

STATE FISCAL RECOVERY FUND

State Authorization: Session Law 2021-180 Section 10.6 and also Session Law 2022-74 Section 10.2

21.027 State and Local Fiscal Recovery

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Budget and Finance**

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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 legislation for the State Fiscal Recovery Funds provided funding for various non-profits and small businesses. Each project is listed in the legislation with specific wording on the project description and program allowances.

II. PROGRAM PROCEDURES

Once the MOU for the funds were executed with the NCPRO office from NC OSBM, NCDA&CS began program planning.

For each of the grant contracts that are developed with State Fiscal Recovery Funds, the Grants Manager has worked with each Grantee on the development of an individualized Scope of Work which includes the development of a line-item budget, goals, and objectives consistent with the program’s legislation parameters. Once the budget has been certified and the Scope of Work finalized, a grant contract is developed and executed with each Grantee. The grant contract includes the Scope of Work, appropriate attachments, and the grant period, and use of grant funds in accordance with the Appropriation Bill and/or the Conference Committee Report. The contract also defines the reporting requirements outlined in 09 NCAC 03M.

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Following the collection of all required documentation and the execution of the grant contract, grant funds are awarded/distributed to the Grantee according to the grant agreement. Grant expenses are then monitored through the submission of expense reporting and supporting documentation. Additionally, NCDA&CS monitors and oversees grant's lifecycle through a combination of periodic e-mails, calls, and/or site visits in combination with the required reporting.

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	Y	Y	Y	Y	Y	Y	Y	Y	Y

1. Activities Allowed or Unallowed:

Each grant has a specific line-item budget and Scope of Work detailing activities allowed or unallowed.

2. Allowable Costs/Cost Principles:

Each grant has a specific line-item budget and Scope of Work detailing allowable costs. Costs are reviewed against 2 CFR Part 200 for allowable costs while developing the line-item budget.

3. Cash Management:

It is requested that the State funds be held in a separate account and NCDA&CS be notified if the account is an interest bearing account. If the Grantee opts to not hold the funds in a separate account, they must indicate how expenditures will be identified and shown for these specific funds. If grant is a reimbursement grant, this account management is not a requirement.

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4. Conflict of Interest:

Each Grantee is required to submit their Conflict of Interest Policy with their grant contract.

5. Eligibility:

N/A

6. Equipment and Real Property Management:

2CFR Sections: 200.313: Equipment, 200.314 Supplies, 200.314 Intangible Property, and 200.344-346 Closeout, post-closeout adjustments and continuing responsibilities and Collection of amounts due.

7. Matching, Level of Effort, Earmarking:

N/A

8. Period of Performance:

All funds must be spent no later than December 31, 2026. Expenses incurred prior to March 1, 2021 are unallowable.

9. Procurement and Suspension and Debarment:

All Grantees are required to follow State procurement rules.

10. Program Income:

If program income is earned, the Grantee must notify NCDA&CS how much is earned and how it is returned to the benefit of the program.

11. Reserve:

N/A

12. Reporting:

Reporting requirements are detailed in the grant contract.

13. Subrecipient Monitoring:

N/A

14. Special Tests and Provisions:

Final Rule 31 CFR Part 35 RIN 1505-AC77 and any further updates to the rule.