



NC Pandemic Recovery Office

Standard Operating Procedures – Administering Agencies

April 18, 2023

Table of Contents

1.0 Purpose	1
2.0 Roles and Responsibilities	3
2.1 NCPRO Role as Coordinating Agency	3
2.2 Administering Agencies' Role	3
3.0 Pre-Award	5
3.1 Planning	5
3.2 Distinguishing Between Subrecipients, Beneficiaries, and Contractors	5
3.3 Revenue Replacement	6
3.4 North Carolina Administrative Code	8
3.5 Subaward	8
3.6 Execution of Grant Agreements with Subrecipients	12
4.0 Ongoing Activities	13
4.1 Risk Assessment	13
4.2 Subrecipient Monitoring	14
4.3 Assessing Beneficiaries' Eligibility	15
4.4 Reporting	15
4.4.1 Types of Required Reporting	15
4.4.2 Submission of Required Reporting	18
5.0 Requests for Funds	19
6.0 Close Out Activities	19

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 the 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. Further, since the initial appropriation, the General Assembly has re-appropriated SFRF funds in subsequent budget legislation to approximately 200 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 project plans and performance measures that are designed to carry out the legislative intent for all projects. NCPRO and 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. The 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 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 submit 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**

The NCPRO submitted an Interim Report for the period ending July 31, 2021.

- 2. Project and Expenditure Report**

NCPRO is responsible for submitting Project and Expenditure Reports for both quarterly and annual reporting.

The table below shows the reporting deadlines established by Treasury.

Table 4.1.1-a: Subrecipient Project and Expenditure Reporting Timeline

Report	Year	Quarter	Period Covered	Due to Department of Treasury
1	2021	2 – 4	March 3 – December 31	January 31, 2022
2	2022	1	January 1 – March 31	April 30, 2022
3	2022	2	April 1 – June 30	July 31, 2022
4	2022	3	July 1 – September 30	October 31, 2022
5	2022	4	October 1 – December 31	January 31, 2023
6	2023	1	January 1 – March 31	April 30, 2023
7	2023	2	April 1 – June 30	July 31, 2023
8	2023	3	July 1 – September 30	October 31, 2023
9	2023	4	October 1 – December 31	January 31, 2024
10	2024	1	January 1 – March 31	April 30, 2024
11	2024	2	April 1 – June 30	July 31, 2024
12	2024	3	July 1 – September 30	October 31, 2024
13	2024	4	October 1 – December 31	January 31, 2025
14	2025	1	January 1 – March 31	April 30, 2025
15	2025	2	April 1 – June 30	July 31, 2025
16	2025	3	July 1 – September 30	October 31, 2025
17	2025	4	October 1 – December 31	January 31, 2026
18	2026	1	January 1 – March 31	April 30, 2026
19	2026	2	April 1 – June 30	July 31, 2026
20	2026	3	July 1 – September 30	October 31, 2026
21	2026	4	October 1 – December 31	March 31, 2027

Each report requires information on all funded projects including a description, project status, project obligations and expenditures, any program income earned and/or expended, project demographic distribution, and information regarding subawards, contracts, grants, loans, transfers, and direct payments greater than \$50,000. Subaward data is necessary for compliance with Federal Funding Accountability and Transparency Act FFATA reporting requirements. (For projects funded under the revenue replacement category, subaward data does not need to be

reported to U.S. Treasury according to the guidelines.) 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.

3. Recovery Plan Performance Report

Administering Agencies are responsible for providing to NCPRO all data requested to complete the Annual Recovery Plan. This annual report covers the State fiscal year ending June 30 and is required by July 31. The 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.

The table below shows deadlines for reporting as outlined by the Department of Treasury.

Table 4.1.1-b: Subrecipient Recovery Plan Performance Reporting Timeline

Report	Period Covered	Due to Department of Treasury
1	Award Date – July 31, 2021	August 31, 2021
2	July 1, 2021 – June 30, 2022	July 31, 2022
3	July 1, 2022 – June 30, 2023	July 31, 2023
4	July 1, 2023 – June 30, 2024	July 31, 2024
5	July 1, 2024 – June 30, 2025	July 31, 2025
6	July 1, 2025 – June 30, 2026	July 31, 2026
7	July 1, 2026 – December 31, 2026	March 31, 2027

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.

4.4.2 Submission of Required Reporting

Administering Agencies will enter reporting data into the grants management system, PANGRAM, on a monthly basis. However, any organizations receiving subawards through the Administering Agencies will not have access to PANGRAM. NCPRO has created templates for Administering Agencies to report their subrecipients' expenditures. Specific reporting requirements may be found in the SFRF Reporting Handbook for Revenue Replacement Projects or the SFRF Reporting Handbook for Non-Revenue Replacement Projects as applicable.

Each Administering Agency will be responsible for ensuring the accuracy of their financial reporting in PANGRAM. To ensure its accuracy, Administering Agencies are required to perform monthly reconciliations of financial reporting in PANGRAM with NCAS or their agency accounting system. As documentation of this reconciliation process, administering agencies are required to provide a copy of the NCAS BD-701 for the fund corresponding to the SFRF project or an equivalent accounting report for the reporting period along with the expense report submitted in PANGRAM. Any discrepancies noted by NCPRO staff must be resolved by Administering 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 the forecasted future needs of the Administering Agencies and their corresponding subrecipients. 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.

6.0 Close Out Activities

Closeout is the process by which the Administering Agency determines that all administrative actions and all required efforts of their grant award have been completed. Completion of efforts includes submission of all required SFRF reports, reconciliation of cash balances, and final disposition of property. This is the completion of the grant award life cycle. Closeout may take place prior to (when work is complete prior to final deadline) or after the expiration or termination of the project or the grant period (when project reaches established deadline for efforts and expenditures) whichever occurs first. The purpose of closeout is to help ensure:

- Final reports are received, evaluated, and maintained for records retention.
- Allowable costs are determined and documented.
- Any funds due back to the State are calculated, and payment arrangements are made.

Administering agencies will notify assigned the Grant Manager of completion of project and will receive the closeout documentation packet including:

- NCPRO Closeout Checklist
- Closeout Balance Sheet
- Financial Certification Closeout
- Performance Measure Documentation

When administering agency staff have completed all required NCPRO closeout documentation processes, including submitting a final PANGRAM expense report, the Grant Manager will review and approve those submissions, with NCPRO Finance and Reporting staff input, and schedule a closeout discussion with all appropriate agency and NCPRO staff.

The Grant Manager will notify all NCPRO staff (via email) of project completion. Specifically, reporting staff will update Legislative Tracker to document project end, and data staff will confirm appropriate storage and retention of all necessary documents.