

DOWNTOWN REVITALIZATION AND ECONOMIC DEVELOPMENT

State Authorization: Session Law 2016-94

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

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 OETHER MODIFICATIONS TO THE CURRENT OPERATIONS APPROPRIATIONS ACT OF 2018 AND TO CREATE THE LEGILATIVE 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 LEGILATIVE COMMISSION ON THE FAIR TREATMENT OF COLLEGE STUDENT-ATHELETES.

Agency Contacts for Program and Fiscal. Address confirmation letters to CFO.

Hazel Edmond Director, Rural Engagement & Investment NC Department of Commerce Rural Economic Development Division 4346 Mail Service Center Raleigh, NC 27699-4346 984-297-5082 hazel.edmond@commerce.nc.gov	Heather Horton CFO NC Department of Commerce Fiscal Services Division 4302 Mail Service Center Raleigh, NC 27699-4302 919-814-4632 heather.horton@commerce.nc.gov
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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. Downtown revitalization projects may include planning costs that will produce a final plan for physical improvements, including architectural and engineering design; streetscape design and implementation; public infrastructure (including water, sewer, electric lighting, sidewalk, traffic, road and/or digital infrastructure improvements); façade or building improvements; wayfinding or signage; or art or cultural installations.

Acceptable expenses include labor and materials necessary to carry out downtown revitalization projects. Operational expenses including salary or wages for municipal employees and/or food, refreshment and entertainment expenses are not allowable.

II. PROGRAM PROCEDURES

Grant Process Overview: From Appropriation to Closeout

1. Proposal Submission

- Local Government Grantees are named by direct appropriation, and the Department of Commerce is named to administer these awards via the finalized biennium budget enacted by the NC General Assembly.
- Named grantees are invited to complete a project proposal.

2. Required Proposal Materials

Grantees must submit all documentation outlined in the program guidelines, including:

- The Local Government authorized and executed program proposal.
- Documentation describing the proposed project scope and need.

3. Review and Award Process

- Initial Review: Department of Commerce staff review each proposal for completeness, eligibility, and compliance with program requirements.
- Assistant Secretary for Economic Development Consideration: Eligible proposals are presented to the Assistant Secretary for Economic Development for approval.
- Notification: Local Government Grantees are formally notified of the award.

4. Post-Award Contracting

- A grant agreement is executed between the Department of Commerce and the local government.
- The contract outlines project scope, reporting obligations, payment procedures, and closeout expectations.
- No project costs are eligible for payment until the contract is fully executed.

5. Project Implementation and Monitoring

- Site Visits:
 - An initial site visit is typically conducted following grant award.
 - Additional site visits may occur during construction/renovation efforts.
 - A final site visit may be conducted at project completion to verify outcomes.
- Ongoing Oversight: Staff monitor progress through communication with the grantee, review of reports, and verification of compliance with contract terms.

6. Project Reporting Requirements

- Local Government Grantees must submit progress reports biannually, due January 15 and July 15 for each year the grant remains open.
- Reports must document project status, expenditures, milestones, and any issues affecting progress.
- Local Government Grantees must submit a Final Report once all project activities and program requirements have been met and verified.

7. Payment Procedures

- Local Government Grantees must submit:
 - A completed and executed payment request form.
- Commerce staff review payment requests for eligibility and compliance before issuing payment.

8. Grant Closeout

- Closeout occurs once:
 - All project activities are completed.
 - All performance requirements are met and verified.
 - All required reports, including the Final Report including copies of eligible invoices have been submitted and approved.
- A final site visit may be conducted to confirm project completion.
- Commerce issues a formal closeout letter to the grantee, concluding the grant.

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	11	12	13
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	N	N	N	Y	N	N

1. Activities Allowed or Unallowed

Compliance Requirement

The purpose of the program is to award grants to certain legislatively directed local governments for the purpose established in the authorizing legislation. Downtown revitalization projects may include planning costs that will produce a final plan for physical improvements, including architectural and engineering design; streetscape design and implementation; public infrastructure (including water, sewer, electric lighting, sidewalk, traffic, road and/or digital infrastructure improvements); façade or building improvements; wayfinding or signage; or art or cultural installations.

Audit Objective

To determine whether grant activities were limited to those authorized under certain legislatively directed local governments and whether no unallowable activities were charged to the grant.

Suggested Auditing Procedures

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

Downtown revitalization projects may include planning costs that will produce a final plan for physical improvements, including architectural and engineering design; streetscape design and implementation; public infrastructure (including water, sewer, electric lighting, sidewalk, traffic, road and/or digital infrastructure improvements); façade or building improvements; wayfinding or signage; or art or cultural installations.

Acceptable expenses include labor and materials necessary to carry out downtown revitalization projects. Operational expenses including salary or wages for municipal employees and/or food, refreshment and entertainment expenses are not allowable.

Audit Objective

To determine whether costs charged to the grant were allowable, reasonable, properly documented, and incurred within the approved contract period.

Suggested Auditing Procedures

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

3. Cash Management

Compliance Requirement

A contract between the NC Department of Commerce and the A grant agreement is executed between the Department of Commerce and the local government. A local government must submit a completed and executed payment request form.

Audit Objective

Determine whether cash management practices are in compliance with the grant agreement.

Suggested Audit Procedures

Ensure that cash management practices are consistent with those called for in the grant agreement.

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.

Audit Objective

To determine whether the grant recipient maintained compliance with state conflict-of-interest laws and ensured that no prohibited relationships or gifts influenced procurement or contracting decisions.

Suggested Auditing Procedures

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.

11. Reporting

Compliance Requirement

The grant recipient acknowledges by execution of the contract and agrees to comply with the following:

- Local Government Grantees must submit progress reports biannually, due January 15 and July 15 for each year the grant remains open.
- Reports must document project status, expenditures, milestones, and any issues affecting progress.
- Local Government Grantees must submit a Final Report once all project activities and program requirements have been met and verified.

Audit Objective

To determine whether the grant recipient submitted all required reports accurately, completely, and on time.

Suggested Auditing Procedures

Verify compliance requirements in the contract.

The North Carolina General Statutes

- § 14-234. Public officers or employees benefiting from public contracts; exceptions.
- § 133-32. Gifts and favors regulated.