Second Amendment to the Subrecipient Agreement between the North Carolina Office of Recovery and Resiliency and Haywood County, NC

This amendment (the "Amendment") is made by the North Carolina Office of Recovery and Resiliency, (NCORR) and Haywood County, NC ("Subrecipient"), parties to Subrecipient Agreement between the North Carolina Office of Recovery and Resiliency and Haywood County, NC effective January 19, 2023 and amended October 24, 2023 (the "Agreement"). This Second Amendment is effective as of the day it is executed by both parties.

I. The Agreement is amended, per Section 5.4, as follows:

A. Section 2.2 is deleted in its entirety and replaced with the following:

2.2 Award Identification Information. The following information applies to this Agreement.

Federal award identification number:	B-21-DF-37-0001 and B-22-DF-37-0001
CFDA number and name:	14.228
Federal award date:	December 22, 2022
Federal award project description:	To provide disaster recovery aid through the implementation of multiple programs including the Affordable Housing Development Fund, the Rapid Recovery Fund, and the Homeownership Assistance Program. The Affordable Housing Development Fund will provide gap funding for public and private projects financing the construction of affordable rental housing units which may include multifamily units or single-family homeownership development. The Rapid Recovery Fund is designed to address incomplete recovery needs from Tropical Storm Fred, some of which may have been exacerbated by Hurricane Helene through funding housing infrastructure projects, property access features, and other housing-related activities including single and multifamily construction. The Homeownership Assistance Program will provide downpayment and closing cost assistance to participants purchasing homes in Haywood County to assist with housing security and homeownership opportunities while encouraging residents to remain in Haywood County.
Is this award for research and development?	No

Subrecipient's unique entity identifier:	UEI: DQHZEVAV95G5; TIN: 56-6001524
Subrecipient's period of performance:	January 19, 2023 to September 22, 2029
Amount of federal funds obligated to Subrecipient by this Agreement:	$11,626,700

B. Section 3.4 is deleted in its entirety and replaced with the following:

Payments and Reimbursement. Funds paid under this Agreement shall be paid on a reimbursement basis only. The NCORR Affordable Housing Development Subrecipient Billing Guide ("NCORR Billing Guide"), which addresses payments and reimbursement policies, is attached as Exhibit B. Projects funded under the Rapid Recovery Fund shall still follow the instructions contained in the NCORR Billing Guide.

C. Exhibit A, Scope of Work attached hereto replaces the existing Exhibit A.

D. Exhibit C, NCORR Compliance and Monitoring Manual v. 12.1 attached hereto replaces existing Exhibit C.

(Signature page attached behind)

IN WITNESS WHEREOF, the undersigned, as authorized officials on behalf of the parties have executed this Agreement.

NORTH CAROLINA OFFICE OF RECOVERY AND RESILIENCY,
a division of the North Carolina Department of Public Safety

By: Signed by: Pryor Gibson
B6E44736669F4A9...
Pryor Gibson, Director

Date: 5/14/2025 | 13:57:54 EDT

HAYWOOD COUNTY, NC,
a body politic and corporate

By: Signed by: Bryant Morehead
011647F07310487...
Bryant Morehead, County Manager

Date: 5/19/2025 | 07:58:23 PDT

EXHIBIT A

Scope of Work
HAYWOOD COUNTY

This Scope of Work outlines the Affordable Housing Development Fund program (the "Program"), the Homeownership Assistance Program ("HAP"), and the Rapid Recovery Fund ("RRF") requirements for the Subrecipient. This Scope of Work may be amended from time to time by mutual consent of the Parties.

PART A - AFFORDABLE HOUSING DEVELOPMENT FUND

1. **Summary.** Part A of this Scope outlines the Affordable Housing Development Fund program (the "Program") requirements for the Subrecipient.

   1.1. Program Purpose. To provide gap funding for public and private projects financing the construction of affordable rental housing units which may include multifamily units or single-family homeownership development.

   1.2. National Objective. Activities under the Program meet the national objective of benefitting low- and moderate-income persons through housing (LMH). Each project will demonstrate meeting the national objective through Household Characteristic Reports and Occupancy Reports.

   1.3. Description. Subrecipient will administer the Program by facilitating and/or performing multiple activities to create rental and homeownership opportunities for low- and moderate-income persons, including, but not limited to tax credit projects; multifamily projects; acquisition, renovation and repair of residential properties.

2. **Program Activity.** Under the Program, Subrecipient will provide funds to develop housing opportunities through grants and loans. Each specific activity awarded funds will be a "Designated Project". The specific activities for each Designated Project will be undertaken by a public or private entity, referred to in this Scope as a "Developer", who will enter into an agreement with Subrecipient. Subrecipient then must submit Designated Project to NCORR, and each Designated Project must receive a project-specific award letter and appropriate clearance letter before making any choice limiting activities or proceeding with the Designated Project.

   2.1. Management. The activities under this program will be managed by Subrecipient. Technical assistance is available upon request by Subrecipient regarding monitoring, compliance, or any other questions that arise.

3. **Loan Documents**. Subrecipient must submit all documentation utilized for the distribution of funds to each Designated Project prior to the anticipated execution of these documents. Failure to submit draft documents may trigger an Event of Default per the terms of Section 5.5.2 of this Agreement. Final

executed copies of documents between Subrecipient and Developer must be submitted to Grantee within 180 days of execution.

4. **Payments and Reimbursements**. The NCORR Billing Guide (Exhibit B), as well as this Agreement, explain the requirements and procedures for the disbursement of Grant Funds to Subrecipient.

   4.1. Comingling Funds. Subrecipient shall not commingle Grant Funds with any other funds and will assure that Grantee has access to monitor the bank account where Grant Funds and other funds applicable to this Agreement are held.

   4.2. Timing. After Subrecipient's receipt of Grant Funds for reimbursement payments intended for each Designated Project, Subrecipient shall have no more than five business days to disburse such funds to the appropriate party, as applicable, for conformance with construction and prompt payment regulations.

5. **Project Documentation.**

   5.1. Budget. A Program Budget within 30 days after evaluation and selection of Designated Projects.

   5.2. Material Changes. If material changes are made to scope, budget, schedule, or sources for the Designated Projects included in the Program Budget or if additional Designated Projects are added, Subrecipient must submit a revised Program Budget within 90 days after the change is made. No environmental work, and no choice limiting activities or work on the additional Designated Project, can be started until this information is received and a project-specific award letter and appropriate clearance letters have been delivered to Subrecipient.

   5.3. Cost Analysis. Any and all cost analyses performed by Subrecipient must also be submitted to Grantee and information from the cost analyses verified as requested by Grantee.

   5.4. Lease Up, Operations, and Close Out. Upon completion of construction, Subrecipient shall make available to Grantee all records and documentation related to lease-up and operations of each Designated Project in preparation of close out, which documentation includes, but is not limited to, the following information:

      5.4.1. Certificate of Completion and/or Cost Certification
      5.4.2. Household Characteristics Reports for all housing units
      5.4.3. Household Income Worksheets and Certification for all housing units
      5.4.4. Final Expenditure Report with documentation
      5.4.5. Section 3 Report form HUD-60002
      5.4.6. Progress photos from the project
      5.4.7. Fair Housing Report
      5.4.8. Status reports from Grantee monitoring, if any
      5.4.9. MBE/WBE Reports
      5.4.10. Flood Insurance coverage, if applicable
      5.4.11. Green Building Standard and proof of certifications
      5.4.12. Broadband Infrastructure documentation (plans and/or pictures confirming installation)

5.4.13. Most recent single audit report

5.5. Additional Documentation. Subrecipient shall submit any documentation regarding the Designated Project to Grantee as requested. Any additional documentation needed based on specific project activities will be delineated in the appropriate project specific award letters.

6. **Affordability Period.** As appropriate, NCORR will use the same standards as the HUD HOME Investment Partnership Program to set the length of the affordability periods. The length of such affordability periods will depend on the amount of Grant Funds provided and the nature of the activity funded. The affordability restrictions, including the affordability period requirements, would not apply to housing units newly constructed or reconstructed for an owner-occupant to replace the owner-occupant's home that was damaged by the disaster.

6.1. Other Restrictions. Other affordable housing subsidies (e.g., Low-Income Housing Tax Credits) layered in the financing structure may require additional rental restrictions. In all cases where other federal, state, or local subsidies are a component of the sources used, the most restrictive requirements will be applied.

7. **Monitoring.** Per Section 4.2, Subrecipient will comply with Grantee's monitoring of Subrecipient and the Program. Subrecipient will monitor the performance of Developer against goals and performance standards stated in the terms and conditions in this Agreement.

8. **Work Performed by Subrecipient:**

8.1. Ensure Uniform Relocation Act compliance, if applicable.
8.2. Review and approve financial closing documents related to the project.
8.3. Ensure all required insurance coverage is established for project.
8.4. Maintain documentation of all activities and expenditures undertaken in a system of record.
8.5. Submit appropriate reimbursement requests for funds with documentation to Grantee on a monthly basis.
8.6. Pre-audit of monthly certifications for payment when and if requested by NCORR.
8.7. Disbursement of monthly certifications for payment.
8.8. Enforcement of provisions in any third party agreements for instances of non-performance or insufficient performance. Any such instances shall be reported to Grantee along with suggested corrective action.
8.9. Reporting and data management, including delivery of ad hoc reports when requested by Grantee or its designee(s).
8.10. Final certificate of completion or cost certification review, as needed.
8.11. Providing documentation for closeout as requested by NCORR.
8.12. Monitor and enforce affordability period.
8.13. Management of agreed upon program budget. Any variances or expected variance which would cause significant impacts on the program must be reported to Grantee along with recommended corrective action.
8.14. Maintain adequate staffing levels to support program activities funded in whole or in part by CDBG-DR.

8.15. Ensure sufficient human resource management for all staff dedicated in whole or in part to programs funded by CDBG-DR.
8.16. Translate program documents, if required to be publicly available by law and by request.
8.17. Provide Grantee with any required or requested documentation and information and other documents required pursuant to law.
8.18. Facilitate the process of tax-exempt bond financing and closing in accordance with the requirements of Section 42(h)(4) of the Internal Revenue Code of 1986, as amended, including serving as bond issuer and hiring underwriters for tax-exempt bonds for 4% LIHTC projects in the event that the local jurisdiction is unable to offer or issue the bonds, or the Designated Project is located across more than one jurisdiction. If no bond projects are selected by the Subrecipient for funding, this paragraph shall not apply.
8.19. Monitor contractor compliance with Davis-Bacon, including collection of weekly certified payroll and on-site payroll interviews for applicable projects.
8.20. Coordinate environmental reviews with Grantee and contractors, as needed.
8.21. Perform other duties as requested by Grantee.

9. **Project Timeline**. Subrecipient and Grantee recognize that adjustments to the timeline may be needed due to variance in project underwriting, unforeseen environmental review findings, financing changes or shifting market conditions, and potential acts of God with respect to construction disruptions. If Subrecipient cannot provide documentation that the project is progressing in a manner consistent with the expenditure and placed in service deadlines, Grantee reserves the right to enforce the applicable termination provisions in the Agreement.

PART B – HOMEOWNERSHIP ASSISTANCE PROGRAM

1. **Summary.** Part B of this Scope of Work outlines the Homeownership Assistance Program ("HAP") requirements for the Subrecipient.

1.1. <u>Program Purpose</u>. The Homeownership Assistance Program will provide downpayment and closing cost assistance to participants purchasing homes in Haywood County to assist with housing security and homeownership opportunities while encouraging residents to remain in Haywood County.

1.2. <u>National Objective</u>. In accordance with 24 CFR 570.208, all CDBG-DR funded activities must satisfy a national objective. The Homeownership Assistance Program will meet the Low to Moderate Income (LMI) and Urgent Need (UN) National Objectives. As outlined in 24 CFR 570.201(n), Grant Funds can be used for down payment assistance. Moreover, as described in FR 31636, the Homeownership Assistance Program may also utilize the waiver and alternative requirement for 42 U.S.C. 5305(a)(24), which allows HAP to provide up to 100 percent of any down payment required from homebuyers with incomes at or below 120 percent of area median income. As appropriate, given the ongoing need to alleviate potential emergency conditions for households still recovering from Tropical Storm Fred and the potential to reside in environmental hazardous conditions, the HAP may also use the urgent need national objective category for down payment assistance that helps potential homeowners secure housing away from conditions that may pose serious and immediate threat to their health or welfare.

1.3. Description. The Homeownership Assistance Program provides funding in the form of a financial subsidy to offset some of the costs of becoming a homeowner for first-time homebuyers or storm-displaced residents. The assistance will be available to low- and moderate-income (LMI) households to help with a home purchase. The Homeownership Assistance Program will leverage the waiver of 42 USC § 5305(a)(24) found in the Federal Register Notices applicable to the Tropical Fred CDBG-DR grant. The waivers are specifically planned to be utilized to serve populations between 80-120% AMI. Housing counseling service providers will assume a major role in assisting potential participants in the HAP. Beneficiaries of the assistance must successfully complete program-provided and required homebuyer education and any additional ancillary homeownership counseling, as defined by NCORR, prior to receiving homeownership assistance. Costs associated with this counseling and education are provided at no charge to the Applicants.

2. **Management.** The activities under the HAP will be managed by NCORR except as otherwise noted in this Scope of Work. Technical assistance is available upon request by Subrecipient regarding monitoring, compliance, or any other questions that arise.

3. **Payments and Reimbursements**. The NCORR Billing Guide, as well as this Agreement, explain the requirements and procedures for the disbursement of Grant Funds to Subrecipient.

3.1. Comingling Funds. Subrecipient shall not commingle Grant Funds with any other funds and will assure that Grantee has access to monitor the bank account where Grant Funds and other funds applicable to this agreement are held.

4. **Project Documentation.**

4.1. Budget. The funding granted to Haywood County for the HAP shall include $1,000,000 for downpayment and closing cost assistance. This shall be distributed to eligible applicants in compliance with NCORR's program guidelines. An additional $100,000 shall be allocated to Haywood County's administration of the HAP.

4.2. Material Changes. If material changes are made to scope, budget, or schedule these must be mutually agreed upon by both parties.

4.3. Cost Analysis. Any and all cost analyses performed by Subrecipient must also be submitted to Grantee and information from the cost analyses verified as requested by Grantee.

4.4. Additional Documentation. Subrecipient shall submit any documentation regarding the HAP to Grantee as requested.

5. **Affordability Period.** The affordability period for the Homeownership Assistance is 36 months. NCORR can recapture all or a portion of the Grant Funds provided to a homebuyer if the home does not continue to be the principal residence of the family for at least 36 months.

6. **Monitoring.** Per Section 4.2, Subrecipient will comply with Grantee's monitoring of Subrecipient and the HAP.

7. **Work Performed by Subrecipient:**

   7.1. Provide requisite wiring for home purchase closings for eligible applicants.
   7.2. Maintain adequate funds to support an appropriate volume of closings per month.
   7.3. Coordinate with NCORR staff to make sure closings can be completed timely and efficiently.
   7.4. Cooperate with any housing counseling agencies as necessary.
   7.5. Maintain documentation of all activities and expenditures undertaken in a system of record.
   7.6. Submit appropriate reimbursement requests for funds with documentation to Grantee on a monthly basis.
   7.7. Pre-audit of monthly certifications for payment when and if requested by NCORR.
   7.8. Disbursement of monthly certifications for payment.
   7.9. Enforcement of provisions in any third-party agreements for instances of non-performance or insufficient performance. Any such instances shall be reported to Grantee along with suggested corrective action.
   7.10. Reporting and data management, including delivery of ad hoc reports when requested by Grantee or its designee(s).
   7.11. Providing documentation for closeout as requested by NCORR.
   7.12. Monitor and enforce affordability period.
   7.13. Management of agreed upon program budget. Any variances or expected variance which would cause significant impacts on the HAP must be reported to Grantee along with recommended corrective action.
   7.14. Maintain adequate staffing levels to support program activities funded in whole or in part by CDBG-DR.
   7.15. Ensure sufficient human resource management for all staff dedicated in whole or in part to programs funded by CDBG-DR.
   7.16. Translate program documents, if required to be publicly available by law and by request.
   7.17. Provide Grantee with any required or requested documentation and information and other documents required pursuant to law.
   7.18. Perform other duties as requested by Grantee.

8. **Project Timeline**. Subrecipient and Grantee recognize that adjustments to the timeline may be needed due to variance in project underwriting, unforeseen environmental review findings, financing changes or shifting market conditions, and potential acts of God with respect to housing market. If Subrecipient cannot provide documentation that the project is progressing in a manner consistent with the expenditure and placed in service deadlines, Grantee reserves the right to enforce the applicable termination provisions in the Agreement.

PART C – RAPID RECOVERY FUND (RRF)

1. **Summary.** Part C of this Scope outlines the Rapid Recovery Fund ("RRF") requirements for the Subrecipient.

   1.1. <u>Program Purpose</u>. To provide flexible assistance to address the emergent, worsening of unmet recovery needs from Tropical Storm Fred following the impacts of Hurricane Helene in areas impacted by Tropical Storm Fred

1.2. National Objective. In accordance with 24 CFR 570.208, all CDBG-DR funded activities must satisfy a national objective. For the Rapid Recovery Fund program, projects will meet the low to moderate income housing national objective or the urgent need national objective.

1.3. Description. Subrecipient will administer the Program by facilitating and/or performing multiple activities to focus on immediate housing recovery needs due to the dual impacts of Tropical Storm Fred and Hurricane Helene to fund the recovery and mitigation of properties and areas impacted by both Tropical Storm Fred and then subsequently damaged by Hurricane Helene through funding housing infrastructure projects, property access features, and other housing-related activities including single and multifamily construction.

2. **Program Activity.** Under the Program, Subrecipient will provide funds to develop housing opportunities through grants and loans. Each specific activity awarded funds will be a "Designated Project". The specific activities for each Designated Project will be undertaken by a public or private entity, referred to in this Scope as a "Developer", who will enter into an agreement with Subrecipient. Subrecipient then must submit Designated Project to NCORR, and each Designated Project must receive a project-specific award letter and appropriate clearance letter before making any choice limiting activities or proceeding with the Designated Project.

2.1. Management. The activities under this program will be managed by Subrecipient. Technical assistance is available upon request by Subrecipient regarding monitoring, compliance, or any other questions that arise.

3. **Loan Documents**. Subrecipient must submit all documentation utilized for the distribution of funds to each Designated Project prior to the anticipated execution of these documents. Failure to submit draft documents may trigger an Event of Default per the terms of Section 5.5.2 of this Agreement. Final executed copies of documents between Subrecipient and Developer must be submitted to Grantee within 180 days of execution.

4. **Payments and Reimbursements**. The NCORR Billing Guide (Exhibit B), as well as this Agreement, explain the requirements and procedures for the disbursement of Grant Funds to Subrecipient.

4.1. Comingling Funds. Subrecipient shall not commingle Grant Funds with any other funds and will assure that Grantee has access to monitor the bank account where Grant Funds and other funds applicable to this Agreement are held.

4.2. Timing. After Subrecipient's receipt of Grant Funds for reimbursement payments intended for each Designated Project, Subrecipient shall have no more than five business days to disburse such funds to the appropriate party, as applicable, for conformance with construction and prompt payment regulations.

5. **Project Documentation.**

5.1. Budget. A Program Budget within 30 days after evaluation and selection of Designated Projects.

5.2. Material Changes. If material changes are made to scope, budget, schedule, or sources for the Designated Projects included in the Program Budget or if additional Designated Projects are added, Subrecipient must submit a revised Program Budget within 90 days after the change is made. No environmental work, and no choice limiting activities or work on the additional Designated Project, can be started until this information is received and a project-specific award letter and appropriate clearance letters have been delivered to Subrecipient.

5.3. Cost Analysis. Any and all cost analyses performed by Subrecipient must also be submitted to Grantee and information from the cost analyses verified as requested by Grantee.

5.4. Lease Up, Operations, and Close Out. Upon completion of construction, Subrecipient shall make available to Grantee all records and documentation related to lease-up and operations of each Designated Project in preparation of close out, which documentation includes, but is not limited to, the following information:

5.4.1. Certificate of Completion and/or Cost Certification
5.4.2. Household Characteristics Reports for all housing units
5.4.3. Household Income Worksheets and Certification for all housing units
5.4.4. Final Expenditure Report with documentation
5.4.5. Section 3 Report form HUD-60002
5.4.6. Progress photos from the project
5.4.7. Fair Housing Report
5.4.8. Status reports from Grantee monitoring, if any
5.4.9. MBE/WBE Reports
5.4.10. Flood Insurance coverage, if applicable
5.4.11. Green Building Standard and proof of certifications
5.4.12. Broadband Infrastructure documentation (plans and/or pictures confirming installation)
5.4.13. Most recent single audit report

5.5. Additional Documentation. Subrecipient shall submit any documentation regarding the Designated Project to Grantee as requested. Any additional documentation needed based on specific project activities will be delineated in the appropriate project specific award letters.

6. **Affordability Period.** As appropriate, NCORR will use the same standards as the HUD HOME Investment Partnership Program to set the length of the affordability periods. If the nature of the project does not lend itself to applicability for the HUD HOME Investment Partnership, NCORR shall set the affordability period by following guidance in HUD's Consolidated Notice. The length of such affordability periods will depend on the amount of Grant Funds provided and the nature of the activity funded. The affordability restrictions, including the affordability period requirements, would not apply to housing units newly constructed or reconstructed for an owner-occupant to replace the owner-occupant's home that was damaged by the disaster. The Subrecipient may elect to enforce additional affordability periods in excess of the requirements set forth above at their discretion.

6.1. Other Restrictions. Other affordable housing subsidies (e.g., Low-Income Housing Tax Credits) layered in the financing structure may require additional rental restrictions. In all cases where other federal, state, or local subsidies are a component of the sources used, the most restrictive requirements will be applied.

7. **Monitoring.** Per Section 4.2, Subrecipient will comply with Grantee's monitoring of Subrecipient and the Program. Subrecipient will monitor the performance of Developer against goals and performance standards stated in the terms and conditions in this Agreement.

8. **Work Performed by Subrecipient:**

8.1. Ensure Uniform Relocation Act compliance, if applicable.
8.2. Review and approve financial closing documents related to the project.
8.3. Ensure all required insurance coverage is established for project.
8.4. Maintain documentation of all activities and expenditures undertaken in a system of record.
8.5. Submit appropriate reimbursement requests for funds with documentation to Grantee on a monthly basis.
8.6. Pre-audit of monthly certifications for payment when and if requested by NCORR.
8.7. Disbursement of monthly certifications for payment.
8.8. Enforcement of provisions in any third party agreements for instances of non-performance or insufficient performance. Any such instances shall be reported to Grantee along with suggested corrective action.
8.9. Reporting and data management, including delivery of ad hoc reports when requested by Grantee or its designee(s).
8.10. Final certificate of completion or cost certification review, as needed.
8.11. Providing documentation for closeout as requested by NCORR.
8.12. Monitor and enforce affordability period.
8.13. Management of agreed upon program budget. Any variances or expected variance which would cause significant impacts on the program must be reported to Grantee along with recommended corrective action.
8.14. Maintain adequate staffing levels to support program activities funded in whole or in part by CDBG-DR.
8.15. Ensure sufficient human resource management for all staff dedicated in whole or in part to programs funded by CDBG-DR.
8.16. Translate program documents, if required to be publicly available by law and by request.
8.17. Provide Grantee with any required or requested documentation and information and other documents required pursuant to law.
8.18. Facilitate the process of tax-exempt bond financing and closing in accordance with the requirements of Section 42(h)(4) of the Internal Revenue Code of 1986, as amended, including serving as bond issuer and hiring underwriters for tax-exempt bonds for 4% LIHTC projects in the event that the local jurisdiction is unable to offer or issue the bonds, or the Designated Project is located across more than one jurisdiction. If no bond projects are selected by the Subrecipient for funding, this paragraph shall not apply.
8.19. Monitor contractor compliance with Davis-Bacon, including collection of weekly certified payroll and on-site payroll interviews for applicable projects.
8.20. Coordinate environmental reviews with Grantee and contractors, as needed.
8.21. Perform other duties as requested by Grantee.

9. **Project Timeline**. Subrecipient and Grantee recognize that adjustments to the timeline may be needed due to variance in project underwriting, unforeseen environmental review findings, financing changes or shifting market conditions, and potential acts of God with respect to construction disruptions. If Subrecipient cannot provide documentation that the project is progressing in a manner consistent with the expenditure and placed in service deadlines, Grantee reserves the right to enforce the applicable termination provisions in the Agreement.

Compliance and Monitoring Manual

Version 12.1
December 2024

Document Version History

Version #	Date	Description
1	11/2019	Initial Version
2	12/19/2019	Added CDBG-MIT Language, Management Decisions, Remedies for Non- Compliance and NCORR Risk Assessment Process Flow
3	7/16/2020	Added: Revisions from Version 4 to Version 5 of the HRP Manual Dated 04.03.2020; Updated for HOPE
4	9/10/2021	Updated to include SAPA 6 and SAPA 7 changes; added recommendations received during HUD Monitoring April 2021 regarding risk assessments and monitoring tools; Updated for HOPE
5	4/14/2022	Added: Requirements per FR-6384 for Tropical Storm Fred funding
6	7/11/2022	Added: Monthly Report instructions for DRGR
7	12/21/2022	Added: Single Audit A-133 Certification Form
8	3/3/2023	Added: Project Closeout procedures
9	4/25/2023	Added: ERA2 Addendum
10	5/17/2023	Amended language concerning Subrecipient concern and finding response time and expectations.
11	9/5/2023	Amended language from “subrecipient” to implementing partner and “subrecipient agreement” to written agreement. Removed ERA2 Addendum due to redundancy in process.
12	7/17/2024	Absorbed State Loans and Grants Compliance Manual due to redundancy in process; Updated non-critical language and reorganized sections for greater clarity and accuracy; Expanded sections to better capture current operations; Removed “SOP” from file name
12.1	12/31/2024	Added disclaimer to describe department title and reporting structure change from “Compliance Department” to “Policy and Compliance Department; added alternative monitoring strategy; clarified that the monitoring plan and timeline may be adjusted throughout the year

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***Disclaimer**: In September 2024, NCORR restructured its Policy Division to become the Policy and Compliance Department. Two of the key changes associated with this restructure were 1) to relocate the entire Compliance Department's staff and reporting structure from the Finance Division to the Policy & Compliance Department and 2) transition the Compliance Director position to the Interim Chief Policy Officer position. Despite these changes, the internal structure and function of the Compliance Department was not affected. In this manual, references to the "Compliance Department" and "Compliance Director" are considered interchangeable with the "Policy & Compliance Department" and "Interim Chief Policy Officer" respectively.*

Section 1: Overview

PURPOSE

The purpose of this manual is to outline the North Carolina Office of Recovery and Resiliency (NCORR) procedures for monitoring and maintaining compliance with state and federal funding from various sources. This manual is applicable to funding received from the United States Department of Housing and Urban Development (HUD), the United States Department of Treasury and any State Funds received via the North Carolina State Legislature and Memorandums of Agreement/Understandings.

NCORR enters into written agreements with various state and local partners to successfully implement and administer programs funded by the above agencies. These partners are considered "implementing partners" and are often synonymous with the term "subrecipient" (as defined by 2 CFR 200.331). NCORR also enters into agreements with contractors and vendors as outlined in the NCORR Procurement Manual.

With the first agreement, each implementing partner will receive a funding specific guidebook from the Compliance Department outlining the applicable regulations governing the funding source. Funding or program-specific monitoring tools may be developed by the Compliance Department. Each partner is also assigned a Compliance Specialist to act as a resource for the entirety of the written agreement.

BACKGROUND

The funds received by NCORR are required to undergo extensive monitoring and compliance to ensure the funds are utilized in accordance with all applicable state and federal regulations.

Successful implementation, administering and monitoring of NCORR's state and federally funded programs requires coordination between NCORR and the implementing partners. The following are the three levels of monitoring performed and the entity responsible for each type of monitoring.

FIRST LEVEL MONITORING (AWARDING AGENCY)

The awarding agency is the state or federal awarding agency. In accordance with 2 CFR 200.329, the federal awarding agency is required to monitor Grantees. HUD and, any other awarding agency, have the authority to monitor the Grantee and implementing partners.

SECOND LEVEL MONITORING (NCORR)

NCORR as the Grantee (direct recipient) of funds, is responsible for monitoring implementing partners and/or beneficiaries to determine compliance with applicable federal and state laws and requirements.

This level also determines the implementing partner's ability to implement the program in a timely manner consistent with written agreement and grant conditions. Additionally, for CDBG-DR and CDBG-MIT specifically, these monitoring visits assist NCORR staff in filing Disaster Recovery Grant Reporting (DRGR) quarterly reports.

NCORR, as the administrator of the State-centric programs managed without the use of partners, monitors internal programs to ensure the Office remains in compliance with all applicable federal mandates, as well as approved plans.

THIRD LEVEL MONITORING (IMPLEMENTING PARTNERS)

Implementing partners are permitted to subgrant awards to sub-partners. The prime partner is responsible for monitoring the sub-partners and/or beneficiaries to determine if the grant is being implemented in compliance with applicable federal and state laws and requirements. The monitoring consists of a review of project files, records and documentation as well as a visit to the project site(s), if applicable.

COMPLIANCE DEPARTMENT

The purpose and responsibility of the NCORR Compliance Department is to effectively:

- Ensure that all implementing partners administering state and federal funds comply with all applicable federal, state and local rules and regulations;
- Assist in preventing and minimizing fraud, waste, and abuse;
- Fulfill the goals set forth in NCORR's Action Plan and amendments in a timely manner;
- Detect potential inefficiencies early; and
- Communicate best practices to implementing partners.

In an effort to ensure these responsibilities are carried out, the Compliance Department will conduct reoccurring monitoring reviews throughout the life cycle of each written agreement. The frequency of the monitoring reviews is based on the level of risk associated with the annual risk assessment required by 2 CFR 200.332(b).

The purpose of this manual is to provide the Compliance Department with guidance and clearly defined quality assurance and quality control (QA/QC) expectations. NCORR's Compliance Department is made up of a Compliance Director, Compliance Manager, Senior Compliance

Specialists, Compliance Specialists, Closeout Lead, and Closeout Specialists. Below are the roles and responsibilities of the department members.

COMPLIANCE DIRECTOR

The Compliance Director's role is to monitor the use of funds in accordance with federal, state, local, and program policies. The Compliance Director is responsible for leading NCORR's Compliance Department and reports directly to the NCORR Director (note: Prior to September 2024, the Compliance Director reported directly to the NCORR Finance Chief). The Compliance Director oversees staff serving as the Fraud, Waste and Abuse (FWA) facilitator for the Compliance Triage Team.

COMPLIANCE MANAGER

The Compliance Manager oversees all monitoring functions within the Compliance Department. The Compliance Manager ensures assignments are appropriately distributed to the Compliance Specialists monitoring written agreements. The Compliance Manager is also responsible for direct supervision of the Compliance Specialists and reports directly to the Compliance Director.

SENIOR COMPLIANCE SPECIALISTS

The Senior Compliance Specialist(s) role is lead a specific functional area: technical assistance (TA), audit support, or fraud, waste, and abuse (FWA). The Senior Compliance Specialist may be responsible for direct supervision of additional support staff and/or vendors. The Senior Compliance Specialist reports directly to the Compliance Director.

COMPLIANCE SPECIALISTS

The Compliance Specialist(s) role is to perform monitoring and provide technical assistance support on all NCORR program areas and program files. The Compliance Specialist is responsible for tracking, monitoring, and reporting on compliance and performance of all state and federally funded programs. The Compliance Specialist will complete risk assessments, monitoring plans, and monitoring reports, make recommendations for corrective action. The Compliance Specialist reports directly to the Compliance Director or Compliance Manager.

HOUSING CLOSEOUT SPECIALIST LEAD

The Housing Closeout Specialist Lead role is to provide technical assistance training to Housing Closeout Specialist(s) specific to their role at NCORR. The Housing Closeout Specialist Lead ensures completion of closeout reviews, and other critical program tasks as needed in the system of record, and in accordance with program policies and procedures. The Housing Closeout Specialist Lead is also responsible for direct supervision of the Housing Closeout Specialist(s) and reports directly to the Compliance Director.

HOUSING CLOSEOUT SPECIALISTS

The Housing Closeout Specialist(s) role is responsible for the review, closeout and recovery of federal grant funds administered by NCORR. The Housing Closeout Specialist ensures program applications are reviewed and processed accurately, to assist program applicants in an expeditious and professional manner, while ensuring that NCORR is compliant with program policies, procedures, and federal and state regulations. The Housing Closeout Specialist(s) reports directly to the Housing Closeout Specialist Lead.

INTERNAL AUDITOR (FEDERAL FUNDS)

The Internal Audit function shall remain independent of NCORR while designing and conducting audits in accordance with the Institute of Internal Auditors standards. Internal Auditor(s) can provide objective, professional advice to all facets of NCORR programs with the focus to detect and prevent fraud, waste, and abuse, and assist NCORR in continuously improving the efficiency and effectiveness of all program operations. This includes, but is not limited to, administrative, financial, and operational reviews to ensure funds are spent in compliance with applicable laws and guidelines. Additionally, the Internal Auditors investigate reports of fraud, waste, and abuse and, if applicable, monitor the process until resolved.

Specific to the CDBG-DR and CDBG-MIT programs, the internal auditor is procured by the Department of Public Safety (DPS) Office of Internal Audit (IA).

Specific to CRF, CDBG-CV and ERA funding from US Treasury and CoC funds from HUD, NCORR will utilize the Department of Public Safety (DPS) Office of Internal Audit.

Section 2: Risk Assessments

The risk assessment is a tool used to identify risks and specific areas that may be at a high risk for potential non-compliance. In addition, the risk assessment tool aids in prioritizing monitoring efforts for higher risk programs and determining the amount of technical assistance necessary. The Compliance Department may use discretion to adjust the risk levels based on factors not covered in the risk assessment tools.

PRE-AWARD RISK ASSESSMENT

NCORR Program Managers may request a pre-award risk assessment to be completed by the Compliance Department prior to entering into a written agreement with an implementing partner. The Compliance Department will utilize the NCORR Pre-Award Assessment Tool to determine the implementing partner's potential risk and overall ability to manage the project upon which they are requesting program funds.

Upon completion of the pre-award risk assessment, the Compliance Department will provide the requesting program manager with the completed Pre-Award Assessment and recommendations. The recommendations will include the following information:

- Eligibility Status – Determines whether or not the potential implementing partner is eligible to receive funds;
- Capacity – Determines whether or not the potential implementing partner has the knowledge, tools and/or capacity to carry out the activity for which they are requesting funding.
- Risk Level – Determines whether or not the potential implementing partner would be a high, medium or low risk based on the results of the pre-award risk assessment.

The decision to approve an agreement with the potential implementing partner is at the discretion of NCORR's program management as the Compliance Department will only provide recommendations.

ANNUAL RISK ASSESSMENTS

Once NCORR enters into an agreement with an implementing partner, pursuant to 2 CFR 200.332(b), the Compliance Department performs an initial risk assessment during the year the implementing partner enters into the agreement with NCORR using the Initial Risk Assessment Tool. The Compliance Department may elect to assess each implementing partner's risk level annually using the Annual Risk Assessment Tool. The frequency of monitoring an implementing partner will be based on the level of risk determined below unless an alternative monitoring strategy is implemented, such as the State Loans and Grants Program's 70/30 risk-based method.

- High Risk – Prioritized for TA with follow up monitoring within 6 months.
- Medium Risk – Second priority for TA. Monitoring within 9 months of risk assessment.
- Low Risk – TA provided as needed. Monitoring within one year of risk assessment.

PROJECT-BASED RISK ASSESSMENTS

Written agreements may include multiple projects. The Compliance Department may complete project-based risk assessments to assess each individual project's risk using the Project Risk Assessment Tool. The results of the project-based risk assessments may be considered when developing the Monitoring Plan.

Section 3: Monitoring Implementing Partners

The Compliance Department utilizes monitoring tools (also referred to as “checklists” and “exhibits”) as the primary resource to determine the compliance of an implementing partner. Each tool covers a different regulatory compliance area (examples –labor standards, fair housing, and financial management) or program (examples – State Loans and Grants, Public Housing Restoration Fund, Back@Home-Balance of State-Permanent Housing). The scope of the monitoring review may be based on several factors, including but not limited to, the assessed risk level of the implementing partner, the complexity of the project(s), the budget expenditure percentage, or specific areas of concerns identified by program management.

MONITORING PLAN AND TIMELINE

The Compliance Department is responsible for developing a timeline for monitoring based on agreements executed and risk assessments completed. The plan will also include a proposed schedule for technical assistance sessions. This monitoring plan and timeline may be adjusted throughout the year. In cases of extenuating circumstances, such as natural disasters and other state emergencies, monitoring activities may be paused or postponed.

For CDBG-DR and MIT funds specifically, the Compliance Department will provide the DRGR team with a monitoring plan outlining the monitoring timeline and objectives for the current fiscal year. The Compliance Department will also provide the DRGR team with the monitoring efforts completed each quarter for inclusion in the Quarterly Performance Report (QPR). The DRGR team will compile the efforts performed under the CDBG-DR/MIT grant, producing a year-end Compliance plan.

For all other funding sources outside of DRGR, the Compliance Department will keep a monitoring calendar(s), showing the dates risk assessments or monitoring will occur/have occurred.

IMPLEMENTING PARTNER DESK MONITORING

Desk Monitoring is used to determine if the projects or activities implementing partners are administering are in compliance with their budget and performance objectives according to their agreement with NCORR, and that expenses are eligible and sufficient documentation is provided. A desk review can assist with identifying potential problems early, preventing compliance violations, helping improve performance, and establishing a working relationship with implementing partners. During a desk review, the NCORR Compliance Specialist reassesses the implementing partner's compliance with program and grant requirements using the implementing partner's submission of requested documentation and telephone conversations. For Back@Home-Balance of State Program desk reviews, communications may occur directly in the Back@Home Salesforce system.

The results of the desk monitoring will include the following determinations:

- Compliance Status/Risk - Whether or not the grant recipient is compliant and if there are any potential risk of non-compliance
- Technical Assistance - The need for technical assistance

Continued non-compliance identified during a desk monitoring could necessitate the need for on-site monitoring and the implementing partner could be considered a higher risk. Implementing partners found previously at risk along with organizations with compliance issues beyond requisition submission are also deemed at risk based on performance and information received from other sources. i.e., complaints etc.

IMPLEMENTING PARTNER ON-SITE MONITORING

The Compliance Department performs on-site monitoring reviews of implementing partners throughout the lifecycle of the agreement. Prior to the COVID-19 pandemic, on-site reviews were conducted in person at the implementing partner's place of business (thereby "on site"). Through the improved used of telecommunications and increased use of electronic file storage during the pandemic and afterwards, on-site monitoring reviews may still be conducted virtually. These reviews generally are considered more in-depth than desk reviews, as they typically require more extensive communication and documents review.

COMPONENTS OF MONITORING IMPLEMENTING PARTNERS

Monitoring consists of the following actions in the order they occur:

- Notification of Engagement Letter (optional for desk)
- Entrance Conference (on-site only)
- Interviews with staff (optional for desk)
- Monitoring review using specific tools (tools are optional for desk)
- Follow up interviews with staff, as applicable (optional for desk)
- Exit Conference (on-site only)
- Monitoring Report

NOTIFICATION OF ENGAGEMENT LETTER

The Notification of Engagement Letter is sent no less than two weeks prior to the on-site monitoring review visit. The letter includes the monitoring schedule, scope of the review, and the names and titles of the staff conducting the monitoring. The letter may also request documentation to be submitted by the implementing partner prior to the monitoring occurring. Monitoring tools may be provided to the implementing partner to review and complete.

ENTRANCE CONFERENCE

The purpose of the entrance conference is to:

- Review the scope of work and areas of focus;
- Identify the partner staff that will assist during the monitoring;
- Set-up interview times and, if applicable, schedule physical inspections;
- Verify the method for accessing files and work areas; and
- Schedule periodic meetings or check-ins to address any pending questions/concerns during the monitoring review

INTERVIEWS AND COMPLETING TOOLS

On-site monitoring reviews include conducting interviews and the completion of tools to verify and document compliance and performance (this can also include physical inspections if monitoring is conducted in person). Interviews with implementing partner staff can clarify and determine the accuracy of the file information reviewed and assess their level of satisfaction with the program.

Specific responses to the monitoring tool(s) questions are required. The responses to each question provide important documentation for the implementing partner's record. The Compliance Department expects the main objective of monitoring to be assisting program participants and partners in carrying out their program responsibilities.

The responses to the questions in the monitoring tool(s) form the basis for monitoring conclusions and are supplemented by the implementing partner's program and project records reviewed during the monitoring. All tool questions will be clearly answered ("Yes/No/N/A" or other designated response).

EXIT CONFERENCE

At the end of the monitoring review, the Compliance Department staff will conduct an exit conference with the appropriate implementing partner officials or designated staff to discuss preliminary conclusions. In part, this conference will afford both parties an opportunity to confirm the accuracy and completeness of the information used to formulate the basis for the monitoring conclusions.

The Compliance Department staff will be responsible for using the monitoring tool(s) not only to prepare for the exit conference by clearly and concisely summarizing the conclusions, but also to document any issues found. To the extent that an implementing partner signifies disagreement, the basis for any objections should be noted. These summarizations are used to develop the monitoring report.

MONITORING REPORT

NCORR is required by 2 CFR 200.332(d)(3), 2 CFR 200.521(a) and (c) to issue a management decision for all findings in a monitoring report that involve federal grants awarded by NCORR. This monitoring report is often referred to as the "outcome letter." Upon completion of the monitoring review, the Compliance Department will prepare a monitoring report describing the results in sufficient detail to clearly describe the areas that were covered and the basis for the conclusions. The report will be generated and sent to the partner within forty- five (45) business days of completion of the monitoring.

Each monitoring report will include:

- The program, project, and entity monitored
- The dates of the monitoring
- The name(s) and title(s) of the Compliance Department staff who performed the monitoring review
- The name(s) of implementing partner staff present during the monitoring
- A listing of the areas reviewed
- Clearly labeled findings and concerns (if applicable)

    - Every finding must be followed with the federal citation that applies
    - Recommended corrective actions for all findings
- An opportunity to provide corrective actions (if applicable)
- Response timeframes (if applicable)
- An offer of technical assistance (as needed)

In the rare event a monitoring results in any suspicion of fraud or misconduct, the Compliance Specialist is required to submit a formal allegation of fraud, waste or abuse using the NCORR FWA Reporting Form: NCORR FWA Reporting Form (smartsheet.com).

CORRECTIVE ACTIONS

The Compliance Department provides implementing partners with an opportunity to cure any monitoring deficiencies (findings or concerns) identified through corrective action plans.

Findings: Where an identified deficiency results in a finding, the finding must include the condition, criteria, cause, effect, and the recommended corrective action.

- The condition describes the issue.
- The criteria cite the regulatory or statutory requirements that were not met or violated.
- The cause explains why the condition occurred.
- The effect describes what happened due to the condition.
- The recommended corrective action identifies the ideal action(s) needed to resolve the finding.

Findings require a response from the implementing partner within forty- five (45) business days of the date of the monitoring report. If the implementing partner does not submit a response, the findings default to the status of "non-compliant" and will remain open until corrective action has been taken and the finding has been closed. In the event an implementing partner does not provide a corrective action plan to the Compliance Department, NCORR may consider additional remedies for noncompliance per 2 CFR 200.332(h) and 2 CFR 200.339.

Concerns: Monitoring concerns brought to the implementing partner's attention should include the condition, cause, and effect. The monitoring staff may suggest or recommend corrective actions that the partner can take to address a concern, based on sound management principles or other guidelines. Corrective actions are not required for concerns.

Implementing partners are given the opportunity to respond to concerns within forty-five (45) business days from the date of the monitoring report to provide NCORR with the corrective action plan to be carried out by the partner. It is the responsibility of the partner to track and respond within 45 days of receipt of the monitoring report. If the partner chooses not to respond within the 45-day period, NCORR will close the monitoring. Extensions may be granted to the implementing partners if requested and justified.

CLOSING FINDINGS

NCORR's Compliance Department will consider the monitoring process to be completed only after all deficiencies identified have been addressed and remedied through corrective action(s). The Compliance Department will review the submitted information within thirty (30) business days of receipt. Upon completion of the review, they will issue a letter to the partner indicating the status of each finding.

REOCCURRING NON-COMPLIANCE

In the case of reoccurring noncompliance of federal and/or state statutes, regulations or terms or conditions of the federal grant, by an implementing partner, NCORR will take actions as may be appropriate to prevent a continuance of any deficiencies, mitigation of any adverse effects or consequences and to prevent reoccurrences. The Compliance Department will coordinate with Legal Counsel to determine the appropriate actions to remedy reoccurring non-compliance.

Section 4: Monitoring NCORR Programs

INTERNAL PROGRAM DESK MONITORING

The Compliance Department performs internal program desk monitoring reviews (also referred to as "internal program reviews") on the programs NCORR administers in house. These programs are part of the state-centric model and are overseen by NCORR staff members. The frequency of the monitoring is dependent on program progress, policy manual changes, and amount of spending. The program manager may request the Compliance Department to perform an internal program review at any time.

Each program is monitored utilizing the manual governing the respective program area to be monitored. The Compliance Department does not typically utilize a monitoring tool and monitoring report for internal program monitoring. Instead, a management memo is sent from the Compliance Director to the Chief Recovery Officer (or other designated staff member) and a carbon copy sent to the program manager outlining the results of the internal program monitoring.

Specific to applicant-facing programs (HOPE, Strategic Buyout Program, Homeowner Recovery Program), participant files (also referred to as "applications" or "client files") may be reviewed to ensure appropriate supporting documentation is maintained. This information should be available in the Salesforce system of record and/or SharePoint, depending on the nature of the records.

PROCURED CONTRACTS DESK MONITORING

The Compliance Department performs desk monitoring reviews on contractors procured directly by NCORR. General oversight of the contracts is the responsibility of NCORR's Contract

Administrator. At any time, the contract administrator may request the Compliance Department perform a desk monitoring review on any contract.

It is NCORR's responsibility to ensure contractors are making every effort to comply with the regulatory requirements of Section 3. Each quarter, the Compliance Department reviews documentation submitted to verify contractors have made every effort to comply with Section 3 regulatory requirements to the greatest extent feasible. Further information regarding the Section 3 monitoring procedures can be found in the NCORR Section 3 Standard Operating Procedures.

Each contract may be monitored using the Request for Proposal (RFP) solicited by NCORR, the contractor's response, and the executed contract with any amendments. The frequency of monitoring will be based on risks identified by the Contract Administrator. The Compliance Department does not typically utilize a monitoring tool or monitoring report for contract monitoring. Instead, a management memo is sent from the Compliance Director to the Director of NCORR (or other designated staff member) outlining the results of the desk monitoring.

INTERNAL PROCESS AND POLICY DESK MONITORING

Periodically, the Compliance Department will conduct desk monitoring reviews of internal program's policies and procedures. NCORR's upper management may request the Compliance Department perform a desk monitoring of their internal policy or procedure to ensure compliance with all federal regulations, as well as its overall effectiveness. The frequency of this type of monitoring review is dependent on the requests received from NCORR's management and/or if a substantial change is made to policies or processes governing the program.

One member of the Compliance Department is a standing non-voting member of the Exceptional Case Panel and attends meetings which is where compliance with policy changes are discussed.

Section 5: Technical Assistance

The Compliance Department's Technical Assistance Team is responsible for providing regulatory technical assistance to NCORR's internal staff and implementing partners. NCORR provides technical assistance throughout the year fiscal through pre-recorded and live sessions. The Technical Assistance Plan is available on SharePoint. When deficiencies are identified as a result of a monitoring review, technical assistance may be required to assist in the resolution of the deficiency. Hence, conducting desk and on-site monitoring reviews helps the Compliance Department determine the type of technical assistance partners may need.

The objective of technical assistance is to aid the implementing partner in the day-to-day management of the program in compliance with program and regulatory requirements. The nature and extent of technical assistance may be based on collaboration and input from the respective program manager. Examples of technical assistance may include:

- Verbal or written advice;
- Formal training; and/or
- Programmatic Information Resources

Compliance Specialists provide additional technical assistance support to their assigned written agreements. Some examples of this assistance include, but are not limited to, conducting well checks on implementing partner policies and procedures, responding to compliance questions from implementing partners and program managers, and assisting with SAM.gov renewal and troubleshooting.

Section 6: Fraud, Waste and Abuse (FWA)

To assist in the proper management of funds, NCORR and its Implementing Partners will attend fraud related training made available by NCORR and/or the HUD OIG. Additionally, the Compliance Department is responsible for facilitating the Fraud Triage Team meetings and coordinating with external investigators. For more information regarding the fraud, waste and abuse process, refer to NCORR's FWA Manual.

Section 7: DRGR Quarterly Compliance Reports

The Compliance Department is required to provide a summary of information outlining the monitoring and technical assistance carried out upon completion of an event type. Once a monitoring or technical assistance event has been completed, the report shall be submitted to a Senior Compliance Specialist for entry into DRGR. The DRGR team does have access for quarterly reporting purposes. If a finding or concern has been issued, the Compliance Department will provide justifications for the lack of progress and outline plans, steps, and strategies to address the issue.

Section 8: Audit Requirements

As detailed in 2 CFR 200.501, all non-federal entities expending over the threshold in federal funds during their fiscal year must have an annual audit conducted. Implementing Partners that fall within this category must submit a copy of their single or program specific audit report to NCORR.

NCORR's Compliance Specialists may provide implementing partners with an A-133 Certification form after the end of their respective fiscal years. Partners must complete the form and return it to the Compliance Specialist with the accompanying audit, if applicable and available. State agencies who participate in the NC Office of the State Auditor's Statewide Single Audit, as well as other implementing partners whose most recent audits are known to be on file with NCORR already, are not required to additionally complete this form.

Implementing partners who do not expend over the threshold in federal funds during their fiscal year must complete the A-133 Certification form indicating such and return it to the Compliance Specialist.

North Carolina state law (N.C.G.S. 143C-6-23 and 09 NCAC 03M) requires every non-state entity that is not subject to the requirements of the Local Government Commission (LGC) that receives state or federal pass-through grant funds from state agencies to file annual reports on how those grant funds were used. The Compliance Department may assist the NCORR project manager determine how this reporting will be satisfied annually.

Section 9: Closeout

WRITTEN AGREEMENT CLOSEOUT

For agreements with federal funds, the Compliance Department facilitates the Written Agreement Closeout process. Through this process, NCORR determines if all of the requirements in the written agreement with the implementing partner have been completed, in accordance with the terms and conditions of the agreement. It begins once the agreement's period of performance ends, or earlier if all requirements have been satisfied or the agreement has been terminated or canceled.

In this process, implementing partners prepare and submit required closeout documents to NCORR and ensure all monitoring/audit findings have been resolved. NCORR point of contacts (POCs), representing key departments and focus areas, review the information available and determine if the agreement is ready for closeout. The Compliance Director or Compliance Manager is responsible for making this determination for the compliance components.

NCORR PROGRAM CLOSEOUT

The Compliance Department assists with closing out NCORR programs through targeted participant file reviews. More information may be found in the respective program manual.