

**STATE APPROPRIATIONS**

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**State Authorization: Appropriations by the General Assembly through Session Law  
2021-180 Senate Bill 105 and Session Law 2022-74 House Bill 103**

**Department of Agriculture and Consumer Services through  
Budget and Finance**

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<b><u>Agency Contact Person Program and Financial Contact</u></b>	<b><u>Address Confirmation Letters To</u></b>
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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**

Each General Assembly session enacts appropriation bills assigning funding for various non-profits and local government programs. When the funding is provided, these programs encompass specific details within the legislation about any special/specific requirements for the funds.

**II. PROGRAM PROCEDURES**

The General Assembly authorization for Special Appropriations comes via the Appropriation Bill and/or the Joint Conference Committee Report on the Base, Expansion, and Capital Budgets supporting the Appropriation Bill. These are available at the North Carolina General Assembly’s website: <http://www.ncga.state.nc.us>.

When a Special Appropriation is made to a local government or non-profit through the NCDA&CS, the Grants Manager reaches out to them to begin working on the Scope of Work which includes the development of a line-item budget, goals, and objectives that are consistent with the legislation. 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 provides 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 as outlined in 09 NCAC 03M.

## STATE APPROPRIATIONS

Following collection of all required documentation and the execution of the grant contract, grant funds are awarded/distributed to the Grantee(s) according to the grant agreement. Grant expenses are monitored through the submission of expense reporting and supporting documentation. NCDA&CS monitors and oversees grants through a combination of periodic e-mails, calls, and 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	N	N	N	Y	Y	Y	Y	N	N

1. Activities Allowed or Unallowed:

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

2. Allowable Costs/Cost Principles:

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

3. Cash Management:

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

4. Conflict of Interest:

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

## STATE APPROPRIATIONS

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5. Eligibility:

N/A

6. Equipment and Real Property Management:

N/A

7. Matching, Level of Effort, Earmarking:

N/A

8. Period of Performance:

The period of performance is indicated in each grant contract.

9. Procurement and Suspension and Debarment:

Procurement is required to be followed for any expenses over \$25,000. Each Grantee is verified against the State's Suspension of Funding List and Debarment List.

10. Program Income:

If program income is earned, the subgrantee must notify NCDA&CS of 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:

N/A