

## STATE APPROPRIATIONS

**State Authorization:** Appropriations by the General Assembly through Session Law 2021-180 Senate Bill 105 and Session Law 2022-74 House Bill 103.  
Department of Agriculture and Consumer Services  
Budget and Finance

### Agency Contact Person

#### Program and Financial

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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**

Each session the General Assembly enacts appropriation bills providing funding for various non-profits and local governments. When the funding is provided, the programs encompass specific details within the legislation about programs being funded and any special requirements of the funds.

## **II. PROGRAM PROCEDURES**

The authorization for Special Appropriations comes from the General Assembly in the Appropriation Bill and/or the Joint Conference Committee Report on the Base, Expansion, and Capital Budgets that supports the Appropriation Bill. These are available at the North Carolina General Assembly’s website: <http://www.ncga.state.nc.us>.

When a Special Appropriation is made to a local government or non-profit through the NCDACS, the Grants Manager reaches out to them to begin working on the Scope of Work which includes the development of a line-item budget, goals, and objectives that are consistent with the legislation. 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 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 as outlined in 09 NCAC 03M.

Following collection of all required documentation and the execution of the grant contract, grant funds are awarded/distributed to the Grantee(s) according to the grant agreement. Grant expenses are monitored through the submission of expense reporting and supporting documentation. NCDACS also monitors and oversees grants through a combination of periodic e-mails, calls, and site visits in combination with the required reporting.

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### 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/<br>Cost Principles | Cash Management | Conflict of Interest | Eligibility | Equipment/ Real Property<br>Management | Matching, Level of Effort,<br>Earmarking | Period Of Performance | Procurement Suspension &<br>Debarment | Program Income | Reporting | Subrecipient Monitoring | Special Tests and Provisions |
| Y                               | Y                                   | Y               | Y                    | N           | N                                      | N                                        | Y                     | Y                                     | Y              | Y         | N                       | N                            |

#### 1. Activities Allowed or Unallowed

Each grant has a specific line-item budget and Scope of Work detailing activities allowed and/or unallowed.

#### 2. Allowable Costs/Cost Principles

Each grant has a specific line-item budget and Scope of Work detailing allowable costs. When developing their line-item budget, 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 NCDACS is notified if the account is an interest-bearing account. If the subgrantee opts to not hold the funds in a separate account, they do have to indicate how expenditures will be identified and shown for these specific funds.

#### 4. Conflict of Interest

Each subgrantee is required to submit their Conflict of Interest Policy with their grant contract.

#### 5. Eligibility

N/A

#### 6. Equipment and Real Property Management

N/A

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

N/A

### **8. Period of Performance**

The period of performance is indicated in each grant contract.

### **9. Procurement and Suspension and Debarment**

Procurement is required to be followed for any expenses over \$25,000. Each subgrantee is verified against the State's Suspension of Funding List and Debarment List.

### **10. Program Income:**

If program income is earned, the subgrantee must notify NCDACS of how much is earned and how it is returned to the benefit of the program.

### **11. Reserve**

### **12. Reporting**

Reporting requirements are detailed in the grant contract.

### **13. Subrecipient Monitoring**

N/A

### **14. Special Tests and Provisions**

N/A