

**DRIVER TRAINING
STATE PUBLIC SCHOOL FUND – PRC 012**

State Authorization: North Carolina General Statutes Chapter 115C-105.25, 215, 216, and 566

N. C. Department of Public Instruction

Agency Contacts:

Program

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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 2020-2021 will be available at the [NC DPI School Business Division Annual Reports Application](#). The system provides an electronic view of Year-to-Date (YTD) financial reports in response to requests for confirmation from independent auditors.

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

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

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

I. PROGRAM OBJECTIVES

The objective of the Driver Training funding, State Public School Fund, program report code (PRC) 012, is to provide monies to the Local Education Agencies (LEAs) for the expenses necessary to install and maintain a course of training and instruction of eligible persons in the operation of motor vehicles. Each LEA must serve all students enrolled in a public or private high school, including federal, charter and home schools, within the LEA boundaries that have not previously enrolled in the program.

II. PROGRAM PROCEDURES

The Driver Training program, State Public School Fund, PRC 012, is administered through the State Board of Education (SBE) and the Department of Public Instruction (DPI). The SBE establishes policies and procedures to implement legislative requirements to provide the LEAs with a uniform system of accounting for and reporting on the appropriations and the current operating expenditures. Allotments in the form of dollars are provided to the LEAs by DPI based on total ninth grade allotted average daily membership (ADM) of student population, which includes federal schools. Allotment reports are sent from the Planning and Budget Section of the Division of School Business notifying the LEAs of the amount of State funds, including Driver Training funds, that they have available. The SBE shall adopt rules to permit LEAs, at their option, to contract with public or private entities to provide a program of driver education.

DPI publishes monthly Cash Certification Calendars establishing deadlines for requesting funds to assist the LEAs with their cash management efforts. The LEAs have access to request State funds five (5) days per week, except for banking holidays, so that funds may be deposited no more than two business days prior to the date of disbursement. The LEAs must enter requests for funds for a particular Funds Requirement Date (date of intended disbursement) according to the deadlines established on the Cash Certification Calendar. Once approval is received from the State Controller’s Office, DPI processes the requests so that the funds are deposited into the respective LEAs State Treasurer account after 2:00 p.m. the day before the Funds Requirement Date.

III. COMPLIANCE REQUIREMENTS

Noted below in the following matrix are the types of compliance requirements that are applicable to the federal program. These Types are determined by the State agency noted by “Y.”

If the Matrix indicates “Y,” the auditor must determine if a particular type of compliance requirement has a direct and material effect on the State program for the auditee.

CC	1	2	3	4	5	6	7	8	9	10	12	13	14
Cross-cutting requirements	Activities Allowed or Unallowed	Allowable Costs/	Cost Principles Cash Management	Conflict of Interest	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
N	Y	N	Y	N	N	Y	Y	Y	Y	N	Y	N	Y

1. Activities Allowed or Unallowed

A. Compliance Requirement

The LEAs must comply with the requirements of the North Carolina General Statutes and particularly Chapter 115C-105.25, 215, 216, and 566. In addition, DPI has the authority to issue rules and regulations, such as the North Carolina Public Schools Allotment Policy Manual, and requests for information with which they must comply. These rules and regulations can be obtained from the LEA finance officer and have the force of law governing procedures for disbursement of monies allocated to the LEAs by and through the State. (G.S. 115C-436(b))

Only those individuals certified by the Division of Motor Vehicles (DMV) or, if applicable, professionally certified by DPI can be paid with State Driver Training funds. Effective July 1, 2014, the SBE approved a salary range for the delivery of driver education courses by driver education instructors who are public school employees. The salary range is based on the driver education instructor's qualifications, certification, and licensure specific to driver education. Professionally certified and non-certified employees paid with State Public School funds are to be paid in accordance with the

state salary ranges for driver education instructors. (G.S. 115C-215(d), 115C-272, 284, 285, 296, 316, and 416) The salary range does not apply to driver education instructors employed by a Commercial Driving School contracting driver education services with an LEA.

Obligations must be incurred in accordance with state purchasing requirements. If an obligation is evidenced by a contract or agreement requiring payment of money or by a purchase order for supplies and materials, the contract, agreement, or purchase order shall include on its face a certificate signed by the finance officer stating that the instrument has been pre-audited to assure that an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year.

Payments of obligations must be made in accordance with requirements of the General Statutes, with generally accepted accounting procedures, and with rules and regulations issued by DPI. A bill, invoice, or other claim may not be paid unless it has been approved by the finance officer or by the local board of education. (G.S. 143-48 through 143-60, 143-62 through 143-64.5, 115C-441(a), 115C-441(b))

The North Carolina Public Schools Allotment Policy Manual and the North Carolina Public Schools Uniform Chart of Accounts, revised annually, should be used to monitor the appropriateness of expenditures and the proper use of allotments within the intent and limitations for which they are appropriated. School units are required to expend funds for the purposes they were allotted and to control their funds by the requirements and allotment basis for each category. The North Carolina Public Schools Allotment Policy Manual and the North Carolina Public Schools Uniform Chart of Accounts are distributed to each LEA and also available on the Internet at <http://www.ncpublicschools.org>.

Audit Objective - To determine that obligations were incurred in accordance with state purchasing requirement, that the LEA is complying with the requirements of the applicable North Carolina General Statutes and rules and regulations issued by DPI, that the LEA is maintaining their records according to generally accepted accounting procedures, and the LEA is expending state allotted funds for the purpose for which they were allotted.

Suggested Audit Procedures

- Obtain the payroll register for selected period(s) and select a sample of Driver Training (PRC 012) disbursements. Determine that payments from 1-5110-012-148 are being used only for salaries for Division of Motor Vehicle certified driving training instructors or other as-needed instructional staff that directly support the instructional process. Any individual paid from these funds has to provide a service to the student in adherence to minimum class and drive times required by [SBE policy DRIV - 004](#) (i.e. Teaching, translating, adapting instruction, scheduling, or supervision of contracted employees). Individuals who are DMV certified instructors have completed a licensed instructor course approved by the DMV but are not professionally certified in driver education (certification area 096). Example of as-needed instructors would include sign language instructors to serve hearing impaired students or a translator to work with non-English speaking students. Payments from this code for clerical positions are non-allowable for program services only and does not include Driver Eligibility. Payments for any purpose other than time worked by allowed instructional and designated support employees are non-allowable. If instructors are professionally certified in driver education, certification area 096, they are to be paid from 1-5110-012-121. Make sure that anyone being paid from this PRC are teaching or providing services to the students.

- Determine whether expenditures exceeded the dollar amount allotted for PRC 012 and determine the status of any refunds due to DPI. The need for a refund should be included in the auditor's recommendation, including the applicable PRC. The status of any refund should be addressed in the management's response.
- Select a sample of general expenditure disbursements made from PRC 012 and perform the following tests:
 1. Determine that purchases met the state purchasing requirements (G.S. 143-48 through 143-64.5).
 2. Trace posting of the disbursements to the general ledger noting the account codes used and determine if the disbursements represent allowable activities as defined in the North Carolina Public Schools Allotment Policy Manual and the [North Carolina Public Schools Uniform Chart of Accounts](#).
 3. Verify that 1-5110-012-411 was used to purchase items for Driver Training instructional use only.
 4. Determine whether non-salary items are being charged to salary general ledger accounts.

1. Compliance Requirement

The program will be reasonably available on a year-round basis to all eligible persons ([GS 115C-216, NCAC 06E.0301](#)).

Audit Objective - To determine if districts are serving the students for which an allotment is received. District shall be able to demonstrate serving all enrolled students pursuant to 115C – 215(a).

Suggested Audit Procedure - Draw a sample of ninth grade students and cross check the sample with a listing of students who have been offered a course in driver education. If there is a deviation of 10% or greater than a second sample is to be drawn. If there is a 10% or greater deviation in the second sample, a question cost should be determined. Districts shall be able to show services to charter, and non-public appropriate to those schools located within their boundaries.

3. Cash Management

Compliance Requirement - The local auditor is not required to test compliance with this requirement. Cash request procedures detailed in the Program Procedures is for information only.

6. Equipment & Real Property Management

A. Compliance Requirement

All assets such as moveable equipment should be recorded on the LEA's fixed asset system according to the LEA's capitalization policy, available from the finance officer or assets manager.

Audit Objective - To determine that asset acquisitions such as moveable equipment were recorded on the LEA's fixed asset system according to the LEA's capitalization policy.

Suggested Audit Procedure - Review LEA's fixed asset report and their capitalization policy. Determine that asset acquisitions such as moveable equipment was recorded on the LEA's fixed asset system according to the LEA's capitalization policy.

B. Compliance Requirement

The disposition of cars purchased with Driver Training funds are required to be handled by the Department of Administration, Division of Auxiliary Services, State Surplus Property. Funds received from State Surplus Property from the sale of all 1992 and later car models are recorded as revenue for the LEA. All proceeds from the sale of property purchased with Driver Training funds must be used to support the LEA's driver education program.

Audit Objective - To determine that the disposition of cars purchased with Driver Training funds are handled by the Department of Administration, Division of Auxiliary Services, State Surplus Property; that funds received from State Surplus Property from the sale of only car models 1992 and later are recorded as revenue for the LEA; and that all proceeds from the sale of property purchased with Driver Training funds have been used to support the LEA's driver education program.

Suggested Audit Procedures - Review records from the disposition of cars purchased with Driver Training funds and perform the following tests:

1. Determine that the disposition(s) were handled by the Department of Administration, Division of Auxiliary Services, and State Surplus Property.
2. Verify that funds received from the disposition(s) were properly refunded to DPI or recorded as revenue for the LEA.
3. For funds that are required to be recorded as revenue for the LEA, verify that the revenue was recorded to PRC 012, Driver Training.

7. Matching, Level of effort, Earmarking

Compliance Requirement - No more than 10% of driver education funds may be used for computer purchases.

Audit Objective - To determine that no more than 10% of driver education funds have been used for computer purchases.

Suggested Audit Procedures

- Determine the total amount of computer purchases.
- Compare total of computer purchases to driver education allotment.
- Determine whether the total expended for computer purchases exceeded 10% of driver education funds.
- Determine if computers are being used for Driver Education.

8. Period of Performance

Compliance Requirement - An LEA may incur no obligation unless the budget resolution includes an appropriation authorizing the obligation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year. (115C-441)

Audit Objective - To determine that all sums obligated for the current fiscal year were expended in the current fiscal year.

Suggested Audit Procedure - Inspect the June vouchers to determine that the school unit ensured that all items were received prior to payment.

9. Procurement and Suspension and Debarment

A. Compliance Requirement

All grantees that expend State funds are required to comply with the procurement standards described in the North Carolina General Statutes (143-48 through 143-64.5) and the North Carolina Administrative Code, which are identified in [The State of North Carolina Agency Procurement Manual](#).

Nongovernmental subrecipients shall maintain written Procurement policies that are followed in procuring the goods and services required to administer the program.

Audit Objective - To determine that obligations were incurred in accordance with state purchasing requirements.

Suggested Audit Procedures

- Select a sample of general expenditure disbursements made from the appropriate Grant Fund:
- Determine that purchases met the state purchasing requirements found in G.S. 143-48 through 143-64.5 and the North Carolina Administrative Code.

B. Compliance Requirement

LEAs are prohibited from entering into a contract with a party that has been suspended or debarred by the State of North Carolina.

Audit Objective - To determine that the LEA has not entered into a contract with a party that has been suspended or debarred by the State of North Carolina.

Suggested Audit Procedure - Verify that the LEA has not entered into a contract with a party that has been suspended or debarred by the State of North Carolina. A list of debarred parties can be found at: <https://ncadmin.nc.gov/government-agencies/procurement/contracts/debarred-vendors>.

12. Reporting

A. Compliance Requirement

The LEA shall comply with the reporting requirements established by the SBE in the Uniform Education Reporting System (UERS). (G.S. 115C-12(18)) The Department of Public Instruction may withhold 5% of program allotment until reports are received. (G.S. 115C – 215(c1))

Audit Objective - To determine that the LEA has complied with the reporting requirements established by the SBE in the Uniform Education Reporting System. (G.S. 115C-12(18)).

Suggested Audit Procedure - Determine that checks are being issued through a UERS approved financial software to the ultimate payee, ensuring that the financial software is being used to generate payments, not just to record payments already issued. Manual check entries should be few and documented as to why they were necessary.

A. Compliance Requirement

The LEA shall provide driver education program data annually through completion of the Driver Education Data Survey, as requested by DPI, to monitor program performance (G.S. 115C-215(c)).

Audit Objective - To determine that the LEA has complied with the reporting requirements established to monitor program performance. (G.S. 115C-215(c))

Suggested Audit Procedure - Review driver education records to determine that the LEA is maintaining a monthly record of the number of students enrolled in driver education, students completing the classroom phase and students completing behind the wheel training, by grade level and school type (public, private, home, charter or federal). Records should indicate number of teachers employed by certification status and whether teachers are supplied by the LEA or a commercial driving school. Vehicle inventory records, including any provided by commercial driving schools, should be checked to verify number of vehicles used for instruction and the overall condition of vehicles, including mileage.

14. Special Tests and Provisions

A. Compliance Requirement

The program will be reasonably available on a year-round basis to all eligible persons (G.S. 115C-215, G.S. 115C-216, NCAC 06E.0301)

Audit Objective - To determine if districts are serving the students for which an allotment was received.

Suggested Audit Procedure - Draw a sample of ninth grade students and cross check the sample with a listing of students who have been offered a course in driver education. Determine if there are any questioned costs. If there is a deviation of 10% or greater than a second sample is to be drawn. Determine the question cost from the two samples. Districts shall be able to show services to charter, and non-public appropriate to those schools located within their boundaries.

B. Compliance Requirement

In accordance with G. S. 115C – 216(g), districts may collect a fee up to \$65.00 from the student to offset the costs of the program. If the district charges said fee, it must have a policy in place to reduce or waive the fee based on economic reasons of the student. All fees collected must be used to support the program as local funds. The funds may be used for coordination or clerical support of the program. Driver Eligibility is not part of the program.

Audit Objective – To determine if districts have the appropriate policy and procedure in place and funds are being used correctly if fee for program are being collected.

Suggested Audit Procedure - If the district charges a fee, view written process for the reduction or waiving of the fee. Process should include a policy on refunds for student withdrawal or transfers out of the district. Determine if the funds are being used for the purpose outlined by statute.