

**SPECIAL APPROPRIATIONS**

---

**State Authorization:** General Assembly Appropriation Bills

**DEPARTMENT OF CULTURAL RESOURCES**

---

**Agency Contact Person - Program**

Donna Rosefield  
(919) 807-7257  
Donna.Rosefield@ncmail.net

**Agency Contact Person – Financial**

Greg Piner, Department Controller  
(919) 807-7274  
Greg.piner@ncmail.net

**Address Confirmation Letters To**

Donna Rosefield  
Department of Cultural Resources  
4601 Mail Service Center  
Raleigh, NC 27699-4601  
(919) 807-7257  
Donna.Rosefield@ncmail.net

---

**The auditor should not consider the Compliance 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**

Each session, the General Assembly enacts Appropriation Bills that usually include special provisions and/or special appropriations for non-state entities. These provisions are intended to assist these entities by providing funds for day-to-day operations or for special projects.

**II. PROGRAM PROCEDURES**

**Authorization**

The authorization for these appropriations is found in SB 622, NC General Assembly 2005 Session. The appropriations bill is available at the North Carolina General Assembly’s website: <http://www.ncga.state.nc.us>.

**Administration**

The Department of Cultural Resources administers these appropriations as directed by the General Assembly in the Appropriations Bills. Each non-state entity must file with the Department of Cultural Resources a notarized Request for Payment of Appropriation form, Articles of Incorporation and By-laws, a list of the entity’s Board of Directors, a notarized Conflict of Interest Policy Statement, a notarized statement of no overdue taxes, and a fully executed contract (prepared by the Department of Cultural Resources) before funds can be distributed.

**Fund Allocations**

On occasion, the General Assembly will make an appropriation to a specific entity. After reviewing the various Appropriation Bills and upon receiving the appropriate organizational information, the Department of Cultural Resources will distribute the funds to that entity. If the total appropriation is less than \$100,000, it will be disbursed in one check. If the total appropriation is more than \$100,000, it will be distributed in either monthly or quarterly disbursements at the discretion of the Director of the State Budget. The Director of the Budget has the statutory authority to make an exception as to the distribution of funds.

**Application Process**

Upon notification that the General Assembly’s Appropriation Bill has passed, or upon direct notification from the General Assembly, the Department of Cultural Resources informs each organization by letter that it has received a special appropriation from the General Assembly. It must then submit to the Department a description of the (1) Description of Project and Scope of Work, and (2) line-item budget and budget narrative. The Department reviews these documents and then prepares two copies of contracts. Those contracts, along with a Request for Appropriation of Funds and further instructions, are sent to the recipient. The recipient must complete and return the contracts, Request for Payment Form, and required attached documents as specified in the notification letter. The organization is also informed of the reporting requirements for the appropriation at the end of the fiscal year. After receiving the contract and verifying the information from the organization, the Department of Cultural Resources distributes the appropriation accordingly.

**III. COMPLIANCE REQUIREMENTS**

**1. Activities Allowed or Unallowed**

State funds allocated by the General Assembly should be used only for those purposes as specified by the General Assembly in the original Appropriation Bill(s) and as indicated on the Request for Payment of Appropriation(s) Form.

**Audit Objective** – To determine that all expenditures are for the purpose stated in the Appropriations Bill(s) and as indicated on the Request for Payment of Appropriation(s) Form.

**Suggested Audit Procedures:**

Verify that the expenditure of funds are for the purposes stated in the Appropriations Bill(s) by examining each expenditure or, if there are a great number of expenditures, by examining a test sample.

**4. Conflict of Interest**

Each private, non-profit entity eligible to receive State funds, either by the General Assembly appropriation, or by grant, loan, or other allocation from the Department of Cultural Resources, shall file with the Department a notarized copy of that entity’s policy addressing conflicts of interest that might arise involving the entity’s management employees and the members of its board of directors or other governing body. No testing will be required at the local level.

**7. Matching, Level of Effort, Earmarking**

There is no requirement for matching funds or earmarking funds unless so stipulated by the General Assembly in the original appropriation or at the direction of the General Assembly.

**Suggested Audit Procedures:**

Verify that the organization has completed all requirements as set forth in the Appropriations Bill(s) for any matching funds, levels of effort, and/or earmarking.

**12. Reporting**

Reporting requirements for organizations, corporations, and any other non-State entity must comply with General Statute 143-6.1, Reports on Use of State Funds by Non-State Entities.

- (a) Grantee Receipt and Expenditure Reports. – A grantee that receives, uses, or expends between fifteen thousand dollars (\$15,000) and three hundred thousand dollars (\$300,000) in State funds annually, except when the funds are for the purchase of goods or services, must file annually with the State agency that disbursed the funds a sworn accounting of receipts and expenditures of the State funds. The treasurer of the grantee and one other authorizing officer of the grantee must attest to this accounting. The accounting must be filed within six months after the end of the grantee’s fiscal year in which the State funds were received. The accounting shall be in the form required by the disbursing agency. Each State agency shall develop a format for these accounting and shall obtain the State Auditor’s approval of the format. The grantee shall contact the grantor for the required forms and instructions. The general instructions are contained in North Carolina General Statute 143-6.1, “Non-Profits State Fund Accountability Act.”
- (b) Reports to be submitted to the Department of Cultural Resources shall include, but not be limited to, a Certification Letter, Schedule of Grantee Receipts and Expenditures Form, and a Program Activities and Accomplishments Report. Samples of all forms will be provided to the Grantee in the letter accompanying the initial award payment.

**Audit Objective** – To determine that all required forms and reports have been submitted to the grantor.

**Suggested Audit Procedures:**

Verify that the required forms have been submitted to the grantee. One of the most forgotten forms is the statement required by N.C.G.S. §143-6.2, Reports on Use of State Funds by non-State Entities, six months after the close of the fiscal year in which the funds were expended. Verify that this report has been submitted in a timely manner to the grantee.