

**APPROPRIATIONS/TVA SETTLEMENT GRANT PROGRAM/AGRICULTURAL
INITIATIVES**

State Authorization: G.S.106, Articles 1-84

North Carolina Department of Agriculture and Consumer Services

<u>Agency Contact Person - Program</u>	<u>Address Confirmation Letters To</u>
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The auditor should not consider the Supplement to be “safe harbor” for identifying audit procedures to apply in a particular engagement, but the auditor should be prepared to justify departures from the suggested procedures. The auditor can consider the supplement a “safe harbor” for identification of compliance requirements to be tested if the auditor performs reasonable procedures to ensure that the requirements in the Supplement are current.

The grantor agency may elect to review audit working papers to determine that audit tests are adequate.

Auditors may request documentation of monitoring visits by the State Agencies.

I. PROGRAM OBJECTIVES

To redistribute funds from the Tennessee Valley Authority Settlement Agreement in compliance with the requirements of paragraphs 122 through 128 of the Consent Decree entered into by the State in State of Alabama et al. v. Tennessee Valley Authority, Civil Action 3:11 cv 00170 in the United States District Court for the Eastern District of Tennessee, and Appendix C to the Compliance Agreement

II. PROGRAM PROCEDURES

The NC Department of Agriculture and Consumer Services distributed the TVA Settlement funds to eligible entities to be re-distributed in the counties Avery, Buncombe, Burke, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Swain, Transylvania, Watauga, and Yancey.

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III. COMPLIANCE REQUIREMENTS

Noted below in the following matrix are the types of compliance requirements that are applicable to the federal program. These Types are determined by the State agency noted by “Y.”

If the Matrix indicates “Y,” the auditor must determine if a particular type of compliance requirement has a direct and material effect on the State program for the auditee.

1	2	3	4	5	6	7	8	9	10	12	13	14
Activities Allowed or Unallowed	Allowable Costs/ Cost Principles	Cash Management	Conflict of Interest	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	Y	Y	N	N	N	Y	Y	N	Y	Y	N

1. Activities Allowed or Unallowed

Consistent with the Scope of Service described in the grant contract.

2. Allowable Costs/Cost Principles

Funds can be spent on project expenses that are consistent with the Scope of Services, grant contract, and in accordance with the Cost Principles of CFR Title 2, Part 200.

3. Cash Management

Eligible expenditures for payment must be within the effective period noted in the Contract. Reimbursement may not be considered prior to the submission and final execution of the Contract.

All travel reimbursement shall be made in accordance with the current State rates, at the time of the expenditure, and shall be made in accordance with the “State Budget Manual”.

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All matching funds, including in-kind and cash, must be spent concurrently with funds provided by the Contract. Both types of matching funds expended shall be accounted for on the monthly certified invoices.

4. Conflict of Interest

Entities subject to N.C.G.S. § 143C-6-23(b) shall file with the Agency a copy of Grantee's policy addressing conflicts of interest that may arise involving the Grantee's management employees and the members of its board of directors or other governing body. The policy shall address situations in which any of these individuals may directly or indirectly benefit, except as the Grantee's employees or members of its board or other governing body, from the Grantee's disbursing of State funds and shall include actions to be taken by the Grantee or the individual, or both to avoid conflicts of interest and the appearance of impropriety. The Grantee is required to file a Conflict of Interest Policy with the Agency prior to disbursement of funds.

5. Eligibility

The auditor is not expected to make tests for eligibility.

6. Equipment and Real Property Management

Not applicable.

7. Matching, Level of Effort, Earmarking

There are no matching requirements.

8. Period of Performance

The project period is specified in the grant contract.

9. Procurement and Suspension and Debarment

Suspended or debarred organizations are ineligible for funding.

10. Program Income

Not applicable.

11. Reserve

12. Reporting

Final reports will be submitted at fiscal year-end and/or as stipulated in the grant contract.

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A Grantee that receives, uses, or expends State funds and in the amount greater than five hundred thousand dollars (\$500,000) within its fiscal year must have an audit in accordance with 09 NCAC 03M .0205.

13. Subrecipient Monitoring

Grantee is responsible for passing through reporting requirements and ensuring subgrantee eligibility according to program requirements as stipulated in grant contract.

14. Special Tests and Provisions

Not applicable.