

# STATE OF NORTH CAROLINA

OFFICE OF THE STATE AUDITOR

BETH A. WOOD, CPA



## DEPARTMENT OF PUBLIC INSTRUCTION

RALEIGH, NORTH CAROLINA

STATEWIDE FEDERAL COMPLIANCE AUDIT PROCEDURES

FOR THE YEAR ENDED JUNE 30, 2015



**NC**  **OSA**  
The Taxpayers' Watchdog

STATE OF NORTH CAROLINA  
**Office of the State Auditor**



**Beth A. Wood, CPA**  
State Auditor

2 S. Salisbury Street  
20601 Mail Service Center  
Raleigh, NC 27699-0601  
Telephone: (919) 807-7500  
Fax: (919) 807-7647  
<http://www.ncauditor.net>

## AUDITOR'S TRANSMITTAL

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The Honorable Pat McCrory, Governor  
Members of the North Carolina General Assembly  
The State Board of Education  
Dr. June St. Clair Atkinson, State Superintendent  
Department of Public Instruction

As part of our audit of the State of North Carolina's compliance with requirements applicable to its major federal programs, we have completed certain audit procedures at the Department of Public Instruction for the year ended June 30, 2015. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Our audit was performed by authority of Article 5A of Chapter 147 of the *North Carolina General Statutes*.

Our audit objective was to render an opinion on the State of North Carolina's, and not the Department's, administration of major federal programs. However, the report included herein is in relation to our audit scope at the Department and not to the State of North Carolina as a whole. The State Auditor expresses an opinion on the State's compliance with requirements applicable to its major federal programs in the State's *Single Audit Report*.

The audit findings in this report are also evaluated to determine their impact on the State's internal control and the State's compliance with rules, regulations, contracts and grants. If determined necessary in accordance with *Government Auditing Standards*, these findings are reported in the State's *Single Audit Report*.

*North Carolina General Statutes* require the State Auditor to make audit reports available to the public. Copies of audit reports issued by the Office of the State Auditor may be obtained through one of the options listed in the back of this report.

A handwritten signature in cursive script that reads 'Beth A. Wood'.

Beth A. Wood, CPA  
State Auditor

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Beth A. Wood, CPA  
State Auditor

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Article V, Chapter 147 of the North Carolina General Statutes, gives the Auditor broad powers to examine all books, records, files, papers, documents, and financial affairs of every state agency and any organization that receives public funding. The Auditor also has the power to summon people to produce records and to answer questions under oath.



# **INDEPENDENT AUDITOR'S REPORT**

STATE OF NORTH CAROLINA  
**Office of the State Auditor**



**Beth A. Wood, CPA**  
State Auditor

2 S. Salisbury Street  
20601 Mail Service Center  
Raleigh, NC 27699-0601  
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Fax: (919) 807-7647  
<http://www.ncauditor.net>

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

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The State Board of Education  
and Management of the Department of Public Instruction

Report on Compliance

As part of our audit of the State of North Carolina's compliance with the types of requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major programs for the year ended June 30, 2015, we have performed audit procedures at the Department of Public Instruction. Our report on the State of North Carolina's compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133 is included in the State's *Single Audit Report*. Our federal compliance audit scope at the Department of Public Instruction included the following:

- CFDA 84.010: Title I Grants to Local Educational Agencies
- CFDA 84.048: Career and Technical Education – Basic Grants to States
- CFDA 84.287: Twenty-First Century Community Learning Centers
- CFDA 84.367: Improving Teacher Quality State Grants
- CFDA 84.395: State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act
- Child Nutrition Cluster
  - CFDA 10.553: School Breakfast Program
  - CFDA 10.555: National School Lunch Program
  - CFDA 10.556: Special Milk Program for Children
- Special Education Cluster
  - CFDA 84.027: Special Education – Grants to States
  - CFDA 84.173: Special Education – Preschool Grants

The audit results described below are in relation to our audit scope at the Department and not to the State of North Carolina as a whole.

### Management's Responsibility

Management is responsible for compliance with laws, regulations, contracts and grants applicable to federal programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the State of North Carolina's major federal programs based on our audit of the types of compliance requirements referred to above, which we issue in the State's *Single Audit Report*. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. However, our audit does not provide a legal determination of the Department's compliance with those requirements.

### Opinion on Each Major Federal Program

As stated above, our opinion on compliance for each of the State of North Carolina's major federal programs is included in the State's *Single Audit Report*.

### Other Matters

The results of our audit procedures at the Department of Public Instruction disclosed instances of noncompliance that are required to be reported in accordance with OMB Circular A-133 and which is described in finding 5 in the Findings, Recommendations, and Responses section of this report.

### Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Findings, Recommendations, and Responses section, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies. We consider the deficiency described in finding 5 in the Findings, Recommendations, and Responses section of this report to be a material weakness in internal control over compliance. Furthermore, we consider the deficiencies described in findings 1, 2, 3, 4, and 6 in the Findings, Recommendations, and Responses section of this report to be significant deficiencies in internal control over compliance.

#### Department of Public Instruction's Response to Findings

The Department's responses to the findings identified in our audit are included in the Findings, Recommendations, and Responses section of this report. The Department's responses were not subjected to the auditing procedures applied in the audits of compliance or consideration of internal control over compliance, and accordingly, we express no opinion on them.

#### Purpose of Report on Internal Control Over Compliance

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this communication is not suitable for any other purpose.



Beth A. Wood, CPA  
State Auditor

Raleigh, North Carolina

March 28, 2016



# **FINDINGS, RECOMMENDATIONS, AND RESPONSES**



### **Matters Related to Federal Compliance Audit Objectives**

The following audit findings were identified during the current audit and describe conditions that represent deficiencies in internal control or noncompliance with laws, regulations, contracts, grant agreements, or other matters. Finding numbers 1, 2, 3, and 6 were also reported in the prior year.

#### 1. FISCAL MONITORING RESULTS WERE NOT COMMUNICATED TIMELY

The Department did not report the results of its fiscal monitoring<sup>1</sup> to subrecipients in a timely manner, preventing subrecipients from taking timely corrective action.

Auditor's identified 13 out of 37 (35%) fiscal monitoring reports which were communicated between 46 and 125 business days after the date of the visit. The *Procedures for Fiscal Monitoring* section of the Department's *Division of School Business Services* policy and procedures manual requires fiscal monitoring results to be communicated within 45 business days.

As a result, corrective actions taken by subrecipients to monitoring findings were delayed allowing noncompliance with federal program regulations and possible misuse of funds to continue.

Examples of findings noted in monitoring reports:

- Procedures not in place to ensure contract service agreements are on file to support all expenditures for contracted services.
- Inaccurate or incomplete equipment inventory logs.
- Procedures not properly designed to ensure employee time and effort records are accurate and complete.

According to the Department, the results of fiscal monitoring visits were not communicated timely due to ongoing personnel issues.

Significant aspects of this finding were reported in the two prior years.

*Federal Award Information:* This finding impacts these federal programs:

- a) CFDA 84.027: Special Education – Grants to States: Federal funding periods:
  - 1) July 1, 2013 – September 30, 2014 (H027A120092A) and
  - 2) July 1, 2014 – September 30, 2015 (H027A130092A).
- b) CFDA 84.173: Special Education – Preschool Grants: Federal funding periods:
  - 1) July 1, 2013 – September 30, 2014 (H173A120096) and
  - 2) July 1, 2014 – September 30, 2015 (H173A130096).

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<sup>1</sup> Fiscal monitoring includes reviewing subrecipients' expenditures to ensure federal funds are used for allowable costs in accordance with approved budgets and program guidelines.

- c) CFDA 84.010: Title I – Grants to Local Education Agencies: Federal funding periods:
  - 1) July 1 2013 – September 30, 2014 (S010A120033A) and
  - 2) July 1 2014 – September 30, 2015 (S010A130033A).
- d) CFDA 84.367: Improving Teacher Quality State Grants: Federal funding periods:
  - 1) July 1, 2013 – September 30, 2014 (S367A120032A) and
  - 2) July 1, 2014 – September 30, 2015 (S367A130032A).
- e) CFDA 84.395: Race to the Top Incentive Grants, Recovery Act: Federal funding period September 24, 2010 - September 23, 2015 (S395A100069).
- f) CFDA 84.048: Career and Technical Education: Federal funding period: July 1, 2014 – September 30, 2015 (V048A130033-12A).

*Recommendation:* The Department should ensure compliance with its policy for completing and communicating fiscal monitoring results timely.

*Agency Response:* The Department concurs with the Auditor's finding and recommendation related to fiscal monitoring results not being communicated timely in some instances. Fiscal monitoring efforts continue to be tracked in a comprehensive tracking log that captures all internal steps occurring between the site visit and closure of the monitoring report. Management utilizes the tracking log to identify overdue or delayed monitoring reports and/or responses and address each process/personnel issue accordingly. The hiring of a new Monitoring and Compliance Section Chief (April 2015) and three new Fiscal Monitors (May 2015 and February 2016) enable the Department to continue to improve the timeliness of fiscal monitoring activities.

Training provided for new fiscal monitoring staff included fiscal monitoring policies and procedures with emphasis on the need for timely issuance of monitoring reports for compliance with federal regulations and increased effectiveness of technical assistance provided to subrecipients. The Monitoring and Compliance Section Chief will provide ongoing review of fiscal monitoring policies, procedures, tools and employee performance to identify areas for improvement. The Section Chief implemented monthly staff meetings and will schedule individual one-on-one sessions with each monitor as needed to ensure policies are adhered to and results are reported to subrecipients in a timely manner.

## 2. REQUIRED VERIFICATION OF ADJUSTMENTS TO GRADUATION RATES WAS NOT PERFORMED

The Department did not monitor Local Education Agencies (LEAs) and charter high schools receiving Title I funds to verify that the adjustments to the regulatory adjusted cohort<sup>2</sup> and the resulting adjustments to graduation rates were appropriate. The graduation rate is a measure of a school's success that if computed incorrectly could mislead users of the graduation rate information.

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<sup>2</sup> A cohort is made up of a group of first-time 9th graders which form a future graduating class in a specific school, district or state.

As a result, the lack of verification may have allowed inaccurate graduation rates<sup>3</sup> to have gone undetected by the Department. Although there is a risk of inaccuracy, a large number of students would have to be improperly removed from the student count to significantly change the graduation rate. For example, approximately 1300 students would have to be improperly removed from the total student count to increase the graduation rate by 1% based on statewide calculations.

The Department had the student data to compute the graduation rates but did not have a procedure to verify that written documentation was maintained by the schools to support the removal of a student from the graduation rate calculation.

Federal regulations (34 CFR 200.19(b)) require the Department to verify that LEAs and charter high schools maintain appropriate written documentation<sup>4</sup> supporting the removal of a student from the calculation to ensure that the graduation rate is accurate and consistently calculated. The process for calculating the graduation rate was established by the U.S. Department of Education to provide parents, educators and community members with a more accurate standardized calculation that would allow for meaningful comparisons across states and school districts.

This audit finding was reported in the prior year.

*Federal Award Information:* CFDA 84.010 Title I Grants to Local Education Agencies: Award Number: S010A140033A for federal funding period July 1, 2014 – September 30, 2015

*Recommendation:* The Department should develop and implement a procedure to verify that LEAs and charter high schools maintain appropriate written documentation to support the removal of students from the graduation rate calculation. The Department could consider a systematic or risk based sampling approach to verification of the written documentation.

*Agency Response:* The Department concurs with the Auditor's finding and recommendation regarding the verification of graduation rates. The Department will require that LEAs and charter schools maintain evidence/documentation for each withdrawal that includes, but is not limited to, certifications of death, transfers to private schools, transfers to homeschools, certifications of the student(s) leaving the state or country, and certifications of the student(s) being in a detention center. The LEA or school accountability director/test coordinator and the respective superintendent will verify the evidence/documentation and sign and date the required End-of-Year Data Collection Sign Off, which is provided to the Department's Division of Accountability Services. The Department will inform LEAs and charter schools of the evidence/documentation requirements effective with the 2015-16 school year.

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<sup>3</sup> The graduation rate is calculated based on the number of students who graduate in 4 years or less with a regular high school diploma divided by the number of students who form the adjusted cohort.

<sup>4</sup> Appropriate written documentation to support adjustments to a cohort may include an obituary or written statement from the parent when a student dies or a request for student records from the public or private high school when a student transfers to another state or immigrates to another country.

### 3. DOCUMENTATION DID NOT SUPPORT SALARY PAYMENTS

The Department did not have adequate documentation to show that employees' salaries charged to the Race to the Top grant were based on actual time and effort spent working on the grant. Department records indicate that 40 temporary and contract employees and 107 regular employees worked on the grant during the fiscal year.

The Department did not have time and effort certifications for four out of 32 (13%) employees tested. As a result, \$98,318 out of a total of \$6,037,919 (1.63%) in employees' salaries could have been improperly charged to the Race to the Top grant.

The Department did not follow established procedures to obtain time and effort certifications prior to the four employees separating from the Department. These errors resulted in part as a result of the Race to the Top program completion in September 2015.

In accordance with Federal Regulations 2 CFR 225, the Department is required to maintain adequate documentation that confirms on an after-the-fact basis that employee compensation charged to federal programs represents a reasonable distribution of employees' actual time and effort worked.

This audit finding was reported in the prior year.

*Federal Award Information:* Race to the Top Incentive Grants, Recovery Act: Federal funding period September 24, 2010 - September 23, 2014 (S395A100069)

*Recommendation:* The Department should follow procedures established to ensure that all required time and effort certifications are prepared and maintained to support salary charges to the federal program.

*Agency Response:* The Department concurs with the Auditor's finding and recommendation related to documentation to support salary payments. The Department considered temporary and contract employees to be vendors and therefore did not require time and effort reports to be submitted. The Department already has procedures in place to ensure that permanent employees paid from federal funds submit approved time and effort reports. The Department will incorporate procedures designed to ensure temporary and contract employees whose salaries are paid from federal funds submit approved time and effort reports for work performed. The procedures will include working with human resources personnel and agency supervisors to ensure that temporary and contract employees who are paid from federal funds are made aware of time and effort reporting requirements and are provided related training upon initial employment. A review of the temporary and contract employees' list will be performed on a monthly basis in order to determine those employees who are being paid with federal funds. Also on a monthly basis, Personnel Action Request forms for each of these federally funded temporary and contract employees will be requested from agency human resources personnel. The Department's Personnel Action Request form outlines the employment beginning and ending dates and supervisory information. A tracking system will be developed using names, employment dates, and supervisory data to ensure that temporary and contract employees do not end their employment without submitting the required time and effort reports for review and approval.

4. CAREER AND TECHNICAL EDUCATION GRANT SUBMONITORING VISITS WERE NOT DOCUMENTED

The Department did not maintain documentation to evidence the completion, review and communication of subrecipient monitoring results for the Career and Technical Education (CTE) grant program. During the audit period, the Department disbursed \$18.2 million in CTE funds to subrecipients to provide individuals with the academic and technical skills needed to succeed in a knowledge and skills-based economy.

The Department has a six year plan to monitor the 115 subrecipients. All 19 Local Education Agencies (LEA) subrecipient monitoring reviews performed in fiscal year 2015 were tested. The Department did not retain documentation for the procedures performed or evidence of communication of the results for three of 19 (16%) monitoring efforts. The three subrecipients, with documentation in question, received \$254,004 in funding.

The Department's failure to maintain documentation to evidence that monitoring procedures were adequately performed and results communicated timely could result in subrecipient noncompliance not being identified, corrective action not being timely implemented, and federal funds being misused.

Examples of issues noted in monitoring reviews:

- Time and Effort documentation was not approved by the supervisor.
- Purchase orders were recorded to the incorrect chart of accounts code.
- A functioning CTE advisory council was not in place to provide a formal system of evaluation and determine the effectiveness of the CTE program.

The Department indicated that the documentation was not maintained due to the retirement of a CTE monitor. The monitor failed to upload monitoring documentation to the Department's central document repository and no one at the Department was aware of this error until documentation was requested by the auditors. The Department did not have a system in place to ensure each monitor completed and filed all supporting documentation in the central document repository.

OMB Circular A-133 requires pass-through entities to monitor the activities of subrecipients as necessary to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and performance goals are achieved.

*Federal Award Information:* CFDA #84.048: Career and Technical Education, Award Number: V048A140033, Federal Funding Period: 07/01/2014 - 09/30/2015

*Recommendation:* The Department should develop and implement a system that ensures all scheduled monitoring visits are completed, supporting documentation is filed in the Departments' central document repository, and results are communicated to the subrecipients in a timely manner.

*Agency Response:* The Department concurs with the Auditor's finding and recommendation related to documentation of Career and Technical Education (CTE)

subrecipient monitoring. The CTE subrecipient monitoring process was updated subsequent to being notified of the audit finding. Adjustments to the process include utilization of a tracking sheet in the drop box file repository along with the requirement that all documents related to the monitoring activity be included in the dropbox files in a timely manner. CTE regional coordinators will add files to the drop box for peer and supervisor review prior to final submission to the LEA to help ensure consistency. The revised procedures and utilization of this tool should prevent this finding from recurring in the future. The revised practices will be implemented February 2016.

### 5. PERFORMANCE INDICATORS WERE NOT VERIFIED

The Department did not verify all Career and Technical Education secondary (high school) level core performance indicators reported in the Consolidated Annual report (CAR) prior to submission to the U.S. Department of Education.

The Perkins IV (Career and Technical Education) grant requires each State to report the progress of the State in achieving the State-adjusted level of performance in the following eight secondary level core performance indicators each December:

- Attainment of academic skills-reading/language arts (verified)
- Attainment of academic skills-mathematics (verified)
- Technical skill attainment
- School completion
- Student graduation rates (verified)
- Placement
- Nontraditional participation
- Nontraditional completion

The Department provided supporting data files and documentation to support verification of three (as noted above) out of eight secondary level core performance indicators, however no evidence was provided for the verification of the data for the remaining five (62.5%) secondary level core performance indicators.

As a result, the State's level of performance was reported as meeting performance indicators, which could impact users of the performance level indicators when evaluating the need for program improvement plans.

The Department indicated the transition to a new student data system (PowerSchool) during the audit year and the lack of the necessary automated interface between PowerSchool and the reporting system made data verification difficult. The Department indicated a manual review of the performance level indicator data file and reports from PowerSchool was completed before it was uploaded into the federal reporting system, however, evidence of the data verification was not maintained.

Perkins IV (20 USC 2323(c)(1)) requires each State to report annually their progress in achieving the state-adjusted levels of performance on the core indicators of performance, including the levels of performance achieved by the special population categories.

*Federal Award Information:* CFDA #84.048: Career and Technical Education: Federal funding period: 07/01/2014 - 09/30/2015 (V048A140033).

*Recommendation:* The Department should ensure that the statewide performance data is verified for all indicators before the aggregated data is reported to the U.S. Department of Education and that verification documentation is maintained.

*Agency Response:* The Department concurs with the Auditor's finding and recommendation related to performance indicators. During the transition phase to PowerSchool, many of the tools that previously used to verify performance data were not operational. Existing policy and procedures for verification of CTE performance measures are currently being revised. Revisions include development of various outputs for analysis to ensure verification of all performance data indicators prior to reporting to the U.S. Department of Education. Examples include an LEA-level report that subrecipients can use to verify at the LEA level, reports for state staff to verify the data and the existing EDEN input files. Updated tools should be available for processing/review of data in fall 2016.

#### 6. DEPARTMENT FAILED TO FULLY DOCUMENT SUBRECIPIENT MONITORING VISITS

The Department's Twenty-First Century Community Learning Center (Twenty-First) program monitors failed to provide documentation to support that all subrecipients were adequately monitored. The Twenty-First grant establishes and expands community learning centers that provide students with academic growth opportunities. During the audit period, 110 subrecipients expended \$30.1 million of the \$31.5 million (over 95%) in total Twenty-First funds.

The Department's monitoring report contains over 30 specific performance indicators, covering five compliance categories, which are: Program Management; Program Implementation; Family Involvement; Federal, State, and Local Health Safety and Civil Rights Laws; and Fiscal Management.

Examples of performance indicators include:

- Criminal background checks are completed for each program employee and volunteer prior to employment.
- Program has process for recruiting, hiring, and retaining high-quality staff including volunteers.
- Program operates in a facility that meets State and Federal safety guidelines for schools or places where children gather.
- Ongoing student assessments are utilized to determine individual student growth and accountability.

In a sample of 14 of the 70 on-site programmatic monitoring visits performed during the audit period, two monitoring reports were not completed adequately and/or reviewed. Specifically, auditors noted the following issues:

- In one of the 14 (7%), there was no evidence of supervisory review on the monitoring reports to ensure documentation was complete and supported that the subrecipients met the required performance indicators.
- In two of the 14 (14%), the monitoring reports were incomplete with most indicators having no notation of what documents the monitor reviewed or who was interviewed to conclude that the indicator was met. For the most part, only one or two short sentences were written for performance indicators that were not met and no documentation for performance indicators identified as met.

The Department's failure to document the monitoring procedures performed could allow inadequate monitoring, resulting in noncompliance going undetected and possible misuse of federal funds.

Prior to February 2015, the Department's monitoring procedures did not require its staff to complete and maintain supporting documentation unless a performance indicator was not met. This procedure leads to insufficient evidence to support all monitoring conclusions about performance. However, in February 2015 the Department modified its procedures to require staff to complete and maintain supporting documentation for both indicators met and not met. In addition, the Department now maintains a tracking log that captures the date supervisory review of monitoring reports occurred.

The Department performed 62 of the 70 on-site programmatic monitoring visits under its modified monitoring procedures. Auditors reviewed 12 of the 62 on-site programmatic monitoring visits conducted under the modified monitoring procedures and no errors were found.

OMB Circular A-133 requires pass-through entities to monitor the activities of subrecipients as necessary to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and performance goals are achieved.

Significant aspects of this finding have been reported previously in years 2011, 2012, and 2014.

*Federal Award Information:* Twenty-First Century Community Learning Centers: Federal funding periods: 1) July 1, 2013 - September 30, 2014 (S287C130033) and 2) July 1, 2014 – September 30, 2015 (S287C140033).

*Recommendation:* The Department should continue its efforts to ensure that monitoring reports are adequately completed and reviewed and adequate supporting documentation is maintained.

*Agency Response:* The Department concurs with the Auditor's finding and recommendation related to documenting subrecipient monitoring visits. Existing procedures require all documentation be maintained for each of the thirty-one (31) specific performance indicators covering five compliance categories in the On-site



Monitoring Instrument for the 21st CCLC grants for both indicators met and not met. However, the policies and procedures did not address including documentation or reference to the documentation on the actual report itself. The policies and procedures related to monitoring 21st CCLC subrecipients were revised to be consistent with those for Title I, including a revised report format, which will eliminate the potential for confusion caused by blank data fields for indicators met. Documentation of the evidence reviewed is maintained in a central web-based filing system organized as "Planning," "Fieldwork," "Report," and "Other." For Programmatic Reviews, a procedure similar to that described above is followed utilizing a tracking log designed to ensure the timeliness of corrective actions to any findings detected during the monitoring review.

# ORDERING INFORMATION

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For additional information contact:  
Bill Holmes  
Director of External Affairs  
**919-807-7513**

