Timely Expenditures of Grant Funds Policy

North Carolina Department of Commerce
Division of Community Revitalization

Version 3.0 – September 23, 2026

Revision History

Version	Date	Description
1	May 30, 2025	Date of initial approval
2	June 24, 2026	Added description on how DCR will monitor expenditures and outcomes against projections
3	September 23, 2026	Removed specific reference to Hurricane Helene to encompass Tropical Storm Fred and potential future disasters

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Policies and Procedures for Timely Expenditures of Grant Funds

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. 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.

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.

To further support monitoring efforts, DCR maintains and updates the Projections of Expenditures and Outcomes Report on a quarterly basis, as required by the Federal Register notice authorizing DCR's CDBG-DR allocation. The projections reflect expected quarterly and cumulative performance from the first reporting period and continue each quarter until all funds are expended. The projections are developed in coordination with DCR's subrecipients, contractors, and DCR program team(s) and are based on a combination of variables, such as award amounts, activities, and projected start and end dates. The report is submitted to HUD as a component of the Quarterly Performance Report (QPR) and is posted on the DCR website within three calendar days of HUD approval.

DCR monitors project performance on a quarterly basis using internal benchmarks, DRGR data, and subrecipient and contractor reports submitted to DCR and revises projections as necessary. If projects or activities appear to be underperforming, stalled, or otherwise unable to meet projected timelines, DCR will work with its subrecipients and contractors to determine the reason for the deficiency and revise the projections in the Projections of Expenditures and Outcomes Report as needed. Persistent failure to meet milestones may trigger corrective actions included in contracts and/or agreements.

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.