

**The Every Student Succeeds Act  
Federal Grant Programs**

**STANDARD OPERATING PROCEDURES MANUAL  
SUB-GRANTEE MONITORING**

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Public Schools of North Carolina  
State Board of Education | Department of Public Instruction

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**The Every Students Succeeds Act**  
**Federal Grant Programs**  
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## INTRODUCTION

The Every Student Succeeds Act (ESSA) is the latest reauthorization of the 1965 Elementary and Secondary Education Act (ESEA) and was approved by the U.S. Congress and signed into law in December 2015. ESSA reauthorizes the nation's national education law and longstanding commitment to equal opportunity for all students and replaces the No Child Left Behind Act of 2001.

Formula grants are awarded to state educational agencies (SEAs), which, in turn, manage the application and funding process for formula grants to eligible entities statewide. Formula grants authorized under the ESSA include the following:

- Title I, Part A (Improving the Academic Achievement of the Disadvantaged)
- Title I, Part C (Education of Migratory Children)
- Title I, Part D (Neglected, Delinquent, or At Risk Youth)
- Title II, Part A (Preparing, Training, and Recruiting High Quality Teachers, Principals, and Other School Leaders)
- Title III, Part A (English Language Acquisition)
- Title IV, Part A, Subpart 1 (Student Support and Academic Enrichment)
- Title V, Part B, Subpart 1 (Rural Low-Income Schools)

## PURPOSE

Federal and NC State policy requires that NCDPI, who serves as the State Education Agency (SEA) for grants authorized under the ESSA, monitors the quality and effectiveness of programs operating with the use of federal funds authorized under the law. However, compliance monitoring is the foundation of identifying areas the SEA can support improvement for local programs. So what is the purpose of monitoring?

- *Building Relationships - We're in this together.*  
The Department of Public Instruction's main objective is to raise student achievement for North Carolina's public school children. Through cooperative assessment of the federal programs between the State and the local education agencies (LEAs), the quality of services to students will be strengthened and improved.
- *Technical Assistance - We're here to help.*  
State monitoring team members provide technical assistance during the review visit and beyond. It is not the State's intent to tell the LEA how to run its title programs, but rather to answer questions, facilitate dialogue, and exchange ideas and information for program improvement while, at the same time, meeting all federal requirements.
- *Compliance - It's the law.*  
Monitoring federal programs helps ensure that all children have a fair, equal, and significant opportunity to obtain a high-quality education. Compliance monitoring is intended to be a collaborative partnership between the State and LEAs and public charter schools to ensure compliance with the Elementary and Secondary Education Act.

## OVERVIEW

### TYPES OF MONITORING

The Federal Program Monitoring and Support Division at the North Carolina Department of Public Instruction (NCDPI) engages in the following three types of monitoring:

1. Cross-Program Consolidated Monitoring
2. Fiscal Monitoring
3. Program Quality Review

Cross-Program Consolidated Monitoring is conducted by the Federal Program Administrators that have reviewed and approved the Comprehensive Plan and Funding Applications through the web-based grants management system. The grants review and approval process is an important component of Cross-Program Consolidated Monitoring because it offers an important context for the monitoring review and ensures the initial planning for use of federal funds is aligned to district goals and that costs are allowable under each program.

Fiscal monitoring is conducted by the Monitoring and Compliance Section in the Division of School Business. Program Quality Reviews are conducted Federal Program Administrators and the Division of Educator Support Services.

All types of monitoring utilize a standard monitoring instrument and result in written feedback to the LEAs and charter schools.

### CROSS-PROGRAM CONSOLIDATED MONITORING

The Federal Program Administrators at NCDPI conduct an annual risk assessment analysis to determine what level or type of monitoring to conduct with each program. The annual risk assessment includes the six key components. Each component receives a rubric score between 1 and 5 and then a weighting is applied that results in an indexed “score” for each local educational agency (LEA) and charter school. LEAs are ranked from most risk to least risk. Charter schools are ranked separately.

<b>Risk Assessment Factor</b>	<b>Description</b>	<b>Weighting</b>
Title I Allocation	What is the amount of funds received?	15%
Prior Monitoring	How many years since the last review?	30%
Programmatic Findings	What were the results of the last review?	30%
Number of Federal Fund Sources	How many federal grants are received?	5%
Fiscal Review	What fiscal findings have occurred?	5%
Percentage of Low-Performing	What percent of schools are Priority, Focus, or SIG schools?	15%

LEAs and Charters are scheduled for monitoring by rank order within each of the eight State Board of Education districts by the Division Leadership. LEAs / charter schools are assigned a

“month” to be monitored. Division Leadership assigns the “Lead” and “Secondary” Program Administrators (PAs).

The Cross-Program Consolidated Monitoring Instrument reviews all ESSA formula-funded programs using the 36 elements within the following interrelated compliance strands:

- I. **Stakeholder Involvement.** Parents, staff, students, and community members participate in developing, implementing, and evaluating programs at LEA and school levels.
- II. **Governance, Administration and Funding.** Applications, plans, administration of programs, allocation and use of funds meet statutory requirements.
- III. **Program Quality.** Programs are implemented using scientifically researched based strategies and services, highly qualified staff, and high quality professional development which is all aligned to a comprehensive needs assessment.
- IV. **Accountability and Reporting.** Programs use state and other assessments to measure the achievement of intended outcomes of programs. LEA and schools publicly report and widely disseminate all required program and student accountability results. NCLB sanctions are properly implemented.

There are three phases to the monitoring process: Planning, Fieldwork, and Reporting.

### **Planning Phase**

During the planning phase, LEAs/charter schools are notified via, a written memo, 30 days in advance of the review. The lead PA contacts the local Director of Federal Programs to plan the schedule for the Desk Review document submission component and the on-site interview component.

### **Field Work Phase**

During the field work phase of the monitoring process, the lead PA collects documentation to support the monitoring instrument elements. The lead PA and secondary PA conduct a desk review of the documentation to compare the documents submitted against the elements in the monitoring instrument. Generally, on Thursday of the review week, the lead and secondary PAs travel to the sub-grantee location to conduct school visits and interviews with principals, teachers, parents, and Central Office staff. To conclude the on-site review, the PAs share general observations noted during the documentation and on-site review. In addition, the monitor notes if there appears to be any potential fiscal compliance concerns which might require additional investigation through the Federal Fiscal Procedures Monitoring protocol, which will be described in detail later in this document.

### **Report Phase**

During the report phase, PAs utilize all notes taken throughout the monitoring review and complete a monitoring report. Each indicator is marked with one of the following ratings as described in the following Rating Rubric:

<b>Rating Rubric</b>			
<b>Meets Requirements</b>	<b>Finding</b>	<b>Meets Requirements with Recommendations</b>	<b>Not Applicable (N/A)</b>
<p>Compliance indicator is 100% met and supported by all required evidence.</p> <p>All required documents are provided and support compliance.</p> <p>Interviews support processes, documentation, and implementation.</p> <p>Compliance is consistent at district and schools sampled.</p>	<p>Evidence or lack of evidence show compliance indicator has not been met.</p> <p>Incomplete or lack of required documentation.</p> <p>Interviews lack understanding or support of documentation, processes, and implementation.</p> <p>Compliance is inconsistent at district and schools sampled.</p>	<p>Basic compliance requirements are met; recommendations are provided for improvement.</p>	<p>The District is not eligible for the program.</p> <p>Accountability standard is not applicable.</p> <p>Program not elected (i.e., pre-school, private school participation).</p>

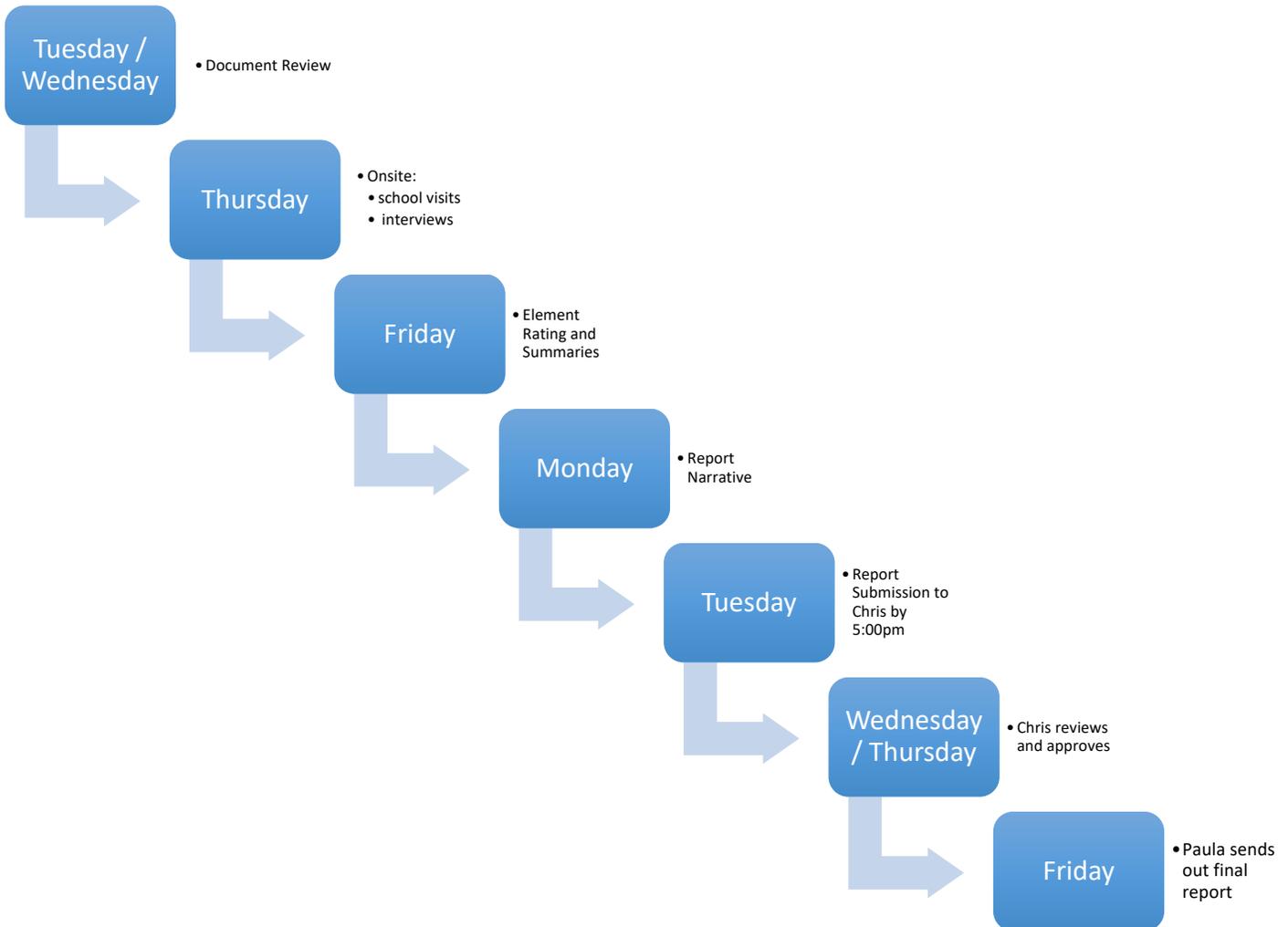
For any indicator marked as Finding, the PA provides a narrative describing the corrective action that is required. Once the lead PA has completed an initial draft of the report, he or she forwards it to the Division Leadership for supervisory review and copies to the Administrative Secretary. When the supervisory review is completed, Division Leadership forwards the report to Administrative Secretary to issue the cover letter and report. It is the goal of the division to send the final draft of the CPMR Report to the sub-grantee is mailed within thirty (30) days of the monitoring visit.

NCDPI requires sub-recipients to provide written responses to any elements marked as "Findings." NCDPI does not require the sub-grantee to provide a written response for any indicator marked "Meets Requirements with Recommendations." While compliance requirements have been met, the PA provides recommendations to increase program effectiveness. If all elements are marked as "Meets Requirements,"

If the sub-grantee's written response is not satisfactory or incomplete, the Federal Program Administrator provides feedback via email and phone to communicate which aspects of the sub-grantee response remain inadequate or to further explain the required action needed to demonstrate compliance. The response-feedback exchange between NCDPI and the sub-grantee repeats as necessary until the program response demonstrates compliance and NCDPI issues the closing letter.

The graphic on the following page provides an at-a-glance overview of the monitoring review. The Administrative Secretary documents the process from notification to closing in a tracking log.

# Cross-Program Monitoring Flow Chart



## **Maintenance of Data**

All documentation is maintained in a central web-based file to allow all members of the team ready access for audit purposes.

## ***FISCAL MONITORING REVIEWS***

The fiscal monitoring reviews are performed in a similar manner to the program reviews. Fiscal Monitors within the Division of Monitoring and Compliance perform a risk assessment based on the LEAs and charter schools included in the program monitoring schedule each year. The risk

factors include each of the following performance factors and rated as low, medium, or high risk in the order as listed in the descriptions:

Risk Assessment Factor	Descriptions
Prior Monitoring Findings	<ul style="list-style-type: none"> <li>• Review performed with no deficiencies:</li> <li>• Minor deficiencies/No review performed:</li> <li>• Significant deficiencies</li> </ul>
Allocation Percentage	<ul style="list-style-type: none"> <li>• Less than 5%</li> <li>• 5% to 10%</li> <li>• Greater than 10%</li> </ul>
Annual Financial Reports are Filed	<ul style="list-style-type: none"> <li>• Timely</li> <li>• November 1, 2016 to December 31, 2016</li> <li>• After December 31, 2016</li> </ul>
Quality of Annual Financial Reporting	<ul style="list-style-type: none"> <li>• No findings noted/Minor deficiencies</li> <li>• Multiple findings noted</li> <li>• Significant findings</li> </ul>
Staffing	<ul style="list-style-type: none"> <li>• No changes</li> <li>• Minor staff changes</li> <li>• Significant staff changes</li> </ul>
Years Since Last Monitoring Visit	<ul style="list-style-type: none"> <li>• One to two years</li> <li>• Three years</li> <li>• Four or more</li> </ul>

Additional factors are also considered such as reports of mismanagement or fraud, review of audit reports, implementation of new systems such as new accounting or payroll systems, etc. Based on the results of the risk assessment, Fiscal Monitors select a subset of the LEAs and charter schools from the list identified for program monitoring to perform on-site monitoring reviews.

**Planning Phase**

Fiscal Monitors provide notification of a fiscal monitoring site visit to the LEA or charter school at least 10 business days in advance of the visit.

**Field Work**

The Monitoring Site Visit Report Checklist is the tool to be used by the Monitoring and Compliance Section, Fiscal Monitors to conduct the onsite fiscal reviews of Local Education Authorities (LEA) and charter schools. The Fiscal Monitors are to use the completed checklist and the supporting documentation collected to prepare a Fiscal Monitoring Report that will be issued to the LEA or charter school being reviewed.

The checklist will be reviewed prior to each monitoring cycle by the Monitoring and Compliance, Section Chief. Updates or changes to compliance standards will be considered during the review. Any changes to the checklist will be communicated to the Fiscal Monitors and a copy of the reviewed checklist will be copied into the folder for the new monitoring cycle under templates.

The checklist is separated into the following six compliance sections:

1. Time and Effort (Semi-Annual Certifications) - Test compliance for the certification of work performed by employees who are paid %100 from a single Federal program or that perform a single job. Semi-Annual Certifications are tested to ensure that:
  - a. They are prepared at least semi-annually
  - b. They contain an handwritten employee or supervisor signature
  - c. They are signed subsequent to the end of the certification period, and
  - d. They contain a valid Federal program
  
2. Time and Effort (Personnel Activity Reports) Test compliance for the certification of work performed by employees who are paid from multiple programs that include one Federal program or employees who perform more than one job and are paid from Federal funds. Personnel Activity Reports (PAR) are tested to ensure that:
  - a. They are prepared monthly
  - b. They contain a handwritten employee signature
  - c. They are signed subsequent to the end of the certification period
  - d. They coincide with at least one pay period
  - e. They are supported by documentation that represents 100% of the time worked and
  - f. A reconciliation is being performed of budgeted time to actual work performed
  
3. Equipment - Test Compliance for equipment and technological items purchased wholly or in part by Federal funds. Testing for these Federally funded items include determining:
  - a. If property records are maintained that use all of the Federally required criteria
  - b. If a physical inventory is being performed at least once every two years
  - c. If the results of the inventory are reconciled back to the property records
  - d. If property records are being maintained for technological items regardless of purchase price that include all the Federally required criteria
  
4. Contracted Services - Test compliance for federally funded procurement transactions that are included in object code 311 that require a valid contract to be in place. Testing of contracted services include:
  - a. The contract requiring payment and
  - b. The supporting documentation for the payment to include an invoice, purchase order and or check request.
  
5. Internal Controls - Test compliance for federally required policy/procedure, debarment and suspension, and the comparison of expenditures to budgeted

amounts for Federal programs. Testing includes determining compliance with the following requirements:

- a. Time and Effort policy/procedure
- b. Equipment policy/procedure
- c. Procurement and Contracted Services policy/procedure
- d. Allowable Cost for the expenditure of Federal funds policy/procedure
- e. Cash Management for the use of Federal funds policy/procedure
- f. Debarment and Suspension
- g. Comparison of actual expenditures to budget for Federal programs
- h. Cash Management

6. Test compliance with the 3-day cash rule and to determine if expenditure of Federal funds is made within the 3 days of receiving those funds

These six sections are the areas of Federal grant compliance to be reviewed during the onsite visit. Each of the sections contain questions specific to the compliance topic being reviewed. The questions are designed so that by answering “yes” or “no” and collecting supporting documentation for that answer a Fiscal Monitor can ensure that the compliance requirements for that section are being met. In addition to answering the compliance questions the Monitoring Site Visit Report Checklist contains a section for comments that should be used by the Fiscal Monitors to provide additional information or links to work papers that support his or her answer.

An answer of “yes” indicates that the compliance principle addressed by that question is being met and by answering “yes” to all the questions within a specific section the Fiscal Monitor would be able to determine that the LEA or charter school is in compliance with that Federal grant requirement. The “no” answers will point out to the Fiscal Monitor the principles within the compliance section that the LEA or charter school is not in compliance with and then the Fiscal Monitor can use this information to develop a deficiency to be noted in the Fiscal Monitoring Report.

## **Report**

Upon completion of a site visit at an LEA or charter school the Fiscal Monitor who performed or was the lead Monitor on the site visit is to complete the Site Visit Checklist, prepare the Fiscal Monitoring Report and Fiscal Monitoring Cover Letter. The Site Visit Checklist, Fiscal Monitoring Report and Cover Letter must be completed and submitted to the Section Chief no later than 30 days after the last day of the site visit. The completion and submission of the Monitoring Report and Cover Letter in the 30 days will provide time for the Section Chief to review the monitoring report, cover letter, and supporting documentation. Once the Section Chief approves the monitoring report, it will be submitted to the Assistant Director of School Business Administration for a final review and approval. Upon approval by the Assistant Director the Fiscal Monitoring Report will be issued to the LEA or charter school via an attachment to an email copying all appropriate DPI personnel and LEA or charter staff and board members. In addition, final reports

are issued and copied to Division Leadership to forward to the appropriate PA to maintain a record on file. LEAs and charter schools must respond to any Corrective Actions. When all compliance issues are sufficiently resolved, a closing letter is issued and copied to Division Leadership to share with the appropriate PA. Additional information

### ***PROGRAM QUALITY REVIEWS***

Program Quality Reviews (PQRs) are primarily conducted for competitive grant sub-recipients, which currently are limited to School Improvement Grants (SIG). PQRs utilize a common instrument aligned to the evidence-based indicators in the web-based school improvement planning tool, NCStar. SIG sub-recipients are required to utilize NCStar so that the progress of the implementation of plan may be monitored and coaching comments provided in a virtual environment. In addition to the virtual monitoring, Division Leadership works in collaboration with the Division of Educator Support Services staff to conduct on-site reviews twice each year of the grant. Reports are completed and forwarded to Division Leadership for supervisory review. Reports are issued to subrecipients when supervisory review is completed.

