
STATE TEXTBOOK AND DIGITAL RESOURCES FUNDS

State Authorization: North Carolina General Statute, Chapter 115C-85 -102
N. C. Department of Public Instruction

Agency Contacts:

Program

Lynn Harvey, Director
School Nutrition and District Operations
Lynn.Harvey@dpi.nc.gov (984) 236-2901

Judy Blount, Accountant II
Textbook Services
Judy.Blount@dpi.nc.gov (919) 733-7992

Financial

John Keefer, Budget Manager
Division of School Business
John.Keefer@dpi.nc.gov (919) 807-3747

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 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 State Agencies.

I. PROGRAM OBJECTIVES

The objective of the State Textbook and Digital Resources funds is to provide funding for state-adopted textbooks. Textbooks are defined under G.S. 115C-85 as “systematically organized material comprehensive enough to cover the primary objectives outlined in the standard course of study for a grade or course.” Formats for textbooks may be print or non-print, including hardbound books, softbound books, activity-oriented programs, classroom kits, and technology-based programs that require the use of electronic equipment in order to be used in the learning process. Local Education Agencies (LEAs) are provided, from the state-adopted list, textbooks for handicapped students.

II. PROGRAM PROCEDURES

Each LEA is entitled to funding based on the average daily membership (ADM) of student population in grades K-12. The current allotment is listed on the Initial Allotment and Allotment Revision reports sent to the LEA by the Division of School Business, N.C. Department of Public Instruction (DPI). LEAs send their State textbook orders to Textbook Services, Division of Financial Services for processing. Textbook Services groups order from all LEAs, receives, and distributes the textbooks when received. Funds may only be transferred from program revenue code (PRC) 130 Textbooks and Digital Resources (adopted materials) to program

report code (PRC) 131 Textbooks and Digital Resources (non-adopted materials), unless modified by current legislation, by submitting an ABC transfer request form to the School Allotments Section, Division of School Business, DPI.

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	N	N	N	N	N	Y	N	N	N	N	N	N	Y

6. Equipment and Real Property Management

A. Compliance Requirement: Inventories - Pursuant to NC G.S. 115C-99 Local boards of education are the custodians of all textbooks purchased by the local boards with State funds. They shall provide adequate and safe storage facilities for the proper care of these textbooks and emphasize to all students the necessity for proper care of textbooks.

Audit Objective - To determine that the LEA has maintained an accurate inventory of textbooks and digital resources purchased with state funds.

Suggested Audit Procedure - Request a copy of the inventory report and verify that this report balances with the LEAs general ledger and that a copy has been sent to Textbook Services.

B. Compliance Requirement: Lost/Damaged Textbooks - Pursuant to NC G.S 115C-100 damage fees may be charged to parents or legal guardians for the abuse or loss of textbooks and digital resources under rules adopted by the State Board of Education.

Audit Objective - To determine that the LEA has maintained a report of all lost/damaged textbooks and digital resources that were purchased with state funds.

Suggested Audit Procedure - Request a copy of the lost/damaged textbook report and verify that a copy has been sent to Textbook Services.

14. Special Tests and Provisions

A. Compliance Requirement - An LEA is required to reconcile its textbook and digital resources records with the account statements sent from the Department of Public Instruction, Division of Financial Services, Textbook Services and make necessary adjustments.

Audit Objective - To determine that the LEA is reconciling their records to the account statements sent from the Department of Public Instruction, Division of Financial Services, Textbook Services and making necessary adjustments.

Suggested Audit Procedure - Determine that the LEA's textbook and digital resources account balance at June 30 agrees with the June 30th account statement sent from the Department of Public Instruction, Division of Financial Services, and Textbook Services.