
Cross-Cutting Requirements
NCDPI-00 COMPLIANCE SUPPLEMENT

N.C. Department of Public Instruction

State Authorization:

North Carolina Department of Public Instruction (NCDPI)

N.C. DPI Confirmation Reports:

See individual supplements

Agency Contact Persons:

See individual supplements or contact

Vanessa Sanders, Auditor III

School Business Services

Vanessa.Sanders@dpi.nc.gov

Or

[Monitoring and Compliance Team](#)

Monitoring@dpi.nc.gov

I. PROGRAM OBJECTIVES

The NCDPI 0 Cross-Cutting Compliance Supplement provides auditors with authoritative cross-cutting requirements for all NCDPI-administered programs. It identifies the key standards—internal controls, financial management, procurement, and conflict of interest—and serves as a safe harbor when reasonable verification procedures are performed. Auditors should use this supplement to determine applicable compliance criteria for LEAs and charter schools

II. PROGRAM PROCEDURES

The NCDPI 0 Cross-Cutting Compliance Supplement outlines requirements that apply to all NCDPI-administered programs and provides specific additions to the [OMB Compliance Supplement](#). It establishes uniform expectations for LEAs and charter schools and serves as a safe harbor for auditors when identifying applicable compliance criteria.

Cross-Cutting Requirements

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

Section Three — Applicable Compliance Requirements

The applicable compliance requirements listed in this section align with the federal [OMB Compliance Supplement](#) issued under 2 CFR Part 200, Appendix XI, which identifies the federal requirements subject to Single Audit testing. Specific requirements included in the NCDPI-0 Cross-Cutting Requirements supplement complement, but do not duplicate, federal guidance and may be used as a safe harbor when supported by reasonable verification procedures. Only compliance requirements that are applicable and may have a direct and material effect on NCDPI-administered programs are included in this section.

1. 2. Activities Allowed or Unallowed / Allowable Costs / Cost Principles

Funds must comply with NCGS115C Article14A and SL2021-424, SL2020-97, SL2023-134; used for intended PRC program purposes.

3. Cash Management

Bank Reconciliations (State Financial Management)

Compliance Requirement:

Cross-Cutting Requirements

Bank accounts must be properly reconciled. Material differences/variances should be investigated and resolved timely.

Unresolved material variances may warrant consideration of the effect on the financial statements and the auditor's opinion.

Refer to [2 CFR § 200.305 – Federal Payment / Cash Management](#)

Audit Objective:

Determine whether bank accounts are reconciled timely and whether material reconciling items are appropriately supported and resolved.

Suggested Audit Procedures:

- Obtain bank reconciliations for selected months and verify reconciliation to bank statements and general ledger balances.
- Test a sample of reconciling items for support and timeliness of clearance.
- Evaluate unresolved items for materiality and consider financial statement reporting implications.
- Compliance Requirement:
- Bank accounts must be properly reconciled. Material differences/variances should be investigated and resolved timely.
- Unresolved material variances may warrant consideration of the effect on the financial statements and the auditor's opinion.
- Refer to [2 CFR § 200.305 – Federal Payment / Cash Management](#)

4. Conflict of Interest

Compliance Requirement:

The PSU must comply with applicable North Carolina ethics and conflict-of-interest requirements related to public contracting and improper benefits.

Material conflicts should be addressed and disclosed in accordance with applicable state law and PSU policy.

Refer to [2 CFR § 200.112 – Conflict of Interest](#) (Federal).

Refer to [NCGS 14-234](#) and [115C-218.5](#) (State).

Audit Objective:

Determine whether the PSU has policies and procedures to identify and address conflicts of interest and whether material conflicts were appropriately addressed and disclosed.

Suggested Audit Procedures:

- Obtain and review the conflict-of-interest/ethics policy (or governing board policy for charter schools) for coverage of contracting-related conflicts and gifts/favors.

Cross-Cutting Requirements

- For selected procurement transactions, inspect evidence of approvals, disclosures, and any required recusals or conflict reviews.
- If a material conflict is identified, evaluate whether disclosure and corrective action were taken consistent with state law and PSU policy.

6. Equipment and Real Property Management (Charter-Only State Restriction)

Compliance Requirement:

For charter schools only, State funds may be used to enter into operational and financing leases for real property or mobile classroom units for school facilities and for payments

on loans for facilities or equipment, however, State funds shall not be used to purchase, or to obtain a loan to purchase real property or mobile classroom units.

Every charter school contract or lease must include the statutory clause that no indebtedness of the charter school constitutes an indebtedness of the State or its political subdivisions and is not secured by the faith, credit, or taxing power of the State or its political subdivisions.

Refer to [2 CFR § 200.311 – Real Property](#) and [2 CFR § 200.313 – Equipment](#) (Federal).

Refer to [GS 115C-218.105 – NC General Assembly](#) (State).

Audit Objective:

Determine whether the charter school used funds consistently with statutory restrictions and included the required statutory language in contracts and leases

Suggested Audit Procedures:

- Identify facility-related expenditures and agreements and determine whether funds were used for prohibited purchases or loan-to-purchase arrangements.
- Review a sample of contracts and leases and verify inclusion of the required statutory clause.

9. Procurement and Suspension & Debarment (State-Funded Purchases)

Compliance Requirement:

Obligations must be incurred in accordance with applicable North Carolina purchasing requirements for procurements and the PSU's procurement policy. PSUs should not enter contracts with vendors debarred by the State of North Carolina.

Refer to [2 CFR §§ 200.317–200.327 – Procurement Standards](#) and [2 CFR § 200.214 – Suspension and Debarment](#).

Audit Objective:

Cross-Cutting Requirements

Determine whether selected procurements complied with applicable requirements and PSU policy and whether vendors were not debarred by the State of North Carolina.

Suggested Audit Procedures:

- Obtain the PSU procurement policy and determine the processes used for competitive purchasing and approvals for State-funded procurements.
- Test selected procurements for required competition/quotes, approvals, and documentation consistent with policy and applicable requirements.
- For selected vendors, verify the vendor was not debarred by the State of North Carolina at the time of award.

14. Special Tests and Provisions — Budget Amendments (10% Threshold) for DPI-Approved Budgets

Compliance Requirement:

Budget amendments are required if a PSU exceeds cumulative budgeted line items by 10% or more of its current total approved budget for programs that require DPI budget approval and amendments. LEAs submit amendments through the BUD system. Charter schools submit amendments on form FPD-209 where applicable.

Amendments must be approved by the relevant DPI program consultant.

Refer to [OMB Compliance Supplement – Special Tests and Provisions](#).

Audit Objective:

Determine whether required amendments were submitted and approved when the 10% threshold was met for applicable programs.

Suggested Audit Procedures:

- Identify programs subject to DPI budget approval/amendment requirements and obtain approved budgets and amendments.
- Compare budgets by line item to expenditures to identify over-expended line items and evaluate the 10% threshold.
- Inspect evidence of timely submission and DPI approval (BUD for LEAs; FPD-209 for charters where applicable).

Section Four - Crosswalk to Federal Single Audit Requirements and Related

Appendix

The Federal Single Audit Crosswalk and its corresponding appendix offer a clear mapping between federal compliance requirements and the state-specific guidance issued by the North Carolina Department of Public Instruction (NCDPI). This section is intended to help auditors and LEAs understand how federal requirements identified in the [OMB Compliance Supplement](#) align with, and are supported by,

Cross-Cutting Requirements

NCDPI's cross-cutting and program-level requirements. Only the applicable federal requirements relevant to NCDPI-administered programs are included to ensure clarity and avoid duplication.

Federal Single Audit Crosswalk

To prevent duplication of effort, federal compliance requirements addressed through the Federal Single Audit are not repeated in this State-specific supplement. Auditors should refer to the [OMB Compliance Supplement](#) for guidance on the following federal areas:

- Activities Allowed or Unallowed (federal program-specific requirements)
- Allowable Costs / Cost Principles ([2 CFR Part 200 Subpart E -- Cost Principles](#))
- Federal Cash Management
- Federal equipment and real property requirements ([2 CFR Part 200 -- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#))
- Federal procurement standards and federal suspension and debarment ([SAM.gov](#))
- Federal program eligibility, reporting, and subrecipient monitoring
- ESSA/Title I staff qualification requirements
- Federal construction requirements and federal contract clauses ([2 CFR Part 200, Appendix II](#))
- Federal sales tax refund reallocation requirements

Appendix — Charter Applicability Decision Guide

Use the following steps to determine whether a requirement applies to charter schools:

- Authority Test: The requirement is based on a statute/policy that applies to charter schools ([Chapter 115C - Article 14A](#)) or is imposed through the charter agreement.
- Funding Test: The requirement is a condition of receiving or retaining State funds administered by NCDPI.
- Process Test: The requirement does not rely solely on an LEA-only system or process; where processes differ, charter-equivalent documentation is used.