

REGIONAL BICYCLE PLANNING

State Authorization: N.C.G.S. Section 136-66.1, Section 136-71.6, Section 160A-296 and 297, Section 136-18, Section 136-41.3 and Section 20-169

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

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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.

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 (Regional Bicycle Planning) 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), these moneys are shown by DOT number “DOT-24”.

I. PROGRAM OBJECTIVES

In recent years, communities throughout North Carolina have begun to place more emphasis on providing facilities for biking. A desire for better modal choices, the demand for more bikeable communities and a focus on smart growth initiatives have combined to highlight the need for better, more complete bicycle systems. Comprehensive planning documents are an integral part of developing these systems, and can guide both local and state efforts to improve conditions for bicycling.

To encourage the development of comprehensive regional bicycle plans, the NCDOT Division of Bicycle and Pedestrian Transportation (DBPT) has created a grant program to fund plan development. This program is currently administered through NCDOT-DBPT and recipients of these state grant funds are Counties and Council of Governments and state agencies. The plan will coordinate with affected agencies and organizations to develop a regional study that will improve regional bicycle transportation in the area.

II. PROGRAM PROCEDURES

Bicycle plans may be developed by staff, by consultants or by a combination of both. It is strongly recommended that a task force/steering committee be formed to oversee development of the plan. This group should include relevant local staff, regional planning staff, advocates and representatives of stakeholder groups. Any plan developed with these funds must be comprehensive in nature and be a stand-alone bicycle plan. While NCDOT encourages the inclusion of bicycle 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 entity 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 and the deliverables. Selected Counties and Council of Governments and state agencies will receive a formal Notice to Proceed from NCDOT. Costs incurred before this time are not a reimbursable expense. Funding is provided on a reimbursement basis.

III. COMPLIANCE REQUIREMENTS

1. ACTIVITIES ALLOWED OR UNALLOWED

Compliance Requirement - 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.

2. ALLOWABLE COSTS / COST PRINCIPLES

1. Compliance Requirement – Upon receipt of an executed agreement, NCDOT will issue a Notice to Proceed. Entities shall not contract for, or perform, any work prior to receipt of written authorization from NCDOT to proceed. Any work performed, or contracts executed prior to receipt of written authorization from NCDOT to proceed will be ineligible for reimbursement

Audit Objective - Determine that no costs were reimbursed prior to NCDOT's written authorization to proceed.

Suggested Audit Procedure - Ascertain that expenditures claimed for reimbursement were for items incurred after NCDOT's written authorization to proceed.

2. **Compliance Requirement** – Counties and Council of Governments 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.

3. **Compliance Requirement** – Force account work is only allowed when there is a finding of cost effectiveness for the work to be performed by some method other than contract awarded by a competitive bidding process. Written approval from NCDOT is required prior to the use of force account work by the entity.

Audit Objective – If force account work was utilized, determine that written approval of the use of force account work was approved by NCDOT.

Suggested Audit Procedure - Review correspondence to determine that NCDOT approved the use of force account work if applicable.

3. CASH MANAGEMENT

The grant is funded on a reimbursement basis; therefore, no testing is required at the local level.

4. CONFLICT OF INTEREST

G.S. 14-234 includes a general prohibition against any public official having a personal interest in any contract to which he/she is a party in his/her official capacity. Any other statute or agency policy that applies should be tested as part of this compliance requirement.

5. ELIGIBILITY

Recipients of grant funds are Counties and Council of Governments and state agencies with approved plans to coordinate with affected agencies and organizations to develop a regional study that will improve regional bicycle transportation in the area.

6. 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.

7. MATCHING, LEVEL OF EFFORT, EARMARKING

Compliance Requirement - The State participation cannot exceed the amount stated in the grant agreement, grant award letter and approved project budget. The remaining costs must come from other sources.

Audit Objective - Determine that state participation does not exceed the maximum allowed. Auditor should report amounts received from NCDOT as well as expenditures.

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.
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.

Level of Effort - No testing required at the local level.

Earmarking - No testing required at the local level.

8. 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.

9. PROCUREMENT, SUSPENSION & DEBARMENT

Procurement

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.

Debarment

Compliance Requirement – It is the policy of NCDOT not to enter into any agreements with parties that have been debarred by any government agency. The entity's agents or contractors shall not be presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in transactions by any Federal or State Department or Agency.

Audit Objective – Determine that the entity has not entered into any agreements with parties that have been debarred by any government agency.

Suggested Audit Procedure - Ascertain whether or not the entity has not entered into any agreements with parties that have been debarred by any government agency.

10. PROGRAM INCOME

This requirement is not passed down to the local level. No testing is required.

11. RESERVED

12. REPORTING

- 1. Compliance Requirement** – The entity shall invoice NCDOT for work accomplished at least once every six (6) months to keep the Project funds active and available. If the entity is unable to invoice NCDOT, then the entity must provide an explanation.

Audit Objective – Determine that the entity invoiced NCDOT or provided an explanation for not invoicing NCDOT once every six months.

Suggested Audit Procedure - Ascertain whether or not the entity has invoiced NCDOT at least once every six months from execution of the agreement or has provided NCDOT an explanation for not invoicing every six months.

- 2. Compliance Requirement** – Invoices for force account work shall show a summary of labor, labor additives, equipment, and materials used for the costs being invoiced.

Audit Objective – Determine that invoices of force account work show a summary of labor, labor additives, equipment and materials used.

Suggested Audit Procedure - Ascertain whether or not that the invoices of force account work show a summary of labor, labor additives, equipment and materials used, that documentation exists to support the expenses and that expenses are presented accurately.

13. SUBRECIPIENT MONITORING

This requirement is not applicable. Not testing required at local level.

14. SPECIAL TESTS AND PROVISIONS

This requirement is not applicable. Not testing required at local level.