

DOWNTOWN REVITALIZATION AND ECONOMIC DEVELOPMENT

State Authorization: SESSION LAW 2016-94, SECTION 15.12.(a), SECTION 15.12.(b)
SESSION LAW 2017-57, SECTION 15.8.(a), SECTION 15.8.(b),
SECTION 15.8.(d)

SESSION LAW 2017-197 HOUSE BILL 528 AN ACT TO MAKE
TECHNICAL, CLARIFYING, AND OTHER MODIFICATIONS TO THE
CURRENT OPERATIONS APPROPRIATIONS ACT OF 2017, SECTION
4.8.(a), SECTION 4.8.(b)

SESSION LAW 2017-212 SENATE BILL 582 AN ACT (I) TO MAKE
TECHNICAL, CLARIFYING, AND OTHER MODIFICATIONS TO THE
CURRENT OPERATIONS APPROPRIATIONS ACT OF 2017 AND TO
RELATED LEGISLATION AND (II) TO MAKE AGENCY TECHNICAL
CORRECTIONS, SECTION 4.7.(a), SECTION 4.7.(b)

SESSION LAW 2018-5, SECTION 15.8(a)

SESSION LAW 2018-97 AN ACT TO MAKE TECHNICAL, CLARIFYING,
AND OTHER MODIFICATIONS TO THE CURRENT OPERATIONS
APPROPRIATIONS ACT OF 2018 AND TO CREATE THE LEGISLATIVE
COMMISSION ON THE FAIR TREATMENT OF COLLEGE STUDENT-
ATHELETES.

SESSION LAW 2018-5, as construed by The Joint Conference Committee
Report, SESSION LAW 2018-5 SECTION 15.8(b), SESSION LAW 2018-
5, as construed by The Joint Conference Committee Report and amended
by SESSION LAW 2018-97 AN ACT TO MAKE TECHNICAL,
CLARIFYING, AND OETHER MODIFICATIONS TO THE CURRENT
OPERATIONS APPROPRIATIONS ACT OF 2018 AND TO CREATE THE
LEGISLATIVE COMMISSION ON THE FAIR TREATMENT OF COLLEGE
STUDENT-ATHELETES.

**North Carolina Department of Commerce
Fiscal Services Division**

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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

The purpose of the program is to award grants to certain legislatively directed local governments for the purpose established in the authorizing legislation.

II. PROGRAM PROCEDURES

The Rural Economic Development Division administers grants.

Proposals are accepted as submitted by legislatively directed local governments. Unless specifically directed in the legislation, local governments have complete discretion regarding the use of funds, except for the following specifically prohibited uses: salaries or of local government employees, food/drink, and entertainment.

Progress reports are due biannually on January and July 15 for each year that the grant is open. A final report is due once all grant funds received by the local government have been expended. Local governments should submit copies of all invoices paid with grant funds along with the completed final report form.

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	N	Y	N	N	Y	N	Y	N	Y	N	N

1. Activities Allowed or Unallowed

Compliance Requirement

Unless specifically directed in the legislation, local governments have complete discretion regarding the use of funds, except for the following specifically prohibited uses: salaries or of local government employees, food/drink, and entertainment.

Suggested Auditing Procedures

1. Auditors should test to ensure that activities charged to the grant are reasonable for the award and conform to limitations or exclusions noted in the award. Auditors should test to activities are adequately documented.

2. Allowable Costs/Cost Principles

Compliance Requirement

Unless specifically directed in the legislation, local governments have complete discretion regarding the use of funds, except for the following specifically prohibited uses: salaries or of local government employees, food/drink, and entertainment.

Suggested Auditing Procedures

1. Auditors should test expenditures and ensure that all funds were expended were reasonable. Verify that funds were not expended on costs that are specifically prohibited under the program.

4. Conflict of Interest

Compliance Requirement

In addition to legislation enacted by the General Assembly (North Carolina General Statutes 14-234) for local governments, N.C.G.S. §133-32 and Executive Order 24 prohibit the offer to, or acceptance by, any state employee of any gift from anyone with a contract with the state, or from any person seeking to do business with the State.

Suggested Auditing Procedures

1. Auditors should review contracts to ensure that the beneficiary or contractor is not an employee or agent of the non-state agency (recipient) who exercises any function or responsibility with regard to the non-state agency (recipient) has received written waiver of the conflict of interest provision of the contractor.

9. Procurement and Suspension and Debarment

The grant recipient acknowledges by execution of the contract and agrees to comply with the audit and reporting requirements prescribed by N.C.G.S §159-34, Local Government Finance Act - Annual independent audit; rules and regulations.

Suggested Auditing Procedures

1. Auditors should test that the organization has policies, that the policies are compliant, and are being allowed.

12. Reporting

Compliance Requirement

Progress reports are due on January 15 and July 15 for each year that the grant is open. A final report is due once all grant funds received by the local government have been expended. Local governments should submit copies of all invoices paid with grant funds along with the completed final report form.

Suggested Auditing Procedures

1. Auditors should test that the reporting requirements are understood and met in accordance with the organization's guidelines.