
20.205 HIGHWAY PLANNING AND CONSTRUCTION

State Project/Program: **BICYCLE AND PEDESTRIAN PLANNING GRANT (SAFETEA-LU)**

U. S. Department of Transportation

Federal Authorization: 23 U.S.C. 401 et seq., 25 amended, 23 CFR and 49 CFR

State Authorization:

**North Carolina Department of Transportation
Division of Bicycle and Pedestrian Transportation**

Agency Contact Person – Program

Johanna Cockburn, AICP Director
Bicycle and Pedestrian Transportation
N. C. Department of Transportation
1552 Mail Service Center
Raleigh, NC 27699-1552
(919) 707-2601
Fax: (919) 715-4421
jcockburn@ncdot.gov

Address Confirmation Letters To:

Pam Nelms
N.C. Department of Transportation
Financial Management Division
1514 Mail Service Center
Raleigh, N.C. 27699-1514
(919) 707-4245
Fax (919) 715-8718
pknelms1@ncdot.gov

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.

The Single Audit Compliance Unit of the External Audit Branch reviews all single audits, financial audits, and management letters of all “grantees”. We are looking at both the presentation (information as to program, pass-through and state funding, NCDOT identification numbers) and the dollar amounts presented versus our records. Any reports not received will be requested.

Grants must be properly identified by program name (Bicycle and Pedestrian Transportation Matching Grant Program) and WBS number on the Schedule of Expenditures of Federal and State Awards. This information is available from the agreement with NCDOT; program name is in the second/third paragraph while the WBS number is on the upper right hand corner of the first page. Grantor and/or pass-through grantor, program title and CFDA number (if appropriate) should also be included. Please do not combine like projects into one dollar amount since we would need to call you for the breakdown; please report award amount, Federal Pass-through, State share and local share.

On NCDOT’s confirmation from the Grant Master List (GML) published by NCDOT Financial Management Division, these moneys are shown as CFDA number 20.205-6.

I. PROGRAM OBJECTIVES

In recent years, communities throughout North Carolina have begun to place more emphasis on providing facilities for biking and walking. A desire for better modal choices, the demand for more walkable and bikeable communities and a focus on initiatives that enhance local economies, public health and user safety require more multi-modal planning. Comprehensive planning documents are an integral part of developing these systems, and can guide both local and state efforts to improve conditions for bicycling and walking.

To encourage the development of comprehensive local bicycle plans and pedestrian plans, the NCDOT Division of Bicycle and Pedestrian Transportation (DBPT) and the Transportation Planning Branch (TPB) have created a matching grant program to fund plan development. This program was initiated in January 2004 and is currently administered through NCDOT-DBPT.

II. PROGRAM PROCEDURES

All North Carolina municipalities and certain counties meeting a maximum population threshold are eligible and are encouraged to apply for a bicycle or pedestrian planning grant. Funding is intended to support the development of a comprehensive bicycle, pedestrian, joint bicycle/pedestrian or corridor/area transportation plan. Plans may be developed by consultants. While NCDOT encourages the inclusion of bicycle and pedestrian elements in local comprehensive plans, transportation plans, land use plans, recreation plans, greenway and open space plans, etc., applications for funding to develop such elements is not within the scope of this grant.

A funded municipality must be willing to execute a legal agreement with the NCDOT prior to receiving funding. This agreement will outline the responsibilities of each party, the terms of reimbursement or initial match requirements and the deliverables. Selected municipalities who administer the firm solicitation process in-house will receive a formal Notice to Proceed from NCDOT, while municipalities who choose to use NCDOT's on-call firms will only need to execute an agreement with NCDOT and submit their local match. Costs incurred before this time are not a reimbursable expense. Funding is provided on a reimbursement basis. The maximum amount of the award is based on the sliding scale, tied to population, and the NCDOT funding cap.

III. COMPLIANCE REQUIREMENTS

The federal granting agency has issued a compliance supplement that should be used in conjunction to this compliance supplement issued by the State Agency. Please refer to 2 CFR 200, Subpart F.

Auditors must consider the compliance requirements and related audit objectives in Part 3 and Part 4 or 5 (for programs included in this Supplement) in every audit conducted under 2 CFR part 200, subpart F, with the exception of program-specific audits performed in accordance with a Federal agency's program-specific audit guide (see Appendix VI to the Supplement). In making a determination not to test a compliance requirement, the auditor must conclude that the requirement either does not apply to the particular non-Federal entity

or that noncompliance with the requirement could not have a direct and material effect on a major program (e.g., the auditor would not be expected to test Procurement if the non-Federal entity charges only small amounts of purchases to a major program). The descriptions of the compliance requirements in Parts 3, 4, and 5 generally are a summary of the actual compliance requirements. The auditor must refer to the referenced citations to laws and regulations for the complete statement of the compliance requirements. Compliance Supplement may be found at www.whitehouse.gov/omb/circulars/index.html.

A. ACTIVITIES ALLOWED OR UNALLOWED

1. **Compliance Requirements** - Funds must be expended as specified in the reimbursement agreement and specifications which incorporate the grantee's application (scope of services) by reference.

Audit Objective – Determine that expenditures were made as specified in the reimbursement agreement and scope of project.

Suggested Audit Procedure - Ascertain whether or not expenditures were for items specified in the reimbursement agreement and letter giving notice to proceed with project.

B. ALLOWABLE COSTS / COST PRINCIPLES

1. **Compliance Requirement** – Staff costs and in-house services are not eligible for reimbursement. Allowable expenses include consultant costs associated with plan development and delivery; GIS/mapping services, as appropriate; preparation of technical illustrations and graphic design/layout of plan undertaken by consultant; non-staff costs associated with data collection and public involvement activities/ and, printing/copying of plan and maps.

Audit Objective - Determine that no staff costs nor in-house services costs were reimbursed.

Suggested Audit Procedure - Ascertain that expenditures were for items other than staff costs and in-house services.

2. **Compliance Requirement** - Local units of government including cities, counties, council of governments and airport authorities chartered by the General Assembly are eligible for grants. These local units of government should be eligible for sales tax refunds under G.S. 105-164.14 (b) or (c); if they cannot qualify, then these local units of government should take the steps necessary to become eligible. Sales tax paid which may be requested from the N. C. Department of Revenue as a refund is an ineligible charge.

Audit Objective - Determine that the authority is eligible for the refund and that NCDOT did not reimburse any sales taxes eligible for refund.

Suggested Audit Procedure - Review financial records and ascertain that no sales taxes were billed to the project.

C. CASH MANAGEMENT

The grant is funded on a reimbursement basis. No testing is required at the local level.

D. RESERVED

F. EQUIPMENT AND REAL PROPERTY MANAGEMENT

Equipment is not eligible for reimbursement under this grant. Therefore this requirement is not passed down to the local level. No testing is required.

G. MATCHING, LEVEL OF EFFORT, EARMARKING

1. Matching

Compliance Requirement - The State (including federal and state funds) participation cannot exceed the amount stated in the grant agreement, grant award letter and approved project budget. The remaining share must come from sources other than Federal or State sources.

Audit Objective - Determine that state participation does not exceed maximum allowed.

Suggested Audit Procedures

1. Ascertain the total project costs. Compare the total project cost with financial records and the grant contract to determine allowability or unacceptability of the expenses.
 2. Review financial records and determine the amount that can be claimed as the State share (including federal and state funds).
 3. Review financial records and determine the amount that can be claimed as the Local share (if any), and whether the match was met with allowable funding sources. Auditor should report amount received from NCDOT as well as expenditures.
2. Level of Effort - No testing required at the local level.
 3. Earmarking - No testing required at the local level.

H. PERIOD OF PERFORMANCE

Each grant discloses a period of performance in accordance with the OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200.309). Refer to the Uniform Guidance Compliance Supplement (2 CFR Part 200, Appendix XI) for Suggested Audit Procedures.

I. PROCUREMENT, SUSPENSION & DEBARMENT

Procurement of construction related services is not applicable to this grant. Therefore, no testing is required.

J. PROGRAM INCOME

NCDOT does not pass this requirement down to the local level. No testing is required.

K. RESERVED

L. REPORTING

1. Financial Reporting

Compliance Requirement – Progress reports describing accomplishments and detailing expenditures must be submitted quarterly.

Audit Objective – The reports submitted should accurately reflect the expenditures and work performed.

Suggested Audit Procedure - Ascertain that the grantee has accurately prepared reports and documentation supports the reports.

M. SUBRECIPIENT MONITORING

Compliance Requirement - American Recovery and Reinvestment Act: A pass through entity is responsible for identifying to the first-tier subrecipients the requirement to register in the System of Award Management (SAM), including obtaining a Dun and Bradstreet Data Universal Numbering System (DUNS) number, and maintain the currency of that information (Section 1512(h), ARRA, and 2 CFR 176.50(c)).

Audit Objective – Determine whether the pass-through entity determined that subrecipients have current SAM registrations prior to making subawards and performed periodic checks to ensure that subrecipients are updating information as necessary.

Suggested Audit Procedure – Test the pass-through entity's subaward review and approval documents to determine whether, before award, the pass-through entity checked SAM to determine whether subrecipients were registered. Auditor should report amount received from NCDOT as well as expenditures.

N. SPECIAL TESTS AND PROVISIONS

1. Compliance Requirement - For most federally participating highway projects, the SHA or municipality must abide by Equal Employment Opportunity, Prohibited Interests, Title VI - Civil Rights Act of 1964, and MBE/DBE Policies and Guidelines.

Audit Objective - Obtain an understanding of the recipient's program and ascertain if the program incorporates the above policies.

Suggested Audit Procedure – Review contracts for compliance with stated policies.

2. **Compliance Requirement** – Local units of government that intend to enter into consultant contracts must obtain prior approval from NCDOT. Consultant contracts are governed by NC General Statutes 136-28.1(f), 143-64.31, 143-64.32, 143-64.33 (www.ncga.state.nc.us).

Audit Objective – Determine that the entity received written approval by NCDOT before execution of a consultant contract, if applicable.

Suggested Audit Procedure - Ascertain whether or not the entity received written approval by NCDOT before execution of a consultant contract, if applicable.