

10.664

COOPERATIVE FORESTRY ASSISTANCE PROGRAM

State Project/Program: Urban & Community Forestry Grant Program

USDA Forest Service

Federal Authorization: Cooperative Forestry Assistance Act of 1978 (P.L. 95-313) as amended

**N.C. Department of Environment and Natural Resources
Division of Forest Resources**

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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 Urban & Community Forestry (U&CF) Grant Program provides 50/50 matching grant to the States, and through the states to any unit of local or state government, educational institutions, non-profit 501(c)(3) organizations and other tax-exempt organizations to provide technical assistance and services to individuals, groups, communities, governmental agencies and organizations with respect to the protection, improvement, management, establishment and utilization of trees and shrubs in urban areas, communities, and open spaces, for the improvement of the beauty and livability of the urban environment.

II. PROGRAM PROCEDURES

The US Forest Service (USFS), a component of the U.S. Department of Agriculture (USDA), administers the U&CF program on behalf of the federal government. The Division of Forest Resources (DFR) administers the program on behalf of the NC Department of Environment and Natural Resources (DENR). To be eligible for the U&CF program, the state must: 1) prepare a Strategic Plan, and update and refine it every five years; 2) use the federal funds to support the establishment and maintenance of a state Urban Forest Council; and 3) maintain a staff of no less than two people who act in the capacity of: a Program Coordinator and a Volunteer Coordinator. The Strategic Plan identifies program goals and actions for the U&CF program and funding priorities. U&CF assistance from the USFS goes to the State, and through the State is made available to any unit of local or state government, educational institutions, non-profit 501(c)(3) organizations and other tax-exempt organizations .

To ensure public participation in the awarding of U&CF grants, the U&CF program announces that the program is accepting proposals to all communities in NC and all non-profits on their mailing list.

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The RFP and all required forms and notifications are posted on the DFR website. Once proposals are received during the application period they are reviewed by the U&CF staff and four other DFR staff, scoring the proposals according to program criteria. Based on proposal evaluations funding is assessed and determined for all eligible proposals until funding is exhausted or until all proposals that meet the program requirements have been funded. The eligible proposals decisions are forwarded to the State Forester for review. Upon approval of the project by the U&CF Program, a written contractual project agreement is executed between the grant recipient and DENR.

The executed project agreement states the responsibilities and obligations, both during the project period and after project completion that the grant recipient must assume as a part of receiving U&CF assistance.

Grant recipients and sub-recipients are responsible for maintaining and submitting accounting records, according to the U&CF requirements stated in the RFP and the *Contractual Requirements* which are included in the formal contract that will ensure financial integrity of the U&CF program.

DENR may conduct periodic inspections during the project period to assure the continued effectiveness of the financial and administrative management.

Grant recipients and sub-recipients initially pay in full all costs incurred during the project period, and upon submission of a project billing to the U&CF Program, are reimbursed for the federal (U&CF) share of eligible costs represented by the billing and supporting documentation.

III. COMPLIANCE REQUIREMENTS

A. Activities Allowed or Non-allowed

Compliance Requirements

U&CF grants are awarded to develop, enhance and support sustainable urban and community forestry programs throughout North Carolina by encouraging citizen and community involvement through such activities as:

- Improve public understanding of the benefits of preserving existing tree cover in communities.
- Encourage citizens and communities to maintain trees and expand urban forest cover.
- Provide educational programs and technical assistance to communities, individuals and organizations.
- Assist local governments with projects that will lead to more effective and efficient management of urban and community forests.
- Establish demonstration projects to illustrate the benefits of forest cover and trees within an urban setting and solve a specifically described problem.
- Enhance the technical skills of individuals involved in the planning, development and maintenance of urban and community forests.
- Promote volunteerism, multi-cultural awareness, and involvement of non-profit organizations in implementing urban and community forestry programs, particularly in communities where participation in urban and community forestry efforts has been limited.
- Assist communities in meeting the requirements for Tree City USA and Tree City Growth Awards

To be allowed, costs must be incurred during the project period and be described in proposal and proposed budget, and initiated and/or undertaken after execution of the project agreement between the State and the grant sub-recipient.

B. Allowable Costs/Cost Principles

Compliance Requirements

The basic statement regarding the principles and standards for determining cost applicable to the U&CF program is found in OMB Circular A-87.

1. To be allowable for U&CF assistance, costs must meet the following criteria:
 - a. Be necessary and reasonable for proper and efficient administration of the grant program, be allocable thereto, and, except as specifically provided in these guidelines, not be a general expense required to carry out the overall responsibilities of State or local government.
 - b. Be authorized or not prohibited under State or local laws or regulations.
 - c. Conform to the limitations of OMB Circular A-87, federal law, or other governing limitations in the agreement as to types or amounts of costs items.
 - d. Be consistent with policies, regulations, and procedures that apply uniformly to both federally assisted and non-federally assisted activities of the unit of government of which the project sponsor is a part.
 - e. Be treated consistently through the application of generally accepted accounting principles appropriate to the circumstances.
 - f. Not be allocable to or charge to any other federally financed program.
 - g. Be net of all applicable credits.
2. Total Costs. The total cost of a project is comprised of the allowable direct cost plus its share of allowable indirect costs, less applicable credits.
 - a. Direct costs are those identified specially with and charged directly to a particular project. Typical direct costs are employee compensation for time and effort devoted to a specific project, costs of materials, costs of equipment and other capital expenditures, or the acquisition of land.
 - b. Indirect costs are used to pay a portion of the administrative costs incurred by the State. Indirect costs are those incurred for a common or joint purpose benefiting more than one project, and are not readily assignable to the individual project. All indirect costs of DENR are eligible for allocation to projects provided they meet conditions of OMB Circular A-87.
3. Allowable Costs - the allowability of these items is subject to OMB Circular A-87. Allowable costs include, but are not limited to:
 - a. Personal Service.
 - b. Fringe Benefits.
 - c. Consultant Service.
 - d. Equipment Purchase - Costs of purchasing, leasing, or renting equipment utilized in the execution of a project are generally eligible for U&CF assistance. Equipment may be eligible provided the sub-grantee clearly shows that it is necessary for advancement of the U&CF Program goals and that it will be used for the purposes of the project initiated by the contract in the future. The equipment must be listed, with estimated costs, in the application and noted in the project scope of the agreement.

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- e. Information and Interpretation Costs - such as information display boards, kiosk, or other interpretive facilities for the explanation of items of interest and other facilities required to explain the area and bring it to public attention.
- f. Construction. Only minor construction activities are generally allowed, such as: benches, kiosks, field nurseries, and landscaping or trail creation. Any construction results must be open to or generally accessible by the general public.
- g. Administrative and Supporting Expenses (Indirect costs by the State).
- h. Publicity directly related to the project including brochures, announcements, website development and other educational materials.

4. Non-Allowable Expenditures. These expenditures shall not be included in the base for determining financial assistance.

- a. Entertainment expenses.
- b. Expenses for publicity not directly related to the project.
- c. Bonus payments of any kind.
- d. Charges for contingency reserves or other similar reserves.
- e. Charges for deficits or overdrafts.
- f. Taxes for which the organization involved would not have been liable to pay.
- g. Interest expenses
- h. Charges incurred contrary to the policies and practices of the organization involved.
- i. Fines and penalties.
- j. Legal and professional fees paid in connection with raising funds.
- k. Payments for lobbying in connection with the awarding, extension, continuation, renewal, amendment, or modification of a U&CF grant.

C. Cash Management

Compliance Requirements

U&CF assistance shall not exceed 50% of the total eligible costs and is provided on a reimbursement basis only. The sub-grantee will initially pay in full all costs accrued during the project period. Reimbursement for the federal share is made through the U&CF Program in accord with procedures in the RFP and the *Contractual Requirements*.

E. Eligibility

Compliance Requirements

To be eligible for U&CF assistance, each State must prepare Strategic Plan and update and refine it every 5 years. To be eligible for grants, projects must be in accord with the Strategic Plan as further stated in the RFP, be any unit of local or state government, an educational institution, non-profit 501(c)(3) organization or other tax-exempt organization, and meet other State and Federal requirements.

G. Matching

Compliance Requirements

U&CF assistance is provided on a 50/50 matching basis to individual projects, which are submitted to the U&CF Program. State and local matching share may be in the form of cash, in-kind labor, materials and equipment.

Level of Effort – Not Applicable

Earmarking – Not Applicable

H. Period of Availability of Federal Funds

Compliance Requirements

U&CF monies are apportioned to the States by the USFS each fiscal year in accordance with an allocation formula approved by Congress. The formula includes a factor for distribution of the funds among the States. For grantees, the contract start date is the beginning of the project period, unless the DFR has granted for that project a waiver of its policy of not approving cost retroactivity (A termination date is included). The total project period is normally 14 months or as stated in the agreement between the State and local grantees. Based on sound local circumstances, the project period may be amended to allow additional time to complete the project.

I. Procurement and Suspension and Debarment

Compliance Requirements

Procurement

Projects or portions thereof may be undertaken through contracts in accord with the procurement standards and guidelines set forth in Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, 43 CFR Part 12.1 - .52. This includes the procurement of supplies, equipment, construction and services. Equal Employment Opportunity contract Compliance Requirements are set forth in the RFP. Grantees and subgrantees will use their own procedures which reflect applicable State and local laws provided that the procurements conform to the requirements of 43 CFR Part 12.1 - .52. Affirmative steps must be taken by the project sponsor to assure that small and minority businesses and women's business enterprises are utilized when possible.

Suspension and Debarment

In accordance with 43 CFR 12.1 - .51, no grant or contract may be awarded by a grantee (State), sub-recipient (local government) or contractor or any grantee or sub-recipient to any party, which has been debarred or suspended under Executive Order 12549.

J. Program Income

Compliance Requirements

In accord with OMB Circular A-102 Common rule 43 CFR 12, income earned by the project sponsor during the project period from sources other than the intended recreational use of the area shall be addressed in the *Contractual Requirements* and dispersed in one of the following ways:

- 1) Added to the funds committed to the project and used to further eligible program objectives at the project site.

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2) Deducted from the total project costs for the purpose of determining the net cost on which the Federal share of the costs will be based.

L. Reporting

Compliance Requirements

The closeout of a grant is the process by which DFR determines that all applicable administrative actions and all required work of the project or project element have been completed. The following are minimum requirements of the U&CF grant closeout procedures:

1. Sub-grantees must submit:
 - a reimbursement request form
 - expense and match form
 - manpower and equipment form
 - donated services and materials form
 - volunteer sign-in sheets
 - final report and 3 samples of project deliverables
2. Copies of invoices and their corresponding cancelled checks must be attached and are documented on the Expense and match form.
3. Upon request, DFR will promptly process payments to sub-grantee for allowable reimbursable costs under the project being closed out.

M. Sub-recipient Monitoring

Identifying Federal compliance requirements – The federal compliance requirements are listed in the RFP which is a part of the RFP and the *Contractual Requirements*.

Monitoring Sub-recipient Activities - Mid-year progress reports are required from sub-grantees. Final reports document completion of activities and deliverables.

Ensuring Corrective Action – If the sub-grantee is out of compliance with grant requirements, the sub-grantee is informed and given a time-frame within which to remedy the situation.