

**45.025 PROMOTION OF THE ARTS – NEA PARTNERSHIP AGREEMENT**

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**State Project/Program:** AIE Artist Residencies, cARTwheels, SmART Communities, Traditional Arts Programs in Schools, State Arts Resources, Statewide Service Organizations, Statewide Initiatives, Program Support, Technical Assistance, and Artist Fellowships

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**National Endowment for the Arts**

**Federal Authorization:** Section 5(h) – National Foundation of the Arts and Humanities Act of 1965

**North Carolina Arts Council  
N. C. Department of Natural and Cultural Resources**

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**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.

Auditors may request documentation of monitoring visits by the State Agencies.

This compliance supplement should be used in conjunction with the OMB 2020 Compliance Supplement which will be issued in the summer. This includes “Part 3 - Compliance Requirements,” for the types that apply, “Part 6 - Internal Control,” and “Part 4 - Agency Program” requirements if the Agency issued guidance for a specific program. The OMB Compliance Supplement is Section A of the State Compliance Supplement.

**I. PROGRAM OBJECTIVES**

To encourage and support multidiscipline and single discipline arts organizations and community organizations presenting arts programs.

## II. PROGRAM PROCEDURES

Applications are made and funds are awarded to nonprofit, IRS tax-exempt organizations for specific projects or general support. Organizations may include schools, governments, or social service agencies as well as arts groups. Grants are competitive except for Technical Assistance, which is awarded on a first-come, first-served basis.

## III. COMPLIANCE REQUIREMENTS

### 1. Activities Allowed or Unallowed

All allowable activities are described in the written guidelines for each grant category. Guidelines are found at [www.ncart.org](http://www.ncart.org).

### 2. Allowable Costs/Cost Principles

All allowable expenses are described in the written guidelines for each grant category. Guidelines are found at [www.ncart.org](http://www.ncart.org).

#### Compliance Requirement

Funds can be spent on project expenses that are consistent with the guidelines for the applicable grant category and are found in the application or any budget revision and not ruled out as a stipulation in the grant contract. No grant funds can be spent for capital expenditures, deficit or contingency funding, lobbying, indirect cost rate expense, interest on loans or fines, or food and beverages for entertainment.

#### Suggested Audit Procedure (Local Auditor)

Review the application and the grant contract, including the “Grantee Requirements,” which is part of the contract package.

Test expenditures and the related records.

### 3. Cash Management

The auditor is not expected to make tests for cash management.

### 4. Conflict of Interest

All grantees are required to submit a signed conflict of interest form.

### 5. Eligibility

The auditor is not expected to make tests for eligibility.

### 6. Equipment and Real Property Management

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

Compliance Requirement

Any matching requirement for a particular grantee is specified in the grant contract, which makes reference to the application and any approved revised budgets. See also the “Grantee Requirements,” a contract attachment.

Suggested Audit Procedure (Local Auditor)

Review grantee contract and final financial report and determine if the matching requirement has been met.

8. Period of [Performance](#)

Project period corresponds with the state fiscal year.

9. Procurement and Suspension and Debarment

10. Program Income

11. [Reserve](#)

12. Reporting

All grantees submit a final report that describes the outcomes of the funded project along with a financial statement of actual income and expenses.

13. Subrecipient Monitoring

No testing is required at the local level.

14. Special Tests and Provisions

No testing is required at the local level.