

## STATE FISCAL RECOVERY FUND

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**State Authorization:** Session Law 2021-180 Section 10.6 and also Session Law 2022-74 Section 10.2

**21.027 Coronavirus State and Local Fiscal recovery**

**North Carolina Department of Agriculture and Consumer Services**

**Budget and Finance**

**Agency Contact Person – Program and Financial Contact**

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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 legislation for the State Recovery Funds provided funding for various non-profits and small businesses. Each project is listed in the legislation with specific wording on the project description and allowances of the programs.

### **II. PROGRAM PROCEDURES**

Once the MOU for the funds were executed with the NCPro office from NC OSBM, NCDACS began program planning.

For each of the grant contract that are developed with State recovery funds, the Grants Manager has worked with each subgrantee on the development of an individualized scope of work that includes the development of a line-item budget and goals and objectives that are consistent with the legislation parameters of their programs. Once the budget has been certified and the scope of work finalized, a grant contract is developed and executed with each grantee. The grant contract includes the scope of work, appropriate attachments and provides the defining the grant period and use of grant funds in accordance with the Appropriation Bill and/or the Conference Committee Report. The contract also defines the reporting requirements.

Following collection of all required documentation and the execution of the grant contract, grant funds are awarded/distributed to grantee according to the grant agreement. Grant expenses are then monitored through the submission of expense reporting and supporting

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documentation. NCDA&CS also monitors and oversees grants through a combination of periodic e-mails, calls, visits in combination with the required reporting.

### 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 State agency noted by "Y."

If the Matrix indicates "Y," the auditor must determine if a particular type of compliance requirement has a direct and material effect on the State program for the auditee.

1	2	3	4	5	6	7	8	9	10	12	13	14
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Conflict of Interest	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	Y	N	Y	Y	Y	Y	N	Y

#### 1. Activities Allowed or Unallowed:

Each grant has a specific line-item budget and scope of work that details allowable.

#### 2. Allowable Costs/Cost Principles:

Each grant has a specific line-item budget and scope of work that details allowable. When developing their line-item budget, the costs are reviewed against 2 CFR Part 200 for allowable costs.

#### 3. Cash Management:

It is requested that the state funds be held in a separate account and that NCDA&CS is notified if the account is an interest bearing account. If the sub-grantee opts to not hold the funds in a separate account, they do have to indicate how to identify expenditures will be shown for these specific funds. If grant is a reimbursement grant, this is not a requirement.

**4. Conflict of Interest:**

Each sub-grantee is required to submit this with their grant contract.

**5. Eligibility:**

N/A

**6. Equipment and Real Property Management:**

2CFR Sections: 200.313: Equipment, 200.314 Supplies, 200.314 Intangible Property and 200.344-346 Closeout, post-closeout adjustments and continuing responsibilities and Collection of amounts due.

**7. Matching, Level of Effort, Earmarking:**

N/A

**8. Period of Performance:**

All funds must be encumbered no later than December 31, 2024 and spent no later than December 31, 2026. Expenses incurred prior to March 1, 2021 are also unallowable.

**9. Procurement and Suspension and Debarment:**

All sub-grantees are required to follow state procurement rules.

**10. Program Income:**

If program income is earned, the subgrantee is to notify NCDA&CS how much is earned and how it is returned to the benefit of the program.

11. Reserve: N/A

**12. Reporting:**

Reporting requirements are detailed in the grant contract.

**13. Subrecipient Monitoring:**

N/A

**14. Special Tests and Provisions:**

Final Rule 31 CFR Part 35 RIN 1505-AC77 and any further updates to the rule.