

16.034 CORONAVIRUS EMERGENCY SUPPLEMENTAL FUNDING PROGRAM

State Project/Program: 2020 STATE OF NORTH CAROLINA CORONAVIRUS EMERGENCY SUPPLEMENTAL FUNDING PROGRAM

U.S. Department of Justice
Bureau of Justice Assistance

Federal Authorization: Title 3rd FY2020 Coronavirus Supplemental Appropriations Act, HR 748, Div. B.

N.C. Department of Public Safety
Governor's Crime Commission

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The auditor should not consider the Supplement to be “safe harbor” for identifying audit procedures to apply in a particular engagement, but the auditor should be prepared to justify departures from the suggested procedures. The auditor can consider the supplement a “safe harbor” for identification of compliance requirements to be tested if the auditor performs reasonable procedures to ensure that the requirements in the Supplement are current.

The grantor agency may elect to review audit working papers to determine that audit tests are adequate.

Auditors may request documentation of monitoring visits by the State Agencies.

This compliance supplement must be used in conjunction with the OMB 2021 Compliance Supplement which will be issued in the summer. This includes “Part 3 - Compliance Requirements,” for the types that apply, “Part 6 - Internal Control,” and “Part 4 - Agency Program” requirements if the Agency issued guidance for a specific program. The OMB Compliance Supplement is Section A of the State Compliance Supplement.

I. PROGRAM OBJECTIVES

The purpose of the Coronavirus Emergency Supplemental Funding (CESF) Program is to provide funding to eligible States, units of local government, and federally recognized tribal governments to support a broad range of activities to prevent, prepare for, and respond to the coronavirus. Funded projects or initiatives may include, but are not limited to, overtime, equipment (including law enforcement and medical personal protective equipment), hiring,

supplies (such as gloves, masks, sanitizer), training, travel expenses (particularly related to the distribution of resources to the most impacted areas), and addressing the medical needs of inmates in state, local, and tribal prisons, jails, and detention centers.

II. PROGRAM PROCEDURES

The 2020 Coronavirus Emergency Supplemental Funding (CESF) Program will provide funding to assist local units of government in preventing, preparing for, and responding to the novel coronavirus known as COVID-19. The total amount of funding made available under this program to public safety agencies nationwide is \$850 million dollars.

Allowable projects and purchases include, but are not limited to, equipment (including law enforcement and medical personal protective equipment), supplies (such as gloves, masks, sanitizer), and addressing the medical needs of inmates in local jails and detention centers.

The State of North Carolina, through the Governor's Crime Commission, has received approximately \$15M in funds for eligible COVID-19 related priorities. In addition, numerous counties and local law enforcement agencies in North Carolina are eligible to apply directly to the U.S. Department of Justice for CESF Program funds totaling approximately \$8M.

The Coronavirus Emergency Supplemental Funding (CESF) Program, as administered by the Governor's Crime Commission, will also provide funding to assist county governments in preventing, preparing for, and responding to COVID-19. The Secretary of the Department of Public Safety has designated eligible County Sheriff Offices to apply for funding. Applicants cannot apply for more than the designated amount. All applicants must complete a grant application in the Grants Enterprise Management System (GEMS), apply under the Criminal Justice Improvement Committee, and then select the priority designated 2020 Coronavirus Emergency Supplemental Fund (LOCAL AGENCIES ONLY). The application process is open now and will close on Wednesday, June 17, 2020 at 12:00 PM (NOON).

The Office of Justice Programs Financial Guide and the GCC Grant Award Packet must be used for the administration of this grant.

II. COMPLIANCE REQUIREMENTS

Noted below in the following matrix are the types of compliance requirements that are applicable to the federal program. These Types are determined by the federal agency, noted as "Y," on the "Matrix of Compliance Requirements" located in Part 2 of the OMB 2021 Compliance Supplement; however, the State Agency may have added the Type and this is noted by "Y." If the State determines that the federal requirement does not apply at the local level or if the State modifies the federal requirements, this is noted in the supplement under the type of compliance requirement. If the federal and/or State agencies have determined that the type is not applicable, it is noted by "N."

If the Matrix indicates "Y," the auditor must determine if a particular type of compliance requirement has a direct and material effect on the federal program for the auditee. For each such compliance requirement subject to the audit, the auditor must use the OMB 2021 Compliance Supplement, Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and Part 4 (which includes any program-specific requirements) to perform the audit.

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If there is no program listed on the “Matrix” in Part 2 or Part 4, the State has determined the Type that is applicable. If a Type is determined direct and material, the auditor should refer to the requirements found in Part 3 and listed in this supplement.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/ Cost Principles	Cash Management	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	Y	Y	N	Y	Y	N	Y	Y	N

A. Activities Allowed or Unallowed

Compliance Requirement

The U.S. Department of Justice, Bureau of Justice Assistance, has specific federally allowable program areas in which to expend their federal funds. The Governor’s Crime Commission selects their funding priorities from those specific program areas and those are listed in our “Announcement.”

Federal grant funds can then only be expended on those services that are directly related to their approved grant application. The project must be directly related to one of the federally recognized program areas.

The specific project activities allowed are those found in the “Project Narrative Operation” section, “Timeline of Project Activities,” and “Project Goals, Objectives, Performance Measures and Evaluation Methods” section of the full application.

Suggested Audit Procedures

1. Review the full grant application and note the following sections; “Project Narrative Operation,” “Timeline of Project Activities,” and “Project Goals, Objectives, Performance Measures and Evaluation Methods.”
2. Test expenditures and related records for adherence to the approved grant budget and subsequent grant budget adjustments.

B. Allowable Costs/Cost Principles

Compliance Requirements

All grantees are required to abide by the Office of Management and Budget (OMB) Circulars and Code of Federal Regulations, as applicable: A-102, A-87, A-110; 2 CFR Chapter I, Chapter II, Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards; 2 CFR Part 210-Uniform Administrative Requirements for Grants and Agreements with State and Local Governments; 2 CFR Part 215-Uniform Administrative Requirements for Grants and Agreements with

Institutions of Higher Education, Hospitals, and other Non-Profit Organizations; 2 CFR Part 220-Cost Principles for Educational Institutions; 2 CFR Part 225-Cost Principles for State, Local, and Indian Tribal Governments; and 2 CFR Part 230, Cost Principles for Non-Profit Organizations. The grantee must also comply with the “Standard Grant Conditions” as stated in the Grant Award Packet and any special conditions mandated by the Governor’s Crime Commission.

The Governor’s Crime Commission, as a part of its monitoring efforts, considers allowable costs to be those that are listed in the approved grant application budget section of the approved full application and those which would be included on any approved grant budget adjustments.

Suggested Audit Procedures

1. Review approved grant application budget.
2. Test expenditures and related records for adherence to approved application budget and any subsequent approved grant budget adjustments.

C. Cash Management

Funds are disbursed to grantees on a reimbursement basis through the Department of Public Safety fiscal section. No testing is required since funds are not advanced to grantees.

D. Reserve

E. Eligibility

Compliance Requirement

Eligible applicants include local units of government, councils of government, universities or colleges, independent school systems, state agencies, the Eastern Band of Cherokee Indians and non-profit entities.

Suggested Audit Procedures

Review full grant application.

F. Equipment and Real Property Management

Compliance Requirement

Grantees are instructed to follow their own written policies for equipment purchases. If they do not have a written policy, they should follow the procedures in the Grant Award Packet that is distributed to all grantees each year.

All equipment purchases should be for the purposes or activities of the grant only. The title for equipment purchased under the grant is vested with the implementing agency.

The procedure for disposal of equipment is outlined in the Grant Award Packet. According to the Grant Award Packet which is distributed to each grantee, the grantee is required to keep a Property Control Record Form for equipment purchased with grant funds.

Suggested Audit Procedures

1. Verify that the grantee is in fact properly keeping the Property Control Record Form.
2. Verify if the equipment still exists and is being used as stated in the full application.

3. Verify as to whether the equipment has been disposed of or not and if the grantee has requested and properly followed disposition instructions from the awarding agency.

G. Matching, Level of Effort, Earmarking

Compliance Requirement

Grants may be made for amounts up to 100% of the costs of the programs or projects contained in the approved applications.

Level of Effort and Earmarking are not applicable at the local level and no test work is required.

Suggested Audit Procedures

1. Review Award Document for total federal funding.
2. Test expenditures and reports to ascertain total cost of project and verify non-federal matching requirements are met.
3. Verify source of non-federal matching funds.
4. Verify that the funds awarded will not be utilized to supplant State and/or local funds that would otherwise be available to the grantee or supplant other federal funds with BYRNE JAG funds.

H. Period of Performance

Compliance Requirement

Federal funds can only be obligated within the period of availability listed on the Grant Award document or as amended on a Grant Adjustment form.

Obligations must be liquidated within the required time period. The grantee has 45 days within which to request their final reimbursement of funds. Failure to request funds within this time frame could result in the grantee not being reimbursed their final reimbursement of funds.

Suggested Audit Procedure

1. Test a sample of transactions charged to the Federal award after the period of availability ends and verify that the underlying obligations occurred within the period of availability and that the liquidation (payment) was made within the allowed time period.
2. Test a sample of transactions that were recorded during the period of availability and verify that the underlying obligations occurred within the period of availability.

I. Procurement and Suspension and Debarment

Compliance Requirement

According to the aforementioned OMB Circulars and Code of Federal Regulations (A-102, 2 CFR Parts 200, 215, 220, 225 and 230) and as stated in the Grant Award Packet, the grantee must comply with Federal Debarment and Suspension regulations by requiring completion of the "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transactions" by sub-recipients prior to entering into a financial agreement with the sub-recipients for any transaction as outlined below:

Any procurement contract for goods and services, regardless of amount, under which the sub-recipient will have a critical influence on or substantive control over the transaction.

The grantee is responsible for monitoring the submission and maintaining the official document for review by the Governor's Crime Commission.

Suggested Audit Procedures

1. As stated in the Grant Award Packet, verify that all contracts have received prior approval by the Governor's Crime Commission.
2. Verify completion of the certification regarding suspension and debarment.

J. Program Income

Compliance Requirement

According to the Grant Award Packet that is distributed to all grantees, all program income generated by this grant during the project period must be reported to the Governor's Crime Commission and must be put back into the project or be used to reduce the grantor participation in the program. The use or planned use of all program income must have prior written approval.

Suggested Audit Procedures

1. Test to verify that program income was properly tracked and accounted for.
2. Ensure that program income was used to make additional services available to crime victims.
3. Verify that the grantee did, in fact, receive prior written approval for the use or planned use of their program income.

K. Reserve

L. Reporting

Compliance Requirement

The grantee is also requested to submit "Expense Reimbursement Reports" to the Governor's Crime Commission. The "Expense Reimbursement Report" which the grantee uses to report their expenditures according to the five major budget categories (personnel, contractual, travel, supplies/operating expenses, and equipment). Along with the Expense Reimbursement Report, the grantee is required to provide grants management staff with photocopies of expenditure documentation (i.e. time sheets, travel logs, purchase orders, invoices, etc.).

Progress Reports:

Unless otherwise specified in the award's special condition, recipients are required to submit semi-annual Progress Reports.

Instructions for reports and reporting are included in the Grant Award Packet.

Suggested Audit Procedures

1. Review the grantee's procedures for preparing the State Reports and evaluate for adequacy.
2. Test reports for completeness.
3. Trace data on reports and verify that they agree with supporting documentation.

4. Review adjustments made to General Ledger amounts in the reports affecting State and/or Federal programs and then evaluate for propriety.

M. Subrecipient Monitoring

Sub-recipient monitoring is conducted through various monitoring activities such as reviewing reports submitted by the subrecipient, desk monitoring, phone calls, performing site visits to review financial and programmatic records and observe operations, arranging for agreed-upon procedures engagement for certain aspects of subrecipient activities, such as eligibility determinations, reviewing the subrecipient's single audit or programmatic audits results and evaluating audit finding and the subrecipient's corrective action plan. This applies when awards are passed through to a subrecipient.

N. Special Tests and Provision

Not Applicable