

45.310

GRANTS TO STATES

State Project/Program: LIBRARY SERVICES AND TECHNOLOGY ACT (LSTA)
PROGRAM

Office of Library Services – State Programs

Institute of Museum and Library Services

National Foundation on the Arts and Humanities

Federal Authorization: **Authorization:**
20 U.S.C. Chapter 72, Subchapter II--Library Services and Technology.
Regulations:
20 U.S.C. 1681-1683
22 U.S.C. § 7104(g)
29 U.S.C. 794
42 U.S.C. 2000d through 2000d-4
42 U.S.C. 6101 *et. seq*
2 CFR 200
2 CFR Part 3185
2 CFR 3186
45 CFR 1110
45 CFR 1170
45 CFR 1181
45 CFR 1183

State Authorization: NCGS 125-8

Department of Natural and Cultural Resources
State Library of North Carolina

Agency Contact Person – Program

Catherine Prince
(919) 814-6796
catherine.prince@ncdcr.gov

Agency Contact Person – Financial

Cathy Wood
(919) 814-6824
cathy.wood@ncdcr.gov

Address Confirmation Letters To:

Catherine Prince
Federal Programs Consultant
Library Development Section
State Library of North Carolina
4640 Mail Service Center
Raleigh, NC 27699-4600

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.

I. PROGRAM OBJECTIVES

Federal Objectives:

The Library Services and Technology Act's (LSTA) purpose is to promote improvement in library services in all types of libraries in order to better serve the people of the United States; to facilitate access to resources in all types of libraries for the purpose of cultivating an educated and informed citizenry; and to encourage resource sharing among all types of libraries for the purpose of achieving economical and efficient delivery of library services to the public.

Funds must be used for expanding services for learning and access to information and educational resources in a variety of formats, in all types of libraries, for individuals of all ages; developing library services that provide all users access to information through local, State, regional, national, and international electronic networks; providing electronic and other linkages among and between all types of libraries; developing public and private partnerships with other agencies and community-based organizations; targeting library services to individuals of diverse geographic, cultural, and socioeconomic backgrounds, to individuals with disabilities, and to individuals with limited functional literacy or information skills; and targeting library and information services to persons having difficulty using a library and to underserved urban and rural communities, including children (from birth through age 17) from families with incomes below the poverty line.

State Library of North Carolina's LSTA Program:

North Carolina's LSTA grant programs are based on the State Library of North Carolina's *Library Services and Technology Act Five-Year Plan 2018-2022* and its goals. The goals are based on identified needs and strive toward excellence and equity in North Carolina's libraries.

Summary of Goals

1. Strengthening Capacity-North Carolinians will have libraries with essential resources and capable staff that enable them to provide exceptional library programs and services.
2. Expanding Access-North Carolinians will have expanded access to resources for learning and success in school, work, and life.
3. Community Engagement-North Carolinians have will libraries that are more effective because they cooperate, coordinate, collaborate, and communicate to help the community address its needs.

II. PROGRAM PROCEDURES

The State Library of North Carolina is awarded an annual formula grant of approximately \$4.5 million (dependent upon Congressional appropriation) to achieve the purposes of the Library Services and Technology Act. The State's applicable library needs, and activities to meet those needs, are identified in the required five-year state plan for LSTA. The plan is submitted to and approved by the federal administering agency, the Office of Library Services – State Programs, Institute of Museum and Library Services.

To implement the goals and objectives of the state plan the State Library, in consultation with an LSTA Advisory Committee, develops an annual program that lays out the specific activities and grant programs for a given fiscal year. Libraries are made aware of grant opportunities each year via the State Library's web site, notices to electronic library mail lists, and limited paper mailings to eligible libraries. Guidelines and application forms are posted to the LSTA

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page on the State Library’s web site (<https://statelibrary.ncdcr.gov/ld/resources/lsta-grants>). Funds are awarded to eligible (as identified for each grant program) libraries and related organizations whose proposals are determined to best meet the grant program criteria. Eligible entities may be part of local government, or private not-for-profit non-governmental organizations. Grant programs are primarily competitive.

III. 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.

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	Y	N	N	N	Y	Y	Y	Y	N	Y

A. Activities Allowed or Unallowed

Funds may be used by used by North Carolina libraries in accordance with the approved five-year state plan, consistent with 2 CFR 200, and only for services or activities in approved applications.

Funds may not be used for construction purposes under 20 USC Chapter 72.

B. Allowable Costs/Cost Principles

The State Library allows federal and local funds to be spent for project expenses that are consistent with 2 CFR 200 and the guidelines for the applicable grant program, are found in the approved application or any budget revision and not ruled out as a stipulation in the grant award or grant agreement.

Grantees are required to obtain State Library approval of grant project budget revisions.

C. Cash Management

The State Library requires grantees to request grant funds as reimbursement for eligible expenses. Reimbursement requests must be accompanied by documentation of allowable and approved project expenses (e.g. invoices).

Grantees submit reimbursement requests according to dates stated in the grant agreement.

Suggested audit procedure: The auditor is not expected to test for Cash Management because program staff has already determined that this requirement was met.

E. Eligibility

The auditor is not expected to make tests for eligibility.

F. Equipment and Real Property Management

Equipment items with a unit price above \$5,000 require advance written approval from the State Library. If fair market value at the time of surplus or disposal exceeds \$5,000, disposal must be cleared with the State Library. (State Library's LSTA Grants "General Information and Provisions")

Suggested audit procedure: The auditor is not expected to test for Equipment and Real Property Management because program staff has already determined that this requirement was met.

G. Matching, Level of Effort, Earmarking

Any matching funds required by the State Library for a particular grant program is specified in the grant information & guidelines and must be reflected in a grantee's project budget and on their reimbursement request forms.

Suggested audit procedure: The auditor is not expected to test for Matching, Level of Effort, Earmarking because program staff has already determined that this requirement was met.

H. Period of Performance

The date by which funds must be spent for a particular grant is specified in the grant agreement.

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I. Procurement and Suspension and Debarment

Subrecipients shall comply with federal procurement requirements identified in 2 CFR 200 (318-326) as well as applicable state and local laws and regulations. The most restrictive requirement should be followed to ensure compliance.

J. Program Income

Program Income is approved on a case by case basis and must follow IMLS guidance and have approval from IMLS before the State Library will authorize Program Income.

L. Reporting

Grantee reporting requirements are narrative in nature and due dates are specified in the grant information and guidelines and/or grant agreements. More explicit instructions may be reflected in the grant report form and its instructions provided by the State Library.

Suggested audit procedure: The auditor is not expected to test for Reporting because program staff has already determined that this requirement was met.

M. Subrecipient Monitoring

All subrecipients are monitored on a quarterly or mid-year basis via a form. Issues, concerns, and questions identified on the form are addressed with the subrecipient. Additional monitoring occurs through technical assistance with LSTA staff, desk reviews of reimbursement requests, on-going communication, and on-site reviews for multi-year grants.

No testing is required at the local level.

N. Special Tests and Provisions

Compliance Requirement (signatory/expenditure) - Official notification of the grant award must be received from the State Library and a grant agreement signed by both the appropriate representatives of the library (i.e. grantee) and the State Librarian before any funds may be encumbered or expended for the project. (State Library's LSTA Grants "General Information and Provisions")

Suggested audit procedure: The auditor is not expected to test for signatory/expenditure Compliance Requirements because program staff has already determined that this requirement was met.

Compliance Requirement (publications/materials) - Grantees are required to acknowledge and credit IMLS/LSTA and the State Library/Department of Natural and Cultural Resources in all related publications and activities in conjunction with the use of the grant funds. They should also publicize grant-supported activities in available and appropriate media. The following acknowledgement statement must be used when meeting these requirements: "This publication/activity/program, etc. was supported by grant funds from the Institute of Museum and Library Services under the provisions of the federal Library Services and Technology Act as administered by the State Library of North Carolina, a division of the Department of Natural and Cultural Resources." Copies of any publications or materials produced under the grant must be submitted to the State Library. These copies are collected throughout the funding period and may be submitted with the final grant report. (State Library's LSTA Grant "General Information and Provisions")

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Suggested audit procedure: The auditor is not expected to test for publications/materials Compliance Requirements because program staff has already determined that this requirement was met.