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**66.801 HAZARDOUS WASTE MANAGEMENT STATE PROGRAM SUPPORT**

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**State Project/Program: HAZARDOUS WASTE MANAGEMENT STATE PROGRAM SUPPORT: HELENE RECOVERY RECYCLING INFRASTRUCTURE GRANTS**

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**U. S. Environmental Protection Agency**

**Federal Authorization: American Relief Act of 2025 (PL 118-158) Solid Waste Disposal Act: Sec. 3011(a) & (c), & 42U.S.C. 6908(a)**

**State Authorization: N/A**

**NC Department of Environmental Quality  
Division of Waste Management  
Division of Environmental Assistance and Customer Service**

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**Hazardous Waste Management State Program Support**

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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.**

This State compliance supplement must be used in conjunction with the OMB 2026 Compliance Supplement which is scheduled to be issued in May 2026. The OMB supplement will include “Part 3 - Compliance Requirements,” for the types that apply, and “Part 6 - Internal Control.” If a federal Agency issued guidance for a specific program, this will be included in “Part 4 - Agency Program”. The OMB Compliance Supplement is Section A of the State Compliance Supplement.

## I. PROGRAM OBJECTIVES

The primary objective of the Helene Recovery Recycling Infrastructure (HRR I) Grant program is to provide funding for local governments to repair, rebuild and improve recycling infrastructure impacted by Hurricane Helene. The grant offers subawards of up to \$5 million per eligible applicant, which includes any local government in one of the 39 counties with a Tropical Storm Helene FEMA disaster declaration ([DR-4827-NC](#)). Funding is awarded to subrecipients through the competitive HRR I Grant program. Eligible projects include infrastructure improvements, construction of new facilities to handle recyclable materials, reconstruction of recycling facilities damaged by Hurricane Helene, site development costs, related feasibility studies or engineering designs, equipment or vehicle purchases, equipment installation costs, and educational materials such as signs, mailers, handouts, or brochures.

The HRR I Grant is part of a larger funding award to the North Carolina Department of Environmental Quality (NCDEQ), Hazardous Waste Management State Program Support under the 2025 American Relief Act. The award includes \$25 million for subawards through the HRR I Grant. The remaining activities under the Hazardous Waste Management State Program Support include NCDEQ purchases, staffing support, service contracts, and subawards to other state agencies to fulfill the grant objectives. **This compliance supplement outlines appropriate audit procedures for the subawards through the HRR I Grant.**

## II. PROGRAM PROCEDURES

*a) A brief description of how the grant is acquired by the State.*

On December 21, 2024, the American Relief Act, 2025 (referred to as “2025 Relief Act” or “ARA disaster supplemental”) was signed into law, which, among other things, provided emergency supplemental appropriations to respond to and recover from recent hurricanes, wildfires, and other natural disasters. The 2025 Relief Act, under Public Law No. 118-158, appropriated \$94.5 million to the U.S. Environmental Protection Agency (EPA) for State and Tribal Assistance Grants for “necessary expenses related to the consequences of Hurricanes Helene and Milton”. Hazardous/Solid Waste Provision of The American Relief Act, 2025, PL 118-158 (118th Congress), see H.R. 10545, pp. 30-31; <https://www.congress.gov/bill/118th-congress/house-bill/10545/text>.

The North Carolina Department of Environmental Quality applied for funding following the EPA’s General Guidance for Region 4 States for the Hurricane Helene Supplemental Appropriation for Hazardous Waste and Solid Waste Management Financial Assistance Grants.

On August 28, 2025, NCDEQ was awarded a Hazardous Waste Management State Program Support Grant in the amount of \$61,006,486.

*b) Components of the Grant – federal, State, and/or local dollars. (If applicable, specify if the State and local moneys are a matching requirement or are they simply in addition to the federal grant.*

This grant is 100% federally funded with no State or local match requirement.

As stated in the Cooperative Agreement from EPA, the grant program (66.801) typically has a minimum state match requirement of 25%. However, for the Hurricane Helene funds, the cost match was waived, per a March 21, 2025 letter signed by Melissa Wise, EPA Office of Grants and Debarment.

*c) A description of how a subrecipient acquires the grant from a State agency.*

HRRRI Grants are awarded to eligible subrecipients (local governments in a FEMA-designated county) through a competitive request for proposal (RFP) process to ensure alignment with allowable grant activities, compliance with state and federal procurement policies, and EPA's subaward policy.

*d) A description of the application process.*

Local government units that wish to seek funding must prepare a proposal meeting all the required elements included in the HRRRI RFP. Proposals are reviewed and prioritized (i.e. ranked) based on the award criteria outlined in the RFP and award decisions are made by the NCDEQ Division of Environmental Assistance and Customer Service grant review committee.

Successful applicants enter into a grant contract agreement with NCDEQ that includes the State's general grant terms and conditions, reporting requirements, applicable State and Federal requirements, and the subrecipient's final proposal which serves as the project scope of work.

*e) A list of which forms are to be used in the application process and where obtained.*

The HRRRI Grant RFP can be accessed on NCDEQ's webpage:

<https://www.deq.nc.gov/about/divisions/environmental-assistance-and-customer-service/recycling-and-materials-management/programs-offered/grant-opportunities/helene-recovery-recycling-infrastructure-grant>.

*f) A description of any attestations that the subrecipient must make on the application.*

Eligibility and Authorized Use of Funds: Certify that funds will only be used for allowable activities under the grant and within the approved period of performance.

Compliance with Federal Requirements: Agree to follow applicable federal statutes, regulations, and EPA General Terms and Conditions (e.g., 2 CFR 200, Davis-Bacon, Build America Buy America, Cross-Cutter Environmental Requirements).

Note: projects funded through the HRRRI Grant program are exempt from the National Environmental Policy Act (NEPA). However, all activities must be evaluated for compliance with cross-cutter environmental requirements.

Certification in accordance with 2 CFR 200.415(b): "I certify to the best of my knowledge and belief that the information provided herein is true, complete, and accurate. I am aware that the provision of false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil, or administrative consequences including, but not limited to violations of U.S. Code Title 18, Sections 2, 1001, 1343 and Title 31, Sections 3729-3730 and 3801-3812."

*g) A description of how the grant is transferred to the subrecipient, i.e., advance or reimbursements.*

The grant is transferred to the subrecipient through reimbursements of allowable and allocable expenses. Reimbursements are issued after subrecipient provides invoices and proof of payment and NCDEQ verifies that the purchases are allowable, allocable, and in alignment with the subrecipient's approved grant contract.

*h) A description of how the federal requirements and any State agency requirements are communicated to the subrecipient.*

Contracts and written communication will be used to communicate federal and state agency requirements, including but not limited to:

- Eligibility and Authorized Use of Funds: funds may only be used for allowable activities under the grant and within the approved period of performance.
- Compliance with Federal Requirements: including applicable federal statutes, regulations, and EPA General Terms and Conditions (e.g., 2 CFR 200, Davis-Bacon, Build America Buy America, Cross-Cutter Environmental Requirements).  
Note: projects funded through the HRRRI Grant program are exempt from the National Environmental Policy Act (NEPA). However, all activities must be evaluated for compliance with cross-cutter environmental requirements.
- Debarment and Suspension: ensuring that the organization and its principals are not suspended or debarred from federal programs (SAM.gov check).
- Lobbying Restrictions: as required under 31 U.S.C. §1352.
- Civil Rights and Accessibility: compliance with Title VI of the Civil Rights Act and accessibility requirements (40 CFR 7.70).
- Financial Management and Internal Controls: to comply with 2 CFR 200.303 (internal controls) and ensure responsible management of federal funds.
- Single Audit Compliance: if expending \$1,000,000 or more in federal funds annually.

*i) A general description of what the grant money can be used for and if there are any major "Don'ts" involved with the grant. (This may be repeated in more detail under requirements A and/or B).*

Allowed and unallowed expenditures are detailed in the HRRRI Grant RFP.

Approved uses of grant funds include infrastructure improvements, construction of new facilities to handle recyclable materials, reconstruction of recycling facilities damaged by Hurricane Helene, site development costs, related feasibility studies or engineering designs, equipment or vehicle purchases, equipment installation costs, and educational materials such as signs, mailers, handouts, or brochures.

Grant funds may not be used for employee salaries, administrative expenses such as overhead, utility costs, contracted collection costs, and / or payment for other contracted recycling services such as payment to a vendor for operating a household hazardous waste collection event.

*j) A brief description of any monitoring done by the State agency. (Details of the monitoring should be included with the compliance requirements to which it is applicable.)*

NCDEQ has prepared a Monitoring Plan in accordance with 09 NCAC 03M .0401 and CFR Part 200. The monitoring plan outlines mechanisms and processes to ensure that the subaward is used for authorized purposes. Monitoring may include reviewing financial and programmatic reports, obtaining additional information and clarification where necessary, and ensuring that the subrecipient takes timely and appropriate action on any identified deficiencies.

NCDEQ will maintain frequent communication with subrecipients through emails, phone calls, virtual meetings, and in-person visits. Each subrecipient is required to submit quarterly progress reports throughout the duration of the project and a comprehensive final report at the project completion, which will be followed by a final site visit. Furthermore, the monitoring plan outlines the procedure for conducting an initial risk assessment of each subrecipient and reassessing the subrecipient's level of risk at least annually, or at the discretion of the subrecipient's NCDEQ grant administrator. Subrecipients identified as medium or high risk will receive closer monitoring and more frequent check-ins from the NCDEQ grant administrator.

*k) If a federal supplement exists, address items that a State may opt to pursue, such as waivers to certain requirements or agreements, rebates, etc.*

A federal supplement specific to this program (66.801) does not exist for 2025. If a federal supplement is prepared, adherence to the compliance requirements will be addressed in updates to this compliance supplement.

*l) A description of any policies and procedures manuals that may be needed by the CPA for reference and where they might be obtained.*

N/A

*m) A definition of any acronyms, which may be necessary to use.*

DEACS – NCDEQ Division of Environmental Assistance and Customer Service

DWM – NCDEQ Division of Waste Management

EPA – U.S. Environmental Protection Agency

HRRG – Helene Recovery Recycling Infrastructure Grant

NCDEQ – North Carolina Department of Environmental Quality

RFP – Request for proposals

*n) Availability of Other Program Information.*

NCDEQ HRRG Grant website and RFP: <https://www.deq.nc.gov/about/divisions/environmental-assistance-and-customer-service/recycling-and-materials-management/programs-offered/grant-opportunities/helene-recovery-recycling-infrastructure-grant>

Subrecipient contract documents can be obtained by contacting the Agency Contact Person.

NCDEQ Hazardous Waste Management State Program Support Grant Website: <https://www.deq.nc.gov/news/key-issues/storm-season/hurricane-helene-response/hazardous-waste-management-state-program-support-grant>

The EPA Cooperative Agreement for the Hazardous Waste Management State Program Support can be obtained by contacting the Agency Contact Person.

EPA General Terms and Conditions: <https://www.epa.gov/grants/grant-terms-and-conditions>

EPA Subaward Policy: <https://www.epa.gov/grants/grants-policy-issuance-gpi-16-01-epa-subaward-policy-epa-assistance-agreement-recipients>

**III. COMPLIANCE REQUIREMENTS**

Noted below in the following matrix are the types of compliance requirements (Types) for this federal program identified by either the federal or State agency with a “Y” that are subject to the audit. The auditor must determine if the Type noted by “Y” has a direct and material effect on the federal program for the auditee. If the Type is determined to be subject to audit, the auditor must use the OMB 2026 Compliance Supplement, Part 3 and Part 4 (if an OMB supplement is issued) in addition to this State supplement to perform the audit.

If the State determines that the federal requirement does not require testing at the local level or if the State modifies the federal requirements, this is discussed in the supplement under the type of compliance requirement. Auditors are not expected to test requirements that have been noted with an “N.”

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	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	N	Y	N	Y	Y	N	Y	N	N

**A. Activities Allowed or Unallowed**

Compliance Requirements:

Subrecipients must adhere to the eligible activities listed in the HRRI RFP. Approved uses of HRRI grant funds include infrastructure improvements, construction of new facilities to handle recyclable materials, reconstruction of recycling facilities damaged by Hurricane Helene, site development costs, related feasibility studies or engineering designs, equipment or vehicle purchases, equipment installation costs, and educational materials such as signs, mailers, handouts, or brochures.

Grant funds may not be used for employee salaries, administrative expenses such as overhead, utility costs, contracted collection costs, and / or payment for other contracted recycling services such as payment to a vendor for operating a household hazardous waste collection event.

Subrecipients must comply with the requirements specified in the NCDEQ grant contract and the attached final accepted grant proposal. Substantive changes to the grant project or expenditures are allowed through written requests from the subrecipient that are approved by the NCDEQ grant administrator and implemented through a contract amendment.

Audit Objectives:

Determine whether the subrecipient complied with the requirements for allowed and unallowed activities.

Suggested Audit Procedures:

Check elements of the subrecipient grant contract and reimbursed transactions against list of allowable and unallowable activities.

**B. Allowable Costs/Cost Principles**

Compliance Requirements

Costs must comply with 2 CFR 200 and must adhere to the approved proposal included in the subrecipient's grant contract with NCDEQ. Proposals outline individual cost items. Some transfer of moneys between budget categories is allowable if not a significant change. Use discretion in determining if a change is significant or not. All costs must be necessary, reasonable, allowable, and allocable to the grant.

Audit Objectives

Determine whether costs covered by grant reimbursements were allowable. Check to make sure reimbursed costs did not exceed actual project costs. NCDEQ grant administrator will verify that individual line items meet program objectives.

Suggested Audit Procedures

Check cost and expenditure records against the contract and approved proposal.

**C. Cash Management**

Compliance Requirements

Grant funds are issued to the subrecipient on a reimbursement basis. All such costs must be documented for reimbursements to be authorized.

Audit Objectives

Determine whether grant funds were used for the purposes of the project as intended by the grant contract and approved proposal.

Suggested Audit Procedures

1. Check cost and expenditure records against the contract and approved proposal.
2. Validate invoices against the accounting records or the general ledger.

**F. Equipment and Real Property Management**

Compliance Requirements

Equipment and real property purchased with grant funding must be used for its intended purpose. Subrecipients must prepare quarterly status reports and a comprehensive final report to document how equipment and real property is being used, evaluate its effectiveness, and provide a description and supporting data of the impact on the subrecipient's recycling activities.

Real property acquired or improved with grant funding must execute and record a statement of Federal interest on the deed or title and provide a copy to the EPA Project Officer and Grant Specialist.

Audit Objectives

Determine whether equipment and real property were used for the intended purpose, meet the requirements of 2 CFR 200.313, and that a statement of Federal interest is recorded on real property titles, as applicable.

Suggested Audit Procedures

1. Identify and inspect selected equipment and/or real property purchased with grant funds.
2. Verify that selected equipment and real property is being used for its intended purpose as indicated in the subrecipient's grant contract and documented in subrecipient's reporting.
3. Verify that titles for selected real property improved with grant funding include a statement of Federal interest.

**H. Period of Performance**

Compliance Requirement

The period of performance for NCDEQ's grant agreement with EPA is 10/1/2025 – 09/30/2030.

The period of performance for subrecipients is determined by grant contracts and expected to be 1 to 3 years, starting on or after July 1, 2026. Costs may only be incurred during the grant contract period and reimbursements will not be authorized for costs incurred before or after the contract period. Time extensions to grants may be authorized through written requests from the subrecipient that are approved by the NCDEQ grant administrator and implemented through a contract amendment. NCDEQ takes steps to determine whether reimbursable project costs took place within the formal contract period and disallows reimbursement for costs experienced and invoiced outside of the contract period.

Audit Objectives

Make sure expenditures are for activities obtained within the grant period.

Suggested Audit Procedures

Verify expenditures are valid by matching costs with invoices paying particular attention to the date of the service.

**I. Procurement and Suspension and Debarment**

Compliance Requirement

Subrecipients must follow the procurement standards set out at 2 CFR 200.318 through 200.327 and comply with applicable requirements set forth in Davis-Bacon and Related Acts (DBRA) and Build America, Buy America. Subrecipients are also prohibited from contracting with parties that are suspended or debarred at the state or federal level. These requirements are included in subrecipient grant contracts.

Audit Objectives

Determine whether procurements were made in compliance with federal requirements. Verify that subrecipients and subrecipient's contractors were not suspended or debarred.

Suggested Audit Procedures

Test a sample of procurements to ascertain if the applicable laws were followed.

Test a sample of subrecipient contracts to check for clauses or verification related to debarment and suspension.

**L. Reporting**

Compliance Requirement

Subrecipient reporting requirements are established in the HRRR RFP and resulting grant contract. Subrecipients are required to submit quarterly progress reports and a comprehensive final report using templates provided by NCDEQ. Reports will provide information needed for NCDEQ to submit semi-annual progress reports to EPA. Reports will document the subrecipient's objective, dollar amount, drawdown, current status, anticipated beginning and completion date, progress made, and any potential challenges.

NCDEQ will have records of adherence to this requirement. Ten percent of reimbursable grant funds will be withheld until an approved comprehensive final report is received.

Audit Objectives

Make sure reporting requirements are satisfied, include all required information, and align with approved project costs.

Suggested Audit Procedures

Review a sample of report types and test for accuracy and completeness.