

PARKS AND RECREATION TRUST FUND - MATCHING GRANT PROGRAM FOR LOCAL GOVERNMENTS

or absence of other funding sources, the population of applicant, the level of compliance with prior grant agreements, the amount of funds available, and the amount of funds being requested.

Each application is reviewed and evaluated by staff for completeness and eligibility. Staff evaluates eligible applications based on the following criteria in the scoring system:

- 1) new public recreation facilities provided by the project.
- 2) the degree of local recreational planning for the project and how the specific elements in the project conform to the plan.
- 3) the acquisition or the conservation of unique natural, cultural, recreational, or scenic resources.
- 4) the level of public involvement in developing and supporting the project.
- 5) the applicant's commitment to operating and maintaining the project.
- 6) the suitability of the site for the proposed project development.

The Authority reviews the evaluation of each application and other relevant factors and selects applications for funding in August each year. Upon approval of an application by the Authority, a contract is executed between the local grant recipient and DNCR. The contract defines DNCR's and the grant recipient's responsibilities and obligations, the contract project period, project scope, and the amount of grant assistance. The grant recipient's application and support documentation become a part of the contract.

The PARTF program operates within a set of program guidelines established under administrative rules as defined in DNCR's Subchapter 07 NCAC 13K .0101. As such, auditors are directed to the above referenced administrative rules and the PARTF contract for specific directions on all aspects of compliance.

DNCR staff conducts periodic inspections during the contract period to monitor and assure the continued effectiveness of the financial and administrative management by the grant recipient.

Grant recipients initially pay in full for costs incurred during the project period, and upon submission of project billings with required support documentation to DNCR are reimbursed 50% of eligible costs according to the contract and the cost estimates submitted with the grant recipient's application.

PARKS AND RECREATION TRUST FUND - MATCHING GRANT PROGRAM FOR LOCAL GOVERNMENTS

III. COMPLIANCE REQUIREMENTS

Noted below in the following matrix are the types of compliance requirements that are applicable to the State 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	N	Y

1. Activities Allowed or Unallowed

Compliance Requirements

PARTF grants are awarded to eligible applicants for the buying land and building or renovating facilities for public parks.

Audit Objectives

Ensure that the grantee completes the public park project approved by the Parks and Recreation Authority and complied with PARTF administrative rules.

Suggested Audit Procedures

Verify elements of the contract and project scope agree with the records or evidence of actual performance.

2. Allowable Costs/Cost Principles

Compliance Requirements

Eligible costs include outdoor and indoor recreation facilities; support facilities, such as roads, parking areas, accessible routes, walkways, utilities; improvement of natural resource features needed for public recreation use; acquisition of land and water in fee title or by easement; planning/ incidental costs.

Eligible costs must be incurred during the project period and be described in the project scope of the project agreement, be documented in the application, and initiated and/or undertaken between the beginning and end dates identified in the project agreement between the State and the local government.

PARKS AND RECREATION TRUST FUND - MATCHING GRANT PROGRAM FOR LOCAL GOVERNMENTS

DNCR is not to be invoiced for sales taxes for which a refund will later be requested.

Audit Objectives

Determine whether costs covered by contract were allowable.

Suggested Audit Procedures

Check expenditure records against the scope and project period listed in the PARTF contract as well as the PARTF administrative rules.

3. Cash Management

Compliance Requirements

A contract between DNCR and the grantee is executed before the grantee begins work on the grant. The PARTF grant amount must be matched on at least a dollar-for-dollar basis by the Grantee. To be eligible, project costs must be incurred during the contract period, be documented in the grant application, described in the project scope of this agreement, and initiated and/or undertaken after execution of this agreement by the Grantee and the Department. Some pre-award costs are eligible expenses as described in the grant application and item 8 of this document.

PARTF assistance for land acquisition will be based on the fair market value of real property or the sales price, whichever is less. Value must be based upon an independent appraisal by a licensed appraiser holding a general or residential certification from the North Carolina Appraisal Board. Approval of appraised amounts rests with the Department.

Payment shall be made in accordance with the Contract documents as described in the Scope of Work. Payment for work performed will be made upon receipt and approval of invoice(s) from the Grantee documenting the costs incurred in the performance of work under this Contract. Invoices may be submitted to the Contract Administrator quarterly.

Final invoices must be received by the Department within forty-five (45) days after the end of the Contract period or Contract completion, whichever occurs first. Accounting records should be based on generally accepted local government accounting standards and principles including the Local Government Budget and Fiscal Control Act (G.S. 159-7 to 159-42). Records shall be retained for a period of five (5) years following project completion, except records shall be retained beyond a five (5) year period if audit findings have not been resolved.

All accounting records and supporting documents will clearly show the number of the Contract and PARTF project to which they are applicable. The State Auditor and the Department's Internal Auditors shall have access to persons and records as a result of all Contracts and Grants entered into by state agencies and or political subdivisions in accordance with General Statute 147-64.7. The final payment will be made Net 30 days after inspection by the Department's Contract Administrator.

The Grantee agrees to refund to the Department, subsequent to audit of the project's financial records, any costs disallowed or required to be refunded to the Department on account of audit exceptions.

PARKS AND RECREATION TRUST FUND - MATCHING GRANT PROGRAM FOR LOCAL GOVERNMENTS

Audit Objectives

Determine whether cash management practices are in compliance with the contract.

Suggested Audit Procedures

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

4. Conflict of Interest

Compliance Requirements

In addition to legislation enacted by the General Assembly (North Carolina General Statutes 14-234) for local governments, the contract between DNCR and the grantee specifies the measures necessary to guard against a conflict-of-interest issue. 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. The grantee attests that its employees or agents are not aware that any such gift has been offered, accepted, or promised by any employees of the organization.

Audit Objectives

Make sure grantee adhered to its conflict-of-interest policy as well as the measures to prevent conflicts of interest described in the contract.

Suggested Audit Procedures

1. Verify existence of a written policy and adherence to it.
2. Verify written policy does not contradict anything in the contract.

5. Eligibility

Compliance Requirements

DNCR determines eligibility for local governments and their applications. No additional work is deemed necessary from the local CPA.

Audit Objectives

Not applicable.

Suggested Audit Procedures

Not applicable.

6. Equipment and Real Property Management

The contract between DNCR and the grantee specifies equipment, real property management, and accounting guidelines. When PARTF participates in the purchase of property interests, it requires the grantee to place perpetual restrictions on the property deed for public recreation use. When PARTF participates in development of facilities, the grantee assures via the contract to maintain and operate the facilities for public recreation use for a minimum of 25 years after the completion date set forth in the contract.

The Grantee agrees to operate and maintain the project site to appear attractive and inviting to the public, kept in reasonably safe repair and condition, and open

PARKS AND RECREATION TRUST FUND - MATCHING GRANT PROGRAM FOR LOCAL GOVERNMENTS

for public use at reasonable hours and times of the year, according to the type of facility and area.

If the project site is rendered unusable for any reason whatsoever, the Grantee agrees to immediately notify the Department of said conditions and to make repairs, at its own expense, to restore use and enjoyment of the project by the public.

The Grantee agrees not to discriminate against any person on the basis of race, sex, color, national origin, age, residency, or ability in the use of any property or facility acquired or developed pursuant to this agreement.

7. Matching, Level of Effort, Earmarking

Compliance Requirements

The PARTF grant amount must be matched on at least a dollar-for-dollar basis by the Grantee. The contract between DNCR and the grantee specifies requirements for matching. The grantee's match is spelled out in the contract's scope of work and cost estimates in the grantee's application.

Audit Objectives

Ensure compliance with contract requirements.

Suggested Audit Procedures

Review contract to determine existence of a matching requirement. Review grantee's accounting records to ensure compliance.

Level of Effort-Not Applicable

Earmarking-Not Applicable

8. Period of Performance

Compliance Requirements

The contract between DNCR and the grantee specifies the period of availability of the State's PARTF funds. For grantees, the date the contract is signed by the local grantee and DNCR is the beginning of the project period, unless the Authority has granted a waiver as defined in PARTF administrative rules to allow the grantee to acquire land before a contract is executed. Incidental costs required to complete an application and as defined in the application's cost estimates may be incurred within two years of the application deadline. The total project period is normally three years as stated in the contract.

Audit Objectives

Ensure compliance with the grant period.

Suggested Audit Procedures

Verify expenditures are for costs incurred during the grant period and described in the contract and application's cost estimates.

9. Procurement and Suspension and Debarment

Procurement:

Compliance Requirements

The contract between DNCR and the grantee specifies the requirements, if any, for procurement. Local Government Budget and Fiscal Control Act (G.S. 159-7 to

PARKS AND RECREATION TRUST FUND - MATCHING GRANT PROGRAM FOR LOCAL GOVERNMENTS

159-42); Formal Contracts, Informal Contracts and Purchasing (including but not limited to G.S. 44A-26, G.S. 87-1 to 87.15.4, G.S. 133.1 to 133-40, G.S. 143-128 to G.S.143-135; Uniform Relocation Assistance Act (G.S. 133-5 to 133-18); Contractors must use E-Verify (G.S. 143-48.5); Americans With Disabilities Act of 1990 (P.L. 101-336) and ADA Accessibility Guidelines; N.C. State Building Code; and Sales Tax Refund (G.S. 105-164.14(c)).

Audit Objectives

Ensure compliance with the contract.

Suggested Audit Procedures

Verify existence of procurement requirements, if any, in the contract. If present, review grantee’s records to ensure compliance.

Suspension and Debarment:

Compliance Requirements

A local grantee is prohibited from entering a contract with a party that has been suspended or debarred by the State of North Carolina.

Audit Objectives

To determine a grantee has not entered a contract with a party that has been suspended or debarred by the State of North Carolina.

Suggested Audit Procedure

Test a sample of contracts, if applicable, and verify that the grantee has not entered a contract with a party that has been suspended or debarred by the State of North Carolina. A list of debarred parties can be found at: <http://doa.state.nc.us/PandC/actions.htm>.

10. Program Income

Compliance Requirements

DNCR encourages grantees to use any program income to expand services and facilities for public recreation purposes on the project site. During development of the project within the project period, income earned by the sponsor from sources other than the intended recreational use of the project are encouraged to be added to funds committed to the project and be used to further eligible PARTF program objectives on the project site. Examples of income include the sale of timber, rental of land during the project period, and the deposition of any structures or improvements included in the project’s acquisition costs associated with the agreement. This income may include materials salvaged from the demolition of a building.

Audit Objectives

None. There are no required uses of program income.

Suggested Audit Procedures

None.

11. Reserve

PARKS AND RECREATION TRUST FUND - MATCHING GRANT PROGRAM FOR LOCAL GOVERNMENTS

12. Reporting

Compliance Requirements

Reporting requirements enacted by the General Assembly for local governments and public authorities is found in General Statutes 159-34. The contract between DNCR and the grantee also specifies reporting requirements regarding project progress and status.

Audit Objectives

Ensure compliance with the contract.

Suggested Audit Procedures

Verify compliance requirements in the contract. Then review recipient records to ensure compliance.

13. Subrecipient Monitoring

N/A

14. Special Tests and Provisions

Real property acquisition and relocation assistance

Compliance Requirements

The contract between DNCR and the grantee specifies requirements for the acquisition of real property. Uniform Relocation Assistance Act (G.S. 133-5 to 133-18).

Audit Objectives

Ensure compliance with the contract.

Suggested Audit Procedures

Verify existence of real property acquisition and relocation assistance requirements, if any, in the contract. If present, review recipient records to ensure that acquisition or relocation assistance expenditures were used in accordance with the contract.