



NCPRO

NC Pandemic Recovery Office

ARPA State Fiscal Recovery Funds

Interagency Meeting

February 22, 2024

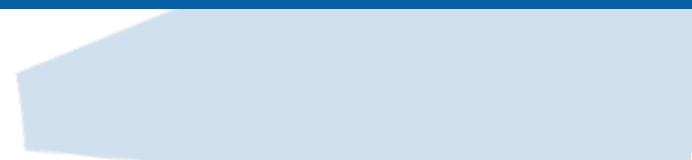
Agenda

1. Monitoring - Deloitte
2. SFRF Obligations and Expenditures
3. Key Performance Indicators
4. Office Hours (remaining time)



Monitoring

Deloitte



Deloitte.



North Carolina Pandemic Recovery Office

**State Fiscal Recovery Funds
Interagency Discussion**

February 22, 2024

ARP SFRF Interagency Discussion

Agenda

Introductions

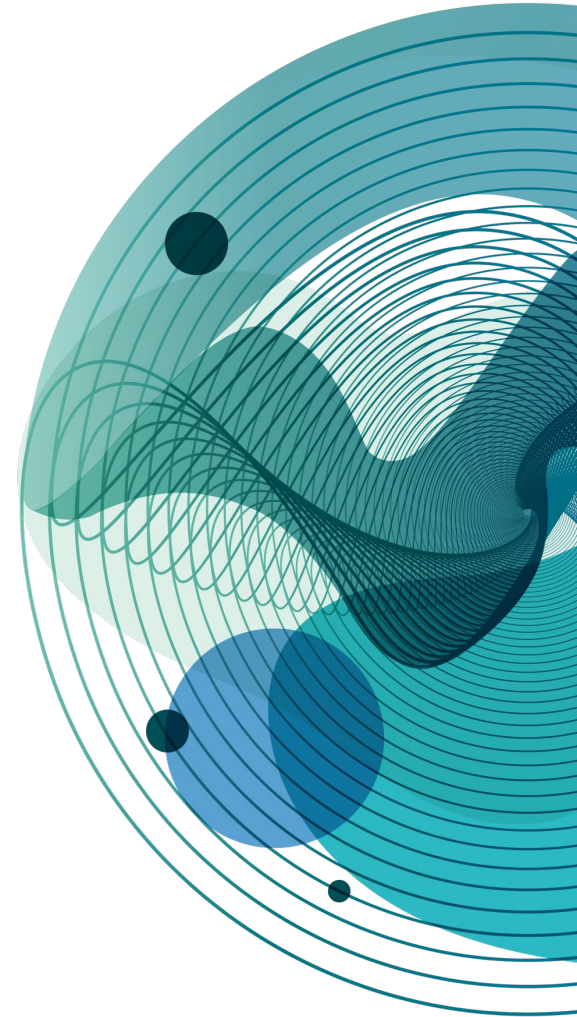
SFRF Compliance Objectives

Approach to Achieving State Agency Compliance

State Agency Document Request List

Document Request Timeline

Questions



Introductions



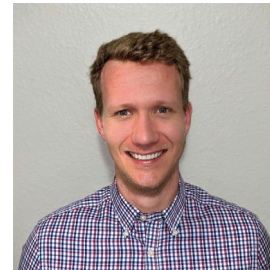
Linus Akanoh, Jr.
Engagement Partner



Joseph Simon
Program Manager



Joe Gorsuch
Project Manager



Matthew Mercer-Izidoro
Monitoring Compliance Team Member

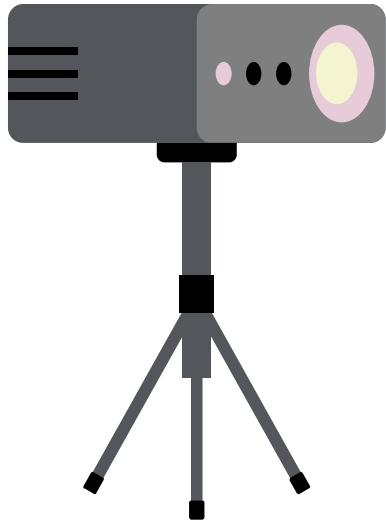
SFRF Compliance Objectives

- ✓ Monitor NC PRO's Subrecipients
- ✓ Verify State Agencies' compliance with State and Federal rules and regulations
- ✓ Confirm that State Agencies' subrecipients are audited and monitored
- ✓ Mitigate risk of Federal clawback resulting from OIG audits
- ✓ Keep SFRF dollars in NC!



Approach to Achieving State Agency Compliance

What to expect during monitoring:



Preliminary Meetings

- We plan to meet with you to learn about your experience with SFRF, set expectations, and request/ verify information to complete a risk assessment.

Risk Assessment

- Our goal is to make the risk assessment as data driven as possible.
- Materiality drives a large portion of risk score.
- Risk assessments will be cyclical.

Monitoring

- We will ask to schedule time with your staff to walk through your policies, processes, and procedures.
- Request for financial and programmatic support.
- Monitoring will be cyclical.

Evaluation

- Following our review, we will issue a Final Results letter detailing any observations we have made.
- If observations were made which require corrective action, we will ask that you describe how this will be done.

Leading Practices

- We will provide recommendations based on our observations aimed to improve agency compliance.
- We are here to serve as a resource for achieving SFRF grants management compliance.

Document Request List

This list will allow us to assess risk and provide support to correct deficiencies.

Document Category	Type	Compliance Question or Statement	Documentation Type
Fiscal	Accounting Process	Please explain how funds are tracked for each project and how project costs are kept segregated.	Written explanation or screenshot of financial system's approval workflow.
	Administrative Expenditures	Reports of administrative expenditures for each project the state agency is monitoring. If the state agency has a Negotiated Indirect Cost Rate, they are electing to use for the SFRF, please provide a copy of the agreement including the rate.	Written explanation, agreements, and/or reports.
Compliance	Turnover of Key Personnel (Secretary, CFO, and/or grant specialists)	Indication of turnover, such as key personnel, financial management, grants management, IT Management, or other staff service in a grants administration role at the state agency level. For new staff include information regarding new personnel. Including current staffing structure for performing the monitoring function.	Written explanation and organization chart if available.
	Dedicated Personnel	Documentation of the assigned personnel overseeing SFRF at your state agency.	Written explanation, job description, and organization chart if available.
	Federal Grant Management Policies	Documentation of your Federal grants management policies and procedures including but not limited to your procurement and conflict of interest policies.	Copies of your up-to-date policies and procedures for managing SFRF.
Program Specific	Subrecipients	List of subrecipients for your state agency.	List of subrecipients, including their allocation by project.
	Pass-Thru Requirements	Copies of risk assessments completed by state agencies for subrecipients, subrecipient monitoring policies, and technical assistance request and delivery records as applicable.	Risk assessments, subrecipient monitoring policies, and technical assistance records.
	Program Income	Written policies for handling program income, including current program income calculations and records.	Policies, calculations and records, and/or written explanation.
	Inventory	Inventory listing if capital assets and/or equipment were purchased with SFRF dollars.	Copy of most recent inventory log or listing.

Document Request Timeline

Please follow the steps outlined below to submit the requested information.

1. Review the document request list.
2. Send requested information to your NC PRO Grant Manager point of contact.
3. Information must be submitted ***no later than March 8, 2024, at 5pm.***





Questions

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SFRF Obligations and Expenditures

SFRF Obligation

- All SFRF dollars must be obligated by December 31, 2024
- Obligation occurs at agency level when an order is placed for property and services and a state agency enters into contracts, subawards, and similar transactions that require payment. Some administrative costs to be incurred in 2025-26 are considered obligations.*
- Subrecipients and contractors are not subject to the obligation deadline once the subaward is in place
- UST has not released final obligation guidance, so questions remain

* Administrative costs include reporting & compliance (including monitoring), single audit, internal controls, etc.

SFRF Expenditures

- US Treasury's obligation rules will lock agencies and their subrecipients into their reported projects regardless of revenue replacement designation
- Upcoming short session will be last opportunity for agencies to get SFRF dollars reappropriated and obligated if they are unable to expend them fully by December 31, 2026
 - Unlike obligations, SFRF expenditures must be fully expended through all contract and subrecipient levels by the deadline
- SFRF dollars not expended by December 31, 2026, must be returned to US Treasury in early 2027

Next Steps for SFRF Projects

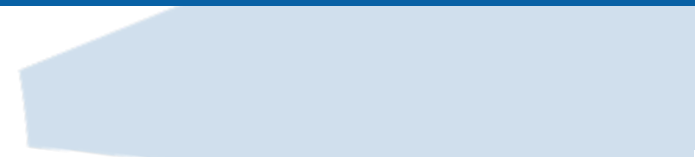
- NCPRO Grants Managers will meet with every agency on each project by March 7, 2024, to make sure that funds can be obligated by December 31, 2024, AND can be expended by December 31, 2026
- Agencies need to be prepared to share detailed plans for projects (down to the subrecipient level) and make projections of expenditures by calendar year
- Any projects that are at-risk of not obligating funds and/or not expending funds by UST deadlines will be identified for possible reappropriation
- CFOs and Agency Heads will be notified of these requirements for their agencies in the next week

NCPRO needs to report at-risk funds to OSBM and Governor's Office by mid-March 2024 and to the NCGA by May 2024





Key Performance Indicators



Key Performance Indicators

- NCPRO submits quarterly report to NC General Assembly on SFRF appropriations, disbursements, expenditures and use of funds
- Fiscal Research is requesting more detail on the use of funds, and we need state agencies to complete their KPI development and turn in their data within the next month
- NCPRO plans to stand up the KPI dashboard by April 2024; we will report the data that we have to Fiscal Research at that time



Office Hours

