

84.010

**TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES
REGULAR**

State Project/Programs: Title I Grants to Local Education Agencies Basic and Concentration (PRC 050)

U. S. Department of Education

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

State Project/Program: Title I Grants to Local Education Agencies Basic and Concentration (PRC 050)

NC Department of Public Instruction

Agency Contacts:

Program

Dr. LaTricia Townsend, Director
Office of Federal Programs
LaTricia.Townsend@dpi.nc.gov (984) 236-2786

Tina Letchworth, Assistant Director
Office of Federal Programs
Tina.Letchworth@dpi.nc.gov (984) 236-2799

Financial

Shirley McFadden, Monitoring and Compliance
Manager
Monitoring and Compliance Section
Shirley.McFadden@dpi.nc.gov (984) 236-2258

N.C. DPI Confirmation Reports:

Confirmation of Funds Expended and/or Disbursed from the State Public School Fund and Federal Programs 2022-23 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 2023 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 Supplement is Section A of the State Compliance Supplement.

I. PROGRAM OBJECTIVES

The objective of Title I, Part A of the Elementary and Secondary Education Act (ESEA) of 1965, as amended by the Every Student Succeeds Act (ESSA), is to provide funds through State Education Agencies (SEAs), North Carolina Department of Public Instruction (DPI), to Local Education Agencies (LEAs) and Charter Schools to meet the educational needs of educationally disadvantaged children in school attendance areas with high concentrations of children from low-income families. The objective is to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the challenging State content standards and to meet the challenging State Performance standards developed for all children.

II. PROGRAM PROCEDURES

Funds are provided to DPI for allocation to LEAs and Charter Schools based on a statutory formula. These funds are allocated to each LEA and Charter School for distribution to eligible school attendance areas/schools, in rank order, based on the total number of children from low-income families. Funds are granted to LEAs and Charter Schools that have currently approved plans/project applications on file with DPI. The plan describes how the LEA or Charter School will enable participating schools to substantially help children served meet the standards expected of all children. Funds are then, distributed to eligible school attendance areas/schools that have currently approved school plans on file with the LEA or Charter School that describe how the schools will provide children served the opportunity to meet the standards expected of all children.

Funds are distributed according to the cash request procedures discussed in the DPI Cross-Cutting Requirements, DPI-0.

III. COMPLIANCE REQUIREMENTS

Below on the matrix are the types of compliance requirements are applicable to the federal program, noted as “Y,” as determined by the federal granting agency if the federal program is listed in Part 2 of the OMB 2023 Compliance Supplement. A State agency may have added a Type. If the program is not listed in Part 2, the State Agency has determined the applicable Types. If a Type, applicable by OMB, does not apply at the local level or if the State has modified the federal requirements at the local level, this should be explained in the supplement under the Type. A Type that is not applicable at the local level is noted by “N.”

If a particular Type is noted as “Y,” the auditor must determine if the Type has a direct and material effect on the federal program for the auditee. For each Type of compliance requirement, the auditor must use the OMB 2023 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.

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	Y	Y	Y	Y	Y	N	Y	Y	Y

Crosscutting Requirements

The compliance requirements in Supplement “DPI-0 Crosscutting Requirements” are applicable to this grant. If the Matrix above indicates “Y” for a particular type, the auditor should refer to DPI-0 for additional testing requirements for that Type.

A. Activities Allowed or Unallowed

Compliance Requirement - Funds may be used by a LEA, Charter School or other operating agency only in accordance with the approved State plan and only for those services or activities in its project application. Expenditures must be reported to the SEA each month.

Audit Objective - To determine that expenditures are allowable and are properly recorded.

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 appropriateness. Test expenditure and related records to determine if expenditures were made only for those services or activities in the project application.

- Examine expenditures for appropriate approval and documentation.

- Obtain a copy of the project plan and review expenditures to determine that expenditures are in accordance with the project plan.
- Determine that personnel paid from these funds do not exceed budgeted personnel in approved program budget.

B. Allowable Costs/Costs 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**Compliance Requirement**

In a targeted assistance school, an LEA/Charter School must use funds only for children identified by the school as failing, or most at risk of failing to meet the State's challenging student performance standards. In schools operating a school-wide program, an LEA/Charter School may use Title I funds, in combination with other Federal, State, and local funds to upgrade the entire education program. An LEA/Charter School must conduct Title I programs in school attendance areas having high concentrations of children from low-income families. If funds are insufficient to provide programs in all eligible areas, the LEA/Charter School must annually rank and serve, without regard to grade span, eligible school attendance areas in which the concentration of children from low-income families exceeds 75 percent from highest to lowest according to the percentage of children from low-income families. If funds remain after serving all eligible school attendance areas at or above 75 percent low-income, the LEA/Charter School shall annually rank and serve the remaining school attendance areas from the highest to lowest either by grade span or for the entire LEA/Charter School according to the percentage of children from low-income families.

Audit Objective - To determine that funds are used only for the education of eligible children.

Suggested Audit Procedure - Identify the source of the information used to determine the percentage of students from low-income families and consider its reliability.

Eligibility for Sub-recipients – The Department of Public Instruction program consultant determines if the eligibility requirements are met when the project is approved.

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

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

3. Earmarking

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

Compliance Requirement - A school unit may spend no more than 12% of its yearly allotment for administration and supervision of the Title I program (N. C. State Board of Education Policy)

Audit Objective - To determine that the sub-recipient did not spend more than 12% of its funds for administration and supervision.

Suggested Audit Procedure - Ascertain the amount of Title I expenditures. Review expenditure records and supporting documentation for administrative costs. Ascertain that the administrative cost is within the 12% requirement following the outlined formula.

Include any account with the following Purpose and Object Codes.

Purpose Codes		Object Codes	Object Codes cont.
6300	Administration	113	211, 221, 231, 311, 312, 326,
		151	327, 332, 341, 342, 343, 411,
		183	418, 461, 462, 471, 541, 542
		196	
		197	
		199	
8100	Indirect Cost	392	

Determine the Allotment amount for the current fiscal year (Do not include carryover).

Example:

FY 2017-18 Allotment \$600,000.00

Calculate the Allowable Amount of Administrative Costs by multiplying the Allotment amount by the current year's percentage limitation. FY 2018-19 (12%)

Example:

\$600,000 x 12% = \$72,000.00 Allowable amount of Administrative Costs

Determine the Administrative Cost using the codes below:

Example:

6300-050-113	30,000.00
6300-050-151	10,000.00
6300-050-211	3,060.00
6300-050-221	2,328.00
6300-050-231	6,864.00
8100-050-392	<u>1,500.00</u>
Total Administration	53,752.00

Compare the Allowable amount of Administrative Costs to the total Administrative Cost.

When the total administrative expenditures are less than the allowable amount of administrative costs, LEAs / Charter Schools are compliant.

Example:

$$\$72,000.00 - 53,752.00 = \$18,248.00$$

The remaining \$18,248.00 can be carried over at June 30 and added to the allowable amount of Administrative Cost for use in the next fiscal year, if sufficient carryover exists.

H. Period of Performance

Addressed in the US Department of Education Cross-Cutting Section

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

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 application beginning date.

I. Procurement and Suspension and Debarment

Addressed in the US Department of Education Cross-cutting Section and 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 US Department of Education Cross-cutting Section and 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

Compliance Requirement - An LEA/Charter School must: (a) use the State assessments described in the State plan under section 1111 of Title I; (b) use any additional measures or indicators described in the LEA's or Charter School's plan to monitor students' progress in meeting the challenging State Academic Standards as defined in section 1112(b)(1); (c) publicize and disseminate to teachers and other staff, parents, students and the community, the results of the annual review of all schools served in individual school profiles that include statistically sound disaggregated results as required in section 1112(e); and (d) provide the results of the local annual review to schools so that the schools can continually refine the program of instruction to help all children in those schools meet the State's student performance standards. (Section 1114 and 1115)

Audit Objective - To determine whether the LEA/Charter School has conducted the required Title I evaluations.

Suggested Audit Procedures - Review the LEA/Charter School's annual review of schools served.

- Verify that the results of the review were publicized and disseminated as required.
- Verify that the state assessments and other measures were used to determine that the school is making adequate progress.