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Timely Expenditures of Grant Funds Policy

North Carolina Department of Commerce
Division of Community Revitalization



**NC DEPARTMENT
of COMMERCE**
COMMUNITY REVITALIZATION

Revision History

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1. Policies and Procedures for Timely Expenditures of Grant Funds

In Accordance with Federal Register 90-FR-6512-N-01, The Department of Commerce Division of Community Revitalization (DCR) must track and document the timely expenditure of Community Development Block Grant – Disaster Recovery (CDBG-DR) funds to support long-term recovery efforts following Hurricane Helene. To ensure the expenditure of all CDBG-DR funds within the required six-year period, DCR has established policies and procedures to ensure the timely expenditure of funds, including the tracking and monitoring of both actual and projected funding as well as the use of any generated program income, and the reprogramming of funds, over the life of the award.

2. Tracking and Monitoring Expenditures

DCR and subrecipients must be able to report expenditures for each approved project, maintaining a record of the account balances against obligated award amounts. DCR will implement a grants management system (GMS) which will allow for the tracking and submission of all expenditures data from both DCR as well as subrecipients. Recipients will be able to access the availability of funds, request reimbursement, upload supporting documentation, and certify monthly expenditures, all at the project level. The ability to report monthly expenditures as well as track individual projects against original obligated funding will better assist with ensuring projects are on track and anticipated completion dates are on time.

Monthly expenditure reports will be reviewed by DCR Finance staff to ensure the validity of the amounts reported to better assist with timely DRGR quarterly grant reporting that is required. Additionally, reimbursement requests will be submitted and reviewed along with supporting documentation, within the GMS, to better ensure the timely payment of expenditures.

To ensure that the GMS is utilized correctly, training sessions will be conducted, and all recipients will be required to attend to ensure roles, responsibilities, and expectations for timely performance are communicated. DCR will establish strict timelines and milestones in each subrecipient agreement, where appropriate. These timelines and milestones shall be specifically detailed in each agreement and will be specific to categories of funding. This will better assist DCR with identifying funding that is being underutilized or potentially delayed and prompt further inquiry to ensure completion of the project or reprogramming of funding.

3. Reprogramming of Funds

During the life of the program, it may become necessary to “reprogram” grant funds (i.e., to reallocate funds from one project to another). Funds may need to be reprogrammed for many reasons, including but not limited to:

- The project did not expend all funds awarded
 - The grant period expired
 - Project or programs were completed under budget and funds were remaining
- DCR and subrecipient are unable to agree to contractual terms
- A project is determined to be ineligible
- Slow or untimely project start date
- An additional mitigation need is identified

DCR will review the use of funds quarterly as part of the submission of DRGR quarterly expenditure reports and may use those reports as a foundation to approach reprogramming of funds. Additionally, changes in program design which necessitate a substantial Action Plan amendment may present an opportunity for DCR to expediently reprogram funds. Throughout the grant cycle, subrecipients and contractors may request additional funds or the reprogramming of funds. These requests for additional funds, or for the reprogramming of funds, will be evaluated upon receipt by DCR. If the facts and circumstances of the request warrant additional funds and additional funds are available, DCR may reprogram funds at that time. Any funds reprogrammed which exceed the threshold criteria for a substantial Action Plan amendment, as set forth in an individual Action Plan, will be formalized through the substantial Action Plan amendment process.