

## SECTION .0400 - RESPONSIBILITIES OF AGENCIES

### 09 NCAC 03M .0401 AGENCY RESPONSIBILITIES

(a) An agency that receives State funds and disburses those funds as grant funds to a recipient shall:

- (1) Notify each recipient, at the time the grant award is made, of the purpose of the award and the reporting requirements established in this Subchapter.
- (2) Prior to disbursing any grant funds:
  - (A) Register each State assistance program with the Office of State Budget and Management using the NC Grants Management System which can be accessed at <https://www.osbm.nc.gov>. Information required to register includes program ID and description, program name, and funding year.
  - (B) Execute a contract with the recipient that complies with the requirements of this Subchapter.
  - (C) Report each individual award to the Office of State Budget and Management using the NC Grants Management System which can be accessed at <https://www.osbm.nc.gov>. Information required to report includes CRIS program ID, award date, completion date, award amount, and program name.
  - (D) Follow the procedures for disbursement of grant funds.
- (3) Develop compliance supplement reports that describe standards of compliance and audit procedures to give direction to independent auditors. This report shall be provided to the State and Local Government Finance Division in the North Carolina Department of State Treasurer for inclusion in the North Carolina State Compliance Supplement.
- (4) Develop a monitoring plan for each State assistance program the agency oversees and gain approval of the plan by the Office of State Budget and Management. Monitoring plans will be evaluated based on plan elements including programs covered, education and technical assistance, risk assessment framework, monitoring procedures, non-compliance procedures, and closeout of award procedures.
- (5) Perform monitoring and oversight functions as specified in agency monitoring plans to ensure that grant funds are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts, and that performance goals are achieved.
- (6) Ensure that grant funds are spent consistent with the purposes for which it was awarded.
- (7) Determine that reporting requirements have been met by the recipient and that all reports have been completed and submitted in accordance with the recipient's contract.
- (8) Monitor compliance by recipients with all terms of a contract. Upon determination of noncompliance the agency shall take action as specified in Section .0800 of this Subchapter.
- (9) Require agency internal auditors to conduct periodic audits of agency compliance with requirements of this Subchapter.
- (10) Provide all requested documentation when subject to an audit of compliance with the requirements of this Subchapter. Audits may be conducted by the Office of State Budget and Management, the Office of the State Auditor, or the agency's internal auditor.
- (11) Notify the Office of State Budget and Management when a recipient is not compliant with the requirements set forth in this Subchapter or the terms of their contract such that the recipient should be added to the Suspension of Funding List and have the disbursement of funds to the recipient suspended in accordance with G.S. 143C-6-23(f). Agencies shall not disburse grant funds to a recipient on the Suspension of Funding List until that recipient comes back into compliance and is removed from the Suspension of Funding List.
- (12) Notify the Office of State Budget and Management when to remove entities from the Suspension of Funding List.

(b) Each recipient shall ensure that subrecipients have complied with the applicable provisions of this Subchapter. Failure to comply with such provisions shall be the basis for an audit exception.

*History Note: Authority G.S. 143C-6-22; 143C-6-23;  
Eff. July 1, 2005;  
Readopted Eff. July 1, 2016;  
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