



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT

PAT MCCRORY
GOVERNOR

ANDREW T. HEATH
STATE BUDGET DIRECTOR

July 12, 2016

MEMORANDUM

TO: Department Heads and Chief Fiscal Officers
State Departments, Agencies and Institutions

FROM: Andrew Heath 
State Budget Director

RE: Revised Rules for Administration of State awards
to Non-State Entities (09 NCAC 03M)

The Office of State Budget and Management is nearing the end of the process for readopting rules required by G.S. 143C-6-23(d) for the oversight of State awards to non-state entities. We took this opportunity to make meaningful changes to address shortcomings in the existing rules and improve the overall process.

The primary goals of this effort were to:

- Clarify oversight roles and responsibilities of OSBM and awarding agencies;
- Improve tools to support agency monitoring and oversight of recipients; and
- Ensure reporting requirements for recipients are value-added and not duplicative.

We began this process last fall, working with a group of agency representatives to develop revised rules to accomplish these goals. Revised rules were finalized and published in the NC Register in January, and approved by the Rules Review Commission on June 16, 2016. We will begin phasing in changes to our current processes to align with the new rules beginning August 1, 2016.

While some processes remain relatively unchanged, there are several significant changes that may require agencies to change internal processes. The attached comparison document provides additional detail on changes in the rules and identifies related process changes; however, the most immediate items agencies need to be aware of are the following:

What's New?

- Recipients will no longer report in the NCGrants system beginning August 1, 2016. Reports will be filed directly with the awarding agency in a format specified by the agency. Requirements can be met with existing agency reporting requirements if the information specified in the rules is already required on a more frequent basis.

July 11, 2016

- Agencies will be responsible for notifying OSBM of entities that should be added to or removed from the Suspension of Funding List for noncompliance, as there will no longer be an automatically generated list based on reporting status in NCGrants. Noncompliance is not limited to reporting requirements, and includes any instance of noncompliance with the rules or requirements of their contract. OSBM will continue to aggregate information by recipient across agencies, and will provide agencies with the required reporting level for each recipient based on the total amount each recipient receives across state government.
- Agencies will submit their recipient monitoring plans to OSBM. Initial plans will be due by September 1, 2016. Further instructions and guidelines for what should be addressed in plans and where to submit will be provided in the coming weeks.

What's Not Changing?

- Agencies will continue entering awards in the NCGrants system and follow existing procedures for making payments. Agencies will need to monitor payment data for accuracy to ensure recipients are assigned to the correct reporting level.
- Agencies will continue to consult the weekly Suspension of Funding List prior to making payments or new awards to recipients.

We appreciate the agency input we received throughout this process and look forward to working with you through this transition. Your ongoing feedback is appreciated as we continue to refine our new processes and guidance. If you have any questions, please contact Erin Matteson at erin.matteson@osbm.nc.gov or 919-807-4758.