



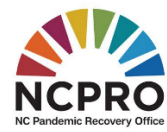
NC Pandemic Recovery Office

Standard Operating Procedures – Subrecipients

June 15, 2022

Table of Contents

1.0 Purpose	3
2.0 ARPA Overview	4
3.0 Roles and Responsibilities	5
3.1 North Carolina Pandemic Recovery Office.....	5
3.2 Administering Agencies	5
3.3 Subrecipients.....	6
4.0 Uniform Administrative Requirements	7
4.1 Allowable Activities (A).....	8
4.2 Allowable Costs/Cost Principles (B).....	8
4.3 Cash Management (C).....	9
4.4 Eligibility (E).....	9
4.5 Equipment and Real Property Management (F).....	9
4.6 Matching, Level of Effort, Earmarking (G).....	10
4.7 Period of Performance (H).....	10
4.8 Procurement, Suspension and Debarment (I).....	10
4.8.1 Suspension and Debarment.....	10
4.8.2 Procurement.....	11
4.9 Program Income (I).....	11
4.10 Reporting (L).....	12
4.10.1 Types of Required Reports.....	12
4.10.2 Submission of Required Reporting	12
4.11 Subrecipient Monitoring (M).....	14
4.11.1 Risk Assessment.....	14
4.11.2 Monitoring	14
4.12 Special Tests and Provisions (N).....	15



5.0 Other Grant Requirements	16
5.1 Maintenance of Records	16
5.2 Audit	16
5.3 Requests for Funds	16
5.4 State Subchapter 03M – Uniform Administration of State Awards of Financial Assistance	17
6.0 Closeout Phase.....	18

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.

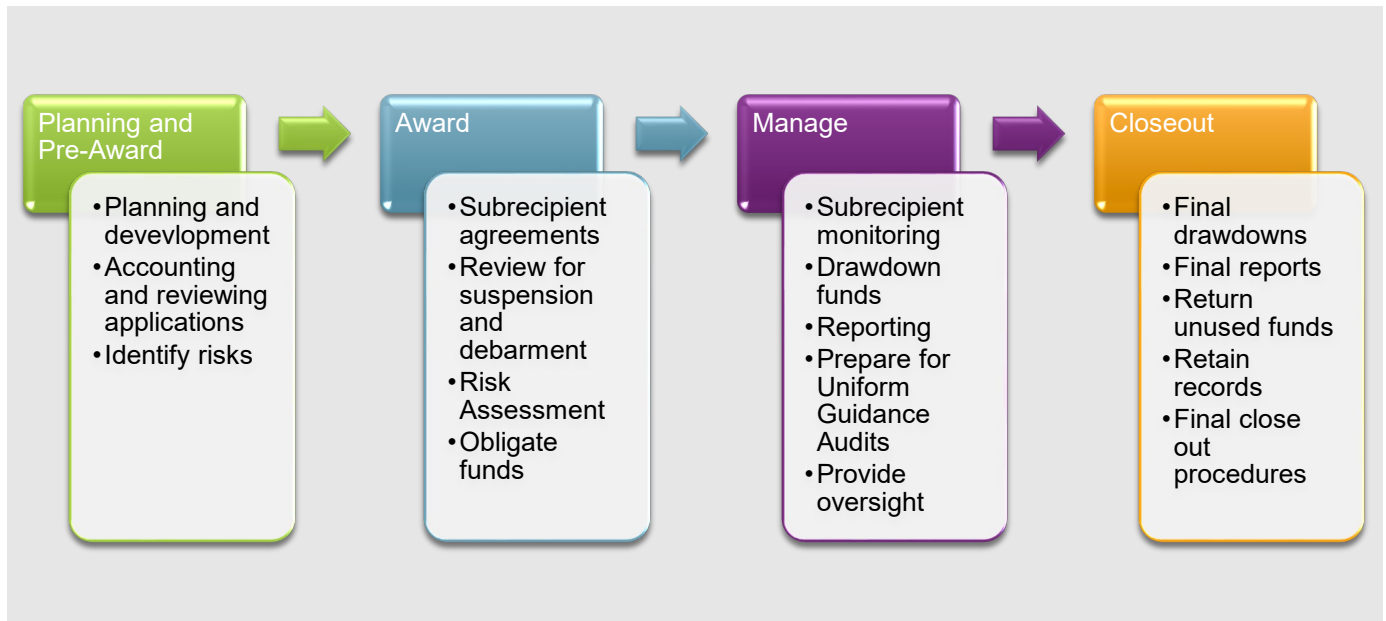
The purpose of this SOP is to provide guidance to the subrecipients that receive SFRF funds. These Standard Operating Procedures outline NCPRO’s expectations for all subrecipients receiving subawards. The guidance has been developed to be consistent with the State legislative intent under Subchapter 03M of the North Carolina Administrative Code (NCAC), and the Code of Federal Regulations (CFR), 2 CFR, Part 200. (For information on the NCAC, see Section 5.4)

2.0 ARPA Overview

Congratulations on receiving a portion of the State’s ARPA allocation under the SFRF program. This program helps ensure that governments have the resources needed to:

- Fight the pandemic and support families and businesses struggling with its public health and economic impacts
- Maintain vital public services even amid declines in revenues
- Build a strong, resilient, and equitable recovery by making investments that support long-term growth and opportunity

The figure below illustrates the four key aspects to the life cycle for SFRF funds and all other federal grants.



3.0 Roles and Responsibilities

3.1 North Carolina Pandemic Recovery Office

NCPRO has two roles under the SFRF program. When NCPRO is the prime recipient of State appropriated SFRF funds, NCPRO is an *Administering Agency*. NCPRO is also responsible for overseeing the SFRF program, as explained in the Purpose Section above. In the latter role, NCPRO is referred to as the *Coordinating Agency*. As the State's Coordinating Agency over the SFRF funds appropriated to Administering Agencies, the oversight by NCPRO of Administering Agencies may include, but is not limited to providing guidance to ensure that Administering Agencies:

- implement policies and procedures that are sufficient to carry out the legislative intent of the appropriations for SFRF funds.
 - execute procedures required to monitor subrecipients.
 - adhere to their policies and procedures.
 - comply with the State's legislative intent, subchapter 03M of the NCAC, and the Code of Federal Regulations, 2 CFR, Part 200
- submit monthly, quarterly, and annual financial and performance reports as required.

NCPRO will assign staff to each Administrative Agency to facilitate the disbursement of funds, project documentation, reporting to Treasury and State authorities, technical assistance, coordination of effort, risk management, and administrative 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 enhance compliance with State and federal requirements.

3.2 Administering Agencies

Under the Federal Grants Management Model, the Administering Agencies receiving federal awards are deemed to be prime recipients of the federal awards. This designation as prime recipients and not subrecipients of NCPRO is consistent with U.S. Treasury guidance for the 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 designing and administering grant projects that may be direct State spending, subawards to non-state entities, or both. In addition, Administering Agencies are responsible for ensuring that:

- Projects comply with the State legislative intent under Session Law 2021-180, Senate Bill 105; Subchapter 03M of the NCAC; and the Code of Federal Regulations, 2 CFR Part 200.
- 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).
- Reports (financial and performance) are submitted to NCPRO in accordance with prescribed timelines, templates, and platforms.
- Responses to requests from NCPRO and OSBM internal auditors are completed accurately and timely.
- Requirements for subawards described in Section 3.5 below are met.
- Significant questions or concerns about the overall allowability of SFRF to fund specific projects and other policy issues are promptly reported.

3.3 Subrecipients

Subrecipients are responsible for the following:

- Developing and maintaining policies and procedures to help ensure that non-state entities follow the State legislative intent, Subchapter 03M of the NCAC, and the Code of Federal Regulations, 2 CFR 200.
- Developing and maintaining sound internal controls over financial reporting and compliance.
- Timely submission of requests for funding.
- Timely submission of all quarterly and annual financial and performance reporting.
- Adhering to data requests, reviews, and audits that will be performed by NCPRO and the OSBM Internal Auditors.

4.0 Uniform Administrative Requirements

The SFRF program awards are received through Treasury’s Assistance Listing Number (ALN) 21.027 Coronavirus SLFRF (North Carolina refers to this as SFRF). Each subrecipient should review their specific grant award and terms and conditions to consider how and whether certain aspects of Uniform Guidance apply.



4.1 Allowable Activities (A)

Under the Treasury Final Rule, the subrecipients may use the federal awards to:

- Support public health expenditures, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff
- Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector
- Replace lost public sector revenue to provide government services; recipients may use this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic
- Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and
- Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and storm water infrastructure, and to expand access to broadband internet

The Final Rule also states that the following activities are specifically not permitted:

- A recipient may not use funds for deposits into any pension fund
- A recipient may not use funds to contribute to rainy day funds, financial reserves, or similar funds
- A recipient shall not use funds to either directly or indirectly offset a reduction in the net tax revenue of the entity resulting from a coverage change during the covered period

Increased federal funding has increased the risk of entities “double dipping”, i.e., using federal funds for the same expense twice. The subrecipient should have policies and procedures in place in order to alleviate any “double dipping” of federal awards.

The subrecipient must develop and implement effective internal controls to help ensure that funding decisions under the SFRF award constitute eligible uses of funds, and to document determinations.

4.2 Allowable Costs/Cost Principles (B)

As outlined in the Uniform Guidance at 2 CFR Part 200, Subpart E regarding Cost Principles, allowable costs are based on the premise that sound management practices and administration of federal funds should be in a manner consistent with the project objectives and terms and conditions of the award.

As required by the Final Rule, SFRF generally cannot be used to meet the non-federal cost-share or matching requirements of other federal programs. However, SFRF funds identified as Revenue

Replacement reported under Expenditure Category 6.1 can be used as match to federal funds under any federal program except for Medicaid and CHIP.

Consistent with the Final Rule, administrative costs are allowable for projects funded with SFRF, including costs of consultants to support effective management and oversight, including consultation to help ensure compliance with legal, regulatory, and other requirements. Further, costs must be reasonable and allocable as outlined in 2 CFR 200.404 and 2 CFR 200.405. Pursuant to the Final Rule, recipients are permitted to charge both direct and indirect administrative costs to their award.

Direct administrative costs are those that are identified specifically as costs of implementing the SFRF program objectives, such as contract support, materials, and supplies for a project. Indirect administrative 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. Each category of cost should be treated consistently in like circumstances as direct or indirect, and recipients may not charge the same administrative costs to both direct and indirect cost categories, or to other programs.

If a recipient has a current Negotiated Indirect Costs Rate Agreement (NICRA) established with a federal cognizant agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals, then the recipient may use its current NICRA. Alternatively, if the recipient does not have a NICRA, the recipient may elect to use the de minimis rate of 10% of the modified total direct costs, pursuant to 2 CFR 200.414(f).

In no event may the subrecipient charge more than 10% its award to administrative costs. Per the North Carolina State Budget section 4.9(g): Administration. – For each project receiving SFRF funds, the subrecipient 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.

4.3 Cash Management (C)

SFRF payments made to recipients are not subject to the requirements of the Cash Management Improvement Act and Treasury's implementing regulations at 31 CFR part 205 or 2 CFR 200.305(b)(8)-(9).

As such, recipients can place funds in interest-bearing accounts, do not need to remit interest to the Treasury, and are not limited to using that interest for eligible uses under the SFRF award.

4.4 Eligibility (E)

Each subrecipient is responsible for adhering to the eligibility requirements of the specific project they were awarded under. The subrecipient must develop and implement policies and procedures to help ensure they follow the eligibility requirements outlined in the subrecipient's specific grant award and terms and conditions.

4.5 Equipment and Real Property Management (F)

Any purchases of equipment or real property with SFRF must be consistent with the Uniform Guidance (2 CFR Part 200, Subpart D). Any equipment and real property acquired with SFRF funds must be used for the originally authorized purpose. Consistent with 2 CFR 200.311 and 2 CFR 200.313, any equipment or real property acquired using SFRF funds shall vest in the non-federal entity. Any acquisition and maintenance of equipment or real property must also comply with relevant laws and regulations. Any equipment purchases in excess of \$1,000,000 requires pre-approval by Treasury, so subrecipients must obtain prior approval of their Administering Agency and NCPRO prior to spending \$1,000,000.

4.6 Matching, Level of Effort, Earmarking (G)

There are no matching, level of effort, or earmarking compliance responsibilities associated with the SFRF award.

4.7 Period of Performance (H)

SFRF may only be used for costs incurred within a specific time period, beginning March 3, 2021, with all funds obligated by December 31, 2024, and all funds spent by December 31, 2026. This is known as the Period of Performance, and all subrecipients must to adhere to this requirement.

4.8 Procurement, Suspension and Debarment (I)

4.8.1 Suspension and Debarment

All subrecipients are required to be registered with the System for Award Management (SAM) and obtain a Unique Entity Identifier (UEI) Number.

- **Requirement for SAM:** Unless the subrecipient is exempt from this requirement under 2 CFR 25.110, the subrecipient must enroll in SAM and help ensure that the information in the system is up to date and accurate until the subrecipient submits the final financial report required under this grant, or receives the final payment, whichever is later. This requires that the subrecipient 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>).
- **Requirement for UEI:** The subrecipient must provide its UEI number as part of accepting the grant. If the subrecipient does not have a UEI number, they must apply for one. An UEI number may be obtained at the SAM website (<http://www.sam.gov>).

Subrecipients may not receive SFRF funds if they are suspended or debarred by the federal government or the State of North Carolina. Suspension and debarment are 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. When an individual or organization has been suspended, this is for a specific period, while a debarment is a permanent ban.

When entering a "covered transaction" as defined by 2 CFR § 180.200, the subrecipient 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 a 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.
- Require prime contractors to comply with 2 CFR § 180.330 when entering lower-tier transactions (e.g., subcontracts)
- Immediately disclose to NCPRO whenever the subrecipient: (1) learns they have entered a covered transaction with an ineligible entity, or (2) suspends or debar a contractor, person, or entity

4.8.2 Procurement

Recipients are responsible for helping ensure that any procurement using SFRF funds, or payments under procurement contracts using such funds, are consistent with the procurement standards set forth in the Uniform Guidance at 2 CFR 200.317 through 2 CFR 200.327, as applicable. The Uniform Guidance establishes in 2 CFR 200.319 that all procurement transactions for property or services must be conducted in a manner providing full and open competition, consistent with standards outlined in 2 CFR 200.320, which allows for non-competitive procurements only in circumstances where at least one of the conditions below is true:

- The item is below the micro-purchase threshold
- The item is only available from a single source
- The public exigency or emergency will not permit a delay from publicizing a competitive solicitation
- After solicitation of several sources, competition is determined inadequate.

Recipients must have and use documented procurement procedures that are consistent with the standards outlined in 2 CFR 200.317 through 2 CFR 200.320. The Uniform Guidance requires an infrastructure for competitive bidding and contractor oversight, including maintaining written standards of conduct and prohibitions on dealing with suspended or debarred parties. Your organization must help ensure adherence to all applicable local, State, and federal procurement laws and regulations.

4.9 Program Income (I)

Program income includes, but is not limited to, income under a specific SFRF project from fees for services performed, the use of rental of real or personal property acquired under federal awards, and principal and interest on loans made with federal awards funds.

Uniform Guidance outlines the requirements that pertain to program income at 2 CFR 200.307, and can be found here: <https://www.federalregister.gov/documents/2013/12/26/2013-30465/uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards>.

If you believe you have generated program income, please contact NCPRO. This would be noted in the specific terms and conditions of the grant award.

4.10 Reporting (L)

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. NCPRO is responsible for gathering all necessary data and documentation from Administering Agencies (as well subrecipients for projects where NCPRO is the Administering Agencies) in order to properly complete the required quarterly and annual reports.

4.10.1. Types of Required Reports

Treasury requires two types of reporting for the SFRF program that includes reporting from subrecipients:

1. Project and Expenditure Report

These reports are required on a quarterly basis and are due one month after the end of the quarter. These reports include Expenditure and Programmatic data, including funding, expenditures, project status, demographic information on the population receiving the benefit, and required Programmatic Data in conjunction with the Expenditure Categories outlined in the Final Rule. The reports also include specific reporting requirements for contractors and subrecipients that received more than \$50,000 from the Federal Funding Accountability and Transparency Act FFATA.

2. Recovery Plan Performance Report

This reporting requirement applies to states, territories, metropolitan cities, and counties where the population exceeds 250,000 residents. The Recovery Plan Performance Report is required to be submitted on an annual basis for the period of July 1 through June 30 and is due by July 31 of that year. This report includes an Executive Summary, use of funds (both the intended and actual uses), the efforts to promote equitable outcomes, community engagement, labor practices, the use of evidence as it relates to project results, table of expenses by expenditure category, a project inventory, a performance report, and other required performance indicators and programmatic data.

4.10.2 Submission of Required Reporting

NCPRO uses a grant management system called PANGRAM to track specific grant details and reporting. NCPRO is requiring that all subrecipients submit their reports on a monthly basis through PANGRAM. The monthly reports are due on the 15th calendar day of each month. The subrecipients of NCPRO will have access to PANGRAM to enter their respective reporting data. Any organizations receiving a subaward through a different state agency or subrecipient will not have access to PANGRAM; however, NCPRO is still required to report those expenditures.

NCPRO has created templates for the use of Administering Agencies to generate the required reports for their specific subrecipients. This information will then be uploaded on a project level for all the expenditures. For templates and additional instructions please reference the NCPRO “*Reporting Handbook*”. The data fields in the reporting template and PANGRAM will reflect 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 the 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 monthly. 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.

4.11 Subrecipient Monitoring (M)

As noted in section 3.0 Roles and Responsibilities, NCPRO is required in accordance with 2 CFR 200.1 to manage and monitor the subrecipients to help ensure compliance with the requirements of State legislative intent, Uniform Guidance, and ARPA.

Under the SFRF, there are subrecipients that will further subaward the funds to subrecipients. Please refer to your individual grant awards to determine whether your grant will have or can give subawards. The use of subawards of the grant requires pre-approval and discussion with NCPRO. See the additional requirements under the risk assessment and monitoring sections below.

4.11.1 Risk Assessment

In accordance with 2 CFR Part 200.332(b), each subrecipient that subawards SFRF funds to another entity (a sub-subrecipient) are required to *“evaluate each [sub-subrecipient’s] risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for the purposes of determining the appropriate subrecipient monitoring.”*

Each subrecipient that subawards must develop a risk assessment process that clearly documents the steps performed, as well as how the outcomes of the preliminary risk assessment subsequently impact its plans to monitor its sub-subrecipients. This process should include assigning risk ratings to each sub-subrecipient based on assessments performed. Please refer to the Subrecipient Monitoring Handbook for more guidance. The Handbook contains a sample questionnaire that can be used to obtain the information necessary to complete the preliminary risk assessment.

This risk assessment should be updated annually to incorporate relevant information such as results of monitoring activities, results of subrecipient audits, and other relevant factors.

4.11.2 Monitoring

The purpose of monitoring as defined by 2 CFR 200.332, is 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.”*

The subrecipients that subaward SFRF funds must establish processes for monitoring their sub-subrecipients using a risk-based approach as required by 2 CFR 200.332 (d). At minimum, the monitoring should include:

- (1) Reviewing financial and performance reports required by NCPRO.
- (2) Following-up and helping to ensure that the sub-subrecipient takes timely and appropriate action on all deficiencies pertaining to the federal award provided to the sub-subrecipient, detected through audits, on-site reviews, and written confirmation from the sub-

subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subaward

- (3)** Issuing a management decision for applicable audit findings pertaining only to the federal award provided to the subrecipient from the pass-through entity as required by § 200.521.
- (4)** Ensuring that subrecipients resolve audit findings specifically related to the subaward to the sub-subrecipient. This does not include responsibility for resolving cross-cutting findings (an audit finding where the same underlying condition or issue affects federal awards of more than one federal awarding agency or pass-through entity). If a sub-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 subrecipient may rely on the sub-subrecipient's cognizant audit agency or cognizant oversight agency to perform audit follow-up and make management decisions related to cross-cutting findings in accordance with section § 200.513(a)(3)(vii). Such reliance does not eliminate the responsibility of the subrecipient to issue sub-subawards that conform to agency and award-specific requirements, to manage risk through ongoing monitoring of the subaward to the sub-subrecipient, and to monitor the status of the findings that are specifically related to the subaward.

The subrecipients with subawards to sub-subrecipients are also responsible for developing processes to:

- (f)** Verify that every sub-subrecipient is audited as required by Subpart F of this part when it is expected that the sub-subrecipient's federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501.
- (g)** Determine whether the results of the sub-subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the subrecipient's own records.
- (h)** Take enforcement action against noncompliant sub-subrecipients, as appropriate, as described in 2 CFR 200.339 and in program regulations.

A sample subrecipient monitoring policy is included in the Subrecipient Monitoring Handbook.

Any subrecipient considering the transfer of funds to a beneficiary should consult NCPRO for approval prior to doing so.

4.12 Special Tests and Provisions (N)

As of the date of this procedure, there are no specific special tests or provisions

5.0 Other Grant Requirements

5.1 Maintenance of Records

In addition to the eligibility records specified above, the subrecipient covenants and agrees to maintain the following records during the contract period:

- **Fiscal Records:** books, records, documents and other data evidencing and reflecting all costs and other expenses incurred by the municipality in the performance of the contract, and all income received or collected by the municipality during the contract period.

These records must be prepared in accordance with generally accepted accounting procedures and maintained in a manner that is acceptable to NCPRO. The records are to include, without limitation, all ledgers, books, records, and original evidence of costs such as purchase requisitions and orders, vouchers, requisitions for materials, inventories, valuations of in-kind contributions, labor timecards, payrolls, and other records requested or required by NCPRO or other Administering Agencies.

5.2 Audit

Subrecipients that expend \$750,000 or more in federal award (grants, cooperative agreements, and/or procurement contracts) in a fiscal year are subject to a Single Audit. To identify what is counted as expended, please refer to 2 CFR 200.502 – Basis for Determining Federal Awards Expended.

The external audit will be conducted by an independent, non-federal auditor, and the results of the audit are submitted to the Federal Audit Clearinghouse so that any federal agency can access them.

Each subrecipient is required to submit their Audited Financial Statements and Uniform Guidance reports to their Administering Agency within 9 months of their calendar or fiscal year end. This is the federal due date for the Uniform Guidance Reports to be submitted to the Federal Audit Clearinghouse.

5.3 Requests for Funds

Subrecipients 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 subrecipients and any corresponding sub-awardees, while taking into consideration the actual cash flow activity of the prior quarter (i.e., cash on hand). The respective Administering Agency 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 the respective Administering Agency before funds are transferred.

5.4 State Subchapter 03M – Uniform Administration of State Awards of Financial Assistance

North Carolina Administrative Code Title 09 Chapter 03 Subchapter M Uniform Administration of State Grants (09 NCAC 03M), provides that:

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 State Agencies [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*

These requirements 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 that none of these requirements are waived.

6.0 Closeout Phase

Closeout is the process by which the Administering Agency determines 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 the Administering Agency. 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.