COMPLIANCE SUPPLEMENT
FOR SINGLE AUDITS OF LOCAL GOVERNMENTS

The 2018 update of the OMB Compliance Supplement is effective for audits of fiscal years beginning after June 30, 2017. The Office of Management and Budget has prepared the 2018 Compliance Supplement. This section presents information on compliance as outlined in the latest update of the OMB Compliance Supplement. The following compliance section includes program objectives, program procedures, compliance requirements, and suggested audit procedures as interpreted by program directors in the South Carolina Department of Education (SCDE).

Each requirement is accompanied by suggested audit procedures that can be used to test for compliance. These are *not the only* procedures an auditor can use, nor are they mandatory procedures. Auditors may apply professional judgment and use procedures of their choice to determine adequacy, timeliness, the extent of reviews, and tests performed, as long as the procedures used support the opinion issued on compliance (or noncompliance) with the specified requirements for items tested.

If, during the course of an examination, you encounter federal projects that are administered by the SCDE but are not addressed in the OMB Compliance Supplement, please contact the Office of Auditing Services.

OMB Compliance Requirements

Several statutory and regulatory requirements are applicable to all or most federal assistance programs. Requirements that involve significant national policy and for which noncompliance could have a material impact on an organization's financial statements are presented in the compliance supplement for single audits issued by the U.S. Office of Management and Budget. The 2019 update of this supplement is effective for audits conducted after June 30, 2018. The supplement is available at

https://www.whitehouse.gov/wp-content/uploads/2019/07/2-CFR_Part-200_Appendix-XI_Compliance-Supplement_2019_FINAL_07.01.19.pdf

The 2017/2018 updates are still available on the Internet at:

https://www.whitehouse.gov/wp-content/uploads/2018/05/2018-Compliance-Supplement.pdf

https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/circulars/A133/2017/Compliance_Supplement_2017.pdf

Other Internet addresses that are useful in obtaining OMB updates to the Compliance Supplement and single audit information are given in appendix E of this guide. **It is incumbent upon the independent auditor to follow the most current authoritative references for reporting purposes.**

SCDE Financial Reports

Compliance Requirement

Periodic submission of expenditure reports are used to obtain most federal financial assistance that passes through the South Carolina Department of Education (SCDE) to the local education agency (LEA).

Suggested Audit Procedure(s)

- Review procedures for preparing SCDE financial reports and evaluate for adequacy.
- Sample SCDE financial reports for each material program and review for completeness and timeliness of submission.
- Trace data to the supporting documentation (e.g., worksheets, ledgers).
- Review adjustments made to General Ledger amounts that affect financial reports sent to the SCDE and evaluate for propriety.
- Review the LEA's list of payments posted to SCDE Grants Accounting Section for reconciliation to the General Ledger amounts. (See appendix F for a liftable letter that can be used in requesting a list of payments for previous school/fiscal year.)

SCDE contact: Diane House
dhouse@ed.sc.gov/ or GrantsAccounting@ed.sc.gov

Support of Federal Salaries and Wages

Compliance Requirement

Section 200.430 of 2 CFR Part 200 states standards for documentation for personnel expenses for the support of federal salaries and wages. The following is an excerpt of those requirements:

A. Charges to federal awards for salaries and wages, whether treated as direct or indirect costs, must be based on records that accurately reflect the work performed. Records must:

   1. Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
   2. Be incorporated into the official record of the non-Federal entity;
   3. Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities;
   4. Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, buy may include the use of subsidiary records as defined in the non-Federal entity's written policy;
   5. Comply with the established accounting policies and practices of the non-Federal entity; and
   6. Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

B. The SCDE Terms and Conditions and Assurances for Federal awards state that the applicant will also comply with the Office of Management and Budget 2 CFR Part 200 Subpart E-Cost Principles related to the allowability, reasonableness, and allocability of costs consistent with the approved budget and also by maintaining required support for salaries and wages. Required support includes certifications and/or personnel activity records depending upon the amount of time spent on cost objectives.

   1. Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications are to be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.

   2. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports (PAR's). This is required when employees work on

      - More than one Federal award
      - A federal award and a non-Federal award

- An indirect cost and a direct cost activity
- Two or more indirect activities which are allocated using different allocation bases
- An unallowable activity and a direct or indirect cost activity.

PAR's must meet the following standards:

- They must reflect an after the fact distribution of the actual activity of each employee
- They must account for the total activity for which employee is compensated
- They must be prepared at least monthly and coincide with one or more pay periods, and
- They must be signed by the employee

3. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards buy may be used for interim accounting purposes, provided that:

(i) The governmental unit's system for establishing the estimates produces reasonable approximations of the activity actually performed:

(ii) At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made. Costs charged to federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent: and

(iii) The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances.

C. Salaries and wages of employees used in meeting cost sharing or matching requirements of Federal awards must be supported in the same manner as those claimed as allowable costs under the Federal awards

Suggested Audit Procedures

1. Determine if salaries were charged to the federal program by reviewing the general ledger for the program.

2. Request a listing of each employee whose salary was charged in whole or in part to the program.

3. Review the employee's personnel file for the required certifications and personnel activity reports and ensure that the documents meet the standards required by 2 CFR Part 200 and the SCDE Terms and Conditions and Assurances.

4. If budget estimates were used, test to ensure that comparison of actual costs to budgeted distributions were made and the proper adjustments were made in the entity's system if necessary.

See a sample Semi-Annual Certification and PAR on pages 192 and 193.

NOTE: When determining if a PAR or certification is required, remember to not only look at funding source but look at job function as well. For example, a special education teacher works solely in the special education classroom all day. However, the teacher's salary is funded 50% with state funds and 50% federal funds. The teacher has one function. Therefore, the semi-annual certification is required, not the PAR.

SCDE contact: Melissa A. Myers
803-734-8453
mmyers@ed.sc.gov

Semi-Annual Certification

(Staff Working Solely on one Cost Objective)

This is to certify that Jean Smith has worked 100% of his/her time for the period January 1, 2019 through June 30, 2019 on program number DOE 555.

____
Signature of Employee

____
Printed Name of Employee

____
Date

____
Signature of Supervisor

____
Printed Name of Supervisor

____
Date

TIME AND EFFORT LOG

Name First/Last

Title ______________________

Month July

Year 2019

Signature ______________________

Supervisor's Initial ______________________

DIRECT TIME	Account for all time worked per day.																		(Minimum of 1/4 hour increments)													TOTAL	TOTAL
PROGRAM NAME	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	HOURS	%
Insert federal award funding title																																	#DIV/0!
																																	#DIV/0!
Insert other funding																																	#DIV/0!
source(s) below:																																	#DIV/0!
General Funds																																0.0	#DIV/0!
Special Education																																0.0	#DIV/0!
																																	#DIV/0!
																																	#DIV/0!
																																	#DIV/0!
																																	#DIV/0!
																																	#DIV/0!
																																	#DIV/0!
																																	#DIV/0!
																																	#DIV/0!
																																	#DIV/0!
SUBTOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	#DIV/0!
INDIRECT TIME																																	
Sick Leave																																	#DIV/0!
Holiday																																	#DIV/0!
Annual Leave																																	#DIV/0!
Prof. Development																																	#DIV/0!
Other (Describe)																																	#DIV/0!
SUBTOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	#DIV/0!
GRAND TOTALS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	#DIV/0!

Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. (2 CFR 200.430-431)

Time must be documented in hours, not percent.

This form is to be completed only by staff that are "split-funded": partially funded through Title I and partially funded through another funding source (general funds, special education funds, Title III, etc.)

Commercial Driver's License (CDL) Drug and Alcohol Testing Program

(Code of Federal Regulations, Title 49, Subtitle B, Chapter III, Subchapter B, Section 383 and 391 et al., Federal Highway
Administration, Department of Transportation)

(To be tested for all districts)

I. Program Objective

The objective of the commercial driver's license (CDL) drug and alcohol testing program is to reduce or prevent school bus collisions, fatalities, and injuries by requiring commercial driver license operators (school bus drivers) to participate in ongoing drug and alcohol abuse awareness education program and drug and alcohol testing program.

II. Program Purpose

The purpose of the CDL drug and alcohol testing is to prevent the misuse of alcohol or the use of controlled substances by school bus drivers and other school bus transportation safety-sensitive employees who are charged with the responsibility of ensuring the safe transport of students to and from school and school-related activities. This program is based upon state and federal laws, requiring school district bus drivers to participate in a drug and alcohol testing program encompassing the following areas:

- pre-employment testing,
- post-accident testing,
- random testing,
- reasonable suspicion testing,
- return-to-duty testing, and
- follow-up testing.

III. Compliance Requirements

The local school district or district contractor, as the employer, and in accordance with state and federal laws, is the administrative entity of the Drug and Alcohol Testing program for its CDL employees (school bus drivers). Districts are required to maintain drug and alcohol testing programs that comply with the following procedures:

A. Each district shall ensure that all alcohol or controlled substances testing is conducted in compliance with federal law and procedures. (**49 C.F.R. § 382.105 Testing procedures**)

B. Before performing an alcohol or controlled substances test, the district shall notify a prospective driver (school bus driver) that the alcohol or controlled substances test is required. (**49 C.F.R. § 382.113 Requirement for notice**)

C. Prior to the first time a driver performs safety-sensitive functions (driving a school bus) for an employer, the driver shall undergo testing for controlled substances as a condition of employment. (**49 C.F.R. §382.301 Pre-employment testing**)

D. As soon as practicable following an occurrence involving a commercial motor vehicle (school bus) operating on a public road, the district shall test each surviving driver for alcohol and controlled substances: **(49 C.F.R.§38 2.303 Post-accident testing)**

a) who was performing safety-sensitive functions (driving a school bus) with respect to the vehicle, if the accident involved the loss of human life; or

b) who receives a citation under state or local law for a moving traffic violation arising from the accident, if the accident involved:

1) bodily injury to any person who, as a result of the injury, immediately receives medical treatment away from the scene of the accident; or

2) one or more motor vehicles incurring disabling damage as a result of the accident, requiring the motor vehicle to be transported away from the scene by a tow truck or other motor carrier vehicle.

E. Random testing for controlled substances and alcohol shall be conducted as follows: (**49 C.F.R. §382.305**)

a) Employers shall conduct random controlled substances testing of all safety-sensitive employees (school bus drivers) at a minimum annual percentage rate established by the Federal Motor Carrier Safety Administration (FMCSA) Administrator for the average number of bus driver positions. This rate will become applicable starting January 1 of the calendar year following publication in the Federal Register. For the 2018 and 2019 calendar years, that rate is 25%.

b) Employers shall conduct random alcohol testing of all safety-sensitive employees (school bus drivers) at the minimum annual percentage rate established by the Federal Motor Carrier Safety Administration (FMCSA) Administrator for the average number of bus driver positions. This rate will become applicable starting January1 of the calendar year following publication in the Federal Register. For the 2018 and 2019 calendar years, that rate is 10%.

c) An employer may use a service agent (e.g., a C/TPA (Consortium/Third-Party Administrator)) to perform random selections as part of a larger random testing pool of covered employees. However, the employer must ensure that the service agent is testing at the appropriate percentage established for the industry (school bus drivers, as stated in paragraphs a) and b) of this section) and that only covered employees are in the random testing pool.

F. Reasonable suspicion testing shall be conducted as follows:

a) An employer shall require a school bus driver to submit to an alcohol test when the employer has reasonable suspicion to believe that the driver is using alcohol while performing, or is about to perform, a safety-sensitive function (driving a school bus).

b) An employer shall require a driver to submit to a controlled substances test when the employer has reasonable suspicion to believe that the school bus driver has violated the prohibitions concerning controlled substances use while performing, or is about to perform a safety-sensitive function (driving a school bus).

G. Return-to-duty testing shall be conducted as follows: **(49 C.F.R. § 382.309)**

a) The employer shall ensure that before a school bus driver returns to duty requiring the performance of a safety-sensitive function (driving a school bus) after engaging in prohibited conduct, the driver shall undergo a return-to-duty alcohol test.

b) The employer shall ensure that before a school bus driver returns to duty requiring the performance of a safety-sensitive function (driving a school bus) after engaging in prohibited conduct, the driver shall undergo a return-to-duty controlled substances test with a verified negative result for controlled substances use.

H. Following a determination that a school bus driver is in need of assistance in resolving problems associated with alcohol misuse and/or use of controlled substances, each employer shall ensure that the school bus driver is subject to unannounced follow-up alcohol and/or controlled substances testing as directed by a substance abuse professional. (**49 C.F.R. § 382.311 Follow-up testing**)

IV. Reporting Requirements

The employer shall maintain records of its alcohol misuse and controlled substances use prevention programs. The records shall be maintained in a secure location with controlled access. (**49 C.F.R. § 382.401 Retention of records**). Additionally, the employer shall obtain and review the motor vehicle record for each driver (**49 C.F.R. § 391.25 Annual inquiry and review of driving records):**

a) Each motor carrier shall, at least once every 12 months, make an inquiry to obtain the motor vehicle record of each driver it employs.

b) Each motor carrier shall, at least once every 12 months, review the motor vehicle record of each driver it employs.

c) *Recordkeeping-*

1) A copy of the motor vehicle record required by paragraph (a) of this section shall be maintained in the driver's qualification file.

2) A note, including the name of the person who performed the review of the driving record required by paragraph (b) of this section and the date of such review, shall be maintained in the driver's qualification file.

V. Suggested Audit Procedures

Review all district records pertaining to drug and alcohol testing. Verify that the district has a current contract with a provider of drug and alcohol testing services, and can produce the following record files up on demand:

a) documentation of agreement/contract between the district or district's contractor and a drug and drug testing provider for drug and alcohol testing services,

b) consolidated annual calendar-year summaries of test results,

c) documents relating to the random selection process,

d) documents generated in connection with decisions to administer reasonable-suspicion alcohol or controlled substances tests,

e) documents generated in connection with decisions of post-accident tests,

f) documentation verifying that 25 percent of average driving force were tested for controlled substances,

g) documentation verifying that a minimum 10 percent of average driving force was randomly tested for alcohol, and

h) documentation verifying that the legally required post-accident tests were conducted.

i) documentation verifying that the legally required motor vehicle record inquiries were made.

j) documentation verifying that the legally required motor vehicle record inquiries were reviewed.

SCDE contact:Richard Podmore
803-734-8245
rpodmore@ed.sc.gov

Federal Program Compliance

Adult Education Program

CFDA 84.002

I. Program Objective

The program of adult education is provided in order to – (1) assist adults to become literate and obtain the knowledge and skills necessary for employment and self-sufficiency; (2) assist adults who are parents to obtain the educational skills necessary to become full partners in the educational development of their children; and (3) assist adults in the completion of a secondary school credential.

II. Program Procedures

Individuals must be at least eighteen years of age or older, except where the local board assigns students less than eighteen years of age who are not officially in membership in a regular school. No one under the age of sixteen years of age can enter an adult education program.

III. Compliance Requirement(s) and Suggested Audit Procedure(s)

A. **Types of Services Allowed or Disallowed**

Compliance Requirement

Federal adult education funds can be expended only for the types of services specified in the approved project proposal, including instructional and administrative salaries, operation and maintenance, fringe benefits, travel, instructional supplies/materials, and capital outlay.

Suggested Audit Procedure(s)

- Review grant award and ascertain allowable services.
- Review expenditure and related records.

B. **Matching, Level of Effort, and/or Earmarking Requirements**

Compliance Requirement

Local administrative costs may not exceed 5 percent of the federal adult education funds.

Suggested Audit Procedure(s)

- Review district's adult education expenditure reports to determine that no more than 5 percent were used for administrative purposes.

SCDE contact: Michael King
803-734-8300
mrking@ed.sc.gov

Breakfast and Lunch Programs, National School

CFDA 10.553 (Breakfast),*10.555,*10.559
***Includes* Non-Cafeteria Business Enterprises**

The South Carolina Department of Education requires that the Food Distribution/Commodities program, the School Breakfast Program, the School Lunch Program, and Summer Food Service Program be combined for the compliance testing of the food service program

I. Program Objective

The two objectives of the National School Breakfast and National School Lunch Programs are to use cash grants and food donations to assist in making breakfast and lunch available for school children and to encourage the consumption of agricultural commodities and other foods.

II. Program Procedures

The programs are operated at the local level by a school food authority (SFA), which is reimbursed by the state at rates prescribed by the federal government. Payments are made for breakfasts, lunches, and snacks served to children based on prescribed rates multiplied by the number and category of meals served. Commodities are distributed to SFA's based on projected levels of service.

III. Compliance Requirement(s) and Suggested Audit Procedure(s)

A. Eligibility

Compliance Requirement

The SFA must properly approve applications submitted in accordance with federal eligibility standards (7 C.F.R. §245.6(b)).

Suggested Audit Procedure(s)

- Ascertain that eligibility guidelines were submitted to the local media with proof of submission, <u>not necessarily publication</u>, as the minimum requirement.

- Ascertain that application approval is based upon the household size and income guidelines prescribed by the United States Department of Agriculture for the applicable audit year. If direct certification is used, appropriate documentation is available from the Department of Social Services/Department of Education match.

- Ascertain that sponsors receiving Federal funds to expenditures are allowable of costs:
    - Is the expenditure necessary and reasonable for proper and efficient administration of the Program?

- Is the expenditure allocable to Federal awards for the administration of the Program?
- Is the expenditure authorized and not prohibited under State or local laws?

For purposes of validating the accuracy of eligibility applications, it is suggested that the USDA "Alternate One" 3% random sample method used by SFAs for their Verification process be used to determine the minimum number of applications to review.

As appropriate, the auditor may test up to 25% of applications processed by the SFA.

- For the selected applications, assure they are complete and verify them for accuracy. A complete application must have the following information:

  a. The name(s) of the child or the children in the household ;
  b. *the total household income (weekly, bi-weekly, bi-monthly, monthly and annually) shown by person, source, and amount;
  c. *the names of all adult household members;
  d. *the last four digits of the SSN of the adult signing the application;
  e. the signature of an adult member of the household; and
  f. a determination by the designated SFA representative as to whether an application is free, reduced, or denied.

  *Please note: When a Supplemental Nutrition Assistance Program (SNAP) (food stamps) or a Temporary Assistance to Needy Families (TANF) case number is provided, items b, c, and d are not required.

If a SFA has been noted as being approved for community eligibility, traditional eligibility applications are not required for students in the participating schools. The auditor should verify the Identified Student Percentage (ISP) used by the SFA to calculate the CEP claiming rate, to include a review of supporting documentation for 10% of the students included in the ISP calculation.

- Meals served are delineated by school each month in support of the consolidated financial claims report submitted via the South Carolina Automated Payment System (SCAPS). In another sample of schools (see preceding schedule) determine the number of free and reduced price meals claimed for reimbursement and determine whether it exceeds the number of approved applications by accepting the number of free and reduced applications and/or direct certification documents on file and comparing on a daily basis to the number of meals claimed, making use of the web-based claim system for food service (SCAPS), and daily participation forms (or equivalent source documents).

B. Reporting Requirements

Compliance Requirement

The SFA must use program funds for program purposes (7 C.F.R. § 210.7(b)). The SFA must account for all revenues and expenses of the nonprofit school food service as prescribed by the state's financial management system (7 C.F.R. §§ 210.14(a–1) and 220.13(i)).

Suggested Audit Procedure(s)

- Ascertain that expenses are for program purposes:

  a. Salary expenses are for persons who are school food service employees.

  b. Indirect costs are not charged to direct program expenditures.

If the school district elects to recover any portion of the indirect cost attributable to the school food service, use Account 432-791, Indirect Cost, as a transfer to the General Fund. Ascertain that the charge is a direct expense to the School Food Service Fund as designated in the revised chart of accounts for the School Food Service Fund and not through the transfer account.

- Ascertain that all school food service assets and liabilities are segregated on the balance sheet when this fund is reflected as a Special Revenue Fund.

- Ascertain that revenues and expenses recorded on the General Ledger in appropriate categories are equal to amounts that have been recorded in South Carolina Automated Payment System (SCAPS) and on the claim reports that have been forwarded to the South Carolina Department of Education (SCDE). If any adjusting entries are recorded in the General Ledger at the year end, these adjustments should be forwarded ***as soon as possible*** by the SFA to the SCDE.

- Ascertain that the value of supplies and food (purchased plus commodities) remaining on hand at year-end has been properly recorded as assets on the Balance Sheet of the SFA. If the year-end balance on hand is immaterial, the inventory/commodities can be expensed when received.

- Determine that the district complies with the legislative Proviso 1.5 (appendix G), which states that "Once a district has expended all state allocated funds for fringe benefits, the district may utilize food service revenues to fund a proportionate share of fringe benefits costs for food service personnel." Test for compliance with Proviso 1.5 to ensure the Food Service Fund is being charged only its proportional share of the cost of fringe benefits unfunded by the state. Refer to School Food Services Memorandum No. 23 (appendix H) dated June 30, 1989, for guidance on the proper allocation of fringe benefits to the Food Service Fund.

- If a district has contracted with a management company but retains its employees, ascertain where the fringe benefit expense for these employees has been charged. Test for compliance with Proviso 1.5 to ensure the Food Service Fund is being charged only its proportional share of the cost of fringe benefits unfunded by the state. Refer to School Food Services Memorandum No. 23 (appendix H) dated June 30, 1989, for guidance on the proper allocation of fringe benefits to the Food Service Fund. Ensure that if the district's accounting system is designed to charge salaries plus fringe benefits to the School Fund Service Fund, the following three criteria are met:

a. A transfer of revenue from the General Fund to the School Food Service Fund equals the fringe benefit charged minus the short fall portion.

b. This transfer is made at the same time the fringe benefits are charged to the School Food Service Fund.

c. Indirect cost is claimed only on the shortfall portion of fringe benefits paid from the School Food Service Fund.

Please note that fiscal year 2015-16 was the last fiscal year that a separate food service indirect cost rate was calculated. Please ensure that you have adjusted your chart of accounts in accordance with correspondence distributed by the SCDE in regards to new accounts that have been established for Food Service Direct Purchased Services.

If the Food Service Fund reflects indirect cost expenses, ensure that no prior year indirect cost is charged to the School Food Service Fund.

- Identify the actual rate charged. As there is no longer a separate food service rate, the rate may vary from zero to the maximum unrestricted rate. The actual rate charged must be reported to SCDE no later than November 1 of each year.

- Ascertain that the negotiated indirect cost rate for food service includes only shared costs and that none of the included costs are direct costs of food service. The negotiated indirect cost rate must be applied to specific cost categories and not used when costs are directly billed to school food service. Confirm that the school district has complied with the cost allocation plan as outlined in 2 CFR Part 200. Refer to School Food Service Memorandum No. 15 (appendix I) for guidance on applying the indirect cost rate for the Food Service Program in accordance with 2 CFR Part 200.

- Ascertain that item "State Costs" on the reimbursement claim reflects only funds paid from the state allocation. (Revision to this item as well as other revisions should be submitted to the SCDE by the SFA as soon as the district's school food service portion of the audit is completed.) Identify and document the amount of fringe benefits paid for food service employees from the state allocation.

- Ascertain if the SFA has allowed the Food Service Fund to make "loans" for use in other school system operations. USDA requirements allow borrowing from the Food Service Fund only if the following conditions are met:

  a. The SFA has accumulated excess net cash resources with the approval of the state agency (SA) for the purpose of meeting a defined future program need.

  b. **All** of the SFA's **current** food service program needs are fully funded.

  c. The loan is formally established at a competitive interest rate and is made for a short duration of time (no more than one year).

d. The SFA seeks and receives prior SA approval for each loan and notifies the SA when repayment is completed.

e. Duration and repayment must be in accordance with planned use (i.e., purchase of equipment). Note, however, that if the loan is not repaid on schedule, the loaned funds would be considered misappropriated funds and the SCDE would take corrective measures that could include the suspension of reimbursement.

- Ascertain that interest due to the school food service is in compliance with USDA regulations as outlined in Food Service Memorandum (appendix J), dated March 19, 1999.

School Food Authority Responsibilities-Paid Lunch Equity (PLE) Tool

Section 205 of the Healthy Hunger Free Kids Act (HHFKA) requires School Food Authorities (SFAs) that, on average, charge for paid lunches less than the difference between the federal reimbursements for free and paid lunch, to either gradually adjust paid lunch prices upward or provide non-federal funds to cover the difference. This requirement is intended to ensure that SFAs provide sufficient funds to their food service account for paid lunches. The U. S. Department of Agriculture (USDA) has provided a PLE tool to assist SFAs in making their price adjustment calculations. The PLE tool can be found on the USDA's HHFKA Implementation Web page at http://www.fns.usda.gov/school-meals/healthy-hunger-free-kids-act-resources-and-guidance.

Effective July 1, 2011, all SFAs participating in the National School Lunch Program (NSLP) are required annually to establish paid meal prices in accordance with the procedures in the HHFKA. State agencies are required to monitor that SFAs are making accurate calculations and adjusting prices according to Section 205 of the HHFKA.

School Food Authority Responsibilities-Nonprogram Food Revenue Tool

Section 206 of the Healthy, Hunger-Free Kids Act (HHFKA) of 2010 requires all food sold in a school and purchased with funds from the non-profit school food service account, other than meals and meal supplements reimbursed by the USDA, must generate revenue at least equal to the cost of such foods.

The Nonprogram Food Revenue Tool was created to help SFAs calculate the amount of revenue required to meet the new requirements in Section 206 of the Healthy, Hunger-Free Kids Act of 2010 under Title 7, Code of Federal Regulations, Section 210.14 (f).

The SFA must collect the cost of both program and nonprogram food and the total revenue for the previous school year. Based on these amounts, the tool will calculate the minimum amount of revenue from nonprogram foods that is required to meet this requirement. The tool will also calculate the additional revenue, if any, needed to comply with the federal regulations in Section 206 of the HHFKA of 2010.

The USDA's Policy Memo SP 39-2011 – Revised, Child Nutrition Reauthorization 2010: Guidance on Paid Lunch Equity and Revenue from Nonprogram Foods (see appendix M) is located at http://www.fns.usda.gov/guidance-paid-lunch-equity-and-revenue-nonprogram-foods-0.

The USDA Nonprogram Food Tool (Calculator) (see appendix M) is located at http://www.fns.usda.gov/sites/default/files/SP39-2011ar.xls.

Reference: U.S. Department of Agriculture (USDA) Interim Rule: School Food Service Account Revenue Amendments Related to the Healthy, Hunger-Free Kids Act of 2010 (June 17, 2011); USDA Policy Memos SP 39-2011 - Revised (October 24, 2011); USDA SP 15-2012 (February 15, 2012); USDA SP 18-2012 (February 24, 2012); and USDA SP 22-2012 (March 19, 2012); USDA SP 28-2012 (April 20, 2012), USDA SP 34-2013 (April 17, 2013), USDA SP 58-2013 (September 10, 2013), USDA SP 1-2014 (November 6, 2014), USDA SP 15-2014 (December 18, 2013)

GUIDELINES FOR NON-CAFETERIA BUSINESS ENTERPRISES CONDUCTED BY CHILD NUTRITION PROGRAMS

Child nutrition programs may engage in business enterprises outside the cafeteria (canteens, school stores, catering, vending, etc.) However, revenue and expenses (food, supplies, dedicated equipment, labor, and administration) associated with these enterprises must be documented separately from regular child nutrition program activities. There should also be clear operating guidelines that include appropriate cash management protocols and monitoring procedures.

The operation of these business enterprises must be conducted in such a manner that they are not financially subsidized by revenue (USDA reimbursements and student/adult cash payments) and/or associated profit from regular cafeteria operations. Beyond a review of local financial records, validation of this condition can be made through a review of the USDA Non-Program Revenue Calculator that must be completed annually.

In cases where a business enterprise involves revenue sharing with any other entity outside of the child nutrition program, the following additional requirements apply:

1. There must be a clear written agreement that specifies roles and responsibilities, as well as the distribution of revenue and/or associated profit.

2. The CNP must be indemnified against any losses.

SCDE contact: Donna Davis/ Ron Jones
803-734-0080/ 803-734-8205
ddavis@ed.sc.gov /rfjones@ed.sc.gov

Strengthening Career and Technical Education for the 21st Century Act (Perkins V)
Reauthorizes the Carl D. Perkins Career and Technical Education Act of 2006 (Perkins IV)
CFDA 84.048

I. Program Objectives

The purpose of Perkins V - *Strengthening Career and Technical Education for the 21st Century Act*: "Perkins is dedicated to increasing learner access to high-quality Career Technical Education (CTE) programs of study. With a focus on systems alignment and program improvement, Perkins is critical to ensuring that programs are prepared to meet the ever-changing needs of learners and employers. Perkins reflects the 100-year federal commitment to CTE by providing federal support for CTE programs and focuses on improving the academic and technical achievement of CTE students, strengthening the connections between secondary and postsecondary education and improving accountability. Perkins affords states and local communities the opportunity to implement a vision for CTE that uniquely supports the range of educational needs of students — exploration through career preparation — and balances those student needs with the current and emerging needs of the economy."

II. Program Procedures for Title I Secondary Funds (CFDA 84.048A)

Funds are forwarded to each state education agency (SEA) based on statutory formula for allocation to local education agencies (LEAs). Funds are then granted to LEAs that have approved project applications on file with the SEA describing the activities to be undertaken with the career and technology education funds.

III. Compliance Requirement(s) and Suggested Audit Procedure(s)

A. Types of Services Allowed or Disallowed

Compliance Requirement

A LEA may use Perkins V Title I Secondary Programs funds only for services and activities (a) that are specified in Perkins V and outlined in the *Local Application Instructions, Career and Technology Education Local Application for fiscal year 2018-2019,* (b) that comply with all applicable Perkins V requirements (Pub. L. No. 115-224), and (c) that are included in an application approved by the SEA.

Suggested Audit Procedure(s)

- Review the approved project application including all amendments to determine approved activities for uses of funds.

- Review expenditures and supporting documentation to ascertain if funds were expended for approved activities.

- Review approved CATE programs/courses found in appendix C of the Student reporting Procedures Manual at:

  https://ed.sc.gov/instruction/career-and-technology-education/performance-accountability/cate-data-collection-and-reporting/2018-19-cate-srpg/

Compare these approved programs/courses with those funded with Perkins funds to determine that these funds were only used for CATE approved programs/courses.

B. Supplement, Not Supplant

Compliance Requirement

An LEA may use Perkins V funds only to supplement and not to supplant nonfederal funds expended to carry out career and technology education activities. (Pub. L. No. 115-224; Title III, Part A, Section 311(a) of Perkins IV)

Suggested Audit Procedure(s)

- Review financial and pupil records to determine the expenditures for children participating in programs financed by Perkins V funds.

- Ascertain the amount financed with federal funds.

- Identify career and technology education services provided to all children with state and local funds.

- Determine whether Perkins V funds were used to provide services that supplement or were in addition to services that would be provided with state and local funds.

C. Noncommingling of Funds

Compliance Requirement

Federal funds allotted to an LEA shall not be commingled with state or local funds so as to lose their identity as federal funds. A separate ledger account shall be maintained in the Special Revenue Fund by project number to assure that each expenditure of federal funds can be identified as such.

Suggested Audit Procedure(s)

- Review the financial records to ensure that funds received by the LEA under Perkins

V are recorded by project number in the Special Revenue Fund and not commingled with state and local funds.

IV. Program Procedures for Title I Postsecondary Funds (CFDA 84.048A)

Funds are forwarded to each SEA based on statutory formula for allocation to technical colleges. Funds are then granted to technical colleges that have approved project applications on file with the SEA describing the activities to be undertaken with the Career and Technology Education funds.

Types of Services Allowed or Disallowed

Compliance Requirement

An LEA may use Perkins V Title I Postsecondary funds only for services and activities that comply with all applicable Perkins V requirements (Pub. L. No. 115-224) and are included in technical college application approved by the State Board for Technical and Comprehensive Education.

Suggested Audit Procedure(s)

- Review the technical college application to determine approved activities for uses of post-secondary funds.
- Review expenditures and supporting documentation to ascertain if funds were expended for approved activities.

SCDE contact: Angel Malone
803-734-8412
amalone@ed.sc.gov
Maria Swygert
803-734-8456
NMSwyger@ed.sc.gov

FEMA Public Assistance Program

CFDA 97.036

I. Program Objective

The objective of the Public Assistance Program is to provide supplemental assistance to states, local governments, and selected nonprofit organizations for certain expenses and damages resulting from a major disaster or emergency declared by the President.

II. Program Procedures

Following a presidential declaration of a major disaster or an emergency, the Federal Emergency Management Agency (FEMA) provides grants for public assistance to states and Indian tribal governments. The state or tribe may use the funds to restore its own disaster-damaged projects and to provide subgrants to local governments and selected private nonprofit organizations after the FEMA regional director approves applications for assistance that are made through the Governor's authorized representative or, in the case of tribal governments, are made directly to the FEMA regional director.

III. Compliance Requirement(s) and Suggested Audit Procedure(s)

A. Types of Services Allowed or Disallowed Compliance Requirement

Disaster assistance funds can be expended only on eligible expenses and damages and at approved rates specified in the approved grant agreement. Disaster assistance funds cannot be used for expenditures funded by federal programs. (44C.F.R.§206.226)

Suggested Audit Procedure(s)

- Review the approved grant agreement.
- Test the expenditure records.
- Determine the nature of expenditures and the sources of funding for disaster-related expenditures.

Compliance Requirement

Funds from insurance settlements, salvage, or other sources for specific losses must be deducted by the applicant from its claim. (44 C.F.R. § 206.250)

Suggested Audit Procedure(s)

- Review insurance policies, the minutes of legislative body meetings, and other sources likely to reveal the existence of insurance claims, salvage payments, and similar receipts.

- Test financial records to determine the manner in which such receipts were processed.

- Obtain a representation letter containing a statement that no insurance recoveries, salvage receipts, or other payments for specific losses were received other than those listed.

Compliance Requirement

Funds approved for an alternate project can be used only for alternate projects specifically approved by FEMA. While the grantee or subgrantee has flexibility to propose the type and size of "alternate projects" it wishes to construct, FEMA must review such proposed projects to ensure compliance with environmental and other special concerns. (44 C.F.R. § 206.203)

Suggested Audit Procedure(s)

- Review a sample of the alternate projects on which the claim was based and compare with the approved alternate projects.

- Ascertain the costs incurred for the alternate projects to ensure that the total cost of the projects equals or exceeds the federal, state, and local share.

Compliance Requirement

Funds approved as an improved project can be used only as a contribution for the construction of larger or improved facilities that restore at least the pre-disaster capacity of the damaged or destroyed facility. (44 C.F.R. §206.203)

Suggested Audit Procedure(s)

- Review a sample of project reports for damaged or destroyed facilities.

- Ascertain the amount approved for improved projects.

- Ascertain the costs for new facilities.

Compliance Requirement

As a condition of receiving federal assistance for restoration of certain facilities, subgrantees are required to obtain and maintain specified types and extent of insurance. (44 C.F.R. §206.253)

Suggested Audit Procedure(s)

- Review a sample of those projects for which insurance commitments were required.

- Determine whether the type and extent of insurance required were obtained and whether this insurance is being maintained.

Compliance Requirement

Projects must be completed with time limits established under 44 C.F.R. § 206.204.

Suggested Audit Procedure(s)

- Review a sample of projects to determine whether they were completed within approved time limits.

B. Eligibility

The auditor is not expected to test for eligibility.

C. Matching, Level of Effort, and/or Earmarking Requirements

Compliance Requirement

Costs must be on a shared basis as specified in the federal-state agreement. (Pub. L. No. 93-288;43 U.S.C. §5121 *et seq.*;44 C.F.R. §206.203)

Suggested Audit Procedure(s)

- Review the federal-state agreement to determine the cost-sharing requirements.

- Review financial and other records to determine the amount and nature of the state and local governments' share.

D. Special Tests and Provisions Compliance Requirement

All costs of administering the Public Assistance Program at the subgrantee level are covered by a statutorily established percentage, and no costs of administering the program other than that percentage should be included in a subgrantee's claim. (44 C.F.R. § 206.228)

Suggested Audit Procedure(s)

- Review the claim to ensure that costs covered by the statutorily established administrative expenses percentage are not claimed under the public assistance program even though such costs would normally be authorized under Office of Management and Budget (OMB) Circular A87 for administration of a grant.

SCEMD contact: Elizabeth Ryan
S.C. Emergency Management Division
2779 Fish Hatchery Road
West Columbia, SC 29172-2024
803-737--8774
eryan@emd.sc.gov

Food Distribution/Commodities*

CFDA 10.550

* The South Carolina Department of Education requires that the Food Distribution/Commodities program, the School Breakfast Program, and the School Lunch Program be combined for the compliance testing of the food service program.

I. Program Objective

The objective of the Food Distribution program is to improve the diets of school children and to increase the market for domestically produced foods acquired under surplus removal or price support operations.

II. Program Procedures

The program involves food being made available to a designated state agency such as a state department of education for distribution to recipient agencies such as schools. The food may not be sold, exchanged, or otherwise disposed of without prior, specific approval of the United States Department of Agriculture (USDA). The Food and Nutrition Service (FNS), the administering federal agency, also provides funds to defray, in part, the operating expenses incurred in the administering of the Food Distribution Program. The states may also enter into an agreement, called a processing contract, with a commercial organization to use USDA-donated commodities to manufacture and deliver specific food products to eligible recipients.

III. Compliance Requirement(s) and Suggested Audit Procedure(s)

A. Eligibility

Compliance Requirement

Donated foods can be distributed only to recipient agencies:

- schools participating in the National School Lunch Program,
- public or private charitable institutions,
- nonprofit summer camps for children,
- agencies administering programs under Title III and Title VI of the Older Americans Act,
- state correctional institutions,
- service institutions that participate in the Summer Food Service Program for Children,

- nonresidential child-care institutions participating in the Child Care Food Program, and

- disaster organizations. (Pub. L. No. 9735, § 803(a); 7 C.F.R. § 250.13)

Suggested Audit Procedure(s)

- Determine if the school district has transferred any donated foods to another recipient agency. All such transfers must be approved by the distributing agency.

B. Matching, Level of Effort, and/or Earmarking Requirements

There are no matching, level of effort, or earmarking requirements.

C. Special Tests and Provisions

Compliance Requirement

Recipient agencies (school districts) are required to distribute donated foods to eligible recipients (schools) in accordance with their agreement with the distributing agency. (7 C.F.R. § 250.12)

Suggested Audit Procedure(s)

- Review the agreement with the distributing agency.

- Review the system for the receipt and distribution of food and evaluate it for conformance with the agreement.

- Observe or review the manner in which food is distributed.

- Review the refund application file to assure that all refund item requests are substantiated by purchase invoices, that appropriate refund checks have been received, and that all refunds have been deposited to the school food service account.

Compliance Requirement

Recipient agencies are required to maintain accurate and complete records with respect to the receipt, disposal, and inventory of donated foods. (7 C.F.R. § 250.16)

Suggested Audit Procedure(s)

- Review files for selected allocations of foods to determine that form FD-3, "Notice of Issue," was submitted to the distribution warehouse for the quantity or quantities indicated on Value of Commodities Received Report and that individual school delivery invoices match allocated quantities on the form FD-3 (or if form FD-3 not submitted or quantities not delivered, that they are documented as warehouse inventory). The Value of

Commodities Received Report is online on the Department's web site and on that report the arrival dates are shown.

- For selected foods, review to determine if total receipts have been used as documented on meal production records or if any difference is on hand as available inventory.

- Review the Value of Commodities Received Report to determine if all allocated foods have been properly accounted for.

- Approved recipient agencies may merge their commodity inventory with their commercial inventory and implement a single inventory record keeping system.

SCDE contact: Ron Jones
803-734-8205
rfjones@ed.sc.gov

Impact Aid, Title VIII

CFDA 84.041

I. Program Objectives

The objective of the Impact Aid Program (IAP) under Title VIII of the Elementary and Secondary Education Act (ESEA) is to provide financial assistance to local educational agencies (LEAs) whose local revenues or enrollments are adversely affected by Federal activities. These activities include the Federal acquisition of real property (Section 8002) or the presence of children residing on tax-exempt Federal property or residing with a parent employed on tax-exempt Federal property ("federally connected" children) (Section 8003).

II. Program Procedures

Funds are provided on the basis of statutory criteria and data supplied by LEAs in applications submitted to the U. S. Department of Education (ED), with copies provided simultaneously to the State Educational Agency (SEA). ED makes payments directly to the LEA. Generally, payments under Section 8003 of the ESEA are based on membership and attendance counts of federally connected children, with additional funds provided for certain federally connected children with disabilities and children residing on Indian lands. Payments under Section 8002 of the ESEA are based on the estimated assessed value of eligible Federal property and the applicable tax rate, and, in case of insufficient funds, upon a statutory formula that considers past year payments. Except for the additional funds provided for federally connected children with disabilities under Section 8003(d) of the ESEA, funds provided under Sections 8002 and 8003 are considered general aid and generally have no restrictions on their expenditure. Any formula funds that are provided under Section 8007(a) of the ESEA to certain LEAs that received Section 8003 payments must be used for construction, as defined in the statute. Any discretionary construction grant funds that are provided under Section 8007(b) of the ESEA to certain LEAs that received Section 8002 or 8003 payments must be used for emergency repairs or modernization, as defined in the statute and regulations.

III. Compliance Requirement(s), Audit Objective, and Suggested Audit Procedure(s)

A. Types of Services Allowed or Disallowed

A1 Allowable costs: Federally Connected Children with Disabilities

Compliance requirement

LEAs must use the payments provided under Section 8003(d) of the ESEA to conduct programs or projects for the free, appropriate public education of the federally connected children with disabilities who generated those funds. Allowable costs include expenditures reasonably related to the conduct of programs or projects for the free, appropriate public education of children with disabilities, including program planning and evaluation and acquisition costs of equipment, except when the title to that equipment would not be held by the LEA. Costs for school construction are not allowable (Section 8003 of ESEA;34 CFR section 222.53(c)).

Audit Objective (LEA)

To determine whether the services or programs provided with Section 8003(d) funds were allowable activities.

Suggested Audit Procedure(s)

Select a sample of expenditures and determine whether they (a) were for allowable activities and (b) were properly classified.

<u>A-2 Allowable Costs</u>: Construction

Compliance Requirement

LEAs that receive payments under Section 8003 of the ESEA and that meet certain other statutory criteria may receive formula assistance under Section 8007(a) of the ESEA in any fiscal year that the Congress appropriates funds under that Section.

LEAs must use the payments provided under Section 8007(a) for construction, as defined in Section 8013(3) of the ESEA.

Under Section 8013(3), the term "construction" includes: (1) the preparation of drawings and specifications for school facilities; (2) erecting, building, acquiring, altering, remodeling, repairing, or extending school facilities; (3) inspecting and supervising the construction of school facilities; and (4) debt service for such activities (Sections 8007 and 8013(3) of ESEA).

Certain LEAs that receive payments under section 8002 or 8003 of the ESEA and that meet other statutory and regulatory criteria may receive discretionary grant assistance under Section 8007(b) of the ESEA. Selected grantees must use these funds for emergency or modernization construction grant expenditures, as specified in their grant award documents. Emergency and modernization are defined in 34 CFR section 222.176 and the allowable and unallowable uses of these funds are detailed in 34 CFR sections 222.172 through 222.174.

Audit Objective (LEA)

To determine whether the activities funded with Section 8007 funds were allowable.

Suggested Audit Procedure(s) (LEA)

Select a sample of expenditures and determine whether they were (1) for allowable activities and (2) were properly classified.

Review the General Ledger and other expenditure records to determine if costs were properly included in totals for program expenditures.

B. Matching, Level of Effort, Earmarking

Compliance Requirement

Section 8003(d) funds may not supplant any State funds (either general or special education State aid) that were or would have been available to the LEA for the free, appropriate public education of federally connected children with disabilities counted under Section 8003(d). A reduction in the per-pupil amount of State aid for children with disabilities, including children counted under Section 8003(d), from that received in the previous year raises a presumption that supplanting has occurred. An LEA can rebut this presumption by demonstrating that the reduction was unrelated to the receipt of Section 8003(d) funds (Section 8003(d) of ESEA;34 CFR section 222.54).

Audit Objective

To determine whether the use of the funds for services awarded under Section 8003(d) was supplementary to the services provided with state and local funds.

Suggested Audit Procedure(s)

Compare the LEA’s prior year general state aid per pupil and state aid per pupil for children with disabilities with its current year state aid per pupil in those categories to determine if supplanting occurred.

Review procedures and records as necessary to ensure that the federal program did not supplant nonfederal funds and that nonfederal spending levels meet or exceed the federal program requirements.

C. Reporting

Compliance Requirement

Each year an LEA must submit the Application for Impact Aid-Section 8003 (OMB No. 1810-0036), which provides the following information: counts of federally connected children in various categories, membership and average daily attendance data, and information on expenditures for children with disabilities. Membership and average attendance data should be tested.

Audit Objective

To determine whether the LEA submitted the annual Application for Impact Aid and adequately reported data on membership and average attendance.

Suggested Audit Procedure(s)

The auditor should use professional judgment when determining which tables to test, taking into account the relative materiality of the number of children reported in other tables.

D. Special Tests and Provisions

Compliance Requirement

Section 8007 construction funds, as well any Section 8002 or 8003(b) funds spent for minor remodeling, are subject to Wage Rate Requirements (20 USC 1232b) All laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of $2,000 financed by Federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor (DOL) (40 USC 3141-3144, 3146, and 3147.

Non-federal entities shall include in their construction contracts subject to the Wage Rate Requirements (which still may be referenced as the Davis-Bacon Act) a provision that the contractor or subcontractor comply with those requirements and the DOL regulations (29 CFR part 5, Labor Standards Provisions Applicable to Contacts Governing Federally Financed and Assisted Construction). This includes a requirement for the contractor or subcontractor to submit to the non-Federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (29 CFR sections 5.5 and 5.6; the A-102 Common Rule (§___.36(i)(5)); OMB Circular A-110 (2 CFR part 215, Appendix A, Contract Provisions); 2 CFR part 176, subpart C**;** and 2 CFR section 200.326).

This reporting is often done using Optional Form WH-347, which includes the required statement of compliance (*OMB No. 1215-0149*). The U.S. Department of Labor, Employment Standards Administration, maintains a Davis-Bacon and Related Acts web page (http://www.dol.gov/whd/contracts/dbra.htm). Optional Form WH-347 and instructions are available on this web page.

Audit Objectives – Determine whether the non-Federal entity notified contractors and subcontractors of the requirements to comply with the Wage Rate Requirements and obtained copies of certified payrolls.

Suggested Audit Procedures
Select a sample of construction contracts and subcontracts greater than $2,000 that are covered by the Wage Rate Requirements and perform the following procedures:

a. Verify that the required prevailing wage rate clauses were included in the contract or subcontract.

b. For each week in which work was performed under the contract or subcontract, verify that the contractor or subcontractor submitted the required certified payrolls.

(**Note**: Auditors are not expected to determine whether prevailing wage rates were paid.)

Compliance Requirement

For each fiscal year, the amount of expenditures for special education and related services provided to federally connected children with disabilities must be at least equal to the amount of funds received or credited under Section 8003(d) of the ESEA for that fiscal year. This is demonstrated by comparing the amount of Section 8003(d) funds received or credited with the result of the following calculation:

a. Divide total LEA expenditures for special education and related services for all children with disabilities by the average daily attendance (ADA) of all children with disabilities served during the year.
b. Multiply the amount determined in a. above by the ADA of the federally connected children with disabilities claimed by the LEA for the year.

If the amount of section 8003(d) funds received or credited is greater than the amount calculated above, an overpayment equal to the excess section 8003(d) funds exists. This overpayment may be reduced or eliminated to the extent that the LEA can demonstrate that the average per pupil expenditure for special education and related services provided to federally connected children with disabilities exceeded its average per pupil expenditure for serving non-federally connected children with disabilities (Section 8003(d) of ESEA;34 CFR section 222.53(d)).

Audit Objective

To determine whether the LEA met the required level of expenditure for providing special education and related services to federally connected children with disabilities.

Suggested Audit Procedures

Review the LEA's calculation to ascertain if it shows that the required level of expenditure for federally connected children was met. Check accuracy of calculation.

Trace amounts used in the calculation to supporting records.

If the LEA's calculation shows that an overpayment was made, verify that the average per pupil expenditure for federally connected children with disabilities exceeded the average per pupil expenditure for non-federally connected children to the extent of the overpayment.

SCDE contact: none (direct aid)

Supporting Effective Instruction, Title II, Part A

CFDA 84.367

I. Program Objective

The objective of the Supporting Effective Instruction Program is to increase student academic achievement by improving teacher and principal quality and effectiveness.

II. Program Procedures

Supporting Effective Instruction funds are awarded to the state following a submission of a consolidated state application or by submitting a separate program specific application to the U.S. Department of Education (USDE). The South Carolina Department of Education (SCDE) then distributes not less than 95 percent of the funds to the local school districts, after reserving up to one percent for administration costs incurred by the SCDE. The SCDE also retains up to 4 percent of the funds for state-level program activities.

Funds are awarded to a school district following submission of a Title II, Part A plan to the SCDE and approval of this plan by the State Coordinator. The amount of each school district allocation is determined using a formula based on 20 percent relative population of children ages five through seventeen and 80 percent relative poverty of children ages five through seventeen from families with incomes below the poverty line

III. Compliance Requirement(s), Audit Objective, and Suggested Audit Procedure(s)

Districts must maintain the level of their non-Federal fiscal effort in the prior year in order to receive a full allocation of Title II, Part A funds. The SCDE calculates whether a district has maintained effort on the basis of either (a) the combined fiscal effort per student, or (b) the aggregate level of expenditures from local and state funds with respect to the provision of free public education for the preceding fiscal year.

Audit Objective

To determine whether districts used Title II, Part A funds for allowable purposes and if maintenance of local effort requirements were met.

Suggested Audit Procedure(s)

Conduct a random sample of district expenditures to determine that they were properly classified, allowable activities that were included in the district's approved Title II, Part A plan.

IV. Reporting Requirements

Each school district must report through PowerSchool to the SCDE the progress being made toward meeting the state's teacher equity goals. The SCDE must report the information to the USDE.

SCDE contact: Karen Cook
803-734-4040
kcook@ed.sc.gov

Individuals with Disabilities Education Act

SPECIAL EDUCATION STATE GRANTS

(Assistance to States for Education of Children with Disabilities)

CFDA 84.027

I. Program Objective

The objective of the assistance to states from the Individuals with Disabilities Education Act (IDEA) is to provide a free, appropriate public education to all children with disabilities.

II. Program Procedures

Grants are made to states following their submission of acceptable applications. The SEA, in turn, funds LEAs that submit applications to the SEA for approval.

III. Compliance Requirement(s) and Suggested Audit Procedure(s)

A. Eligibility

Compliance Requirement

Only children who are determined in accordance with State Board of Education Regulations 43.243.1 to be eligible for special education and related services, and are subsequently entered into such programs, may be counted.

Suggested Audit Procedure(s)

- Determine the above eligibility by using individualized education programs (IEPs) or evaluations as appropriate, for all disability categories.

- A selected representative number of participating students in the LEA will be determined by the number of students with disabilities served by the LEA utilizing the following method:

Number of Pupils with Disabilities Served by LEA in Current Fiscal Year	Total Amount to Be Reviewed	Sample of Review
0–1,500	25	6 Intellectual Disabilities 1 TBI 3 ED 5 LD 1 VI 1 AU 1 HI 1 OI 5 Speech 1 Homebound
1,501–3,000	35	10 Intellectual Disabilities 1 TBI 4 ED 8 LD 1 VI 1 AU 1 HI 1 OI 7 Speech 1 Homebound
3,001–4,500	45	12 Intellectual Disabilities 1 TBI 4 ED 10 LD 2 VI 1 AU 2 HI 2 OI 10 Speech 1 Homebound
4, 501 and above	55	16 Intellectual Disabilities 1 TBI 6 ED 12 LD 2 VI 1 AU 2 HI 2 OI 12 Speech 1 Homebound

- Review the IEP to determine the category of disability as follows:

    Intellectual Disabilities

    Traumatic Brain Injured (TBI)

    Emotionally Disabled (ED)

    Learning Disabled (LD)

    Visually Impaired (VI)

    Hearing Impaired (HI)

    Orthopedically Impaired (OI)

    Language Impaired

    Homebound

In the event that the LEA does not have pupils served in any of the above areas, the area and number of folders to be reviewed should be deleted from the sample.

B. Matching, Level of Effort, and/or Earmarking Requirements

Compliance Requirement

The total amount or average per capita amount of state and local school funds budgeted by the local education agency for expenditures in the current fiscal year for the education of children with disabilities must be at least equal to the total amount or average per capita amount of state and local school funds actually expended for the education of children with disabilities in the most recent preceding fiscal year for which the information is available.

Exception to Maintenance of Effort (§ 300.204):

- The voluntary departure, by retirement or otherwise, of special education personnel, or the departure of such personnel for just cause;

- The termination of the obligation of the agency to provide a program of special education to a particular child with a disability that is an exceptionally costly program, as determined by the SEA, because the child

    - has left the jurisdiction of the agency,
    - has reached the age at which the obligation of the agency to provide free appropriate public education has terminated, or
    - no longer needs such program of special education;

- a decrease in enrollment of children with disabilities; and

- the termination of costly expenditures for long-term purposes such as the acquisition of equipment and construction of school facilities. (34 C.F.R. § 300.204)

§ 300.205 Adjustment to local fiscal efforts in certain fiscal years.

a) For any fiscal year for which the IDEA allocation received by an LEA exceeds the amount the LEA received for the previous fiscal year, the LEA may reduce the level of expenditures otherwise required by § 300.203 Maintenance of Effort by not more than 50 percent of the amount of that excess. The LEA is not eligible to use this adjustment to local effort if the state determined that LEA was unable to establish and maintain programs of FAPE that meet the requirements of section 613(a) of the Act and this part or the state has taken action against the LEA under section 616 of the Act and subpart F of these regulations for that fiscal year. Please contact the Office of Exceptional Children to verify eligibility for this provision.

b) If an LEA exercises the authority under the paragraph above, the LEA must use an amount of local funds equal to the reduction in expenditures to carry out activities that could be supported with funds under the ESEA regardless of whether the LEA is using funds under the ESEA for those activities.

Special rule. The amount of funds expended by an LEA for coordinated early intervening services under §300.226 shall count toward the maximum amount of expenditures that the LEA may reduce under paragraph (a) of this section.

Suggested Audit Procedure(s)

Compare the total expenditure for students with disabilities in the General Fund, the EIA Fund, and the Special Revenue Fund (excluding any federal dollars) for the audit period with the total expenditure for students with disabilities in these funds for the prior period. The total expenditure for the audit period must at least be equal to or greater than the total expenditure in the prior period. From each of these applicable funds, the following function codes may be included to the extent that they include special education and related services:

Function Code 120 Series
Function Codes 131–138
Function Code 149 PPPSC
Function Code 161 Autism
Function Code 210 Series
Function Code 221 Improvement of Instruction Curriculum Development
Function Codes 223–224
Function Codes 271 Pupil Service Activities

Independent auditors and LEAs should use the same function codes in the calculation for comparing the total expenditures for students with disabilities in the General Fund, the EIA Fund, and the Special Revenue Fund (excluding any federal dollars) for the audit period with the total expenditure for students with disabilities in these funds for the prior period.

Section 300.203 provides information for calculating maintenance of effort: (1) Except as provided in paragraph (b)(2) of this section, the SEA must determine that an LEA complies with paragraph (a) of this section for purposes of establishing the LEA's eligibility for an award for a fiscal year if the LEA budgets, for the education of children with disabilities, at least the same total or per capita amount from either of the following sources as the LEA spent for that purpose from the same source for the most recent prior year for which information is available:(i) Local funds only. (ii) The combination of State and local funds.

(2) An LEA that relies on paragraph (b)(1)(i) of this section for any fiscal year must ensure that the amount of local funds it budgets for the education of children with disabilities in that year is at least the same, either in total or per capita, as the amount it spent for that purpose in the most recent fiscal year for which information is available and the standard in paragraph (b)(1)(i) of this section was used to establish its compliance with this section.

Therefore, LEAs may use total:

Per capita local
Per capita state and local
Total local
Total state and local

NOTE: Medicaid cannot be used in Maintenance of Effort calculations.

SCDE contact: Shanna Graham-Garrett
803-734-8047
sgraham@ed.sc.gov

Language Instruction for Limited English Proficient and Immigrant Students, Title III

BASIC STATE GRANT PROGRAM

CFDA 84.365

I. Program Objective

The objectives of the Title III English Language Acquisition—Basic State Grant Program are to ensure that limited English proficient children (LEP) and youth, including immigrant children and youth, attain English proficiency and meet the same challenging State academic content and student academic achievement standards as all children and youth are expected to meet.

II. Program Procedures

Title III funds are obtained by the state following its submission of an application or consolidated plan to the Secretary of Education to provide language instruction for limited English proficient and immigrant students as stipulated in the statute. The SEA distributes at least 95 percent of the funds to LEA's that have filed an application that meets certain requirements as described in Title III law. Minimum grants are in the amount of $10,000 and allocations are based upon the number of LEP students enrolled in public and private schools in the LEA or in LEAs joining into consortia to apply for Title III funding.

III. Compliance Requirement(s) and Suggested Audit Procedure(s)

A. Types of Services Allowed or Disallowed

Compliance Requirement

States must use at least 95 percent of their allotments to award local educational agencies subgrants to assist limited English proficient students learn English and meet challenging State academic content and student achievement standards and to provide immigrant students enhanced instructional opportunities. States may reserve up to 5 percent of their allotments for administrative costs and technical assistance to sub-grantees. The Department awards allotments for activities including developing supplemental instructional programs for LEP students, conducting professional development for paraprofessionals, teachers in training and in-servicing teachers, purchasing and developing materials to be used in the classroom for supplemental ELL instruction, parent involvement and outreach for parents of LEP students, etc. Training must improve teacher instruction and assessment capabilities, and enhance their ability to understand and use curricula, assessment measures, and instruction strategies for LEP students. Training must also be based upon scientifically based research and be of sufficient intensity and duration as to have a positive and lasting impact. Funds may also be used for identifying, acquiring, and upgrading supplemental curricula, instruction materials, educational software, and assessment procedures. The Title III LEP is subject to non-supplanting requirements and must use a restricted indirect cost rate that is referenced under 34 CFR

76.564-76.569.

Suggested Audit Procedure(s)

- Evaluate the adequacy of the policies and procedures used by the LEA to ensure accurate, complete, and timely reporting to the SEA to ensure that the LEA complies with all reporting requirements.

Compliance Requirement

An LEA may use Title III funds only to supplement, and in no case to supplant, nonfederal funds that would, in the absence of Title III funds, be made available. (SEC.3115(g))

Suggested Audit Procedure(s)

- Evaluate the adequacy of the policies and procedures used by the LEA to ensure that Title III funds expended by the LEA are used to supplement and not supplant nonfederal funds in order to ensure compliance with this provision.

- Review the procedures established by the SEA and its local educational agencies to ensure the accuracy of the state's annual count of eligible LEP and immigrant children.

A. Special Tests and Provisions

Compliance Requirement

SEAs and LEAs are required (a) to assess the effectiveness of their program in providing LEP children with the opportunity to meet the challenging state academic content and academic achievement standards the state has established for all children and (b) to use the results of these assessments to improve the services provided to limited English proficient children.

LEAs are expected to use the same yearly assessments that the state has established under Part A of Title I of NCLB 2001. Additionally, Title III requires an annual assessment of LEP students' English proficiency.

Suggested Audit Procedure(s)

- Verify that the SEA and its subgrantees (LEAs) have processes in place (a) to assess the effectiveness of programs for LEP students and (b) to use the assessment information to improve services.

- Verify that LEP children who are enrolled in the LEA when the state-established assessment takes place are included in the state-established assessment.

- Verify that LEP students take the English proficiency assessment annually.

SCDE contact: Roy Stehle and Rachel Traynham
803-734-8118 and 803-734-8306
rstehle@ed.sc.gov and rtraynham@ed.sc.gov

Education of Migratory Children, Title I, Part C

Basic State Grant Program

CFDA 84.011A

I. Program Objective

The objectives of the Migrant Education—Basic State Grant Program (MEP) are

- to support high-quality and comprehensive educational programs for migratory children and youth to help reduce the educational disruptions and other problems that result from repeated moves;
- to ensure that migratory children and youth who move among the states are not penalized in any manner by disparities among the states in curriculum, graduation requirements, and state academic content and student academic achievement standards;
- to ensure that migratory children and youth are provided with appropriate educational services (including support services) that address the special needs of migratory children and youth in a coordinated and efficient manner;
- to ensure that migratory children and youth receive full and appropriate opportunities to meet the same challenging state academic content and student academic achievement standards that all children are expected to meet;
- to design programs to help migratory children and youth overcome educational disruption, cultural and language barriers, social isolation, various health-related problems, and other factors that inhibit the ability of such children to do well in school, and to prepare such children to make a successful transition to postsecondary education or employment; and
- to ensure that migratory children and youth benefit from state and local systemic reforms.

II. Program Procedures

Funds are allocated to a state education agency (SEA), under either an approved consolidated program plan or an approved individual program application, in order for the SEA to provide Education of Migratory Children, Title I, Part C program services and activities either directly or through subgrants to local operating agencies (LOAs), such as school districts or other public or private nonprofit agencies. Because an SEA may choose to provide program services directly or through an LOA or other operating agency, some of the suggested audit procedures will apply for an SEA or LOA, depending on which agency provides the services and where the records are maintained.

III. Compliance Requirement(s) and Suggested Audit Procedure(s)

A. Types of Services Allowed or Disallowed

Compliance Requirement

Except as noted in section C below, funds available under Part C of Title I of the Elementary and Secondary Education Act (ESEA) may be used only to identify eligible migratory children and youth and their needs and to provide educational and support services (including, but not limited to, preschool services, professional development, parental involvement activities and the acquisition of equipment) that address the identified needs of the eligible children. (Pub. L. No. 107-110, §§1301, 1304(c), 1306(b))

An SEA may use program funds to carry out administrative activities that are unique to the program. These activities might include statewide identification and recruitment of migratory children and youth, interstate and intrastate program coordination, transfer of student records, collecting and using information to make subgrants, and direct supervision of instructional or support.

Suggested Audit Procedure(s)

- Test expenditure and related records to determine whether funds were used for allowable purposes, taking into consideration the exceptions in section C, “Supplement, Not Supplant,” below.

Compliance Requirement

SEAs and LOAs must give priority for services to migratory children and youth who are either failing or most at risk of not meeting the state’s challenging state academic content standards and challenging state student academic achievement standards and whose education has been interrupted during the regular school year and who have dropped out of school. (Pub. L. No. 107-110, § 1304(d))

Suggested Audit Procedure(s) (SEAs and LOAs)

- Review the process used by the SEA and subgrantees to identify and give priority for services those migratory children and youth who are failing, or most at risk of failing, to meet the state’s challenging content and academic achievement standards and whose education has been interrupted during the regular school year and who have dropped out of school.

B. Eligibility

The auditor is not expected to test for eligibility for receipt of services.

C. Supplement, Not Supplant

An SEA and an LOA may use program funds only to supplement and, to the extent practical, increase the level of funds that would, in the absence of the federal funds, be made available from nonfederal sources. In no case may an LOA use federal program funds to supplant funds from nonfederal sources.

See the program section of the compliance supplement for ESEA programs (June 1996) concerning exclusions from the supplement-not-supplant requirement specific to the Title I, Part A (grants to LOAs) program. [Title I, Section 1120A(b) of ESEA (20 U.S.C. § 6322(b)) and Section 1304(c)(2) of ESEA (20 U.S.C. § 6394(c)(2)); Title VI, Section 6401(b) of ESEA (20 U.S.C. §7371(b))]

Suggested Audit Procedure(s) (SEA and LOA)

- Determine whether the SEA and LOAs have internal controls in place to ensure that federal funds are used only to supplement, not supplant, nonfederal funds.

Test to determine whether the SEA and LOAs used federal funds only to supplement, not supplant, nonfederal funds.

D. Special Reporting Requirements

Compliance Requirement

SEAs and operating agencies must develop information and maintain records that confirm the eligibility of each child identified for purposes of MEP funding.

Suggested Audit Procedure(s) (SEA and LOA)

- Determine that procedures are in place at the SEA and LOA level to collect and maintain documentation regarding the eligibility of the identified migratory children and youth.

Compliance Requirement

The SEA is required to assist the United States Department of Education in determining the number of eligible migratory children and youth for allocation purposes using such procedures as the Department requires. Under Department procedures, each SEA is required to provide annually an unduplicated count of eligible migratory children and youth in each of two categories: (1) identified children ages three through twenty-one who resided in the state for one or more days (2) migratory children and youth who were served in a migrant funded project conducted during either the summer term or an intercession period (i.e., when a year-round school was not in session). The SEA must implement procedures, based on the eligibility documentation that it and its subgrantees collect and maintain, to count eligible children in these two categories. (Pub. L. No. 107-110; Title I, Section 1304(c)(7) of the No Child Left Behind Act (NCLB) 2001) and reauthorized by the Every Student Succeeds Act (ESSA) 2015.

Suggested Audit Procedure(s) (SEAs and LOAs)

- Review the procedures established by the SEA and its local operating agencies to ensure the accuracy of the state's annual unduplicated count of eligible migratory children and youth in each of the two categories.

E. Special Tests and Provisions

Compliance Requirement

SEAs and LOAs are required (a) to assess the effectiveness of their programs and projects in providing migratory children and youth with the opportunity to meet the challenging state academic content and academic achievement standards the state has established for all children and (b) to use the results of these assessments to improve the services provided to migratory children and youth.

Where possible, SEAs and LOAs are expected to use the same yearly assessments that the state has established under Part A of Title I of NCLB 2001 and reauthorized ESSA 2015. Where it is not possible to use the assessments established under Title I, Part A (e.g., in a summer-only project or in a project where no migratory children and youth are enrolled at the same time the state-established assessment takes place), the SEA must ensure that the LOA carries out some other reasonable process for examining the effectiveness of the project. (34 C.F.R. §§ 200.4, 200.42, and 200.43)

Suggested Audit Procedure(s) (SEAs and LOAs)

- Verify that the SEA and its subgrantees (LOAs) have processes in place (a) to assess the effectiveness of programs and projects and (b) to use the assessment information to improve services.

Suggested Audit Procedure(s) (LOAs)

- Verify that eligible migratory children and youth who are enrolled in the LOA when the state-established assessment takes place are included in the state-established assessment.

SCDE contact: Zachary Taylor
803-734-8219
ztaylor@ed.sc.gov

Neglected, Delinquent, and At-Risk Youth: Title I, Part D, Subpart 2

BASIC STATE GRANT PROGRAM

CFDA 84.013

I. Program Objective

The purposes of Title I, Part D are to:

- improve educational services for children and youth in local and State institutions for neglected or delinquent (N&D) children and youth so that they have the opportunity to meet the same challenging State academic content and State student achievement standards that all children in the State are expected to meet;
- provide these children with services to enable them to transition successfully from institutionalization to further schooling or employment; and
- prevent at-risk youth from dropping out of school, as well as to provide dropouts and children and youth returning from correctional facilities or institutions for neglected or delinquent children and youth, with a support system to ensure their continued education.

II. Program Procedures

Funds are allocated to a state education agency (SEA), under either an approved consolidated program plan or an approved individual program application, in order for the SEA to provide N&D program services and activities either directly or through subgrants to local operating agencies (LOAs) or other public or private nonprofit agencies.

The U.S. Department of Education (ED) determines Subpart 2 fund allocations when it calculates annual Title I, Part A LEA allocations. ED calculates Subpart 2 fund allocations for each State based on the October caseload data on the number of children and youth ages 5 through 17 living in local institutions for delinquent children and adult correctional institutions that the SEA submits to ED.

The Title I, Part A allocation tables that ED provides to each SEA show the specific amount the State has available for Subpart 2 purposes. Each identified site receives an allocation based upon the October caseload data. An LEA N&D project application is made to the SEA for funding of N&D project activity as outlined in section 1423 of ESEA and must be in compliance with the approved use of funds. The N&D program may serve children through age 21.

III. Compliance Requirement(s) and Suggested Audit Procedure(s)

A. Types of Services Allowed or Required

An LEA receiving Subpart 2 funds may use the funds to operate programs that involve collaboration with locally operated facilities with which the LEA has established formal agreements regarding the services to be provided:

- To carry out high-quality education programs that prepare children and youth to complete high school, enter training or employment programs, or further their education;
- To provide activities that facilitate the transition of such children and youth from the correctional program in an institution to further education or employment; and
- To operate dropout prevention programs in local schools for children and youth who are at-risk of dropping out or youth returning from correctional facilities.

An LEA also may use Subpart 2 funds, as appropriate, for:

- Dropout prevention programs that serve at-risk children and youth. An at-risk child or youth means a school-aged individual who is at-risk of academic failure, has a drug or alcohol problem, is pregnant or is a parent, has previously come into contact with the juvenile justice system, is at least 1 year behind the expected grade level for the age of the individual, is a migrant or an immigrant, has limited English proficiency, is a gang member, has previously dropped out of school, or has a high absenteeism rate at school.
- Coordination of health and social services for children and youth who are at-risk (e.g., day care, drug and/or alcohol abuse counseling, and mental health services) if there is a likelihood that providing such services will help these children complete their education.
- Special programs that meet the unique academic needs of children and youth who are at-risk, including vocational and technical education, special education, career counseling, curriculum-based entrepreneurship education, and assistance in securing of student loans or grants for postsecondary education.
- Programs providing mentoring and peer mediation.

An LEA receiving Subpart 2 funds must use a portion of its funds to operate a dropout prevention program for students returning from a locally operated correctional facility. However, an LEA that serves a school operated by a locally operated correctional facility, in which more than 30 percent of the children and youth attending the school will reside outside the boundaries served by the LEA upon leaving the facility, is not required to operate a dropout prevention program within the school and may use all of its Subpart 2 funds for programs in locally operated correctional facilities, provided that those facilities have a formal agreement with the LEA.

B. Special Tests and Provisions

Compliance Requirement

An SEA and an LEA may use program funds only to supplement and, to the extent practical, increase the level of funds that would, in the absence of the federal funds, be made available from nonfederal sources. In no case may an LEA use federal program funds to supplant funds from nonfederal sources. See the program section of the compliance supplement for ESEA programs (June 1996) concerning exclusions from the supplement-not supplant requirement specific to the Title I, Part A (grants to LEAs) program. [Title I, Section 1120A(b) of ESEA (20 U.S.C. § 6322(b)) and Section 1304(c)(2) of ESEA (20 U.S.C. §

6394(c)2)); Title VI, Section 6401(b) of ESEA (20 U.S.C. §7371(b))]

Suggested Audit Procedure(s)

- Test expenditure and related records to determine whether funds were used for allowable purposes, and are consistent with the stated activity within the approved N&D project application, taking into consideration the exceptions in “Supplement, Not Supplant.”
- Determine whether the SEA and LEAs have internal controls in place to ensure that federal funds are used only to supplement, not supplant, nonfederal funds.

SCDE contact: Basil Harris
803-734-8373
bharris@ed.sc.gov

Preschool Grants Program

CFDA 84.173

I. Program Objective

The objective of the IDEA Preschool Grant program is to assist states in providing a free and appropriate public education to all children with disabilities, ages three, four, and five.

II. Program Procedures

Grants are made to states following their submission of an acceptable application based on a certified December 1 count of children with disabilities ages three, four, and five receiving special education and related services. The SEA, in turn, funds LEAs, Head Starts, and state-operated programs that have approved applications to the SEA for funding.

Compliance Requirement(s) and Suggested Audit Procedure(s)

A. Eligibility

Compliance Requirement

Only children ages three, four, and five who have been determined to have a disability and who, because of this impairment, need special education and related services are eligible for participation in this program and may be counted. Implementing regulations for these programs can be found at 34 C.F.R. §§ 300 and 301.

Suggested Audit Procedure(s)

Determine eligibility using (IEPs), or evaluations, as appropriate for all areas of disability categories.

Placement Criteria for Preschool Children with Disabilities

Preschool children with disabilities will meet the criteria specified in SBE 43-243.1.

Monitoring in those LEAs/Agencies that serve both school-age and preschool children with disabilities, at least three (3) preschool children with disabilities must be included in the sample, with at least one (1) folder from each age level served. Therefore, at least one (1) three-year-old, one (1) four-year-old, and one (1) five-year-old will be included in each sample. The remaining folders will be selected in proportion to the number of children served in each age group.

B. Matching, Level of Effort, and/or Earmarking Requirements

Funds shall be used to supplement and increase the level of state and local funds expended for the education of children with disabilities and in no case supplant state and local funds. (34 C.F.R. § 300.202, (1997)).

SCDE contact: Shanna Graham-Garrett
803-734-8047
sgraham@ed.sc.gov

Reserve Officers' Training Corps

CFDA N/A

I. Program Objective

The objective of the Reserve Officers' Training Corps (ROTC) is to provide instruction and training for high school–aged students in military procedures. The program is offered as an elective to students who are considering a military career.

II. Program Procedures

ROTC instructors must be retired from the particular branch of service they instruct. The local school district submits a project application to the specific branch of service for funding an ROTC instructor. The application must include the instructor's name and Social Security number. The particular branch of service forwards to the school district the amount of money based upon the number of instructional days the instructor will be employed by the school district.

Compliance Requirement(s) and Suggested Audit Procedure(s)

The auditor is expected to ascertain that the instructor, as noted in the project application, actually received compensation by reviewing the employee's earnings record.

SCDE contact: none (direct aid)

Rural Education Achievement Program—REAP, Title VI

Part B, Subpart 2, Rural and Low Income School program

CFDA 84.358B

I. Use of Funds—Section 6222

- teacher recruitment and retention, including the use of signing bonuses and other financial incentives;
- teacher professional development;
- educational technology (software and hardware) as described in part D of Title II;
- parental involvement activities;
- activities authorized under the Safe and Drug-Free Schools program under Part A of Title IV;
- activities authorized under Part A of Title I; and
- activities authorized under Title III.

II. Program Procedures

- an LEA is eligible to receive a grant if 20 percent or more of it's students are from families with incomes below the poverty line; and
- all schools served by the LEA are designated with a school locale code of 6, 7, or 8.

III. Reporting Requirements Compliance Requirement

An LEA must report annually to the SEA on the LEA's use of Title VI, Part B funds and must provide any other information as may reasonably be required for program evaluation consistent with the SEA's responsibilities. (Section 5133)

Suggested Audit Procedure(s)

Evaluate the adequacy of the policies and procedures used by the LEA to ensure accurate, complete, and timely reporting to the SEA to ensure that the LEA complies with the reporting requirements.

Test to determine if the LEA complied with the reporting requirements.

IV. Special Tests and Provisions

Compliance Requirement

An LEA may use Title VI, Part B funds only to supplement, and in no case to supplant, nonfederal funds that would, in the absence of Title VI, Part B funds, be made available. (Section 5144)

V. Suggested Audit Procedures

- Document the policies and procedures established for obligating Title VI, Part B funds.
- Evaluate adequacy of these procedures to ensure that Title VI, Part B funds are obligated within the period of availability.
- Test to determine if the prescribed policies and procedures were adhered to and if Title VI, Part B funds were properly obligated within the period of availability.

SCDE contact: Evelyn Towns
803-734-8563
etowns@ed.sc.gov

School Improvement Grants Section 1003 (G) of the Elementary and Secondary Education Act (ESEA) and American Recovery and Reinvestment Act of 2009 (ARRA)

CFDA 84.377 and CFDA 84.388

I. Program Objective

To strengthen the capacity of States to carry out their program improvement responsibilities required under Sections 1116 and 1117 of Title I of the ESEA by (1) building State capacity to provide leadership in implementing effective school improvement strategies for local educational agencies (LEAs) and schools that have been identified for improvement, are in corrective action, and are in the restructuring process, and (2) providing resources to LEAs to support school improvement activities, including the development and implementation of effective restructuring plans.

II. Purpose of the Program

School Improvement Grants (SIG), authorized under section 1003(g) of Title I of the Elementary and Secondary Education Act of 1965, as amended by No Child Left Behind (Title I or ESEA), are grants to State educational agencies (SEAs) that SEAs use to make competitive subgrants to local educational agencies (LEAs) that demonstrate the greatest need for the funds and the strongest commitment to use the funds to provide adequate resources in order to raise substantially the achievement of students in their lowest-performing schools.

III. Program Procedures

The School Improvement Grants (SIG) program is authorized by section 1003(g) of the Elementary and Secondary Education Act of 1965 (ESEA). Under section 1003(g)(1) of the ESEA, the Secretary must "award grants to States to enable the States to provide competitive subgrants to local educational agencies for the purpose of providing assistance for school improvement consistent with section 1116." From a grant received pursuant to that provision, a State educational agency (SEA) must subgrant at least 95 percent of the funds it receives to its' local educational agencies (LEAs) for school improvement activities. In awarding such subgrants, an SEA must "give priority to the local educational agencies with the lowest-achieving schools that demonstrate—(A) the greatest need for such funds; and (B) the strongest commitment to ensuring that such funds are used to provide adequate resources to enable the lowest-achieving schools to meet the goals under school and local educational improvement, corrective action, and restructuring plans under section 1116." The regulatory requirements expand upon these provisions, further defining LEAs with the "greatest need" for SIG funds and the "strongest commitment" to ensuring that such funds are used to raise substantially student achievement in the persistently lowest-achieving schools in the State.

The Consolidated Appropriations Act, 2010, which was signed into law by President Obama on December 16, 2009, included two critical changes to the SIG program. First, the Consolidated Appropriations Act, 2010 allows SEAs and LEAs to use SIG funds to serve certain "newly eligible" schools (i.e., certain low-achieving schools that are not Title I schools in improvement, corrective action, or restructuring). Second, the law increases the amount that an SEA may award for each school participating in the SIG program from $500,000 annually to $2 million annually.

IV. Compliance Requirements

The School Improvement Grant requires SEAs to provide competitive subgrants to LEAs for school improvement based on a simple equation: LEAs are to receive funds based on (1) having the greatest need in terms of persistently low-performing schools; and (2) demonstrating the greatest commitment to significant, defined interventions and capacity to implement those interventions.

The Department published final requirements for the SIG program in the Federal Register on October 28, 2010 (http://www.gpo.gov/fdsys/pkg/FR-2010-10-28/pdf/2010-27313.pdf). In 2015, the Department revised the final requirements to implement language in the Consolidated Appropriations Act, 2014, and the Consolidated and Further Continuing Appropriations Act, 2015, that allows LEAs to implement additional interventions, provides flexibility for rural LEAs, and extends the grant period from three to five years. The revisions to the requirements also reflect lessons learned from four years of SIG implementation. Finally, since the final requirements for the SIG program were published in 2010, 44 SEAs received approval to implement ESEA flexibility, pursuant to which they no longer identify Title I schools for improvement, corrective action, or restructuring. To reflect this change, the revised requirements make an LEA with priority schools, which are generally a State's lowest-achieving Title I schools, and focus schools, which are generally the schools within a State with the largest achievement gaps, eligible to receive SIG funds. The SIG final requirements, published on February 9, 2015, are available at https://www.federalregister.gov/articles/2015/02/09/2015-02570/final-requirements-school-improvement-grants-title-i-of-the-elementary-and-secondary-education-act.

V. Eligibility

SEA REQUIREMENTS

- **ELIGIBLE SCHOOLS.** Provide a list, by LEA name and NCES ID#, of each school designated as Federal Priority and Federal Focus.
- **EVALUATION CRITERIA**. Provide the criteria to be used to evaluate the LEA's application for a SIG grant.
- **CAPACITY**. Explain how SEA will evaluate whether an LEA lacks capacity to

implement a SIG model in each school.

- **DESCRIPTIVE INFORMATION**. Describe process and/or timeline for:
  •approving LEA applications
  •reviewing LEA annual goals
  •monitoring LEA progress
  •determining annual LEA grant renewal
  •distributing funds if not enough funds to serve all eligible schools for which LEAs apply
  •determining whether schools should receive <500K

- **ASSURANCES**. Provide assurances related to:
  - general compliance
  - awarding funds to LEAs using FY 2013 and 2014 SIG appropriations
  - holding charter schools accountable for results
  - monitoring LEA implementation
  - posting LEA applications and results on web site
  - reporting certain school data.

- **SEA RESERVATION**. Describe admin/eval/tech assistance activities and expenses at state level for which SEA may reserve up to 5 percent of SIG funds.

- **CONSULTATION WITH STAKEHOLDERS**. Attest that SEA has consulted with Committee of Practitioners and other stakeholders under ESEA Section 1903(b).

- **WAIVERS**. Describe waivers sought, including to:
  - extend period of available funds beyond 2020
  - allow turnaround or restart to "start over" in ESEA timeline
  - allow use of SIG Evaluator waiver.

LEA REQUIREMENTS

The following must be included in the application of LEAs:

- **IDENTIFY SCHOOLS TO BE SERVED.** Federal Focus or Priority and Intervention Model

- **PROVIDE BUDGET** for amount of SIG funds LEA will use annually in each Federal Focus and Federal Priority school it commits to serve.

- **PROVIDE ASSURANCES** related to overall implementation, establishing annual goals and measuring progress, "restart" or charter school/CMO/EMO accountability, providing certain school data.

- **INDICATE WHICH SEA WAIVERS THE LEA INTENDS TO USE**. See above

(SEA Requirements). LEA may submit the waiver request directly to the Secretary if SEA has not applied for a waiver on its' behalf.

SCDE contact: David Long
803-734-0483
dlong@ed.sc.gov

Title I, Part A, Grants to Local Education Agencies

Title I, Basic State Grant Programs (Carryover Provision)

CFDA 84.010

I. Program Objective

Title I, Part A of ESEA, as amended, provides supplemental financial assistance to local education agencies (LEAs) through state education agencies (SEAs) to improve the teaching and learning of children who are at risk of not meeting challenging academic standards and who reside in areas with high concentrations of children from low-income families. 2016-17 is a transition year for ESEA programs (NCLB – ESEA Flexibility Waiver – ESSA). Most requirements remain from 2015-16 to 2016-17. The section references are from NCLB.

II. Program Procedures

ED provides Title I, Part A funds to each SEA through a statutory formula based primarily on the number of children ages five through seventeen from low-income families that are counted in the most recent decennial census. This number is adjusted for the cost of education in each state. To receive funds, an SEA must submit to ED for approval either (a) an individual state plan as provided in Section 1111 of the ESEA or (b) a consolidated plan that includes Part A, in accordance with Section 14302 of the ESEA. The individual or consolidated plan, after approval by ED, remains in effect for the duration of the state's participation in Title I, Part A/ARRA, but must be updated to reflect substantive changes.

III. Compliance Requirement(s) and Suggested Audit Procedure(s)

LEAs allocate Title I funds to eligible school attendance areas based on the number of children from low-income families residing in the attendance area. An individual school receiving funds identifies students who are failing, or most at risk of failing, to meet state challenging performance standards and who have the greatest need. The school then designs, in consultation with parents, staff, and the LEA, an instructional program to meet the needs of those students.

A. Eligibility

A-1 School attendance area and eligibility and allocations

Compliance Requirement

An LEA must determine which school attendance areas are eligible. Generally, only those above the poverty rate for the LEA as a whole or a poverty rate above 35 percent are eligible. An LEA may also designate and serve a school serving an ineligible attendance area if the percentage of children from low-income families enrolled in that school is equal to or greater than the percentage of such children in a participating school attendance area. When determining eligibility, an LEA must select a poverty measure from among the data sources specified in Section 1113(a)(5) of Title I and use that measure consistently across the district to rank all its school attendance areas according to their percentage of poverty. An LEA must serve those areas or schools above 75 percent poverty, including any middle or high schools, as long as funds are available. After an LEA has served all areas and schools with a poverty rate above 75 percent, the LEA may serve areas and schools with 75 percent poverty rate or less by grade span or continue with the district wide ranking. In grade span groupings, schools may be identified by the 35 percent rule, grade span, or percentage of poverty. An LEA with an enrollment of less than 1,000 students, or with one school per grade span, is not required to allocate funds to areas or schools in rank order.

If an LEA serves any attendance area with less than a 35 percent poverty rate, it must allocate an amount for each area that equals at least 125 percent of the LEA's Title I allocation per poor child. If an LEA serves only areas with a poverty rate 35 percent or greater, the LEA is not required to allocate a per-pupil amount of at least 125 percent. An LEA may not allocate a higher amount per child to areas or schools with lower percentages of poverty than to areas with higher percentages. If an LEA ranks and serves areas or schools below 75 percent poverty by grade span, the LEA may determine different amounts per poor child for different grade spans as long as those amounts do not exceed the amount allocated to any area or school above 75 percent poverty. Amounts per poor child within grade spans may also vary as long as the LEA allocates higher amounts per poor child to higher poverty areas or schools within the grade span than it allocates to lower poverty areas or schools. This requirement does not apply to an LEA that has only one school for each grade span. An LEA with an enrollment of less than one thousand (1,000) students is also excluded from this requirement. (Title I, Section 1113 of ESEA (20 U.S.C. §6313);34 C.F.R. §§ 200.27– 200.28)

Suggested Audit Procedure(s) (LEA)

- Review and test LEA procedures and data used to ascertain if the LEA determined school attendance area or school eligibility in accordance with the statute and regulations.

- Review and test LEA allocation procedures to determine that funds were distributed based on the number of poor children in accordance with the statute and regulations.

A-2 Generating funds for services to eligible private school children

Compliance Requirement

In allocating Title I funds to a participating eligible school attendance area as provided in Section 1113(c), an LEA must base that allocation on the *total* number of children from low-income families, including low-income children who reside in the area and attend private schools. Thus the LEA, in consultation with private school officials, must obtain the best available poverty data on private school children who reside in participating school attendance areas. LEAs have flexibility in the methods used to collect poverty data on private school children.

For example, an LEA could use

- data from the same source for children in both public and private schools;

- poverty data for private school children that are from a different source than the data used or public school children but are generally comparable in terms of income levels;

- extrapolated data on the number of low-income private school children based on actual data from a representative sample of private school children;

- correlated data that show the relation between two known data sources of public school poverty data on public school children, which is then applied to a known source of data on private school children; and

- proportional data based on the poverty percentage of each public school attendance area applied to the total number of private school children who reside in that area. Section 1120(a)(4) of the Title I statute permits an LEA to determine the number of children from low-income families who attend private schools each year or every two years.

The LEA must reserve the amounts generated by poor private school children who reside in participating public school attendance areas. In consultation with private school officials, an LEA may choose to allocate Title I/ resources for services to private school children using one or a combination of the following options:

- Provide equitable services to eligible children in each private school with the funds generated by children attending that private school who are from low-income families.

- Combine the funds generated by poor private schoolchildren in all participating areas to create a pool of funds from which the LEA provides equitable services to eligible private school children who are in the greatest educational need of those services. Under this option, the services provided to eligible children in a particular private school are not dependent upon the amount of funds generated by poor children in the school. (Title I, Sections 1113 and 1120 of ESEA (20 U.S.C. §§ 6313 and 6321); 34 C.F.R. §§ 200.10–200.17, 200.27–200.28)

If an LEA reserves funds off the top of its Title I allocation for district-wide instructional programs for public elementary and secondary school students, the equitable services require applies. Section 200.64(a)(2)(i)(A) of the Title I regulations requires that, if an LEA reserve funds for instructional and related activities for public elementary or secondary school students at the district level, the LEA must also provide from these funds, as applicable, equitable services to eligible private school children. The amount of funds available to provide equitable services from the applicable reserved funds must be proportional to the number of private school children from low-income families residing in participating public school attendance areas.

Suggested Audit Procedure(s)

- Determine whether an LEA has a process in place for timely consultation with private school officials to obtain the best available poverty data on the number of low-income private school children residing in participating public school attendance areas.

- Review and test the procedures the LEA used to determine the number of poor private schoolchildren residing in participating public school attendance areas for adequacy and consistency with the statute and regulations.

- Review and test the LEA's allocation process to determine if private school poor children generated the same amount of funds per child as public school poor children and that funds generated by private school children are used for instructional programs for eligible private school children in accordance with the statute and regulations.

- Review and test that the LEA reserved an equitable portion of appropriate set-asides for equitable services to eligible private school children.

B. Matching, Level of Effort, and/or Earmarking Requirements

B-1 Maintenance of effort

Compliance Requirement

For covered ESEA programs other than, Part C, and Title VI, the combined fiscal effort per student or aggregate expenditures of each LEA from state and local funds for free public education for the preceding year must be at least 90 percent of the combined fiscal effort per student or aggregate expenditures for the second preceding year, unless specifically waived by the Secretary. (For purposes of determining maintenance of effort for Title I, Part A, see 34C.F.R. §200.64.)

Failure to Meet the Requirement: The SEA shall reduce the amount of the allocation of funds under a covered program in any fiscal year in the exact proportion by which an LEA fails to maintain effort by falling below 90 percent of both the combined fiscal effort per student and aggregate expenditures (using the measure most favorable to the LEA).

For a year in which effort was not maintained, the lesser amount shall not be used for computing maintenance of effort in subsequent years.

Waiver: The Secretary may waive the maintenance of effort requirements if he/she determines that such a waiver would be equitable due to—

- Exceptional or uncontrollable circumstances such as natural disaster;

or

- A precipitous decline in the financial resources of the LEA.

Expenditures to be included

In determining whether an LEA has maintained fiscal effort, the SEA must consider the LEA's expenditures from state and local funds for free public education. Those expenditures include expenditures for administration, instruction, attendance and health services, pupil transportation services, operation and maintenance of plant, fixed charges, and net expenditures to cover deficits for foodservices and student body activities.

Expenditures to be excluded

Expenditures for community services, capital outlay, and debt service are not to be included in the determination. In addition, expenditures made from funds provided by the Federal Government for which the LEA is required to account to the Federal Government directly or through the SEA are excluded from the determination.

"Preceding fiscal year"

For purposes of determining maintenance of effort, the "preceding fiscal year" is the Federal fiscal year or the 12-month fiscal period most commonly used in a state for official reporting purposes prior to the beginning of the federal fiscal year in which funds are available.

Suggested Audit Procedure(s) (LEA)

- Review the second and first preceding years' financial records of the LEA and compare total expenditures and, if necessary, per-pupil expenditures for those years.

- Determine if the LEA maintained fiscal effort, unless the Secretary has granted a waiver.

SCDE contacts: Roy Stehle and Jewell Stanley
803-734-8118 and 803-734-8131
rstehle@ed.sc.gov and JStanley@ed.sc.gov

Requirements for Maintenance of Effort (MOE) Calculation

To calculate the required amounts that represent MOE by a school district, the source data must originate from the school district's Annual Audit Reports. MOE calculations for two consecutive years are required as a condition to demonstrate that effort has been maintained for no less than 90 percent of the second preceding year's MOE amount. Annual Audit Report information from the preceding fiscal year and the second preceding fiscal year must be used as the basis for calculation of the two required amounts. Refer to federal Guidance for Title I Fiscal Issues to determine the preceding and second preceding years.

For the year considered, the first step is to *determine the actual**, TOTAL** LEA expenditures from the Audit Report (per the audited Location Reconciliation Schedule). Using this total, the second step is to **exclude** certain revenues and expenditures. These have specific topics with Function and Object numbers that provide the data amounts as follows:

Subtract:

Federal Expenditures (All expenditures reported under SEFA)

Capital Outlay (All expenditures reported under Function 253 and all expenditures reported under Objects 500-599 for Instructional Functions 110-190, and Support Functions 210-252, 254-271)

Debt Service (All expenditures reported under Function 500)

Community Services (All expenditures reported under Function 310-399)

Pupil Activity (All expenditures reported under Function 272 and 273)

Intergovernmental (All expenditures reported under Function 411-417)

The third step is to divide the result of step two by the school district's 135-day ADM for that same school year. This sum is the per pupil MOE amount.

The fourth step is to compare the per pupil MOE amount from the preceding year to the second preceding year to demonstrate that no less than 90 percent of the MOE effort of the second preceding year has been maintained.

*Optional: A school district may use the aggregate expenditures of state and local funds to illustrate MOE. The aggregate expenditures for the preceding fiscal year must not be less than 90% of the aggregate expenditures for the second preceding fiscal year.

Directions for Electronic Worksheet Calculation of Maintenance of Effort (MOE)

The Excel worksheet is provided electronically for convenience of calculation. Determine the preceding and second preceding years (see federal Guidance). A worksheet must be done for each, using source data from the LEA Audit Report and the 135 ADM for each year. Enter amounts of Audit Report data for **Steps 1, 2, and 3,** into the appropriate cell on the Excel worksheet. The calculation for **Steps 1, 2, and 3** will be performed automatically. **Step 4** requires data to be transferred from a prior worksheet to the cell in Step 4 for electronic determination of effort. **Paper copy of source data and worksheets must be maintained for Title I monitoring purposes.** Instructions are as follows:

Step 1:

Input the audit report **Total** LEA expenditures per the audited Location Reconciliation Schedule. This **Total** includes total expenditures as stated on the Statement of Revenues, Expenditures, and Changes in Fund Balances: Governmental Funds, **plus** the total expenditures amount from the Food Service Fund (See Schedule) and the Pupil Activity Fund (See Schedule).

Step 2:

List page number beside each data source or attach copy of dated report from accounting software using appropriate Function and Object numbers. Input amounts for the following items, which are **excluded** from the **Total** in **Step 1:**

Federal Expenditures **–** Use total from the Schedule of Expenditure of Federal Awards (SEFA).
Capital Outlay **–** A report from accounting software must reflect appropriate Functions and Objects. Retain copy for MOE file.
Debt Service **–** Use appropriate Statement or Schedule data.
Community Service **–** Use total from Statement of Revenues, Expenditures, and Changes in Fund Balances: Governmental Funds.
Pupil Activity Fund **–** Use Schedule, Functions 272, 273 only.
Intergovernmental **–** Use total from Statement of Revenues, Expenditures, and Changes in Fund Balances: Governmental Funds.

Step 3:

Input the 135 ADM data for this Audit Year from the district's official report to the Department of Education. The per pupil MOE will be calculated electronically.

Step 4:

In the per pupil MOE calculated for the year now considered the second preceding year relative to the preceding year just calculated. The MOE determination is now completed automatically by formula statement.

Title I Fiscal Requirements
Electronic Worksheet to Calculate Maintenance of Effort (MOE)

Step 1: Preceding Year Audit Report **Total** Expenditures: $________________________
(Refer to the audited Location Reconciliation Schedule)

Step 2:
Items Subtracted From Total Expenditures in Step 1:

(List page number for each data source from Audit Report.)

Federal Expenditures (SEFA)	Page_______	____________________
Capital Outlay (Attach Report)	Page_______	____________________
Debt Service	Page_______	____________________
Community Services	Page_______	____________________
Pupil Activity Fund	Page_______	____________________
Intergovernmental	Page_______	____________________
		____________________

Total Amount Excluded: **$________________________**

Total Expenditures for MOE Calculation: $________________________

Step 3:
135 ADM: ____________________

The per pupil MOE calculated for the **preceding** year
From Audit Year ______: **$________________________**

Step 4:
The per pupil MOE calculated for the **second** preceding year
From Audit Year ______: (Attach Worksheet) **$________________________**

Met MOE Requirements? *

*Compare the per pupil MOE in Step 3 to the per pupil MOE of Step 4. The per pupil amount in Step 3 must be not less than ninety percent of the per pupil amount in Step 4 to meet the MOE requirement.

Title I Fiscal Requirements
Electronic Worksheet to Calculate Maintenance of Effort (MOE)
Composite Sample for Preceding Year

Step 1:
Preceding Year Audit Report **Total** Expenditures: $15,934,495.00
(Refer to the audited Location Reconciliation Schedule)

Step 2:
Items Subtracted From Total Expenditures in Step 1:

(List page number for each data source from Audit Report.)

Federal Expenditures (SEFA)	Page 72	$589,295.00
Capital Outlay (Attach Report)	Page 57	230,000.00
Debt Service	Page 17	80,000.00
Community Services	Page 17	1,300.00
Pupil Activity Fund	Page 64	50,000.00
Intergovernmental	Page 17	6,400.00

Total Amount Excluded: **$(956,995.00)**

Total Expenditures for MOE Calculation: $**14,977,500.00**

Step 3:
135 ADM: 2,195

The per pupil MOE calculated for the **preceding** year
From Audit Year **2005**: $6,823.46

Step 4:
The per pupil MOE calculated for the **second** preceding year
From Audit Year **2004** (Attach Worksheet) **$**6,795.77

Met MOE Requirements? * **Met MOE**

*Compare the per pupil MOE in Step 3 to the per pupil MOE of Step 4. The per pupil amount in Step 3 must be not less than ninety percent of the per pupil amount in Step 4 to meet the MOE requirement.

Title I Fiscal Requirements
Electronic Worksheet to Calculate Maintenance of Effort (MOE)
Composite Sample for Second Preceding Year

Step 1: Preceding Year Audit Report **Total** Expenditures: $15,200,000.00
(Refer to the audited Location Reconciliation Schedule)

Step 2:
Items Subtracted From Total Expenditures in Step 1:

(List page number for each data source from Audit Report.)

Federal Expenditures (SEFA)	Page 70	$595,000.00
Capital Outlay (Attach Report)	Page 55	170,000.00
Debt Service	Page 15	73,500.00
Community Services	Page 15	1,600.00
Pupil Activity Fund	Page 61	45,000.00
Intergovernmental	Page 15	9,800.00

Total Amount Excluded: **$(894,900.00)**

Total Expenditures for MOE Calculation: **$14,305,100.00**

Step 3:
135 ADM: 2,105

The per pupil MOE calculated for the **preceding** year
From Audit Year **2004**: $6,795.77

Step 4:
The per pupil MOE calculated for the **second** preceding year
From Audit Year **2003** (Attach Worksheet) **$**6,576.98

Met MOE Requirements? * **Met MOE**

*Compare the per pupil MOE in Step 3 to the per pupil MOE of Step 4. The per pupil amount in Step 3 must be not less than ninety percent of the per pupil amount in Step 4 to meet the MOE requirement.

B-2 Comparability

Compliance Requirement

An LEA may receive Title I funds only if state and local funds will be used in Title I schools to provide services that, taken as a whole, are at least comparable to services that the LEA is providing in schools not receiving Title I funds.

An LEA is considered to have met the statutory comparability requirements if it has implemented

a. An LEA-wide salary schedule;

b. A policy to ensure equivalence among schools in teachers, administrators, and other staff; and

c. A policy to ensure equivalence among schools in the provision of curriculum materials and instructional materials and supplies.

An LEA must also use other measures to determine comparability such as comparing the average number of students per instructional staff or the average staff salary per student in each Title I school with non-Title I schools on an annual basis.

Determinations may be made on either a district wide or a grade-span basis. If all schools are served by Title I, an LEA must use state and local funds to provide services that, taken as a whole, are substantially comparable in each school. The comparability requirement does not apply to an LEA that has only one school for each grade span. An LEA may also exclude schools with fewer than one hundred (100) students from its comparability determinations.

An LEA may exclude from determinations of compliance with this requirement any state and local funds expended (a) for bilingual education for children with limited English proficiency and (b) for the excess costs of providing services to children with disabilities as determined by the LEA.

An LEA may exclude state and local funds spent in any school attendance area or school to carry out a program that meets the requirements of Section 1114 (school wide programs) or Section 1115 (targeted assistance schools) from comparability.

Each LEA must develop procedures for complying with the comparability requirements and must maintain records that are updated biennially documenting compliance with the comparability requirements. Comparability must be demonstrated on an annual basis, but not reported. The SEA, however, is ultimately responsible for ensuring that its LEAs remain in compliance with the comparability requirement. The SEA must withhold funds or require refunds from LEAs that fail to comply with the comparability requirements. [Title I, Section 1120A(c) of ESEA(20 U.S.C. § 6321]

Suggested Audit Procedure(s) (SEA)

- Ascertain whether the SEA is monitoring each LEA's compliance with the comparability requirements.

Suggested Audit Procedure(s) (LEA)

- Review the LEA's procedures for calculating comparability to determine whether these procedures actually produce comparable schools.

- Review and test the LEA's records and documentation to determine if in fact service in Title I attendance areas and schools provided from state and local funds are comparable to those in non-Title I areas or schools.

B-3 Supplement, not supplant

Compliance Requirement

As discussed generally in the Cross-Cutting Provisions of the ESEA Compliance Supplement, an LEA may use Title I funds only to supplement and, to the extent practical, increase the level of funds that would, in the absence of Title I funds, be made available from nonfederal sources for the education of pupils participating in Title I projects. An LEA may not use Title I funds to supplant funds from nonfederal sources.

When determining whether Title I funding is supplemental, an LEA may exclude state and local funds spent in any school attendance area or school for carrying out a program that meets the requirements of Section 1114 (school wide programs) or Section 1115 (targeted assistance schools).

A program meets **the requirements of Section 1114** if it

- is implemented in a school that meets the Title I school wide poverty threshold (i.e., 60 percent poverty in 1995–96, 50 percent poverty in subsequent years);

- is designed to upgrade the entire educational program in the school to enable all children to meet the state's challenging student performance standards;

- is designed to meet the educational needs of all children in the school, particularly the needs of children who are failing, or most at risk of failing, to meet the state's performance standards; and

- uses the state's system of assessment to review the effectiveness of the program.

A program meets **the requirements of Section 1115** if it

- serves only children who are failing, or most at risk of failing, to meet the state's student performance standards;

- provides supplementary services designed to meet the special educational needs of children who are participating in the program to enable those children to meet the state's student performance standards; and

- uses the state's system of assessment to review the effectiveness of the program.

Suggested Audit Procedure(s) (LEA)

- Test internal financial control system to ensure that federal funds are used only to supplement, not supplant, nonfederal funds.

- Determine whether the grantee used Title I funds only to supplement nonfederal funds. [Section1120A(b) of ESEA(20 U.S.C. §6321 and Title I Regulations Section 200.79]

C. Special Tests and Provisions

C-1 Carryover

Compliance Requirement

An LEA may not carryover more than 15 percent of the funds it received under Part A, Subpart 2, "Allocations," for any fiscal year. This percentage limitation does not apply to an LEA that receives less than $50,000 for any fiscal year.

An SEA may grant a waiver of the percentage limitation once every three (3) years if the SEA determines that the request is reasonable and necessary. An SEA may also grant a waiver in any fiscal year in which supplemental appropriations for Title I become available for obligation. (Title I, Section 1127 of ESEA (20U.S.C. § 6339))

Suggested Audit Procedure(s) (LEA)

- Determine whether the LEA has carried over no more than 15 percent of its allocations under Part A, Subpart 2.

C-2 Use of funds for eligible children in a targeted assistance program

Compliance Requirement

A school operating a targeted assistance program must use Title I funds only for programs and projects that are designed to meet the needs of children identified as failing, or most at risk of failing, to meet the state's challenging student performance standards. Such children shall generally be identified on the basis of multiple, educationally related, objective criteria established by the LEA and supplemented by the school except that children from pre-school through grade two shall be selected solely on the basis of such criteria as teacher judgment, interviews with parents, and developmentally appropriate measures. Children who are economically disadvantaged, children with disabilities, migratory children, and limited-English-proficient children are eligible for Title I, Part A services on the same basis as other children who are selected for services. In addition, certain classes of children are considered at risk of failing to meet the state' s student performance standards and are thus eligible for Title I services because of their status.

Such children include the following:

- children are homeless,
- children who participated in a Head Start or Even Start program at any time in the two preceding years;
- children who received services under a program for youth who are neglected, delinquent, or at risk of dropping out under Part D (or its predecessor authority) at any time in the two preceding years; and
- children who are in a local institution for neglected or delinquent children or attending a community day program. Funds, received under this part may not be used to provide services that are otherwise required by law to be made available to children described above, but maybe used to coordinate or supplement such services.

From the universe of eligible children, a targeted assistance school selects those children who have the greatest need for special assistance to receive Part A services. (Title I, Section 1115 of ESEA(20 U.S.C. §6315))

Suggested Audit Procedure(s) (LEA)

- Test on a sample basis expenditure and related records to determine whether schools operating targeted assistance programs use Title I funds only for activities allowable under the statute and regulations.

- Determine whether a school receiving Title I funds has a process in place to identify and select children to be served who meet the criteria established in Section 1115(b).

C-3 School wide programs

Title I funds may be used to benefit all students at schools participating in a school wide program. See **E-2 School wide programs** in the cross-cutting section of the ESEA Compliance Supplement. (Title I, Section 1114 of ESEA (20 U.S.C. § 6314); 34 C.F.R. § 200.7)

Compliance Requirement

A school participating under Title I, Part A may, in consultation with its LEA, use Part A funds to upgrade the school's entire educational program in a school wide program. To qualify, at least 40 percent of the children enrolled in the school or residing in the school attendance area for the initial year of the school wide program must be from low-income families. To operate a school wide program, a school must develop, in consultation with the LEA and its school support team or other technical assistance provider, a comprehensive plan to upgrade its total instructional program. Each school wide program must include a number of specific components that are provided in the statute and regulations. For example, a school wide-program school must:

- conduct a comprehensive needs assessment of the entire school to determine the performance of its children in relation to the state's challenging content and performance standards;

- implement school wide reform strategies that are based on scientifically based research effective means of improving the achievement of children and that address the needs of all children in the school;

- use qualified professional staff;

- provide professional development for teachers and other staff; and

- implement strategies to increase parental involvement.

- reform strategies school wide that provide opportunities for all children to meet the State's proficient and advanced levels of student academic achievement; use effective methods and instructional strategies that are based on scientifically based research that strengthen the core academic program in the school; increase the amount and quality of learning time, such as providing an extended school year and before-and-after school and summer programs and opportunities, and help provide an enriched and accelerated curriculum; include strategies for meeting the educational needs of historically underserved populations; and include strategies to address the needs of all children in the school, but particularly the needs of student academic achievement standards who are members of the target population of any program that is included in the school wide program.

- provide instruction by properly certified teachers.

- provide high-quality and ongoing professional development for teachers, principals, and paraprofessionals and, if appropriate, pupil services personnel, parents, and other staff to enable all children in the school to meet the State's student academic achievement standards.

- use strategies to increase parental involvement such as family literary services.

- implement plans for assisting preschool children in the transition from early childhood programs, such as Head Start, Even Start, Early Reading First, or a State-run preschool program, to local elementary school program.

- take measures to include teachers in the decisions regarding the use of academic assessments.

- provide activities to ensure that students who experience difficulty mastering the proficient or advanced levels of academic achievement standards shall be provided with effective, timely additional assistance.

- coordinate and integrate Federal, State, and local services and programs, including programs supported under this Act, violence prevention programs, nutrition programs, housing programs, Head Start, adult education, vocational and technical education, and job training.

In addition to funds and services available under Title I, Part A, a school wide-program school may consolidate funds it receives under any federal education program administered by the Secretary that is included in the most recent notice published by the Secretary in the Federal Register.

If funds from other federal education programs are consolidated, a school wide program does not need to meet most of the statutory and regulatory requirements of those programs, as long as the intent and purposes of those programs are met. A school wide program school and its LEA, however, must still comply with requirements applicable to those programs relating to health and safety; civil rights; gender equity; parental involvement; equitable participation of private school children, teachers, and other educational personnel; maintenance of effort; and comparability.

In consolidating funds, a school wide-program school must also ensure that its school wide program addresses the needs of children who are members of the target population of any federal program that is included in the school wide program and meets the intent and purposes of that program.

A school operating a school wide program does *not* have

- to show that federal funds used within the school are paying for additional services that would otherwise be provided,

- to demonstrate that federal funds are used only for specific target populations, or

- to separately track federal program funds once they reach the school.

Such a school, however, *is* required to use funds available under Title I and under any other federal programs that are combined to support its school wide program to supplement the *total* amount of funds that would, in the absence of those funds, be made available from nonfederal sources for that school, including funds needed to provide services that are required by law for children with disabilities and children with limited English proficiency. (Title I, Section 1114 of ESEA(20 U.S.C. §6314);34 C.F.R. § 200.8;60 Fed. Reg. 49174)

Suggested Audit Procedure(s) (LEA and school level)

- Determine whether a school operating a school wide program met the poverty eligibility requirements in the first year of operation.
- Determine if the LEA has distributed state and locally funded personnel and non personnel resources to each school wide-program school in an equitable manner without taking into account the federal funds used in the school wide program.
- Determine whether a school combined funds from other federal education programs in its school wide program and, if so, whether it has met the intent and purposes of the programs whose funds were combined.

SCDE contact: Jewell Stanley
803-734-8131
JStanley@ed.sc.gov

Title IV, Part A, Student Support and Academic Enrichment Program

CFDA 84.424

I. Program Objectives

The objective of the Student Support and Academic Enrichment Grant program in Title IV, Part A of the Elementary and Secondary Education Act (ESEA) of 1965, as amended by the Every Student Succeeds Act (ESSA) (Pub. L. No. 114-95), is to provide funds to State educational agencies (SEAs) and local educational agencies (LEAs) to improve students' academic achievement by increasing the capacity of States, LEAs, schools, and local communities to: 1) provide all students with access to a well-rounded education; 2) improve school conditions for student learning; and 3) improve the use of technology in order to improve the academic achievement and digital literacy of all students.

II. Program Procedures

Funds are obtained by a State on the basis of the Department of Education's (ED) approval of either (1) an individual State plan as provided in Section 4103 of the ESEA (20 USC 7113) or a consolidated application that includes the program, in accordance with Section 8302 of the ESEA (20 USC 7842).

Equitable Services

After timely and meaningful consultation with appropriate private school officials, LEAs must provide services to teachers and other appropriate staff in private schools that are equitable to the level of services provided to teachers and appropriate staff in the public schools the LEA administers. For more information about what constitutes equitable services for private school staff, and when their participation is equitable, see *Non-Regulatory Guidance: Fiscal Changes and Equitable Services Requirements Under the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the Every Student Succeeds Act (ESSA)* available at https://www2.ed.gov/policy/elsec/leg/essa/essaguidance160477.pdf

Source of Governing Requirements

This program is authorized by Title IV, Part A of the ESEA, as amended by the ESSA (Pub. L. No. 114-95) (20 USC 7101-7122). The program purpose and definitions in Title IV, Part A of the ESEA, Sections 4101 and 4102 (20 USC 7111 and 7112) also apply to this program. While there are no program regulations, general ESEA requirements in 34 CFR part 299 apply.

Availability of Other Program Information

a. Student Support and Academic Enrichment Grants Non-Regulatory Guidance (October, 2016) https://www2.ed.gov/policy/elsec/leg/essa/essassaegrantguid10212016.pdf

b. Provisions in the Consolidated Appropriations Act of 2017 That Relate to the Title IV, Part A Student Support and Academic Enrichment Grant Program https://safesupportivelearning.ed.gov/sites/default/files/ProvisionsConsolidatedAppropriationsAct2017_Title%20IVASSAE.pdf

c. Non-Regulatory Guidance: Fiscal Changes and Equitable Services Requirements Under the Elementary and Secondary Education Act of 1965 (ESEA), as Amended by the Every Student Succeeds Act (ESSA) (November 21, 2016) https://www2.ed.gov/policy/elsec/leg/essa/essaguidance160477.pdf

III. Compliance Requirements

In developing the audit procedures to test compliance with the requirements for this Federal program, the auditor must determine, from the following summary (also included in Part 2, "Matrix of Compliance Requirements"), which of the 12 types of compliance requirements apply, and then determine which of the applicable requirements is likely to have a direct and material effect on the Federal program at the auditee. For each such requirement, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit.

Compliance Requirements											
A	B	C	E	F	G	H	I	J	L	M	N
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 and Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	Y	Y	N	Y	Y	N	N	Y	Y	Y

Certain compliance requirements that apply to multiple ESEA programs are discussed once in the Department of Education (ED) Cross-Cutting Section of this Supplement (page 4-84.000-1) rather than being repeated in each individual program. Where applicable, this section references the Cross-Cutting Section for these requirements. Also, as discussed in the Cross-Cutting Section, SEAs and LEAs may have been granted waivers from certain compliance requirements.

A. Activities Allowed or Unallowed

See also ED Cross-Cutting Section.

1. State Use of Funds

a. *Subgrants to LEAs* (Section 4104(a)(1) of the ESEA (20 USC 7114(a)(1))) – SEAs must reserve not less than 95 percent of their Title IV, Part A allocation for subgrants to LEAs.

b. *State Administration* (Section 4104(a)(2) of the ESEA (20 USC 7114(a)(2))) – SEAs may reserve up to 1 percent of their Title IV, Part A allocation for administrative costs.

c. *State Activities* (Section 4104(a)(3) of the ESEA (20 USC 7114(a)(3))) – States may reserve the remainder of funds not reserved for subgrants or administrative costs for State activities. Examples of allowable State-level activities are identified in Section 4104(b) of the ESEA and may include monitoring and providing technical assistance and capacity building to LEAs; identifying and eliminating State barriers to the coordination and integration of programs, initiatives, and funding streams that meet the purposes of the program; and otherwise supporting LEAs in carrying out activities in the three Title IV, Part A program content areas: well-rounded education, safe and healthy students, and effective use of technology.

2. LEA Use of Funds

LEAs may use funds for a broad span of activities designed to improve student academic achievement by improving conditions for learning in three areas: well- rounded education (examples of allowable activities in section 4107 of the ESEA), safe and healthy students (examples of allowable activities in section 4108 of the ESEA), and effective use of technology (examples of allowable activities in section 4109 of the ESEA).

Under Section 4106(e)(2)(C)(E) of the ESEA, an LEA or consortium of LEAs that receives $30,000 or more in Title IV, Part A funds, must use:

1) Not less than 20 percent of funds to support one or more of the activities authorized under section 4107 pertaining to well-rounded educational opportunities;
2) Not less than 20 percent of funds to support one or more activities authorized under section 4108 pertaining to safe and healthy students; and
3) A portion of funds to support one or more activities authorized under section4109(a t3r) pertaining to the effective use of technology, including an assurance that it will not use more than 15 percent of the remaining portion for purchasing technology infrastructure as described in section 4109(b).

LEAs or consortia of LEAs that receive less than $30,000 must use Title IV, Part A funds in at least one of the three content areas: well-rounded educational opportunities (section 4107 of the ESEA), safe and healthy students (section 4108 of the ESEA), or effective use of technology (section 4109 of the ESEA).

In addition, for the 2018-2019 school year, SEAs may choose to award subgrants on a competitive rather than formula basis (see E.3. Eligibility below). LEAs receiving a competitive subgrant may use not more than 25 percent of the subgrant funds for purchasing technology infrastructure as described in section 4109(b) of the ESEA (2017 Consolidated Appropriations Act, Pub. L. 115-31 https://safesupportivelearning.ed.gov/sites/default/files/ProvisionsConsolidatedAppropriationsAct2017_Title%20IVASSAE.pdf)

B. Allowable Costs/Cost Principles (All grantees)

See ED Cross-Cutting Section.

C. Cash Management

See ED Cross-Cutting Section.

E. Eligibility

1. **Eligibility for Individuals –** Not Applicable

2. **Eligibility for Group of Individuals or Area of Service Delivery –** Not Applicable

3. **Eligibility for Subrecipients**

   a. LEAs or consortia of LEAs are the eligible subrecipients (section 4106(a)-(b) of the ESEA).

   b. LEAs apply to the SEAs for program funds. The amount of each LEA's allocation that an SEA provides is determined by formula in the same proportion as to the LEA's prior year's Title I, Part A allocation (Section 4105(a)(1) of the ESEA

   c. However for the 2018-2019 school year, SEAs have the option of awarding subgrants on a competitive basis pursuant to authority provided in the 2017 Consolidated Appropriations Act, Pub. L. 115-31 available here: https://safesupportivelearning.ed.gov/sites/default/files/ProvisionsConsolidatedAppropriationsAct2017_Title%20IVASSAE.pdf. Such competitive subgrants must be not less than $10,000.

G. Matching, Level of Effort, Earmarking

1. **Matching** (LEAs) **–** Not Applicable

2.1 **Level of Effort –** *Maintenance of Effort* (SEAs/LEAs) Not Applicable

2.2 **Level of Effort –** *Supplement Not Supplant* (SEAs/LEAs) See ED Cross-Cutting Section.

3 **Earmarking**
See ED Cross-Cutting Section.

H. Period of Performance (All grantees)

See ED Cross-Cutting Section.

L. Reporting

1. **Financial Reporting**

See ED Cross-Cutting Section.

2. **Performance Reporting –** Not Applicable

3. **Special Reporting –** Not Applicable

N. Special Tests and Provisions

1. **Participation of Private School Children** (SEAs/LEAs)

See also ED Cross-Cutting Section.

An SEA may transfer up to 100 percent of its non-administrative Title IV, Part A funds to other certain authorized programs including Title I, Part A. Likewise, an LEA may transfer up to 100 percent of its Title IV, Part A funds to certain authorized programs (See Earmarking section in crosscutting section of the compliance supplement). Before an SEA or LEA may transfer funds from a program subject to equitable services requirements, it must engage in timely and meaningful consultation with appropriate private school officials (Section 5103(e)(2) of the ESEA (20 USC 7305b(e)). With respect to the transferred funds, the SEA or LEA must provide private school students and teachers equitable services under the program(s) to which, and from which, the funds are transferred, as applicable, based on the total amount of funds available to each program after the transfer. See *Non-Regulatory Guidance: Fiscal Changes and Equitable Services Requirements, Under the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the Every Student Succeeds Act (ESSA)*, available at https://www2.ed.gov/policy/elsec/leg/essa/essaguidance160477.pdf.

2. **Access to Federal Funds for New or Significantly Expanded Charter Schools**

See ED Cross-Cutting Section.

IV. Other Information

Funds under the Small Rural Schools Achievement (SRSA) Alternative Uses of Funds Program (CFDA 84.358A) may be used for activities allowed under other programs, including this program. Expenditures under CFDA 84.424 from funds awarded for the SRSA Alternative Uses of Funds Program should be included in the audit universe and total expenditures of CFDA 84.424 (i.e., from the program from which they originated) for purposes of (1) determining Type A programs, and (2) completing the Schedule of Expenditures of Federal Awards (SEFA).

SCDE contact: Roy Stehle and Teresa Dillard
803-734-8118 and 803-734-8331
rstehle@ed.sc.gov and tdillard@ed.sc.gov

21st Century Community Learning Centers Program

CFDA 84.287C

I. Program Objective

The 21st Century Community Learning Centers program (21st CCLC) is authorized under Title IV, Part B, of the Elementary and Secondary Education Act, as amended by the *No Child Left Behind Act of 2001*. The purposes of this program are to create or expand community learning centers that provide academic enrichment opportunities to assist students, particularly those who attend high-poverty and low-performing schools, in meeting state and local standards in core academic subjects; to offer students a broad array of enrichment activities that can complement their regular academic programs; and to offer literacy and other educational services to the families of participating children.

II. Program Procedures

The South Carolina Department of Education (SCDE), through a competitive process, will award subgrants, subject to the availability of funds, for the purpose of establishing or expanding activities in community learning centers. Funds from these subgrants will be used to:

- provide academic enrichment opportunities for children, particularly students who attend high-poverty and low-performing schools, to assist them in meeting state and local standards in core academic subjects;
- offer students a broad array of enrichment activities that can reinforce and complement their regular academic programs; and
- offer literacy and other educational services to the families of participating students.

Public school districts, individual public schools, community-based organizations, faith-based organizations, other public or private organizations, are eligible to apply for these funds. Applicants must propose to serve students who attend schools that receive or are eligible to receive Title I school-wide assistance.

To the extent practical, the SCDE will award subgrants equitably among geographic regions within the state, including rural and urban communities. Geographic equity is defined so that priority may be given to an applicant proposing to serve a high-poverty school (schools that currently are classified as serving at least 40 percent student population who are eligible for free or reduced-price lunch and currently receive or are eligible to receive Title I funds) in a district where 21^{st} CCLC is not currently operating or districts that have a significantly large number of Title I eligible students. Additionally, funds may be awarded where the SCDE determines there is the greatest need. Priority will be given to applications for programs that target services to students who attend schools identified as in need of improvement under Section 1116 of Title I and that are submitted jointly by at least one public school district and one community-based organization, faith-based organization, or other public or private organization.

III. Compliance Requirements

A. Types of Services Allowed or Not Allowed

Authorized Activities

Funds *must* be used to raise student achievement through activities that take place primarily after school but also before school, during intersession, on the weekend, and/or during the summer. The following activities are allowable:

- academic enrichment learning programs, mentoring programs, remedial education activities, and tutoring services, that are aligned with
    - the challenging state academic standards and any local academic standards; and
    - local curricula that are designed to improve student academic achievement;
- well-rounded education activities, including such activities that enable students to be eligible for credit recovery or attainment;
- literacy education programs, including financial literacy programs and environmental literacy programs;
- programs that support a healthy and active lifestyle, including nutritional education and regular, structured physical activity programs;
- services for individuals with disabilities;
- programs that provide after-school activities for students who are English learners that emphasize language skills and academic achievement;
- cultural programs;
- telecommunications and technology education programs;
- expanded library service hours;
- parenting skills programs that promote parental involvement and family literacy;
- programs that provide assistance to students who have been truant, suspended, or expelled to allow the students to improve their academic achievement;
- drug and violence prevention programs and counseling programs;
- programs that build skills in science, technology, engineering, and mathematics (STEM), including computer science, and that foster innovation in learning by supporting nontraditional STEM education teaching methods;
- programs that partner with in-demand fields of the local workforce or build career competencies and career readiness and ensure that local workforce and career readiness skills are aligned with the Carl D. Perkins Career and Technical Education Act of 2006 (20 U.S.C. 2301 *et seq.*) and the Workforce Innovation and Opportunity Act (29 U.S.C. 3101 *et seq.*); and
- conferences that are tied to 21st CCLC content, limited to two people, and have received prior approval by the SCDE 21st CCLC Program Office.

Unauthorized Activities

Funds *must not* be used to

- support activities that occur during the normal school hours unless such activities target pre-kindergarten students or adult family members of participating students;
- acquire equipment and supplies totaling more than $5,000 per unit;

- cover costs associated with any food purchases including snacks unless they are a part of an approved cooking class or cooking demonstration or a staff professional development activity;
- cover costs associated with field trips or other activities whose sole or primary purpose is entertainment (amusement parks, skating rinks, etc.);
- provide gift cards, gift certificates, or other monetary incentives for students;
- provide incentives for staff (bonuses, awards, luncheons, etc.);
- provide or support religious activities;
- cover costs associated with any marketing activities;
- cover costs associated with any type of grant writing or fundraising activities;
- pass-through to another agency or entity to operate the 21st CCLC program;
- purchase buses or any vehicles;
- purchase, construct, or renovate a building; or
- purchase clothing.

B. Suggested Audit Procedures

Ascertain that expenses were incurred for program purposes and are not associated with activities which occur during the regular school day.

Ascertain that all expenses, including those associated with personnel costs, are supported with appropriate documentation.

Ascertain that expenses recorded on the General Ledger in appropriate categories are equal to the amounts that have been recorded on the claim reports that have been forwarded to the State Department of Education.

SCDE contact: Joyce Patterson
803-734-8291
jypatterson@ed.sc.gov