

11.473

OFFICE FOR COASTAL MANAGEMENT

State Project/Program: NC RESILIENT COASTAL COMMUNITIES PROGRAM

Federal Authorization: CFDA 11.473 NATIONAL FISH & WILDLIFE FOUNDATION

State Authorization: N/A SL2019-224 and N/A SL2023-134

**NC DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF COASTAL MANAGEMENT**

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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 must be used in conjunction with the OMB 2024 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

The Resilient Coastal Communities Program (RCCP) is a component of the North Carolina Resilient Communities Program, called for in the 2020 North Carolina Climate Risk Assessment and Resilience Plan. The Division of Coastal Management (DCM) has received funding from the State Legislature and the National Fish and Wildlife Foundation (NFWF) to develop and begin implementing the RCCP in coordination with the NC Office of Recovery and Resiliency (NCORR), The Nature Conservancy (TNC), and NC Sea Grant (NCSG). The RCCP is a state-local partnership designed to help overcome barriers in coastal resilience and adaptation planning, boost local government capacity, and support a proactive, sustainable, and equitable approach to coastal resilience planning and project implementation. The RCCP address’s barriers to coastal resilience in North Carolina at the local level, such as limited

capacity, economic constraints, and social inequities; assists communities with risk and vulnerability assessments and developing a portfolio of planned and prioritized projects; advance coastal resilience projects to “shovel-ready” status; and link communities to funding streams for project implementation.

There are four phases in the RCCP:

Phase 1: Community Engagement and Risk/Vulnerability Assessment

Phase 2: Planning, Project Identification, and Prioritization

Phase 3: Engineering and Design

Phase 4: Project Implementation

This initiative, funded through the N.C. State Legislature and the National Fish and Wildlife Foundation, provides funding to local governments to help overcome barriers in coastal resilience and adaptation planning, boost local government capacity, and support a proactive, sustainable, and equitable approach to coastal resilience planning and project implementation.

II. PROGRAM PROCEDURES

Each municipality and county within the twenty (20) CAMA County Coastal Zone are eligible to participate in the RCCP. Once communities complete Phases 1 and 2, they become eligible to apply for additional funding via Phase 3 (Engineering & Design) and Phase 4 (Project Implementation). Communities may receive credit for completing Phases 1 and 2 of the RCCP for previous or ongoing work that aligns with program requirements. Localities wishing to complete the requirements outside of the grant program must work with program coordinators to illustrate how their efforts fulfil the requirements outlined in the program planning handbook.

When funding is available, a Request for Applications (RFA) is released for communities to apply for technical assistance for Phases 1 and 2 or for funding to complete Phases 3 and 4. Following a review of requests, applicants are prioritized for funding and a formal development of a grant award contract is created. One unsigned copy of the grant award contract is forwarded for local approval and signature by the local government to be returned to the State. As part of the contract packet distributed to the local government are copies of the progress report and requisition for payment forms. Each contract is assigned to one of the DCM resilience staff (Contract Administrator), who monitors the paperwork, progress and completion of the project per the requirements of the grant contract and other procedural requirements of the DEQ and the Division of Coastal Management.

III. COMPLIANCE REQUIREMENTS

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 2024 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	Y	Y	N	N	Y	N	N	Y	Y	Y

A. Activities Allowed or Unallowed

- All significant deviations from the project proposal are required to be submitted to the State for prior approval.
- Funds are not allowed for land acquisition or buyouts.

B. Allowable Costs/Cost Principles

- The State per the contract agrees to reimburse the community only for costs actually incurred by the community under the terms of the contract. Should the total costs of the project exceed the project cost stated in the contract; the State will only reimburse the community for the amount identified within the contract.
- Project costs eligible for assistance shall be determined upon the basis of the criteria set forth by the State.

C. Cash Management

- Eligible expenses are only those which occur and are documented between the effective start and end date of the contract; as otherwise provided in the contract, and/or approved by the DCM contract administrator.

D. Reserve

N/A

E. Eligibility

- Contracts are limited primarily to local municipalities, counties, and third-party technical assistance service providers. Contracts are not available to unincorporated areas.
- F. Equipment and Real Property Management
N/A
- G. Matching, Level of Effort, Earmarking
N/A
- H. Period of Performance
 - 7/1/2022-6/30/2024
- I. Procurement and Suspension and Debarment
N/A
- J. Program Income
N/A
- K. Reserve
- L. Reporting
 - The community is required to agree to secure completion of the work in accordance with the approved construction plans and specifications and is required to secure compliance with all applicable Federal, State, and local laws and regulations, including the State Building Code.
 - No construction is to occur prior to the receipt of all required local, state, and federal permits. Authorized improvements and costs must comply with the grant application submitted to and approved by the State. Unauthorized changes in the project (from the approved site plan, budget and other material submitted with final grant application) will be sufficient cause for the reduction of grant funds at the sole discretion of the State.
 - Project will be completed and closed out prior to the project termination date, as specified in this contract, in compliance with the conditions of this contract.
 - Grant payment for any type of contract work will require submittal to the State of appropriate itemized documentation showing all charges incurred for each individual project and shall include a progress report in the form or manner provided by the department.
- M. Subrecipient Monitoring
- N. Special Tests and Provisions
 - No grant funds are to be used for on-going operation and maintenance of the project.