

**HURRICANE RECOVERY ACT OF 2005
Other Grants to Local Governments**

State Authorization: Senate Bill 7 Session Law 2005-1

Agency Contact Person - Program

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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.

I. PROGRAM OBJECTIVES

The Hurricane Recovery Act of 2005 (HRA 05) Other Grants to Local Governments was designed to provide funds for needs repairs and replacements to public infrastructure and facilities damaged by the hurricanes of the 2004 season. Funds were used to cover losses and shortfalls not covered by other state or Federal programs.

II. PROGRAM PROCEDURES

Certain funds within the HRA were obligated by direct appropriation (Town of Canton/Blue Ridge Waste Water Treatment Plant Repairs and Mitigation; Replacement of the Hyde County Courthouse; repairs to the Ocracoke Island School) Other funds were distributed based on a application and review process conducted by the Hazard Mitigation Section of NCEM. Funds were obligated to cover losses and repair damages to public infrastructure and to acquire residential and other structures destroyed or heavily damaged by the hurricanes of 2004 and associated events including landslides and flooding.

III. COMPLIANCE REQUIREMENTS

1. Activities Allowed or Unallowed

Eligible activities included acquisition and demolition of damaged structures, repairs to public infrastructure, replacement of lost or damaged public school supplies and materials. Funds were provided to local governments to cover expenses not otherwise covered by FEMA, insurance, or other programs.

2. Allowable Costs/Cost Principles

Only relevant and necessary costs as authorized by the state/local agreement are allowed.

3. Cash Management

With the exception of 3 direct appropriations, funds are disbursed to grantees on a reimbursement basis. The only other exceptions are in the case of property acquisition projects wherein the local government does not have sufficient funds on hand when a real

estate transaction is being closed. Funds advanced for purchase of real property must be disbursed by local government within three business days of receipt.

5. Eligibility

Only local governments and entities identified in the language of Senate Bill 7 may apply for funding under the HRA 05.

6. Equipment and Real Property Management

Equipment purchased using HRA 05 funds must be used and maintained for the purposes identified in the application materials and in the local/state grant agreement. All real property acquired using HRA 05 funds must be cleared and returned to public open space protected in perpetuity from future development by a deed restriction.

7. Matching, Level of Effort, Earmarking

The State of NC provided 100% of the funding for HRA 05 activities.

8. Procurement and Suspension and Debarment

According to OMB Circulars (A-102, A-110, A-21, A-87 and A-122) and as stated in the grant agreement; the grantee must comply with Federal Debarment and Suspension regulations by requiring completion of the "Certificate Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transactions" by sub-recipients prior to entering into a financial agreement with the sub-recipients for any transaction as outlined below:

Any procurement contract for goods and services, regardless of amount, under which the sub-recipients will have a critical influence on or substantive control over the transaction.

The grantee is responsible for monitoring the submission and maintaining the official document for review by the Hazard Mitigation Staff.

9. Program Income

Any recognized program income must be used to offset program expenses or returned to CCPS

10. Real Property Acquisition and Relocation Assistance

All applicants must comply with federally-mandated negotiation, acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 as amended.

11. Reporting

Each quarter for direct appropriations, and each month for grants to local governments, grantees will provide to NCEM a financial status report that reveals outlays for all approved projects. This report will also report on the implementation schedule, any delays, project overruns, and any problems that may have been encountered.

12. Subrecipient Monitoring

Each project manager reviews quarterly reports and financial cost reports for compliance.