

84.377

**SCHOOL IMPROVEMENT GRANTS**

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**TITLE I SCHOOL IMPROVEMENT (PRC 117)**

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**US Department of Education**

**Federal Authorization:** Title I of the Elementary and Secondary Education Act of 1965, as amended by Every Student Succeeds Act (ESSA) P.L.114-95. Effective 07/01/17.

**State Project/Program:** School Improvement Grants (PRC 117)  
**NC Department of Public Instruction**

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**N.C. DPI Confirmation Reports:**

Confirmation of Funds Expended and/or Disbursed from the State Public School Fund and Federal Programs 2020-21 will be available at the [NC DPI School Business Division Annual Reports Application](#). The system provides an electronic view of Year-to-Date (YTD) financial reports in response to requests for confirmation from independent auditors.

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The auditor should not consider the Supplement to be “safe harbor” for identifying audit procedures to apply in a particular engagement, but the auditor should be prepared to justify departures from the suggested procedures. The auditor can consider the supplement a “safe harbor” for identification of compliance requirements to be tested if the auditor performs reasonable procedures to ensure that the requirements in the Supplement are current.

The grantor agency may elect to review audit working papers to determine that audit tests are adequate.

Auditors may request documentation of monitoring visits by the State Agencies.

This compliance supplement must be used in conjunction with the OMB 2021 Compliance Supplement which will be issued in the summer. This includes “Part 3 - Compliance Requirements,” for the types that apply, “Part 6 - Internal Control,” and “Part 4 - Agency Program” requirements if the Agency issued guidance for a specific program. The OMB Compliance Supplement is Section A of the State Compliance Supplement.

## I. PROGRAM OBJECTIVES

School Improvement Grants (SIGs), authorized under section 1003(g) of Title I of the Elementary and Secondary Education Act of 1965 (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 substantially raise the achievement of students in their lowest-performing schools.

The Department published in the Federal Register a notice of final requirements for the SIG program (final requirements) on February 9, 2015 (80 FR 7224). The final requirements make changes to the SIG program requirements and implement language in the Consolidated Appropriations Act, 2014, that allows LEAs to implement additional interventions, provides flexibility for rural LEAs, and extends the grant period from three to five years. Additionally, the final requirements make changes that reflect lessons learned from four years of SIG implementation.

Although SIG is not one of the programs extended through ESSA, a State and its LEAs must comply with current SIG final requirements only throughout the period of SIG fund availability (i.e., through the 2016-2017 school year for FY 2015 funds and through the 2017–2018 school year for FY 2016 funds). The SIG final requirements were designed, consistent with research as well as input from the field, to support implementation of rigorous interventions in identified schools for a period of three to five years.

There are two options from which a State may choose in order to support up to five years of SIG implementation. First, and consistent with previous waivers granted under the SIG program, particularly for the use of SIG funds provided by the American Recovery and Reinvestment Act of 2009, a State may choose to request a waiver of the period of availability of SIG funds beyond September 30, 2017 or September 30, 2018 for FY 2015 and FY 2016 SIG funds, respectively. Such a waiver would allow a State to use FY 2015 and FY 2016 funds to “frontload” grants (i.e., to use those funds to pay for multiyear SIG awards of up to five years in duration). A State may request a waiver of the period of availability of FY 2015 and FY 2016 SIG funds by completing “waiver 1” and “waiver 2” of Section I, Part 1 of the State application, respectively. Please note that a State that receives a waiver of the period of availability of SIG funds must continue to comply with the SIG final requirements throughout the extended period of availability of those funds and must begin to implement activities required under section 1003(a) of the ESEA, as amended by ESSA, beginning with FY 2017 funds. Second, a State may choose, but is not required, to use funds that it reserves in FY 2017 and future years under section 1003(a) of the ESEA, as amended by ESSA, to support full implementation of SIG awards initially made with prior-year funds.

## II. PROGRAM PROCEDURES

Funds are obtained by a state following submission of an application to the Secretary of Education.

## III. COMPLIANCE REQUIREMENTS

Noted below in the following matrix are the types of compliance requirements that are applicable to the federal program. These Types are determined by the federal agency, noted as “Y,” on the “Matrix of Compliance Requirements” located in Part 2 of the OMB 2021 Compliance Supplement; however, the State Agency may have added the Type and this is

noted by “Y.” If the State determines that the federal requirement does not apply at the local level or if the State modifies the federal requirements, this is noted in the supplement under the type of compliance requirement. If the federal and/or State agencies have determined that the type is not applicable, it is noted by “N.”

If the Matrix indicates “Y,” the auditor must determine if a particular type of compliance requirement has a direct and material effect on the federal program for the auditee. For each such compliance requirement subject to the audit, the auditor must use the OMB 2021 Compliance Supplement, Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and Part 4 (which includes any program-specific requirements) to perform the audit.

If there is no program listed on the “Matrix” in Part 2 or Part 4, the State has determined the Type that is applicable. If a Type is determined direct and material, the auditor should refer to the requirements found in Part 3 and listed in this supplement.

CC	A	B	C	E	F	G	H	I	J	L	M	N
Cross Cutting Requirements	Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	Y	Y	N	Y	Y	Y	Y	N	Y	N	Y

**A. Activities Allowed or Unallowed**

**Compliance Requirements** - Funds may be used by a LEA or other operating agency only in accordance with the approved State plan and only for those services or activities in its approved project application.

**Audit Objective** – To determine that expenditures are allowable.

**Suggested Audit Procedures:**

- Obtain a copy of the Budget Balance Reconciliation Report (305/705) from the finance officer and compare to local accounting records for conformity.
- Obtain a copy of the project plan application from the local program coordinator and review expenditures to determine that expenditures are in accordance with the project application.

**B. Allowable Costs/Cost Principles**

Addressed in the NC Department of Public Instruction Cross-Cutting Requirements.

**C. Cash Management**

Addressed in the NC Department of Public Instruction Cross-Cutting Requirements.

**E. Eligibility**

**Eligibility for Subrecipients** – No testing is required. The Department of Public Instruction program consultant determines if the eligibility requirements are met when the project is approved.

**F. Equipment and Real Property Management**

Addressed in the NC Department of Public Instruction Cross-cutting Requirements.

**G. Matching, Level of Effort, Earmarking****1. Matching**

This compliance requirement does not apply at the local level. No testing is required.

**2. Level of Effort**

Sub-section 2.2, Level of Effort – Supplement Not Supplant, of the US Department of Education Cross-Cutting Section has been determined to apply to this program.

**3. Earmarking**

This compliance requirement does not apply at the local level. No testing is required.

**H. Period of Performance**

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

**Audit Objective** – To determine that no expenditures were incurred prior to the beginning date of the approved project excepting any authorized pre-implementation activities.

**Suggested Audit Procedures:**

- Review transactions to verify that no expenditures were incurred prior to the approved application beginning date.
- Review the allotment report, Budget Utilization and Development System (BUD) communication form, or project approval letter from DPI to determine the project beginning date.

**I. Procurement and Suspension and Debarment**

Addressed in the US Department of Education Cross-cutting Section and NC Department of Public Instruction Cross-cutting Requirements.

**J. Program Income**

This compliance requirement does not apply at the local level. No testing is required.

**L. Reporting**

Addressed in the NC Department of Public Instruction Cross-Cutting Requirements.

**M. Subrecipient Monitoring**

This compliance requirement does not apply at the local level. No testing is required.

**N. Special Tests and Provisions**

Addressed in the NC Department of Public Instruction Cross-Cutting Requirements.