

**DISASTER RELIEF AND MITIGATION FUND 2021 (DRMG)**

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<b>State Authorization:</b>	North Carolina Department of Public Safety (NCDPS) North Carolina Emergency Management (NCEM)  NC Appropriations Act of 2021, Sections 5.2(a-d), and Section 5.9(a)(3) of Senate Bill 105 / SL 2021-180, N.C.G.S. §166A-19.12(13), and FY 2021-2022 Disaster Relief and Mitigation Fund (NOFO)  For more information: <a href="https://www.ncdps.gov/our-organization/emergency-management/emergency-management-grants/transportation-infrastructure-resiliency-fund-grants-2022">https://www.ncdps.gov/our-organization/emergency-management/emergency-management-grants/transportation-infrastructure-resiliency-fund-grants-2022</a>
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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 mission of the Long-Term Recovery (LTR) grant program is to provide assistance to state, tribal, territorial, and local governments, and certain types of private nonprofit (PNP) organizations so that communities can quickly respond to and recover from major disasters or emergencies from flood mitigation efforts. Funding can be used for flood mitigation, transportation infrastructure resilience against disasters, and assistance with local matching to draw down federal mitigation funds.

### II. PROGRAM PROCEDURES

The grants are funded thru the Emergency Management Disaster Relief and Mitigation Grants. The grant award and MOA are authorized under the provisions of: (1) NC Appropriations Act of 2021, Sections 5.2(a-d), and Section 5.9(a)(3) of Senate Bill 105 / SL 2021-180, (2) N.C.G.S. §166A-19.12(13), and (3) FY 2021-2022 Disaster Relief and Mitigation Fund (NOFO): The funds awarded under this grant must be used in compliance with all applicable federal, state, local and tribal laws and regulations, including N.C.G.S. §§ 143C-6-21, 143C-6-22, 143C-6-23 and 09 NCAC 03M. By accepting this award, the Recipient agrees to use these funds in a manner consistent with all applicable laws and regulations. For more information: <https://www.ncdps.gov/our-organization/emergency-management/emergency-management-grants/transportation-infrastructure-resiliency-fund-grants-2022>.

Funds can be used for the following categories of work:

- (1) Flood mitigation efforts that stabilize areas and reduce future damage.
- (2) Ensuring transportation resilience against natural disasters.
- (3) Predevelopment assistance to provide small and underserved communities with technical assistance to identify and design shovel-ready projects related to disaster relief and flood mitigation.
- (4) Financial assistance with local cost share to draw down federal funds on approved federal mitigation grants.

Initial funding for this is anticipated to be \$25,000,000. Projects can be 100% funded with no cost share and are paid on a reimbursement basis. Grant administration costs are not eligible.

### III. COMPLIANCE REQUIREMENTS

Noted below in the following matrix are the types of compliance requirements that are applicable to the State 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	N	Y	N	N	Y	N	N	Y	N	Y

#### 1. Activities Allowed or Unallowed

##### Compliance Requirement

Applicants must submit their application to include a pdf attachment organized based on the 6-point outline, making sure that each number is addressed as complete. This will be used as part of the selection (scoring weight).

- Applicant Name, Address, Contact Information, and Project Name. Nonprofit corporations should also include the "Certificate of Existence from the NC Secretary of State, bylaws, and documentation to support ownership or right for project specific facility.
  - General description of the Project
  - Describe how the project mitigates future damage or flooding include impact on community.
  - Scope of Work (SOW) and cost estimate for the project to achieve #3 above, including an understanding of how the estimate was achieved.
  - Timeline from approval of Grant to project completion.
  - How and who will manage the project if awarded and their qualifications.

##### Suggested Audit Procedures

- Review DRMF program requirements and cross-check against awarded projects.
- Project Grant Agreement, DRMF MOA, the approved scope of work/acquisition(s) and applicable terms, conditions, requirements and responsibilities.

- Test expenditures and related records for adherence to approved budget activity.

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

### **Compliance Requirement**

Pursuant to N.C.G.S 143C-1-1, the Recipient understands and agrees that agreement funding shall be subject to the availability of appropriated funds. However, in the event of agreement termination due to lack of adequate appropriated funds, Grantor will pay for services and goods acquired and obligated on or before the notice of agreement termination. Recipient shall be an independent Recipient and as such shall be responsible for ALL taxes. There shall be no reimbursement for taxes incurred by the Recipient under this grant.

Recipient will hold Grantor harmless for any liability and personal injury that may occur from or in connection with the performance of this MOA to the extent permitted by the North Carolina Tort Claims Act. Nothing in this MOA, express or implied, is intended to confer on any other person any rights or remedies in or by reason of this MOA. This MOA does not give any person or entity other than the parties hereto any legal or equitable claim, right or remedy. This MOA is intended for the sole and exclusive benefit of the parties hereto. This MOA is not made for the benefit of any third person or persons. No third party may enforce any part of this MOA or shall have any rights hereunder. This MOA does not create, and shall not be construed as creating, any rights enforceable by any person not a party to this MOA. Nothing herein shall be construed as a waiver of the sovereign immunity of the State of North Carolina.

### **Suggested Audit Procedures**

- Review DRMF requirements and cross-check against awarded projects.
- Review requests for reimbursement (RFR) submitted by subrecipient.
- Verify costs did not consist of improper payments, including (1) payments that should not have been made or that were made in incorrect amounts (including overpayments and underpayments) under statutory, contractual administrative or other legally applicable requirements; (2) payments that do not account for credit for applicable discounts; (3) duplicate payments; (4) payments that were made to an ineligible party or for an ineligible good or service; and (5) payments for goods or services not received (except for such payments where authorized by law).
- Verify costs were not included as a cost of any other financed program in either the current or a prior period.
- Verify costs were not used to meet the cost-sharing or matching requirements of another program, except where authorized by federal statute.
- Test expenditures and related records for adherence to approved budget activity.

## **3. Cash Management**

### **Compliance Requirement**

Funds are submitted to all subrecipients on a reimbursement basis.

### **Suggested Audit Procedures**

Review Request for Reimbursement (RFR) to ensure that all payment requests are

made on a reimbursement basis.

**4. Conflict of Interest**

**5. Eligibility**

**Compliance Requirement**

These funds are provided by Grantor (NCEM on behalf of State of North Carolina) The following conditions must be adhered to during the entire duration of the grant program:

- Recipient must:
  - i. Have a DUNS number prior to any funds being released. DUNS numbers may be obtained from either of the following websites: [www.dnb.com](http://www.dnb.com) or <http://fedgov.dnb.com/webform>. After April 4, 2022, Recipient will be required to obtain a Unique Entity Identifier created in the System for Award Management (SAM), if they do not already have one. Current SAM registrants have already been assigned their Unique Entity Identifier and can view it within SAM. The Unique Entity ID is currently located below the DUNS Number on the entity registration record in SAM.
  - ii. Ensure their organization is registered with SAM. Every applicant is required to have their name, address, DUNS number and EIN up to date in SAM, and the DUNS number used in SAM must be the same one used to apply for all awards from Grantor. SAM information can be found at <http://www.sam.gov> . After April 4, 2022, the Unique Entity Identifier in SAM becomes the official identifier for doing business with the U.S. Government.

Recipient must submit the following documents to Grantor at [NCEMLTR.Grant@NCDPS.gov](mailto:NCEMLTR.Grant@NCDPS.gov) upon execution and submission of this MOA:

- i. W-9 (09 NCAC 03M .0202)
- ii. Electronic Payment / Vendor Verification Form (09 NCAC 03M.0202)
- iii. Conflict of Interest Policy (G.S. 143C-6-23. (b))
- iv. Sworn (Notarized) No Overdue Tax Debt Certification (G.S. 143C-6-23. (c))

**Suggested Audit Procedures**

Review TIRF guidance, then cross-check against awarded projects.

**6. Equipment and Real Property Management**

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

**8. Period of Performance**

**Compliance Requirement**

Recipient must submit to Grantor, no later than 90 calendar days after the end date of the period of performance or completion of the project, whichever is sooner, all financial, performance, and other reports as required by the terms and conditions of the grant award, and this MOA.

This includes, at a minimum:

- i. A closeout letter indicating that the project is now 100% complete, that all funds were used for the purpose appropriated and ready for final inspection.

- ii. A complete accounting of how all grant funds were used thru the Summary of Documentation (SOD)Form which lists all labor, material, equipment, and contract invoices with corresponding checks or other proof of payment making up the total spend for the project.
- iii. Copies of all invoices and a copy of proof of payment (both front and back of cleared check is required) as listed on the SOD form.
- iv. Bid documents (solicitation, bid evaluations, etc.), contracts.
- v. Insurance documentation on equipment or property purchased under this award or letter indicating lack of insurability.
- vi. Pictures prior to the start of the project and when complete for permanent work type grants.

**Suggested Audit Procedures**

- Verify POP in State Award Letters.
- Verify that the funds were encumbered within the POP for each subrecipient.
- Verify existence of sufficient documentation from NCDPS/NCM authorizing any period of performance extensions claimed by subrecipient. If a subrecipient has received multiple awards across different or consecutive years, the award letter and MOA/grant agreement for each award should be separately reviewed to determine the specific POP for each award.

**9. Procurement and Suspension and Debarment**

**10. Program Income**

**12. Reporting**

**Compliance Requirements**

Failure to submit required reports and reimbursements requests to NCDPS/NCM in a timely manner may result in an inability to access grant funds until proper reports and requests are received.

Subrecipients must submit quarterly progress reports to [NCEMLTR.Grant@ncdps.gov](mailto:NCEMLTR.Grant@ncdps.gov) within 10 days from end of the calendar quarter for all projects with ongoing work until project closeout.

Recipient must submit to Grantor, no later than 90 calendar days after the end date of the period of performance or completion of the project, whichever is sooner, all financial, performance, and other reports as required by the terms and conditions of the grant award and this MOA.

**Suggested Audit Procedures**

- Review sub-recipient's MOA for reporting requirements and approved scope of work/project(s).
- Verify that reports submitted by subrecipient (including cost reports and requests for reimbursement) have adequate supporting documentation, that funds were expended as represented by subrecipient, and that all required authorizations/approvals were obtained by subrecipient.
- Verify that goods and services for which subrecipient was reimbursed by

NCDPS/NCEM were in fact obtained/completed in accordance with the approved scope of work/project(s) specified in the application, award letter and MOA.

**13. Subrecipient Monitoring**

**14. Special Tests and Provisions**

**Compliance Requirement**

Sub-recipients are required to follow rules and regulations in the “[Mini-Brooks](#)”

**Suggested Audit Procedures**

Confirm that subrecipients have followed all applicable rules and regulations required by “Mini-Brooks Act”.

**II. OTHER INFORMATION**

Schedule of Expenditures of Federal Awards (SEFA) / Schedule of Expenditures of Federal & State Awards (SEFSA): If required to complete an audit, subrecipients should record HSGP expenditures on the SEFA/SEFSA in accordance with 2 CFR 200.501, 200.502 and 200.510 when (1) the expenditures are incurred and (2) within the designated period of performance for each HSGP award. If the expenditures were incurred outside the period of performance (plus any authorized extensions, if applicable), they are ineligible expenditures.