymous at the secondary education level and below: Career and Technical Education (CTE), Vocational and Technical Education (VTE), Vocational Education (VE), and Workforce Development Education (WDE).

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.

CC	1	2	3	4	5	6	7	8	9	10	12	13	14
Cross-cutting requirements	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
N	Y	N	Y	Y	N	Y	N	Y	Y	N	Y	N	N

1. Activities Allowed or Unallowed

Compliance Requirement - State Career and Technical Education program support funds can be used in grades 6-12 only to provide:

- Instructional equipment, materials, and/or supplies being used directly in a Career and Technical Education program.
- Career and Technical Student Organization (CTSO) activities as defined in the *Career and Technical Education Fiscal and Policy Guide* (August 2021).
- Career and Technical Education program support funds for staff travel for Career and Technical Education instructional and support personnel funded from career and technical education fund sources. Support personnel refers to career development coordinators, special populations coordinators, instructional management coordinators, teacher assistants, and technical assistants.

- Career and Technical Education personnel. "Personnel" includes teachers, adjunct instructors, assistants, career development coordinators, instructional management coordinators, special populations coordinators, technical assistants providing support for CTE ONLY, and administrative assistants. Salaries must be prorated for personnel assigned other than career and technical education duties.
- Eligibility for the Career and Technical Education administrative assistant position(s) shall be prorated based upon the percentage assignment/funding of the CTE administrator(s). Example: The LEA designates the CTE director as 65% CTE director and 35% technology director. The LEA may use PRC 014 CTE Support Funds to pay 65% of the administrative assistant salary with the remainder coming from other fund sources. Uniform Grant Guidance 2 CFR 200.430 Compensation-Personal Services requirements apply to administration of Career and Technical Education.

State CTE funds may be used for career awareness activities in 5th grade that prepare students for the transition to middle school career exploration.

These funds cannot be used in part or in whole to pay professional administrator salary and benefits.

These funds cannot be used in part or in whole to pay local supplements to personnel.

Eligibility for funding of courses is determined based upon the Career and Technical Education Essential Standards (implemented July 2021). Only courses listed in the CTE Essential Standards or listed as an approved Local Course Option may be funded.

A plan of work describing the activities of personnel employed beyond the ten-month school year must be on file in the Career and Technical Education administrator's office.

Audit Objective - To determine that programs, services, and activities are allowable according to the requirements listed above.

Suggested Audit Procedures:

- Review internal controls designed to ensure expenditures are made only for allowable services.
 - Review usage of Object Code 311 – Contracted Services to ensure proper procedures are used for expenditure of funds for this purpose including a signed agreement/contract for services rendered. Contracted Services may not be used to acquire equipment, furniture or computer equipment. Object Code 311 - Contracted Services may not be used for renovations to existing facilities, for construction, demolition, fixture purchase and/or installation, or other capital improvement.
 - All Local Education Agencies receive an allotment specific for student credentialing purposes and must be identified in the Local Education Agency's budget using Object Code 351. Review usage of Object code 351 – Tuition Reimbursements to ensure funds are used to provide Career and Technical Education students the opportunity to obtain industry recognized credentials.
 - Review usage of Object Code 192 – Additional Stipend Responsibility to ensure proper procedures are used for expenditure of funds for this purpose. This code may only be used to pay a CTSO Advisor(s) stipend up to \$500.
- Review expenditures and related records to determine whether programs, services, and activities funded by the State are allowable.
- Review selected approved local applications to determine whether funded activities are allowable.

- Review schedules to determine personnel are assigned duties in support of purposes of Career and Technical Education Determine that personnel assigned to these funds hold current, valid license(s) for the program(s) assigned.
- See State Months of Employment Career and Technical Education Program guidelines for salary audit requirements.
- Review job descriptions of Career and Technical Education administrator(s) and view LEA organizational charts to determine whether responsibilities are allowable. Check to ensure that categorical funds outside of Central Office allotment (PRC 002) are not being used to fund administrative function salaries.
- Review expenditure records and supporting documentation to determine whether funds were spent only for allowable services and activities in accordance with an approved application (Career and Technical Education Local Application System – CTE LAS, <https://ccip.schools.nc.gov> Public Access or request hard copy).
- Determine that over-expended allotments have been refunded to DPI on a timely basis.

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 Performance

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 invoices to determine that the school unit ensured that all items **were received** prior to payment.

9. Procurement, Suspension & Debarment

A. Compliance Requirement

Obligations must be incurred in accordance with state purchasing requirements.

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

Suggested Audit Procedure - Determine that purchases met the state purchasing requirements (G.S. 143-48 through 143-64.5).

B. Compliance Requirement

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

12. Reporting

A. Compliance Requirement

LEAs must develop an education plan for meeting the career and technical needs of youth and certain adults in their areas. The plan must be submitted to the Division of Career and Technical Education at DPI for approval. The plan is submitted online via the CTE Local Application System (CTE LAS).

Audit Objective - To determine that expenditures are in agreement with the approved local Career and Technical Education application.

Suggested Audit Procedures

- Examine approved career and technical education application (Career and Technical Education Local Application System – CTE LAS, <https://ccip.schools.nc.gov> Public Access or request hard copy.
- Review expenditures and supporting documentation to ensure that expenditures are in agreement with the local Career and Technical Education application.

B. Compliance Requirement

The eligible recipient will provide sufficient information to the State, in the local career and technical education application, to enable the State to comply with the provisions of Sections 123 (b), 134, and 135 of P.L. 115-224; and G.S. 115C-154).

Audit Objective - To determine that the eligible recipient has provided sufficient information to the State, in the local career and technical education application, to enable the State to comply with the provisions of Section 123 (b), 134, and 135 of P.L. 115-224; and G.S. 115C-154).

Suggested Audit Procedures

- Examine results from the eight sets of performance indicators in the LEA's local career and technical education application (Career and Technical Education Local Application System, <https://ccip.schools.nc.gov> Public Access or request hard copy.
- Determine if budgets are based on performance improvement needs and resulting narratives for each performance indicator.
- Determine if narrative information implemented are those described in the approved application.
- Compare expenditures to specifications of application budget.

C. Compliance Requirement

The school unit must 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 of each allotment category.

Compliance with this requirement is monitored monthly by DPI. The auditor is not required to make tests for compliance with this requirement.