



NC Pandemic Recovery Office

Standard Operating Procedures – Administering Agencies

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1.0 Purpose

As authorized by North Carolina General Statute [143C-2-1](#), the Governor, as Director of the Budget, has delegated certain powers and authorities to Office of State Budget Management (OSBM). Included in these authorities are the preparation and execution of State's comprehensive budget, as enacted by the General Assembly. The Appropriations Act of 2021 directed OSBM to allocate, as specified, federal funds received by the State under COVID-19 Recovery Legislation. In addition, Session Law 2020-4 Section 4.3 directed OSBM to establish the North Carolina Pandemic Recovery Office (NCPRO) to: oversee and coordinate funds, provide technical assistance, and ensure coordination, proper reporting and accounting of these funds.

NCPRO was initially established to assist in administering the Coronavirus Relief Funds (CRF). In March 2021, when the State received an additional \$5.4 billion in State Fiscal Recovery Funds (SFRF) from the U. S. Department of the Treasury (Treasury) through the American Rescue Plan Act (ARPA), NCPRO was also tasked with overseeing the State's use of these funds and implementing routines to ensure compliance with the applicable State and federal requirements.

In November 2021, the State passed its fiscal year 2022 budget, which specified appropriations of the \$5.4 billion of SFRF. Funds were appropriated to twenty-four state and non-state entities through the creation of 130 projects. Subsequent to this initial appropriation, NCPRO has been responsible for reassessing and determining the optimum number of projects. State agencies that received SFRF appropriations are considered prime recipients and are referred to as *Administering Agencies*. NCPRO is also considered an Administering Agency and subject to these Standard Operating Procedures when NCPRO is a prime recipient of SFRF funds with pass-through responsibilities. To document expectations, terms, and conditions, a Memorandum of Understanding (MOU) is executed between Administering Agencies and NCPRO for each SFRF funded project.

The purpose of this SOP is to provide guidance to Administering Agencies. The guidance is consistent with the State legislative intent under Subchapter 03M of the North Carolina Administrative Code (NCAC), and the Code of Federal Regulations (CFR), 2 CFR, Part 200.

Subchapter 03M of the NCAC 09 NCAC 03M.0101, states,

"Pursuant to G.S. 143C-6-23, the rules in this Subchapter establish reporting requirements for non-State entities that receive, hold, use, or expend State financial assistance and ensure the uniform administration of State financial assistance by all [Administering Agencies,] recipients, and subrecipients. The requirements of this subchapter shall not apply to:

- (1) State financial assistance to non-State entities subject to the audit and other reporting requirements of the Local Government Commission
- (2) Tuition assistance to students

(3) Public assistance payments from Federal entitlement projects to or on behalf of enrolled individuals

(4) State funds disbursed to a contractor as defined in this Subchapter”

09 NCAC 03M.0201 states:

“Expenditures of State financial assistance by any recipient or subrecipient shall be in accordance with the cost principles outlined in the Code of Federal Regulations, 2 CFR, Part 200. If the State financial assistance includes federal sources, the recipient or subrecipient shall ensure adherence to the cost principles established in the Code of Federal Regulations, 2 CFR, Part 200.”

The guidance that follows refers to specific types of grant funds that are subject to NCAC, 2 CFR 200, or both.

2.0 Roles and Responsibilities

In this document, State agencies and NCPRO are referred to as Administering Agencies, in accordance with previously used definitions. NCPRO is a “Coordinating Agency” when NCPRO provides guidance and assistance to Administering Agencies.

2.1 NCPRO Role as Coordinating Agency

NCPRO’s oversight and coordination may include, but is not limited to ensuring that Administering Agencies:

- Establish policies and procedures that are sufficient to carry out the legislative intent for SFRF appropriations.
- Establish procedures to monitor subrecipients.
- Adhere to their policies and procedures.
- Receive guidance for compliance with the State’s legislative intent, subchapter 03M of the NCAC, and 2 CFR 200.
- Submit timely and accurate monthly, quarterly, and annual financial and performance reports for subsequent review and submission by NCPRO to the appropriate recipients.

NCPRO will assign staff to facilitate the disbursement of funds, project documentation, reporting, technical assistance, coordination of effort, risk management, and adjustments, as needed to promote effective financial and project outcomes. NCPRO is not authorized to direct the work of Administering Agencies. However, in its advisory role, NCPRO will provide guidance to improve compliance with State and federal requirements.

2.2 Administering Agencies’ Roles

The designation of Administering Agencies as prime recipients and not subrecipients of NCPRO is consistent with U.S. Treasury guidance that was issued for CRF. Under this guidance, agencies and departments of a state are considered prime recipients. This approach is also consistent with the manner in which agencies are reported in the State’s Annual Comprehensive Financial Report (ACFR). All State departments, agencies, commissions, and authorities governed and legally controlled by the State’s executive, legislative, and judicial branches are included in the ACFR; therefore, all SFRF funds appropriated to the Administering Agencies are included in the ACFR. In addition, the SFRF funds expended by the Administering Agencies are included within the scope of the NC statewide single audit process.

Administering Agencies are responsible for creating grant projects that may be direct State spending, subawards to non-state entities, or both. In addition, Administering Agencies are responsible for ensuring that:

- (1) Projects comply with the State legislative intent under Session Law 2021-180, Senate Bill 105; Subchapter 03M of the NCAC; and 2 CFR 200.

- (2) Policies and procedures to monitor the activities of subrecipients are prepared and implemented (See Section 4.2 for further details regarding responsibilities for subrecipient monitoring).
- (3) Reports (financial and performance) are submitted to NCPRO in accordance with prescribed timelines, templates, and platforms.
- (4) Responses to requests from NCPRO and OSBM internal auditors are completed accurately and timely.
- (5) Requirements for subawards described in Section 3.5 below are met.
- (6) Significant questions or concerns about the overall allowability of SFRF to fund specific projects and other policy issues are promptly reported to NCPRO.

3.0 Pre-Award

3.1 Planning

The appropriation of SFRF funds to Administering Agencies resulted in many varied and unique grant projects. The Administering Agencies and NCPRO are responsible for establishing programs and administering SFRF funds in a manner that ensures the achievement of the legislative intent for each project, as well as compliance with State and federal requirements. To aid in the development of projects NCPRO provided the Administering Agencies with a project template. (See Appendix A.) NCPRO created this template to collect information needed to determine if new projects comply with policies and regulations. The template also provides for the development of performance measures for each grant.

NCPRO is responsible for reviewing and approving all projects and performance measures. NCPRO and the Administering Agencies will work together to resolve any conflicting approaches to compliance techniques and procedures. If necessary, any such issues may be referred to the State Budget Director for final resolution.

3.2 Distinguishing Between Subrecipients, Beneficiaries, and Contractors

Administering Agencies are responsible for determining whether entities receiving SFRF subawards from their agency are classified as subrecipients, beneficiaries, or contractors. This distinction is important because of the differing compliance and reporting requirements. Subrecipients must comply with the requirements in the federal Uniform Guidance. As a result, Administering Agencies must monitor and report on the activities of subrecipients. The requirements are addressed later in this document. Below is a section of the Treasury Final Rule that provides guidance on how to determine whether a receiving entity is a subrecipient or beneficiary.

The distinction between a subrecipient and a beneficiary contingent upon the rationale for why a recipient is providing funds to the individual or entity. If the recipient is providing funds to the individual or entity for the purpose of carrying out a [SFRF] program or project on behalf of the [Administering Agency], the individual or entity is acting as a *subrecipient*. Acting as a subrecipient, the individual or entity is subject to subrecipient monitoring and reporting requirements. Conversely, if the recipient is providing funds to the individual or entity for the purpose of directly benefitting the individual or entity as a result of experiencing a public health impact or negative economic impact of the pandemic, the individual or entity is acting as a *beneficiary*. Acting as a beneficiary, the individual or entity is not subject to subrecipient monitoring and reporting requirements.

The State Administrative Code adopted the same definition in 09 NCAC 03M.0102 (10) and (14) as in 2 CFR 200.1 that a federal subrecipient “does not include an individual that is a beneficiary of such [project].” The U.S Treasury uses the terms “recipient” or “subrecipient” to identify entities receiving financial assistance “to carry out part of a state [project].” Beneficiaries are awarded funds without the requirement of executing specific project expectations.

As required under 2 CFR 200.101 (b)(2) of the Uniform Guidance, the terms and conditions of federal awards flow down to subawards and subrecipients. Therefore, non-federal entities, as defined in the Uniform Guidance, must comply with the applicable requirements in the Uniform Guidance, regardless of whether the non-federal entity is a recipient or subrecipient of a federal award. This includes requirements such as the treatment of eligible uses of funds, procurement, and reporting requirements (Page 210 of the Final Rule).

Beneficiaries and contractors are not subject to the requirements placed on subrecipients in the Uniform Guidance, including an audit pursuant to the Single Audit Act and 2 CFR 200, Subpart F, or subrecipient reporting requirements (Page 210 of the Final Rule). While Administering Agencies will make the subrecipient, beneficiary, or contractor designations, in its oversight and coordinating role, NCPRO may review those determinations to ensure proper compliance with regulations.

3.3 Revenue Replacement

Based on Treasury guidance, SFRF recipients may expend and award funds under one of four eligible use categories: (1) Public Health/Negative Economic Impacts; (2) Premium Pay; (3) Investments in Water, Sewer, and Broadband; (4) Revenue Replacement. Using Treasury guidance, the State has classified projects under these categories, as appropriate. Use of the Revenue Replacement category has the potential for more flexibility, as well as reduced monitoring and reporting requirements. Essentially, the Revenue Replacement eligible use category allows SLFRF recipients to use the awarded funds to replace general revenue losses caused by the COVID-19 public health emergency. There are two options for identifying how much of the SFRF can be reported under the Revenue Replacement expenditure category. The first option is to perform a detailed calculation to determine the actual revenue loss (as explained in the Treasury Final Rule). The second option is to accept the standard allowance of \$10 million. At the state level, North Carolina has chosen the first option – calculation of the actual revenue loss.

While the Final Rule provides examples of eligible expenditures to “provide government services affected by a revenue reduction resulting from COVID-19,” under the current guidance, North Carolina has broad latitude to determine what qualifies as a government service, and how Revenue Replacement funds may be used. In accordance with the Final Rule, eligible general government services, include, but are not limited to:

- Maintenance or pay-go funded building of infrastructure including roads (be mindful that restrictions do apply, if the entity typically borrows money for these projects the project might be ineligible)
- Modernization of cybersecurity, including hardware, software, and protection of critical infrastructure
- Health services
- Environmental remediation

- School or educational services
- Provision of police, fire, and public safety services
- The non-federal cost share or matching requirements of other Federal programs

The above list is not exhaustive. The State may fund other services under the Revenue Replacement expenditure category if the services are traditionally provided using government funds. However, the Final Rule prohibits the use of Revenue Replacement or other SFRF funds to:

- Directly or indirectly offset a reduction in taxes
- Fund capital projects funded with borrowed money (e.g., a loan or bond); all capital projects funded with SFRF money must be paid with “cash on hand”
- Fund a pension plan
- Pay for debt service
- Replenish financial reserves
- Satisfy an obligation arising from a judicial settlement or judgement
- Undermine practices included in the CDC’s guidelines and recommendations for stopping the spread of COVID-19

NCPRO will provide guidance and work with the Administering Agencies to adjust their policies and procedures, as needed, to help ensure that funds designated as Revenue Replacement are spent on general government services, and those funds are used in a manner compliant with the Final Rule and Uniform Guidance.

In accordance with Treasury Guidance as of June 1, 2022, there are fewer reporting requirements for projects that are funded with Revenue Replacement funds that will be reported under the U.S. Treasury Expenditure Category 6.1: Provision of Government Services. These lessened reporting requirements were applicable for the January through March 2022 quarter that were reported in April 2022. As of June 1, 2022, Treasury has not provided specific guidance on how Revenue Replacement funds must be reported in subsequent quarters. For the April 2022 reporting cycle, reporting for projects under Expenditure Category 6.1 was not required for subrecipients, subawards, and expenditures. For further information, please refer to **Section 4.4.2 Submission of Required Reporting**.

While there are fewer reporting requirements for Expenditure Category 6.1 projects, the projects funded under this category are still subject to Uniform Guidance requirements. According to section 13.1 of the April 27, 2022, FAQ, most of the provisions of the Uniform Guidance apply to this project category as well, including the Cost Principles and Single Audit Act requirements. Therefore, recipients should refer to the Assistance Listing for detail on the specific provisions of

the Uniform Guidance and be aware of the potential for revisions to the guidance. The Assistance Listing will be is at [SAM.gov Assistance Listing](#).

3.4 North Carolina Administrative Code

Provisions of the North Carolina Administrative Code Title 09 Chapter 03 Subchapter M Uniform Administration of State Grants (09 NCAC 03M) are included in Section 1.0 of this document. These provisions establish minimum reporting requirements which apply to SFRF recipients. The reporting levels are established for recipients or subrecipients that hold, use, or expend State financial assistance in amounts within a fiscal year as follows:

- Level I – less than twenty-five thousand dollars (\$25,000).
- Level II – at least twenty-five thousand (\$25,000) or greater, but less than five hundred thousand dollars (\$500,000).
- Level III – equal to or greater than five hundred thousand dollars (\$500,000).

The requirements state that recipients and subrecipients must report as follows:

- All shall provide a certification that State financial assistance received or, held was used for the purposes for which it was awarded.
- All shall provide an accounting of all State financial assistance received, held, used, or expended.
- Level II and III recipients and subrecipients shall report on activities and accomplishments undertaken by the recipient, including reporting on any performance measures established in the contract
- Level III recipients and subrecipients shall have a single or project-specific audit prepared and completed in accordance with Generally Accepted Government Auditing Standards, also known as the “Yellow Book”

These funds constitute federal financial assistance to the State; therefore, use of these funds must be in accordance with state regulations found in Title 09, Subchapter 03M of the NCAC, and none of these requirements are waived.

3.5 Subaward

Prior to making any subawards, each Administering Agency is required to execute a grant agreement with the subrecipient of that subaward. All subawards must include the following information required by 2 CFR 200.332, as well as the Final Rule, and the specified legislative requirements of the State of North Carolina:

- (1) Federal award identification

- (i) Subrecipient name (which must match the name associated with its unique entity identifier);
 - (ii) Subrecipient's Unique Entity Identifier (UEI) (formerly DUNS number);
 - (iii) Federal Award Identification Number (FAIN) (SLFP0129);
 - (iv) Federal award date (see the definition of *Federal award date* in § 200.1 of this part) of award to the recipient by the Federal agency;
 - (v) Subaward period of performance start and end date;
 - (vi) Subaward budget period start and end date;
 - (vii) Amount of federal funds obligated by this action by the Administering Agency to the subrecipient;
 - (viii) Total amount of federal funds obligated to the subrecipient by the Administering Agency including the current financial obligation;
 - (ix) Total amount of the federal award committed to the subrecipient by the Administering Agency;
 - (x) Federal award project description (this will serve dual purposes – one to meet the SFRF reporting requirements, and two, as required for the U.S. Treasury to comply with the Federal Funding Accountability and Transparency Act (FFATA) on behalf of the Administering Agency);
 - (xi) Name of federal awarding agency, Administering Agency, and contact information for awarding official of the Administering Agency;
 - (xii) Assistance Listings number and Title; the Administering Agency must identify the dollar amount made available under each federal award and the Assistance Listings Number at time of disbursement;
 - (xiii) Identification of whether the award is R&D; and
 - (xiv) Indirect cost rate for the Federal award (including if the de minimis rate is charged) per § 200.414.
- (2) All requirements imposed by the Administering Agency on the subrecipient to ensure that the federal award is used in accordance with federal statutes, regulations and the terms and conditions of the federal award;
- (3) Any additional requirements that the Administering Agency imposes on the subrecipient in order for the Administering Agency to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports;
- (4) A description of what are allowable administrative costs and any limitations on the use of administrative costs. According to the Final Rule there are two types of allowable

administrative costs: Direct and Indirect. Direct costs are those that are identified specifically as costs of implementing the SFRF project objectives, such as contract support, materials, and supplies for a project. Indirect costs are general overhead costs of an organization where a portion of such costs are allocable to the SFRF award, such as the cost of facilities or administrative functions like a director's office. In any event, the total amount of administrative costs (direct and indirect combined) cannot exceed 10%. See North Carolina State Budget section 4.9(g): Administration for specific details on requirements for administrative costs for SFRF-funded projects.

The following restrictions apply to the use of indirect costs:

- (i) An approved federally recognized indirect cost rate negotiated between the subrecipient and the federal government. If no approved rate exists, the Administering Agency must determine the appropriate rate in collaboration with the subrecipient, which is either:
 - (A) The negotiated indirect cost rate between the Administering Agencies and the subrecipient; which can be based on a prior negotiated rate between a different Administering Agency and the same subrecipient. If basing the rate on a previously negotiated rate, the Administering Agency is not required to collect information justifying this rate, but may elect to do so;
 - (B) The *de minimis* indirect cost rate.
 - (C) Unless otherwise agreed between the Parties, the indirect cost rate for administrative costs is the *de minimis* rate of 10%.
 - (ii) The Administering Agency must not require use of a *de minimis* indirect cost rate if the subrecipient has a federally approved rate. Subrecipients can elect to use the cost allocation method to account for indirect costs in accordance with § 200.405(d).
 - (iii) The North Carolina Current Operations Appropriations Act of 2021 Section 4.9(g) specifies the following: Administration – For each project receiving SFRF funds, the Administering Agency may charge administrative costs (both direct and indirect) the lesser of (i) the amount allowed by federal law or guidance or (ii) ten percent (10%) of the SFRF funds allocated to it under this act. When utilizing the authority set forth in this subsection, an Administering Agency shall not reduce funds earmarked in this act, or the Committee Report described in Section 43.2 of this act, for a particular local government project or non-State entity project.
- (5) A requirement that the subrecipient permit the Administering Agency and auditors to have access to the subrecipient's records and financial statements as necessary for the Administering Agency to meet the requirements of this part; and
- (6) Appropriate terms and conditions concerning closeout of the subaward.

In addition, Administering Agencies must ensure that the following requirements are met during the process of awarding grant funds to any potential subrecipients:

(1) Registration with the System for Award Management (SAM) and Universal Identifier:

- A. Requirement for SAM: Unless the grantee is exempt from this requirement under 2 CFR 25.110, the grantee must maintain the currency of its information in the SAM until the grantee submits the final financial report required under this grant, or receives the final payment, whichever is later. This requires that the sponsor review and update the information at least annually after the initial registration and more frequently if required by changes in information or another award term. Additional information about registration procedures may be found at the SAM website (<http://www.sam.gov>)
- B. Requirement for UEI Numbers: The grantee must provide its UEI number as part of accepting the grant. If the grantee does not have a UEI number, they should apply for one. The UEI number can be requested by the System for Award Management (<http://www.sam.gov>). Please note: In the event that UEI numbers cannot be obtained through SAM in a timely manner, the grantee Taxpayer Identification Number (TIN) will be accepted in the interim.

(2) Verification that entities are not deemed suspended or debarred by the federal government. Suspension and debarment occur when an action has been taken by a federal agency or official to exclude an individual or organization from participating in transactions involving certain federal funds. Suspension of an individual or organization is for a specific time period, while a debarment is a permanent ban.

- A. When entering a "covered transaction" as defined by 2 CFR § 180.200, the Administering Agency must:

Verify the non-federal entity is eligible to participate in this federal project by:

- 1. Checking the excluded parties list system (EPLS) as maintained within the SAM to determine if non-federal entity is excluded or disqualified; or
 - 2. Collecting a certification statement from the non-federal entity attesting they are not excluded or disqualified from participating; or
 - 3. Adding a clause or condition to covered transactions attesting individual or firm are not excluded or disqualified from participating.
- B. In addition, under North Carolina regulations, Administering Agencies must ensure that the subrecipient is not suspended or debarred from receiving State funds. The most recent spreadsheet can be found here:
<https://www.osbm.nc.gov/stewardship-services/grants-management-system/suspension-funding-memos>

3.6 Execution of Grant Agreements with Subrecipients

Administering Agencies are responsible for ensuring the proper completion, execution, collection, and retention of grant agreements. The signed grant agreements for subawards must be retained in compliance with the State's document retention policies. The documents must be available upon request for review by NCPRO, OSBM Internal Audit Department, and/or the Office of the State Auditor.

4.0 Ongoing Activities

The following sections contains ongoing activities that Administering Agencies must perform to ensure compliance with State and federal requirements. All Administering Agencies are expected to work cooperatively with NCPRO and provide requested information as NCPRO performs its required administrative and oversight functions.

4.1 Risk Assessment

In accordance with 2 CFR Part 200.332(b), each Administering Agency is required to “*evaluate each subrecipient’s risk of noncompliance with Federal statues, regulations, and the terms and conditions of the subaward for the purposes of determining the appropriate subrecipient monitoring.*”

Each Administering Agency must implement a risk assessment process that clearly documents the steps it performed, as well the impact of the preliminary risk assessment on the respective subrecipient monitoring plan. Once the grant agreements are executed, the Administering Agency will distribute a Risk Assessment Questionnaire to the subrecipient. The Risk Assessment Questionnaire will include documents to allow the Administering Agencies to:

- Review previous financial statement and Uniform Guidance Audit results and findings
- Review the policies and procedures related to cash management and allowable costs and activities
- Understand the structure and oversight of the organization as a whole

Once data collection is complete, the Administering Agencies will use the risk assessment template to evaluate each subrecipient’s risk of noncompliance. The Administering Agency will assign a risk rating to each subrecipient. The Administering Agency should update its risk assessment annually to incorporate relevant information such as results of monitoring activities and subrecipient audits, as well as other relevant factors.

The **Subrecipient Monitoring Handbook** provides guidance for developing and conducting risk assessment and monitoring processes and procedures. The Handbook contains questionnaires, checklists, and other useful tools. If an Administering Agency already has a subrecipient risk assessment process, Agency personnel must ensure that their existing procedures are compliant with the requirements in this document and the Handbook and make any modifications if necessary. If the Administering Agency does not have a subrecipient risk assessment process and procedures, it should use this document, the Handbook, and the appendices to develop a subrecipient risk assessment process.

4.2 Subrecipient Monitoring

As required by 2 CFR 200.332, each Administering Agency must establish processes to “*monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.*” Each Administering Agency must ensure that this requirement is met using a risk-based approach, as required by 2 CFR 200.332 (d). At a minimum, the monitoring must include:

- (1) Review of financial and performance reports.
- (2) Follow-up to ensure that the subrecipients promptly correct deficiencies detected through audits, on-site reviews, or any other relevant reviews.
- (3) Documentation of management decisions regarding audit findings pertaining only to the federal award provided to the subrecipient from the Administering Agency as required by 2 CFR 200.521.
- (4) Verification that subrecipients are not suspended or debarred.
- (5) Verification that subrecipients have and follow conflict-of-interest policies.

In addition, Administering Agencies are responsible for ensuring that subrecipients are in compliance with the Single Audit Act. For information related to Single Audit requirements specifically, please refer to the [Compliance Supplement materials](#) released by the Office of Management and Budget. For details on Uniform Guidance (2 CFR Part 200) requirements, refer to Section 13: Uniform Guidance of the Coronavirus State and Local Fiscal Recovery Funds Final Rule: Frequently Asked Questions (FAQ).

Administering Agencies are responsible for follow-up on audit findings specifically related to the subaward and are not responsible for resolving crosscutting findings. If a subrecipient has a current Single Audit report posted in the Federal Audit Clearinghouse and has not otherwise been excluded from receipt of Federal funding (e.g., has been debarred or suspended), the Administering Agency may rely on the subrecipient's cognizant audit agency or cognizant oversight agency to perform audit follow-up and make management decisions related to crosscutting findings in accordance with section 2 CFR 200.513(a)(3)(vii). Such reliance does not eliminate the responsibility of the Administering Agency to issue subawards that conform to agency and award-specific requirements, to manage risk through ongoing subaward monitoring, and to monitor the status of the findings that are specifically related to the subaward.

The Administering Agency is also responsible for:

- (1) Verifying that every subrecipient is audited as required by 2 CFR 200, Subpart F of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in 2 CFR 200.501.

- (2) Assessing whether the results of the subrecipient's audits, on-site reviews, or other monitoring require adjustments to the Administering Agency's own records.
- (3) Determining whether to take enforcement action against noncompliant subrecipients as described in 2 CFR 200.339 and in program regulations.

4.3 Assessing Beneficiaries' Eligibility

Households, communities, small businesses, nonprofits, and impacted industries are all potential beneficiaries of projects funded with SFRF. As noted in the Final Rule, recipients of SFRF (Administering Agencies) are required to determine whether a beneficiary is eligible to receive the SFRF and its use of the SFRF funds are allowed. Administering Agencies are responsible for creating policies and procedures and maintaining proper documentation to show that the beneficiary was eligible to receive the SFRF funds. Administering Agencies must verify that beneficiaries are not suspended or debarred. They must also verify that all beneficiaries, with the exception of individuals or households, have a valid SAM.gov registration.

4.4 Reporting

Treasury requires the submission of a comprehensive set of Expenditure and Performance data reporting for the full amount of SFRF funds received by the State from a single source. The Administering Agencies have an important responsibility to gather the necessary data for all of their projects and submitting that data to NCPRO in a timely manner.

4.4.1 Types of Required Reporting

Treasury requires three types of reporting for the SFRF program:

- 1. The Interim Report**

NCPRO submitted an Interim Report showing zero expenditures through July 31, 2021.

- 2. Project and Expenditure Report**

Administering Agencies are responsible for gathering from their subrecipients the expenditures and performance measurements data needed to comply with the quarterly reporting requirements under the SFRF program. Each month, Administering Agencies are required to submit all SFRF expenditures for the preceding month to NCPRO. The deadline for this reporting is the 15th calendar day of each month. Performance data must be submitted to NCPRO on a quarterly basis, by the 15th day of the month following the close of a quarter.

Each subrecipient, beneficiary, or contractor that receives at least one subaward (subrecipients) or direct payment (beneficiaries and contractors) of federal funding greater than or equal to \$50,000 are required to be reported separately within the Treasury quarterly reporting module.

3. Recovery Plan Performance Report

Administering Agencies are responsible for providing to NCPRO the data requests to complete the Annual Recovery Plan. This annual report covers the State fiscal year ending June 30 and is required by July 31 of that year. NCPRO submitted North Carolina's initial Recovery Plan to U.S. Treasury on March 31, 2022.

4.4.2 Submission of Required Reporting

Administering Agencies will enter reporting data into the grants management system, PANGRAM. However, any organizations receiving a subaward through the Administering Agencies will not have access to PANGRAM. NCPRO has created templates for Administering Agencies to report their subrecipients' expenditures. For templates and additional instructions please reference the NCPRO "*Reporting Handbook*". Administering Agencies will categorize and report expenditures, both in the template and PANGRAM, under the following categories:

- General Administrative Cost
- Subrecipients Administrative Cost
- General Project Cost
- Subrecipients Project Cost
- Payments to Beneficiaries

Please note that these categories are subject to change pending any revised guidance from Treasury. The "*Reporting Handbook*" should be referenced for further information.

NCPRO will also be responsible for preparing quarterly financial and performance reports required under SL 2021-180, and annual performance reporting required under federal guidance. NCPRO will provide templates to collect data needed to comply with applicable state and federal performance reporting. Each NCPRO grants manager will work with their respective Administering Agencies to collect the necessary performance data. NCPRO will compile the performance data in the required format and submit comprehensive reports to the applicable oversight entities on a quarterly basis.

For more details on report submission techniques, naming conventions, and other reporting requirements, please reference the "*Reporting Handbook*."

Under SFRF, Treasury will complete the FFATA reporting on behalf of the State. During the quarterly submission of Treasury Project and Expenditure Report, NCPRO is responsible for reporting any amounts paid to subrecipients, beneficiaries, and contractors in excess of \$50,000. Additional reporting is required if a subrecipient or contractor has received over \$50,000 and received over:

- 80% of their annual revenues from federal sources, or
- \$25,000,000 of revenue from federal procurement or assistance contracts.

If either of those requirements are met, NCPRO must report on the top five highest-paid employees at the organization.

NCPRO will be able to obtain the detailed data for disbursements made directly from the State to NCPRO subrecipients, beneficiaries and contractors through the North Carolina Accounting System (NCAS); however, NCAS will not contain the necessary reporting data from subrecipients. NCPRO has developed a template for the Administering Agencies to track the necessary information that will be required to be submitted on a monthly basis. For these templates and additional instructions please reference the “Reporting Handbook”.

Each Administrative Agency will be responsible for ensuring the accuracy of their financial reporting in PANGRAM. To ensure its accuracy, Administrative Agencies are required to perform monthly reconciliations of financial reporting in PANGRAM with NCAS. The reconciliations will be made available to NCPRO for review. Any discrepancies must be resolved by Administrative Agencies in a timely manner.

5.0 Requests for Funds

Administering Agencies as well as NCPRO pass-through entities will prepare justifications for funding and submit the requests to NCPRO through PANGRAM. Upon authorization by NCPRO, OSBM will initiate the transfer of funds. These funding requests will be calculated based on forecasted future needs of the Administering Agencies and their corresponding subrecipients, while taking into consideration the actual cash flow activity of the prior quarter (i.e., cash on hand). NCPRO will evaluate requests based on project descriptions, operating plans, and past use of funds to avoid accumulation of excessive cash reserves beyond operating needs for successful implementation and delivery of services. These reports will be reviewed in detail by NCPRO's accounting and grants management teams before funds are transferred.

6.0 Close Out Activities

Closeout is the process by which Administering Agency determine that all applicable administrative actions and all required work of their grant award has been completed. This is the completion of the grant award life cycle. Closeout is a process that takes place prior to and after the expiration or termination of the project or the grant period.

NCPRO will close out grant awards when all applicable administrative actions and all required work of the award is completed by Administering Agencies. This includes submission of all required reports under SFRF, reconciliation of cash balances, and final disposition of property. NCPRO will make every effort to complete the closeout process for each award no later than 180 days after receipt and acceptance of all required federal reports.

The purpose of closeout is to help ensure:

- Final reports are received and evaluated
- Allowable costs are determined
- Amounts due to the State are determined, and payment arrangements are made

As a grant recipient, each Administering Agency must meet several requirements before closing out a grant in the final budget period of the project. Preparation for closeout should begin three months prior to the end date of the grant in order to accurately forecast expenses and any adjusting entries that need to be made. Closeout reports must be submitted within 120 days of the end of the project period.

Appendix A: Project Template

State Fiscal Recovery Fund

The American Rescue Plan Act (ARPA) was enacted on March 11, 2021 to provide relief to address the continued impact of COVID-19 on the economy, public health, state and local governments, individuals, and businesses. A component of ARPA is the State Fiscal Recovery Fund (SFRF) which provides \$5.4 billion to North Carolina to help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery. Funds can be used to:

- Support urgent COVID-19 response efforts to continue to decrease spread of the virus and bring the pandemic under control.
- Replace lost revenue for eligible state, local, territorial, and Tribal governments to strengthen support for vital public services and help retain jobs.
- Support immediate economic stabilization for households and businesses.
- Address systemic public health and economic challenges that have contributed to the unequal impact of the pandemic.

The N.C. General Assembly appropriated SFRF in Session Law 2021-180. The NC Pandemic Recovery Office (NCPRO) is responsible for overseeing and monitoring the use of the SFRF as well as reporting to the US Treasury on behalf of state agencies. In order to accurately report on SFRF, NCPRO has created the plan template below to collect information needed on each project funded with SFRF. This template also ensures that recipients are prepared to meet all state and federal requirements of SFRF and have a plan for use and distribution of the funds. We appreciate your assistance with the accurate and timely completion of this template

Please answer all questions and complete all sections of this document. Once you've completed the plan, please email it to the contact listed below no later than Friday, January 7, 2022. Incomplete or blank answers may slow the process for receiving funds. Project funding will be available after this plan is submitted and reviewed by NCPRO staff. If you have any questions about the information requested or about eligible uses of SFRF, please contact:

Name: Catherine Moga Bryant

Title: Program Director

Email: catherine.mogabryant@osbm.nc.gov

Phone: 984-232-1300

Part 1: Project Overview

| | |
|--|--|
| Project name | |
| Department/Division | |
| SFRF Funding appropriated <i>Enter amount of SFRF funding appropriated for this project</i> | |
| Project Expenditure Category <i>Please review the list in Appendix A and enter in the expenditure categories for this project</i> <i>(ex. 5.1 Clean Water: Stormwater)</i> | |
| Agency head (Secretary, President, etc.) <i>(name, title, email, and phone)</i> | |
| Primary financial contact (i.e., CFO) <i>(name, title, email, and phone)</i> | |
| Primary project contact person <i>(name, title, email, and phone)</i> | |
| Additional contacts (reporting, grants management, etc.) <i>(name, title, email, and phone)</i> | |

Part 2: Project Description

Provide a short description of the project and how the funds will be used. This description will be used in federal and public reporting. Federal guidance states that “project descriptions must describe the project in sufficient detail to provide understanding of the major activities that will occur.” Please limit responses to between 50 and 250 words.

Identify what need or negative impact of the COVID-19 pandemic related crisis that the project addresses, and how the project will address that need or negative impact. Please include any other benefits you expect to result from this investment.

If the funds will be distributed to other organizations through grants, loans, or transfers, please list the organizations that will be receiving funds and/or describe how you will determine which organizations will receive funds.

Provide a projection of when you anticipate spending the SFRF for this project by quarter. Note that funds must be obligated (i.e., costs must be incurred) December 31, 2024 and expended by December 31, 2026.

Provide a timeline for planning, implementation, and completion of this project and include the high-level project phases and milestone dates, including any immediate planning activities you have already started. If this is an ongoing project, please limit the timeline below to how the SFRF will be used and include any relevant context that will assist in our understanding.

If any partners will be assisting in the implementation of this project, please list them below.

If any additional funding is being used to implement this project, please list those funds below.

Is the project serving an economically disadvantaged community? If so, please describe how the project is targeting services?

US Treasury guidance states that recipients may assume that the funds for a project count as being targeted towards economically disadvantaged communities if the project funds are spent on a program or service:

- that is provided at a physical location in a Qualified Census Tract;
- where the primary intended beneficiaries live within a Qualified Census Tract;
- for which the primary intended beneficiaries earn less than 60 percent of the median income for the relevant jurisdiction; or

- for which eligibility criteria are such that over 25 percent of intended beneficiaries are below the federal poverty line.

One of the key components of SFRF is ensuring that projects are designed with equity in mind. How will this project be designed with equity in mind? Please consider the following questions when answering:

- Are there particular historically underserved, marginalized or adversely affected groups that you intend to serve?
- How equal and practical is the ability for residents or businesses to become aware of the services funded?
- Are there differences in levels of access to benefits and services across groups? Are there administrative requirements that result in disparities in ability to complete applications or meet eligibility criteria?
- Are intended outcomes focused on closing gaps, reaching universal levels of services, or disaggregating progress by race, ethnicity and other equity dimensions where relevant for the project objective?

Describe your plans to incorporate written, oral, or other forms of input that capture diverse feedback from constituents, community-based organizations, and the communities your project will be serving.

Describe how this project is in compliance with [Title VI of the Civil Rights Act of 1964](#)

Part 3: Specific Project Category Questions

Please answer the following question for projects in Expenditure Categories under Public Health, Negative Economic Impacts, or Services to Disproportionately Impacted Communities (see Appendix A)

Is your project using evidence-based interventions and/or being evaluated through rigorous program evaluations that are designed to build evidence?

- If the project is using evidence-based strategies, please include the source of the evidence and its ranking (see [Evidence Definitions | NC OSBM](#) for more information on rankings) and the dollar amount of the total project spending that is allocated towards evidence-based interventions.
- If you are conducting a program evaluation, please provide a description of the evaluation design.

Please answer the following question for projects in the Expenditure Category under Infrastructure (see Appendix A)

How is your project using strong labor standards to promote effective and efficient delivery of high-quality infrastructure projects while also supporting the economic recovery through strong employment opportunities for workers? Please report whether any of the following practices are being utilized: project labor agreements, community benefits agreements, prevailing wage requirements, and local hiring.

Part 4: Project Goals and Performance

Please complete the logic model below.

| Project Goals: | | | | |
|--|--|--|--|---|
| Participants <i>(who will this project serve)</i> | Activities <i>(what are the specific activities that will be provided through this project)</i> | Outputs <i>(what are the direct products of project activities)</i> | Outcomes <i>(what are the specific changes in project participants behavior, knowledge, skills, status, etc.)</i> | Performance Measures <i>(how will you measure the success of this project)</i> |
| | | | | |

Part 5: Resource Needs

The following questions ask about resources you expect to need to deliver this initiative so that we can assist you throughout the course of this project.

Describe any staffing needs you anticipate to appropriately monitor this project and track performance.

Describe any technical assistance you anticipate needing from OSBM, NCPRO, OSC, or other state agencies.

Describe any support you anticipate needing from external consultants or experts.

Describe any additional support or technical assistance you anticipate needing during the life of this project.

Appendix A: Federal Expenditure Categories

| |
|---|
| Public Health |
| 1.1 COVID-19 Vaccination |
| 1.2 COVID-19 Testing |
| 1.3 COVID-19 Contact Tracing |
| 1.4 Prevention in Congregate Settings (Nursing Homes, Prisons/Jails, Dense Work Sites, Schools, etc.) |
| 1.5 Personal Protective Equipment |
| 1.6 Medical Expenses (including Alternative Care Facilities) |
| 1.7 Capital Investments or Physical Plant Changes to Public Facilities that respond to the COVID-19 public health emergency |
| 1.8 Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine) |
| 1.9 Payroll Costs for Public Health, Safety, and Other Public Sector Staff Responding to COVID-19 |
| 1.10 Mental Health Services |
| 1.11 Substance Use Services |
| 1.12 Other Public Health Services |
| Negative Economic Impacts |
| 2.1 Household Assistance: Food Programs |
| 2.2 Household Assistance: Rent, Mortgage, and Utility Aid |
| 2.3 Household Assistance: Cash Transfers |
| 2.4 Household Assistance: Internet Access Programs |
| 2.5 Household Assistance: Eviction Prevention |
| 2.6 Unemployment Benefits or Cash Assistance to Unemployed Workers |
| 2.7 Job Training Assistance (e.g., Sectoral job-training, Subsidized Employment, Employment Supports or Incentives) |
| 2.8 Contributions to UI Trust Funds |
| 2.9 Small Business Economic Assistance (General) |
| 2.10 Aid to Nonprofit Organizations |
| 2.11 Aid to Tourism, Travel, or Hospitality |
| 2.12 Aid to Other Impacted Industries |
| 2.13 Other Economic Support |
| 2.14 Rehiring Public Sector Staff |
| Services to Disproportionately Impacted Communities |
| 3.1 Education Assistance: Early Learning |
| 3.2 Education Assistance: Aid to High-Poverty Districts |
| 3.3 Education Assistance: Academic Services |
| 3.4 Education Assistance: Social, Emotional, and Mental Health Services |
| 3.5 Education Assistance: Other |
| 3.6 Healthy Childhood Environments: Child Care |
| 3.7 Healthy Childhood Environments: Home Visiting |
| 3.8 Healthy Childhood Environments: Services to Foster Youth or Families Involved in Child Welfare System |
| 3.9 Healthy Childhood Environments: Other |

| |
|---|
| 3.10 Housing Support: Affordable Housing |
| 3.11 Housing Support: Services for Unhoused Persons |
| 3.12 Housing Support: Other Housing Assistance |
| 3.13 Social Determinants of Health: Other |
| 3.14 Social Determinants of Health: Community Health Workers or Benefits Navigators |
| 3.15 Social Determinants of Health: Lead Remediation |
| 3.16 Social Determinants of Health: Community Violence Interventions |
| Premium Pay |
| 4.1 Public Sector Employees |
| 4.2 Private Sector: Grants to Other Employers |
| Infrastructure |
| 5.1 Clean Water: Centralized Wastewater Treatment |
| 5.2 Clean Water: Centralized Wastewater Collection and Conveyance |
| 5.3 Clean Water: Decentralized Wastewater |
| 5.4 Clean Water: Combined Sewer Overflows |
| 5.5 Clean Water: Other Sewer Infrastructure |
| 5.6 Clean Water: Stormwater |
| 5.7 Clean Water: Energy Conservation |
| 5.8 Clean Water: Water Conservation |
| 5.9 Clean Water: Nonpoint Source |
| 5.10 Drinking water: Treatment |
| 5.11 Drinking water: Transmission & Distribution |
| 5.12 Drinking water: Transmission & Distribution: Lead Remediation |
| 5.13 Drinking water: Source |
| 5.14 Drinking water: Storage |
| 5.15 Drinking water: Other water infrastructure |
| 5.16 Broadband: “Last Mile” projects |
| 5.17 Broadband: Other projects |
| Revenue Replacement |
| 6.1 Provision of Government Services |