

20.219

RECREATIONAL TRAILS PROGRAM

State Project/Program: RECREATIONAL TRAILS PROGRAM

U.S. Department of Transportation, Federal Highway Administration

Federal Authorization: Fixing America's Surface Transportation (FAST) Act
Public Law 114-94
23 U.S.C 104, 133, 206

NC Department of Natural and Cultural Resources
Division of Parks and Recreation

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.

I. PROGRAM OBJECTIVES

The purpose of the Recreational Trails Program (as stated in CFDA# 20.219) is to provide funds to states to develop and maintain recreational trails and trail-related facilities for both nonmotorized and motorized recreational trail use.

II. PROGRAM PROCEDURES

Funds received through the Recreational Trails Program are made available to governmental agencies and nonprofit organizations through a grant program titled “Recreational Trails Program.”

The state trails program staff in the Division of Parks and Recreation is responsible for the administration of the Recreational Trails Program (also known as RTP). Applications are available via the online Grant Management system (EBS portal) in April of each year. Directions on how to access the EBS portal are listed on the Division of Parks and Recreation Trails Program web site.

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The North Carolina Trails Committee (a seven-member advisory committee) reviews applications received. The Committee makes funding recommendations to the Secretary of the Department of Natural and Cultural Resources. The Secretary is authorized to award and deny grants to applicants.

Any governmental agency or nonprofit organization awarded a Recreational Trails Program grant is required to enter into an agreement with the State of North Carolina. This agreement details the responsibilities of the grantee and the grantor.

The Recreational Trails Program is a reimbursable grant program. The State will reimburse a project sponsor up to 80% of the total project costs up to the grant amount awarded. The project sponsor is responsible for the remaining 20% of project costs.

III. COMPLIANCE REQUIREMENTS

Noted below in the following matrix are the types of compliance requirements that are applicable to the federal program. These Types are determined by the federal agency, noted as "Y," on the "Matrix of Compliance Requirements" located in Part 2 of the OMB 2020 Compliance Supplement; however, the State Agency may have added the Type and this is noted by "Y." If the State determines that the federal requirement does not apply at the local level or if the State modifies the federal requirements, this is noted in the supplement under the type of compliance requirement. If the federal and/or State agencies have determined that the type is not applicable, it is noted by "N."

If the Matrix indicates "Y," the auditor must determine if a particular type of compliance requirement has a direct and material effect on the federal program for the auditee. For each such compliance requirement subject to the audit, the auditor must use the OMB 2020 Compliance Supplement, Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and Part 4 (which includes any program-specific requirements) to perform the audit.

If there is no program listed on the "Matrix" in Part 2 or Part 4, the State has determined the Type that is applicable. If a Type is determined direct and material, the auditor should refer to the requirements found in Part 3 and listed in this supplement.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/ Cost Principles	Cash Management	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	Y	Y	N	Y	Y	Y	Y	Y

A. Activities Allowed or Unallowed

Compliance Requirements

Funds from this program may be used for (1) maintenance and restoration of existing trails (2) development and rehabilitation of trailside, trailhead facilities and trail linkages (3) purchase and lease of trail construction and maintenance equipment (4) construction of new trails (with restrictions for new trails on Federal lands) (5) acquisition of easements or property for trails.

Funds may not be used for (1) property condemnation (2) constructing new trails for motorized use on National Forest or Bureau of Land Management lands unless the project is consistent with resource management plans (3) facilitating motorized access on otherwise nonmotorized trails.

Audit Objectives

Determine if the project sponsor used RTP funds for allowable activities.

Suggested Audit Procedures

Review of project sponsor's records should indicate if project sponsor has met the requirement of using RTP funds for allowable activities as per Federal Highway Administration guidelines.

B. Allowable Costs/Cost Principles

Compliance Requirements

In accordance with "Recreational Trails Program Draft Guidance" as released by the Federal Highway Administration on November 7, 1998, the Federal share of a Recreational Trail Program grant shall not exceed 80% of the project costs. The project sponsor is responsible for providing the remaining 20% of the total project costs.

The State's Recreational Trails Program "Project Agreement Form" states that the project sponsor agrees to carry out in a manner satisfactory to the State the project as proposed. Therefore, any cost incurred by the project sponsor which can be attributed to the trail project as defined in the application or the fully executed project agreement form is considered an allowable cost.

Costs not cost-sharable through the Recreation Trails Program include: the payment of salaries or wages of active employees; nor can grant funds be used to carry on propaganda or otherwise to attempt to influence legislation or the outcome of any public election, or to carry on directly or indirectly any voter registration drive.

Audit Objectives

Determine if project sponsor used RTP funds for allowable costs.

Suggested Audit Procedures

Review of the project sponsor's records should indicate if the project sponsor has met the requirement of using RTP funds for allowable costs as per Federal Highway Administration guidelines.

C. Cash Management

Compliance Requirements

All funding is on a reimbursement basis, and no additional testing is required by the local CPA.

Accurate records are to be kept by the project sponsor for a period of five (5) years.

Unspent grant funds are to be deobligated by the project sponsor by letter to the State Trails Coordinator.

D. Reserved

E. Eligibility

Compliance Requirements

All eligibility is determined at the state level, and no further testing is required by the local CPA.

F. Equipment and Real Property Management

Compliance Requirements

In accordance with 2 CFR 200 - Uniform Guidance title to equipment and real property acquired (in accordance with the executed Project Agreement Form) rests with the project sponsor. Since the Federal Government does not hold title to equipment or real property, use and disposition is at the title holder's discretion.

No testing is required at the local level.

G. Matching, Level of Effort, Earmarking

Compliance Requirements

In accordance with "Recreational Trails Program Draft Guidance" as released by the Federal Highway Administration on November 7, 1998, the project sponsor is responsible for providing a 20% match of the total project costs.

The project sponsor may offer to donate funds, materials, services (including volunteer labor), or new right-of-way toward the non-Federal share of a Recreational Trails Program trail project.

Audit Objectives

Determine if funds were expended for the purposes for which they were awarded and if the match requirement has been met.

Suggested Audit Procedures

1. A review of the project sponsor's records should indicate funds received through the Recreational Trails Program were expended for the purposes for which they were awarded.
2. A review should indicate that the project sponsor has met their 20% match requirement of the total project costs.

Level of Effort – Not Applicable

Earmarking – Not Applicable

H. Period of Performance

Compliance Requirements

In accordance with "Recreational Trails Program Draft Guidance" as released by the Federal Highway Administration on November 7, 1998, the apportioned funds are available for four (4) fiscal years -- the current fiscal year plus three (3) years.

The "Project Agreement Form for the Recreational Trails Program" stipulates that a project sponsor shall complete the trail project within three years from the date of the Secretary Award.

The period of performance of Federal funds is determined at the Federal level and monitored at the State level. No further testing is required at the local level.

I. Procurement and Suspension and Debarment

Compliance Requirements

In accordance with 49 CFR 18.36(a), when acquiring property or services under the Recreational Trails Program, governmental agencies and nonprofit organizations are to follow the procurement procedures specified in North Carolina Administrative Code Title 1, Subchapter 5B "Purchase Procedures" and North Carolina Administrative Code Title 1, Subchapter 6B, Section .0200 "Acquisition of Real Property."

Audit Objectives

If a project sponsor acquires property or services under RTP, determine if project sponsor followed proper procedure for acquisition.

Suggested Audit Procedures

Review of the project sponsor's records should indicate if the project sponsor has followed "Purchase Procedures" and "Acquisition of Real Property" procedures as stated in the NC Administrative Code Title 1, Subchapters 5B and 6B.

Review of project sponsor's records should also reveal an executed FHWA Certification of Debarment and Suspension form.

J. Program Income

Compliance Requirements

In accordance 2 CFR 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (200.307 - Program Income), recipients of Federal grants can earn income as a result of grant supported activities. Any net proceeds from program income must be deducted from the recipient's expenditures before billing for the Federal share of the net expenditures. With prior Federal agency approval, program income may be used to meet any non-Federal matching funds requirement or for additional grant activities.

Audit Objectives

If a project sponsor earns income as a result of RTP grant supported activities, determine if project sponsor followed proper procedure for Program Income.

Suggested Audit Procedures

Review of the project sponsor's records should indicate if the project sponsor has complied with FHWA requirements as per 2 CFR 200.307 for Program Income.

K. Reserved

L. Reporting

Compliance Requirements

Project sponsors report on the progress of their trail project by using the Recreational Trails Program "RTP Payment Request" Form via Reimbursement Claims in the Grant Management System (EBS portal) as well as the "Quarterly Report Form".

Detailed and accurate records of expenditures and bills as well as documentation of the project sponsor's 20% match requirement are the responsibility of the project sponsor and shall remain on file in the office of the project sponsor. Accurate records are to be kept by the project sponsor for a period of five (5) years.

Refer to G.S. 159-34 regarding reporting requirements for local governments and to G.S. 143-6.1 regarding reporting requirements for nonprofit organizations.

Audit Objectives

Determine if project sponsor has reported on trail project progress and submitted reimbursement requests and quarterly report forms.

Suggested Audit Procedures

Review of the project sponsor's records should indicate if the project sponsor is in compliance with this requirement and submitted reimbursement requests as well as quarterly report forms on a regular basis.

M. Subrecipient Monitoring

Compliance Requirements

The NC Department of Natural and Cultural Resources (DNCR) is monitoring the local governments and non-profits as subrecipients.

The local governments and non-profits do not subgrant monies to any subrecipients and no testing is required at the local level.

N. Special Tests and Provisions

Compliance Requirements

Regarding conflicts of interest, all non-profit organization applicants are required to comply with 1997 Session Laws, Chapter 443, Section 7.5.

Audit Objectives

Make sure recipient adhered to its conflict-of-interest policy.

Suggested Audit Procedures

Verify existence of a written policy.

Davis-Bacon Act

Compliance Requirements

23 U.S.C. 113(a) applies only to trail projects within the right-of-way of a Federal-aid highway.

No testing is required at local level.

Real Property Acquisition and Relocation Assistance

Compliance Requirements

In accordance with "Recreational Trails Program Draft Guidance" as released by the Federal Highway Administration on November 7, 1998, all project sponsors must comply with the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, the regulations for which are found in 49 CFR Part 24.

Audit Objectives

If a project sponsor acquires real property used RTP funds for relocation assistance, determine if project sponsor is in compliance with FHWA requirements.

Suggested Audit Procedures

Review of the project sponsor's records should indicate if the project sponsor has complied with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 as stated in 49 CFR Part 24.