



## **Policy Memorandum #24**

**TO:** All Staff

**FROM:** Matthew Fowler, Executive Director

**SUBJECT:** American Rescue Plan Act (ARPA) Grant

### **PURPOSE:**

This communication serves to convey the guidelines for, and implementation of the American Rescue Plan Act (ARPA) grant funds awarded to the Mid-Carolina Local Area.

### **BACKGROUND:**

Enacted on March 11, 2021, the American Rescue Plan Act (ARPA) aims to alleviate the ongoing impact of COVID-19 on the economy, public health, and local governments. Part of ARPA is the State Fiscal Recovery Fund (SFRF), providing resources to North Carolina to combat the pandemic's effects and foster a robust and equitable recovery. Aligned with North Carolina's "First in Talent" Plan and Governor Cooper's NC Job Ready Initiative, these programs seek to address economic challenges.

Each ARPA grant offers an opportunity to engage with new partners and deliver innovative services beyond the current Workforce Innovation and Opportunity Act (WIOA) guidelines.

#### **1. NCWorks Small Business Work-Based Learning Grant:**

- Target small- and micro-businesses for work-based learning opportunities.
- Prioritize Historically Underutilized Businesses (HUB) and businesses in economically distressed areas.

#### **2. NCWorks Substance Use Disorder Recovery Grant:**

- Enhance programs addressing the opioid epidemic and substance use disorders.
- Increase workforce participation and job retention for individuals in recovery.

#### **3. NCWorks Reentry Support Grant:**

- Provide comprehensive services to Justice-Involved (JI) individuals post-release.
- Include information on expungement clinics, vital records, certificates of relief, and resume writing.

### **ACTION:**

All ARPA grant participants must be registered in NCWorks.gov. **WIOA Title I enrollment is optional**. Specific participant eligibility details for the grant initiative must be accurately entered in NCWorks.gov, following Attachment B guidelines. It is crucial to distinguish ARPA activities and charges from WIOA codes to ensure accurate tracking and performance evaluation.



**A. Reporting Requirements:**

- Monthly and quarterly status reports must be submitted internally by the 5th and submitted to DWS by the 10th of each month.
- Reports to cover partnership updates, implemented solutions, challenges, participant demographics, expenditures, and other relevant details (Attachment C).

**B. Project Evaluation:**

- Quarterly check-in calls and semi-annual on-site visits by Grant Program Managers.
- Upon grant closure, submit a final evaluation and project summary to respective grant contacts, including an analysis of challenges, successes, expenditures, and potential for local sustainability and replication in other regions (Attachment D).

**Reference:**

DWS OG 04-2022 dated 8/23/22

**Attachments:**

- Attachment A: Summary of ARPA Grant
- Attachment B: NCWorks data entry for ARPA-funded services
- Attachment C: ARPA Reporting Templates
- Attachment D: ARPA Activity Terminology
- Attachment E: ARPA Standard Operating Procedures
- Attachment F: ARPA Monitoring Handbook

**Creation Date:**

January 2023

**Revision Date:**

January 2024

## Summary of ARPA Grant

The Mid-Carolina Workforce Development Board (MCWDB) was selected as one of 11 Boards in the state to receive special grant funding from Governor Cooper's office in order to help job seekers and small businesses with training and other services in response to a tight labor market. These include programs for individuals who are in the reentry process and individuals with or at risk of substance abuse.

The program that the MCWDB will be working to implement within the Mid-Carolina region (encompassing Cumberland, Harnett and Sampson counties), is the Skilled Trades Employment Program (S.T.E.P. Initiative). The goal of this Initiative is to increase the social and economic mobility of vulnerable populations through workforce training programs that lead to high-quality post-secondary credentials, or degrees aligned with in-demand, employment opportunities that provide living wage employment opportunities. Additionally, it will allow businesses the opportunity to see the work ethic and character of justice-involved and substance use disorder candidates who just want a "second chance". This Initiative funds three programs all with different participants, but following the same plan initiative. One program is focused on serving reentry populations, another is focused on individuals with substance use disorder, and the final program is focused on work-based learning.

The S.T.E.P. Initiative will cover tuition for a 7-week quick-career training in the skilled trades, including the purchase of tools and equipment. After coursework is completed, the participant will have a three-month paid internship followed up with a direct hire placement or up to a six-month On-the-Job Training placement. These placements will be with local small to micro-businesses that employ 25 employees or fewer. While working with multiple business leaders in the skilled trades over the past year through a collaborative partnership with local community colleges, there has been a particular interest in new employees having some training and experience in specific skilled trades such as **plumbing, electrical, and HVAC**. This Initiative will create a regional program with a quick-career training (7-weeks) in the skilled trades with a 3-month work-based learning program planned in advance. This solves multiple challenges for these vulnerable populations and businesses by increasing the supply of skilled labor while also allowing for career opportunities and transferable skills for people that have multiple barriers to entry in regards to employment. This Initiative additionally allows for more future growth by potentially utilizing other funds such as WIOA.

The S.T.E.P. Initiative benefits multiple sectors of the community. It enhances the trilateral relationships between NCWorks Career Centers, local community colleges, and small to micro-businesses. Furthermore, the Initiative sets up vulnerable, overlooked populations for successful future careers by giving them the tools and resources to maintain stable, long-term employment. The MCWDB is looking forward to continuing to work with its partners to ensure a successful implementation of the S.T.E.P. Initiative throughout the region.

Note: More information on the specifics of the grant can be found at [www.commerce.nc.gov](http://www.commerce.nc.gov) and searching "ARPA grant guidelines"

### Enrollment Process: Numbers for Each County

The total award amount given to the MCWDB was \$600,000. This money will be used to fund 53 participants among Cumberland, Harnett and Sampson counties. After consultation and deliberation with members from all three NCWorks Career Centers that make up the Mid-Carolina region, the breakdown of participants per county goes as follows:

	Reentry	Substance Use Disorder	Work-Based Learning (WBL)
Cumberland County	<b>5</b>	<b>5</b>	<b>15</b>
Harnett County	<b>3</b>	<b>3</b>	<b>8</b>
Sampson County	<b>3</b>	<b>3</b>	<b>8</b>

## Potential Partner Agents

The success of the S.T.E.P. Initiative is incumbent upon a widespread, collaborative regional effort. This includes partnering with those who may be able to assist in identifying eligible program participants, small to micro-businesses, and community college courses. As such, a list of individuals or organizations that would be useful to partner with for various programs for the S.T.E.P. Initiative throughout the region has been created. Note that the list can and will be updated. Anyone that has a name or contact that may be useful in further strengthening the S.T.E.P. Initiative is encouraged to contact the MCWDB with the relevant information.

The current list of regional partners is as follows:

### Sampson County

- Stephen Barrington- [sbarrington@sampsonedc.com](mailto:sbarrington@sampsonedc.com) (Director of SEDC)- Contact for small to micro-business related information in Sampson County.
- Amanda Bradshaw- [jbradshaw@sampsoncc.edu](mailto:jbradshaw@sampsoncc.edu) (Dean of Workforce Development & Continuing Education, Sampson Community College)- Contact for information on candidates for Substance Use Disorder.

### Harnett County

- Charlotte Leach- [cleach@harnett.org](mailto:cleach@harnett.org) (NCWorks Career Center Manager, Harnett County)- Contact for small to micro-business related information in Harnett County.
- Harnett County Department of Social Services (DSS)- Contact for information on candidates eligible for one of the three programs.

### Cumberland County

- Raymond Godsave- [raymond.godsave@commerce.nc.gov](mailto:raymond.godsave@commerce.nc.gov) (NCWorks Career Center Manager, Cumberland County)- Contact for small to micro-business related information in Cumberland County.

## Enrollment Process

**All eligible participants must be enrolled in both the WIOA and ARPA Grant Programs.**

All participants served under the ARPA grant must be registered in NCWorks.gov and co-enrolled in WIOA Title I and III, with completed signed applications.

Eligibility and suitability information for each participant, including specific information identified for the grant initiative, must be entered in NCWorks.gov.

Upon registration completion, go to Programs and use the Application Wizard to enroll in Title III-Wagner Peyser and to enroll into WIOA Adult, DW, or Youth and ARPA.

§ **Note:** to also enroll in ARPA, at the eligibility screen select **Yes for Non-WIOA Special Grants**, then click Add to select the appropriate grant.

Participants enrolled in the ARPA grant are not funded with WIOA dollars, and NCWorks online data system must reflect as such, by choosing.

**Program:** Title I – Workforce Development (WIOA)

**Customer Group:** 97-Non-WIOA Special Grants.

§ **Note:** Once a new training is created, the next step is to ensure the only Program Customer Group selected is **Non-WIOA Special Grant**.

**Provider Information** for the Occupational Training Program Service, Education and/or Training programs must be completed. Once again if creating a new training, ensure the only Program Group selected is **Non-WIOA Special Grant**.

## Special Grant Coding Information (ARPA)

In the NCWorks database system ARPA Grants selections are:

<b>Non-WIOA Special Grant 133</b>	<b>ARPA Reentry Special Grants</b>
<b>Non-WIOA Special Grant 134</b>	<b>ARPA Substance Use Disorder Recovery Grants</b>
<b>Non-WIOA Special Grant 135</b>	<b>ARPA Small Business Work-Based Learning Grants</b>

§ **Note:** It does not matter if enrollment into Adult, DW, Youth or ARPA occurs first, but **enrollment into both WIOA and ARPA program must be completed.**

Specific activity codes and NCWorks data entry instructions must be adhered to for those served under the ARPA grants.

§ **Note:** It is extremely important that ARPA-applicable activities and charges are not coded with WIOA codes.

## **ARPA Contact Information**

All programs of the MCWDB within the Mid-Carolina region (Cumberland, Harnett and Sampson), are to report the names of potential individuals and small businesses to Tamara Hodge at [thodge@mccog.org](mailto:thodge@mccog.org).

### **ARPA Grant Compliance:**

Monthly status reports during the life of the grant are required to be submitted to the applicable points of contact for each respective grant (internally by the 5<sup>th</sup> of each month; to DWS by 10<sup>th</sup> of each month).

Quarterly status reports and quarterly financial updates during the life of the grant are required to be submitted to the applicable points of contact for each respective grant (internally by the 5<sup>th</sup> of each month; to DWS by 10<sup>th</sup> of each month after the applicable quarter).

Reports will cover areas such as partnership updates, solutions implemented, challenges encountered, participants enrolled, demographics of participants, expenditures, and other details).

### **References:**

DWS OG04-2022  
MWDB BP #24  
NCWorks Online Resources ARPA Grant



**American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) Grant Local  
Workforce Development Board (WDB)  
Q & A**

**Revised 3/22/23**

- 1. Q: Can WDBs reimburse employers up to 75% of wages for OJT agreements?**  
A: Yes, wage reimbursement to the employer should not exceed 75%.
- 2. Q: Is a micro-business that has been conducting business for at least 6 months eligible to participate in WBL agreements?**  
A: Regardless of duration, any micro or small business operating in NC may participate in a WBL component of the ARPA grant.
- 3. Q: Can an Employer with less than 4 employees participate in OJT?**  
A: Yes, any micro or small business with fewer than 25 employees may participate in OJT or other WBL components of the ARPA grant.
- 4. Q: Can a small business owner receive training (IWT) if they are a W-2 employee of the business for at least 3 months?**  
A: W-2 employees or 1099 employees, regardless to the duration of employment, may participate in IWT training through this grant.
- 5. Q: When will Salesforce licenses be assigned?**  
A: Salesforce licenses will be made available shortly after the ARPA Kick-off meeting.
- 6. Q: For Incumbent worker grants, are we able to service employers that have less than 5 employees?**  
A: Yes, micro and small businesses with fewer than 25 employees may participate in the ARPA grant.
- 7. Q: Will we need to adhere to ALL state policies around IWT? For example, business must be operational for at least 1 yr., minimum 5 employees, etc.? The current policies do not support small business growth.**  
A: DWS Operational Guidance for IWT is not applicable to state fiscal recovery funds authorized through the American Rescue Plan Act.
- 8. Q: Will we be allowed to reimburse wages during training with these dollars?**  
A: Yes, participant wages is an allowable cost.
- 9. Q: Will the information in NCWorks populate into Salesforce so we don't have to enter the information in twice?**

A: Employer records and employer services are the only data elements that transfer from NCWorks to Salesforce.

**10. Q: Will there be additional employer information needed in Salesforce that is not already in NCWorks?**

A: Yes, there will be information required for NCPRO reporting that will need to be tracked via Salesforce that cannot be keyed in NCWorks.

**11. Q: Is ARPA requiring the use of Salesforce?**

A: There are required metrics for ARPA reporting that necessitate the use of Salesforce which is why it is required.

**12. Q: Are ARPA Business Services funds for small business or microbusinesses?**

A: Yes, the ARPA grant funds are strictly for businesses that have 25 employees or less.

**13. Q: Can we do the BS grants (OJT, IWT, WEX) in house with this grant or do we have to use our contractors like we do with WIOA funds?**

A: Yes, you can provide these services in house using ARPA funds.

**14. Q: Some small businesses use contract employees and not full-time regular employees; can we provide services to them?**

A: Individuals served through IWT and WEX agreements may have 1099 or W-2 employment. Individuals served through OJT agreements *must* have W-2 employment.

**15. Q: Can we provide services to businesses that are sole proprietors?**

A: Yes, as long as the business meets the definition of micro or small business (25 employees or less).

**16. Q: Can new or startup businesses be served with this grant?**

A: Because this is not WIOA funded, this type of business can be served. There is no requirement for the amount of time they have been in business.

**17. Q: Can online course be allowed for small or micro businesses if the Community College doesn't offer the course or training?**

A: Yes, online courses will be acceptable.

**18. Q: Can a small business owner receive training (IWT) if they are a W-2 employee of the business for at least 3 months?**

A: Yes, the small business owner can receive training.

**19. Q: Do all participants have to be enrolled as Adults in WIOA?**

A: No, all participants do not have to be enrolled as adults. ARPA grant participants are to be co-enrolled in WIOA and must be eligible as a youth, adult, or dislocated worker.

**20. Q: How should participants and employers be coded in NCWorks to identify OJT/WEX/IWT activities?**

A: Special activity codes for each ARPA activity will be added to NCWorks. Examples would be ARPA OJT and ARPA Paid Work Experience.

**21. Q: Will a keying guide for NCWorks be provided? What activities are expected to be used?**

A: Yes, keying instructions are being created and they will be found under "Staff Online Resources" in NCWorks. All activity codes will be identified as "ARPA," for example: ARPA Case Management.

**22. Q: Can there be a running Q&A document to reference?**

A: Yes! The updated Q&A will be housed on the Commerce DWS webpage

**23. Q: Will the monthly reporting just be programmatic information, or will it include financials as well?**

A: The monthly report will require some financial and programmatic information. The financial information will need to be accurate to the time the report is submitted.

**24. Q: When will monthly reports be due?**

A: Monthly reports will be due on the 10th of each month.

**25. Q: How will the calls and site visits work?**

A: The Program Managers will contact you to coordinate these meetings. There will be a quarterly check in call with your Program Manager and site visits twice a year. These are not monitoring visits but check-ins for technical assistance and grant updates.

**26. Q: Do we still need to collect data element from participants? (SS Card, driver's license...)**

A: Yes, these documents will be required since participants will be co-enrolled in ARPA and WIOA.

**27. Q: Due to having more flexibility in serving adults, and as discussed potentially removing any income requirements like we currently have in place with regular WIOA adults, would there be a requirement to document a customer's income under ARPA? If so, can a self-attestation of income be used for ARPA adults?**

A: Yes, there is still a requirement to document a participant's income. Self-attestation is acceptable for participants co-enrolled under ARPA and WIOA.

**28. Q: What is grant end date?**

A: ARPA funds expire 12/31/2026; however, all obligations must be documented by 12/31/2024. More information from NCPRO will be forthcoming.

**29. Q: Can we use the short form in NCWorks that we use for IWT?**

A: The short form that is used for IWT cannot be keyed for anything else but WIOA Incumbent Worker data. Incumbent worker data will need to be keyed into Salesforce.

30. **Q: Does the Salesforce portal provide the unique employer identifier?**  
**A:** For accounts that migrate from NCWorks, the Salesforce portal will have the NCWorks Unique ID, the Worksite ID and FEIN. Accounts also have a unique identifier assigned by Salesforce (stored in the background).
31. **Q: Is there a training portal for us to practice with before going live, or do we have to train with actual accounts?**  
**A:** Currently, there is not a training portal for the Salesforce portal. The PPT and recording from this training will be posted to the TRAIN site. A user manual will be made available soon, and technical assistance can be requested via [Salesforcehelp@commerce.nc.gov](mailto:Salesforcehelp@commerce.nc.gov)
32. **Q: What if we searched and found an employer account but it is inactive. Do we contact a DWS rep. to activate the account?**  
**A:** Please follow the process in place for changing a NCWorks employer account from inactive. Accounts with the employer status in the Salesforce portal are populated from the entry in NCWorks. As such, the account should be updated from the original source based on the established process. Once updated, the updates will migrate to Salesforce that evening.
33. **Q: Can documents be loaded in Salesforce?**  
**A:** There is currently no area to upload documents in the DWS Employer Services Portal. Documentation confirming performance outcomes/expenditure must be maintained by WDBs for standard compliance and future monitoring visits.
34. **Q: Do we complete a WIOA IWT application for ARPA IWT participants? Please clarify again.**  
**A:** No, the WIOA IWT application is not available for use for ARPA IWT participants. Incumbent worker data will need to be keyed into Salesforce.
35. **Q: Is it acceptable to video screen share Salesforce with a user?**  
**A:** It is acceptable to screenshare with another authorized Salesforce user. It is suggested to not share FEIN information over screenshare with anyone.
36. **Q: Do we ever upload a document like our internal IWT Contract with Federal Assurances, or do we just create a separate contract in Salesforce? Our internal contract will have a different contract number than what is created in Salesforce. Our contract number is for our internal accounting purposes. Do you see that having two contract numbers will create a problem?**  
**A:** The information required for entry in Salesforce for IWT is specified on the Grant Service Employer Agreement page, IWT Budget, IWT Funds Request, and IWT Closeout pages. Boards are responsible to adhere to any additional policies/requirements that are not specific to

Salesforce. The description fields in Salesforce can be used to detail what hard copy contract corresponds with the electronic Grant Service Employer Agreement in Salesforce.

**37. Q: Are all previously created business accounts still in Salesforce?**

A: Yes, all accounts previously created in NCWorks and the Salesforce system are available in the Employer Services Salesforce portal. New accounts created in NCWorks moving forward will migrate on a nightly basis and be available in the portal.

**38. Q: Should we use Salesforce for regular WIOA funded WEX/ OJT or only for ARPA funded grant services?**

A: The Employer Service Salesforce portal should only be used for ARPA funded projects, at this time.

**39. Q: What action is needed if duplicates are created?**

A: Please email [Salesforcehelp@commerce.nc.gov](mailto:Salesforcehelp@commerce.nc.gov) if duplicates are identified. Creation of duplicate accounts can be avoided by searching for companies by address, FEIN and/or name.

**40. Q: If employer services are keyed in NCWorks, should staff be keying any services in Salesforce? Or would this be only for employers not in NCWorks?**

A: Employer services should be keyed in a single system. Key areas for consideration are:

- Any services keyed in NCWorks will migrate to Salesforce nightly
- Services keyed into Salesforce will not migrate to NCWorks
- Services keyed in NCWorks or Salesforce are included in federal reporting
- Employers not registered yet in NCWorks can have services logged in Salesforce.

**41. Q: For WIOA IWT, we reimburse the employer for training costs. For ARPA, can we pay the training provider directly?**

A: Yes, the Board can pay the training provider directly.

**42. Q: Will we be able to update the maximum reimbursement amount when we have contract modifications for raises? (When the maximum contract amount changes.)**

A: Yes, the Board will be able to update the maximum reimbursement amount when there is a contract modification for raises. Should this occur, please contact [salesforcehelp@commerce.nc.gov](mailto:salesforcehelp@commerce.nc.gov) for assistance with the training plan data in Salesforce.

**43. Q: We only reimburse at the contracted reimbursement rate when someone gets a raise, and we do not change the maximum reimbursement amount. Other boards may do this differently. For ARPA would we be required to increase the maximum reimbursement amount upon a raise?**

A: If the board maintains the contracted reimbursement amount for the duration of the training plan, the method to log appropriate hours/payments is to record hours and payments specific to what is paid. At closeout of the training plan, the increase can be noted by reporting the

wage in the “ending wage” field. The increase of the maximum reimbursement due to a raise is at the discretion of the Board.

The screenshot shows a web form titled "Closeout". It contains the following elements:

- A heading: "Closeout"
- A prompt: "Please indicate the following:"
- A field labeled "Hourly Ending Wage" with the value "\$15.00". This field is highlighted with a red rectangular box.
- A field labeled "Total Training Hours Complete" with the value "300".
- Navigation buttons: "Previous" and "Next".

44. **Q: Can Small Business Center Training (such as Icehouse) that is provided to small business owners and/or other existing employees through WBL ARPA funds be tracked within the IWT WBL in Salesforce?**

**A:** Yes, existing employees with small businesses can receive IWT trainings. When creating the IWT Grant Service Agreement in Salesforce, the amount of the IWT agreement should be placed in the budget section. The amount paid for trainings should be logged in the funding request and approved payment amounts. The description field within the funding request object can be used to specify types of trainings if that is beneficial.

45. **Q: Is an enabled employer account in NCWorks a requirement for ARPA OJT and WEX employers?**

**A:** Yes, OG 04-2022 requires ARPA OJT participants be co-enrolled in WIOA Title I and employer accounts must be enabled in NCWorks consistent standard requirements for WIOA.

46. **Q: Are ARPA funds subject to the Stevens Amendment, which requires grantees to disclose the percent of costs financed with federal funds, the federal dollar amount, and the percentage and dollar amount financed by non-government funds?**

**A:** ARPA funds do require a disclosure statement which slightly differs from the statement used under WIOA. Any publications produced with funds from the ARPA grant must display the following language: ““This project [is being] [was] supported, in whole or in part, by federal award number SLFRP0129 awarded to NC Department of Commerce by the U.S. Department of the Treasury”.

The statement is the required statement for the ARPA grant by the Department of Treasury. For press releases and other documents, it is recommended that the WDB refer to [OG 08-2022](#) when determining what type of documents/publications require the disclosure.

47. **Q: Current WIOA OJT forms require workers comp information to be collected from the employer. Is it necessary to collect this information for the ARPA funded WBL grants? If**

**so, what are the requirements?**

**A:** North Carolina law requires that all businesses which regularly employ three or more employees obtain workers' compensation insurance or qualify as self-insured employers. Therefore, the requirements would remain the same as they were under WIOA. The WDBs should continue to document that the businesses are compliant with state law before entering into a contractual relationship with them. Currently WDBs are required to obtain the workers' compensation company name, the account number, and the effective dates.

**48. Q: Should the ARPA case management activity be left open during enrollment OR open/closed the same day?**

**A:** It is recommended that you leave the A00 Case Management activity open the entire time you are serving customer, there is no system/soft exit on ARPA funds, but it will be up to staff.

**49. Q: Would the ARPA case management activity be keyed more than once such as every time to document a service or would this be the regular WIOA case management activities?**

**A:** Since the case management activity is being left open, it should not be keyed more than once.

**50. Q: For those participating in ARPA WBL funded activities, would there be any reason to also key regular WIOA WBL activities at the same time?**

**A:** ARPA services will not be reported in the PIRL. So, if you want Title I WBL services recorded for this individual you will need to key the Title I WBL activity. This would be specifically important if it were services that impacted performance, such as a 300-Occupational Skills Training. The keying of this activity would allow the WDB to obtain credit for all performance measures tied to this activity. It is important to note that if a A50 – OJT is keyed under ARPA, a 301-OJT cannot be keyed under Title I since this activity is funded with ARPA dollars and the parameters of an OJT activity between each grant differs.

**51. Q: Do those with only ARPA activities need measurable skills gains keyed, or do they count?**

**A:** Participants with ARPA activities keyed will not be added to the measurable skills gain pool until a Title I activity is keyed that is included in the measure. Those who are only participating in ARPA WBL or training activities do not need a measurable skills gain keyed, unless they are in those activities under Title I, as well.

**52. Q: The ARPA Q&A says employers must have enabled accounts in NCWorks—would those employers that only pay via 1099 have access to do this?**

**A:** A 1099 employer can be keyed into NCWO and receive employer services but they are not able to list job orders unless they have a W-2 relationship.

**53. Q: Since we're targeting micro businesses who may not have unemployment insurance, how can we complete their ARPA IWT & OJT registration in NCWorks Online without the required UI number?**

A: In NC, a general business employer with a gross payroll of at least \$1,500 in any calendar quarter or with at least one worker in 20 different weeks during a calendar year is required to pay UI taxes. If planning to serve the employer with OJT, it is advised to request the employer work with DES to get a UI tax number. If they don't plan to pay UI tax, it is advised to serve them with a different work-based learning component, such as WEX.

**54. Q: Please confirm that the A60 code for ARPA Existing Employee Training is inactive.**

A: A60 should not be used. This was setup originally based on early speculation of what was to be recorded and later determined not to be used.

**55. Q: Do ARPA IWT trainees need to be registered in NCWorks Online at all?**

A: While not required, we encourage that all individuals participating in ARPA IWT be registered in NCWorks.

**56. Q: Where should support documentation for trainings completed, certifications and credentials earned through ARPA funding be placed?**

A: ARPA OJT and WEX participants must be co-enrolled in WIOA Title I. Documents confirming completion of certifications and trainings completed through ARPA should be (1) uploaded in NCWorks consistent with Title I Programs and (2) name the document accordingly (e.g. ARPA Certificate of Completion) to distinguish it from other files.

ARPA IWT participants are not required to be co-enrolled in WIOA Title I. Workforce Development Boards are responsible for having a method in place to maintain documentation confirming completion of trainings or certifications and make them available if needed for future monitoring.



### NCWorks Data Entry for ARPA-funded Services

<b>Service Code</b>	<b>Description</b>	<b>Status</b>
A00	ARPA Case Management*	Active
A10	ARPA Work Ready Training*	Active
A20	ARPA Funded Supportive Services*	Active
A30	ARPA Occupational Skills Training*	Active
A40	ARPA Work Experience*	Active
A50	ARPA Job Training (OJT)*	Active
A60	ARPA Existing Employee Training*	Inactive ( 11/30/2022)

**Note: Reference NCWorks Online Resources Grants - ARPA Grants Guide DRAFT 02/14/2023**

# ARPA Reporting Templates

## American Rescue Plan Act Grant DWS Grants Management Quarterly Report

**Project Name:** \_\_\_\_\_

**Local Workforce Board:** \_\_\_\_\_ **Reporting Period:** \_\_\_\_\_

**Grant Category:**

\_\_\_\_\_ **Substance Usage Disorder**

\_\_\_\_\_ **Reentry**

\_\_\_\_\_ **Small Business/WBL**

**Total Proposed Participant Enrollments:** \_\_\_\_\_ **Date Report Prepared:** \_\_\_\_\_

**Report Completed by:** \_\_\_\_\_ **Email:** \_\_\_\_\_

Category	Grant Funds Awarded/ Approved	Current Quarter Expenditures	Other Resources: in-kind or cash (specify)	Year to Date Expenditures	Balance Remaining
A. Contracted Services					
B. Staff Salaries					
C. Staff Fringe Benefits					
D. Travel					
E. Staff Materials and Supplies					
F. Local Area Administrative Fee*					
G. Participant Supportive Services					
H. Participant Wages					
I. Participant Fringe Benefits					

J. Wages Reimbursed to Employers					
K. Training Components					
L. Certifications/ Credentials					
M. Other Expenses (Please specify)					
TOTAL					

**\*Up to 5% of the grant award can be used for Local Workforce Development Board Administration**

**1) Please provide an update on the status of the goals and outcomes. Be sure to include ALL proposed in grant application. (All fields are expandable and additional lines can be added as needed):**

Proposed Goals	Outcomes	Timeline	Status	Any Current/Potential Barriers to Accomplishing Goals

*Please provide narrative for the following categories (expand fields as necessary):*

2) Number of participants enrolled without duplication for <b><u>this quarter</u></b> :
3) Cumulative number of participants enrolled <b><u>to date</u></b> :
4) Update on Strategic Partnership Activities:
5) Update on Employer Engagement Strategies (current/new/potential engagement):
6) Number of participants hired by employer engagement or employer engagement efforts
7) Program Highlights (significant activities, accomplishments):
8) Key Issues/Challenges incurred, and steps planned/implemented to resolve them:
9) Technical Assistance Needed:
10) Provide list of Materials and Supplies purchased during <b><u>this reporting period</u></b> .
11) Provide update on any staffing/personnel structure changes (hires, discontinuations, restructure, etc.) during <b><u>this reporting period</u></b> .
12) Additional Information about the implementation (including success stories):

**FOR WORKBASED-LEARNING PROJECTS ONLY:** *Boards are also required to enter measures information specified in Salesforce. The required measures of application will be pulled from Salesforce for the quarter by DWS Business Services on the due dates of reporting.*

**Reporting Schedule:**

<u>Quarter Ending</u>	<u>Report Due Date</u>
(1 <sup>st</sup> Quarter) September 30	October 31
(2 <sup>nd</sup> Quarter) December 31	January 31
(3 <sup>rd</sup> Quarter) March 31	April 30
(4 <sup>th</sup> Quarter) June 30	July 31

## American Rescue Plan Act (ARPA) Monthly Workforce Development Board Report

**Project Name:** \_\_\_\_\_

**Local Workforce Board:** \_\_\_\_\_ **Reporting Period:** \_\_\_/\_\_\_/\_\_\_ to \_\_\_/\_\_\_/\_\_\_

**Grant Category:** \_\_\_ Substance Usage Disorder \_\_\_ Reentry \_\_\_ Small Business/WBL

**Total Proposed Participant Enrollments:** \_\_\_\_\_ **Date Report Prepared:** \_\_\_\_\_

**Report Completed by:** \_\_\_\_\_ **Email:** \_\_\_\_\_

---

1. Percentage of Agreement/Project Completion Status:
2. Current Period Obligations made: \$ \_\_\_\_\_
3. Brief description of project activities last month (100 words or less):
4. Please select the primary service metric most appropriate for your project for last month:
  - a. Households
  - b. Small Businesses
  - c. Non-profits
  - d. Other Entities (Describe)
  - e. Individuals (Describe)
- 4a. Describe "other entities" or "individuals" in Question 4 (if applicable):
5. How many service metrics in Question 4 have you served this month \_\_\_\_\_; cumulatively to date: \_\_\_\_\_
6. Grant Administration Personnel Costs (Total costs associated with staff involved with administering ARPA program, including salaries, benefits, etc.)
7. Grant Administration All Other Costs (Project-Level costs associated with administering SFRF that do not include personnel costs, including payments to vendors/contractors)
8. Grant Program Execution Personnel Costs (Project-Level costs associated with staff involved with program delivery, including salaries, benefits, etc.)

9. Grant Program Execution All Other Costs (Project-Level costs associated with program delivery that do not include personnel costs, including payments to contractors)
10. Payments to Subawardees (Aggregated total of payments to Subawardees - i.e., contractor, subawardee, or beneficiary).
11. Provide a brief update on whether the program is achieving its goals or objectives.
12. Have there been any changes to the original project budget or changes to the projected funding disbursement needs for the project? If so, what are the changes and why?
13. Is the rate of spending for the program appropriate for its progress on the project?
14. Are there any questions or concerns you would like to present at this time?
15. Provide an update on the beneficiaries and contractors for the programming (i.e. progress, outcomes, any new contractors, success stories).

Policy #24: American Rescue Plan Act (ARPA)  
Attachment C

**ARPA GRANT SMALL BUSINESS INFORMATION**

Participant Name	Participant Address	NCWorks SID#	Phone Number	Email Address	Date of Contact	WIC/A Funding Stream	ARPA Grant Program	Actual Start Date	Actual End Date	Name of Company	Company Information (Address, phone number and email)	Business Name of Contact	ARPA Grant (Approved / Denied)	Date of Decision	Completion Status	Rt C (Com
Jane Denver	246 Main Ave. Apt. B Fayetteville NC 28300	1234567	910.123.4567	joyus@uni.lyft	1/2/2023	Adult	WEX	2/1/2023		ABC Ltd			approved	2/27/2023		partic enrol place Ltd, a Electr Techn

ARPA GRANT PARTICIPANT INFORMATION														
Participant Address	NCHWorks SID#	Phone Number	Email Address	Date of Contact	WIOA Funding Stream	ARPA Grant Program	Actual Start Date	Actual End Date	Program of study	Curriculum or Continuing Education	ARPA Grant (Approved / Denied)	Date of Decision	Completion Status	Result of Contact (Comments/Notes)
246 Main Ave. Apt. B Fayetteville NC 28300	1234567	910.123 4567	<a href="mailto:joelus@lunlvr.com">joelus@lunlvr.com</a>	1/2/2023	Adult	WEX	2/1/2023		Practical Nursing	curriculum	approved	2/27/2023		participant was enrolled and placed at Sonal Ltd, as a Electronic Technician



### ARPA Activity Terminology

	Substance abuse recovery grant	Reentry Support Grant	WBL grants
ARPA Case management	Yes	Yes	Yes
ARPA Work Ready	Yes	Yes	Yes
ARPA funded Supportive Services	Yes	Yes	Yes
ARPA Occupational Skills Training	Yes	Yes	Yes
ARPA Work Experience	Yes	Yes	Yes
ARPA Job Training (OJT)	Yes	Yes	Yes

## ARPA Standard Operating Procedures



**MID-CAROLINA  
REGIONAL COUNCIL**

*Creative Regional Solutions*

[Attachment E ARPA Standard Operating Procedures.pdf](#)



# **NC Pandemic Recovery Office**

**Standard Operating Procedures – Subrecipients**

June 15, 2022



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## 1.0 Purpose

As authorized by North Carolina General Statute 143C-2-1, the Governor, as Director of the Budget, has delegated certain powers and authorities to Office of State Budget Management (OSBM). Included in these authorities are the preparation and execution of State's comprehensive budget, as enacted by the General Assembly. The Appropriations Act of 2021 directed OSBM to allocate, as specified, federal funds received by the State under COVID-19 Recovery Legislation. In addition, Session Law 2020-4 Section 4.3 directed OSBM to establish the North Carolina Pandemic Recovery Office (NCPRO) to: oversee and coordinate funds, provide technical assistance, and ensure coordination, proper reporting, and accounting of these funds.

NCPRO was initially established to assist in administering the Coronavirus Relief Funds (CRF). In March 2021, when the State received an additional \$5.4 billion in State Fiscal Recovery Funds (SFRF) from the U. S. Department of the Treasury (Treasury) through the American Rescue Plan Act (ARPA), NCPRO was also tasked with overseeing the State's use of these funds and implementing routines to ensure compliance with the applicable State and federal requirements.

In November 2021, the State passed its fiscal year 2022 budget, which specified appropriations of the \$5.4 billion of SFRF. Funds were appropriated to twenty-four state and non-state entities through the creation of 130 projects. Subsequent to this initial appropriation, NCPRO has been responsible for reassessing and determining the optimum number of projects. State agencies that received SFRF appropriations are considered prime recipients and are referred to as "Administering Agencies." NCPRO is also considered an Administering Agency and subject to these Standard Operating Procedures when NCPRO is a prime recipient of SFRF funds with pass-through responsibilities. To document expectations, terms, and conditions, a Memorandum of Understanding (MOU) is executed between Administering Agencies and NCPRO for each SFRF funded project.

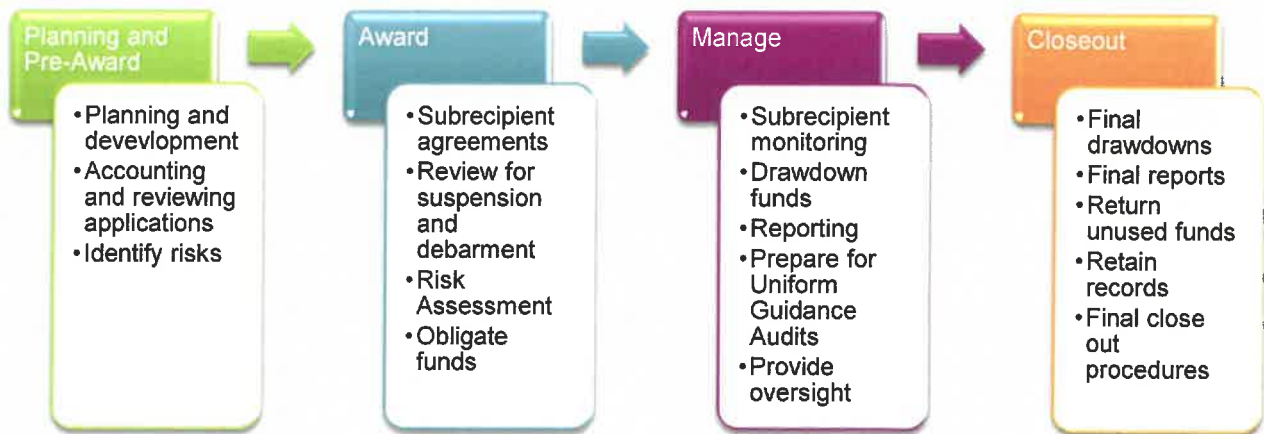
The purpose of this SOP is to provide guidance to the subrecipients that receive SFRF funds. These Standard Operating Procedures outline NCPRO's expectations for all subrecipients receiving subawards. The guidance has been developed to be consistent with the State legislative intent under Subchapter 03M of the North Carolina Administrative Code (NCAC), and the Code of Federal Regulations (CFR), 2 CFR, Part 200. (For information on the NCAC, see Section 5.4)

## 2.0 ARPA Overview

Congratulations on receiving a portion of the State's ARPA allocation under the SFRF program. This program helps ensure that governments have the resources needed to:

- Fight the pandemic and support families and businesses struggling with its public health and economic impacts
- Maintain vital public services even amid declines in revenues
- Build a strong, resilient, and equitable recovery by making investments that support long-term growth and opportunity

The figure below illustrates the four key aspects to the life cycle for SFRF funds and all other federal grants.



## 3.0 Roles and Responsibilities

### 3.1 North Carolina Pandemic Recovery Office

NCPRO has two roles under the SFRF program. When NCPRO is the prime recipient of State appropriated SFRF funds, NCPRO is an *Administering Agency*. NCPRO is also responsible for overseeing the SFRF program, as explained in the Purpose Section above. In the latter role, NCPRO is referred to as the *Coordinating Agency*. As the State's Coordinating Agency over the SFRF funds appropriated to Administering Agencies, the oversight by NCPRO of Administering Agencies may include, but is not limited to providing guidance to ensure that Administering Agencies:

- implement policies and procedures that are sufficient to carry out the legislative intent of the appropriations for SFRF funds.
- execute procedures required to monitor subrecipients.
- adhere to their policies and procedures.
- comply with the State's legislative intent, subchapter 03M of the NCAC, and the Code of Federal Regulations, 2 CFR, Part 200
- submit monthly, quarterly, and annual financial and performance reports as required.

NCPRO will assign staff to each Administrative Agency to facilitate the disbursement of funds, project documentation, reporting to Treasury and State authorities, technical assistance, coordination of effort, risk management, and administrative adjustments, as needed, to promote effective financial and project outcomes. NCPRO is not authorized to direct the work of Administering Agencies. However, in its advisory role, NCPRO will provide guidance to enhance compliance with State and federal requirements.

### 3.2 Administering Agencies

Under the Federal Grants Management Model, the Administering Agencies receiving federal awards are deemed to be prime recipients of the federal awards. This designation as prime recipients and not subrecipients of NCPRO is consistent with U.S. Treasury guidance for the CRF. Under this guidance, agencies and departments of a state are considered prime recipients. This approach is also consistent with the manner in which agencies are reported in the State's Annual Comprehensive Financial Report (ACFR). All State departments, agencies, commissions, and authorities governed and legally controlled by the State's executive, legislative, and judicial branches are included in the ACFR; therefore, all SFRF funds appropriated to the Administering Agencies are included in the ACFR. In addition, the SFRF funds expended by the Administering Agencies are included within the scope of the NC statewide single audit process.

Administering Agencies are responsible for designing and administering grant projects that may be direct State spending, subawards to non-state entities, or both. In addition, Administering Agencies are responsible for ensuring that:



- Projects comply with the State legislative intent under Session Law 2021-180, Senate Bill 105; Subchapter 03M of the NCAC; and the Code of Federal Regulations, 2 CFR Part 200.
- Policies and procedures to monitor the activities of subrecipients are prepared and implemented (See Section 4.2 for further details regarding responsibilities for subrecipient monitoring).
- Reports (financial and performance) are submitted to NCPRO in accordance with prescribed timelines, templates, and platforms.
- Responses to requests from NCPRO and OSBM internal auditors are completed accurately and timely.
- Requirements for subawards described in Section 3.5 below are met.
- Significant questions or concerns about the overall allowability of SFRF to fund specific projects and other policy issues are promptly reported.

### **3.3 Subrecipients**

Subrecipients are responsible for the following:

- Developing and maintaining policies and procedures to help ensure that non-state entities follow the State legislative intent, Subchapter 03M of the NCAC, and the Code of Federal Regulations, 2 CFR 200.
- Developing and maintaining sound internal controls over financial reporting and compliance.
- Timely submission of requests for funding.
- Timely submission of all quarterly and annual financial and performance reporting.
- Adhering to data requests, reviews, and audits that will be performed by NCPRO and the OSBM Internal Auditors.

## 4.0 Uniform Administrative Requirements

The SFRF program awards are received through Treasury's Assistance Listing Number (ALN) 21.027 Coronavirus SLFRF (North Carolina refers to this as SFRF). Each subrecipient should review their specific grant award and terms and conditions to consider how and whether certain aspects of Uniform Guidance apply.



#### **4.1 Allowable Activities (A)**

Under the Treasury Final Rule, the subrecipients may use the federal awards to:

- Support public health expenditures, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff
- Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector
- Replace lost public sector revenue to provide government services; recipients may use this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic
- Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and
- Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and storm water infrastructure, and to expand access to broadband internet

The Final Rule also states that the following activities are specifically not permitted:

- A recipient may not use funds for deposits into any pension fund
- A recipient may not use funds to contribute to rainy day funds, financial reserves, or similar funds
- A recipient shall not use funds to either directly or indirectly offset a reduction in the net tax revenue of the entity resulting from a coverage change during the covered period

Increased federal funding has increased the risk of entities “double dipping”, i.e., using federal funds for the same expense twice. The subrecipient should have policies and procedures in place in order to alleviate any “double dipping” of federal awards.

The subrecipient must develop and implement effective internal controls to help ensure that funding decisions under the SFRF award constitute eligible uses of funds, and to document determinations.

#### **4.2 Allowable Costs/Cost Principles (B)**

As outlined in the Uniform Guidance at 2 CFR Part 200, Subpart E regarding Cost Principles, allowable costs are based on the premise that sound management practices and administration of federal funds should be in a manner consistent with the project objectives and terms and conditions of the award.

As required by the Final Rule, SFRF generally cannot be used to meet the non-federal cost-share or matching requirements of other federal programs. However, SFRF funds identified as Revenue

Replacement reported under Expenditure Category 6.1 can be used as match to federal funds under any federal program except for Medicaid and CHIP.

Consistent with the Final Rule, administrative costs are allowable for projects funded with SFRF, including costs of consultants to support effective management and oversight, including consultation to help ensure compliance with legal, regulatory, and other requirements. Further, costs must be reasonable and allocable as outlined in 2 CFR 200.404 and 2 CFR 200.405. Pursuant to the Final Rule, recipients are permitted to charge both direct and indirect administrative costs to their award.

Direct administrative costs are those that are identified specifically as costs of implementing the SFRF program objectives, such as contract support, materials, and supplies for a project. Indirect administrative costs are general overhead costs of an organization where a portion of such costs are allocable to the SFRF award such as the cost of facilities or administrative functions like a director's office. Each category of cost should be treated consistently in like circumstances as direct or indirect, and recipients may not charge the same administrative costs to both direct and indirect cost categories, or to other programs.

If a recipient has a current Negotiated Indirect Costs Rate Agreement (NICRA) established with a federal cognizant agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals, then the recipient may use its current NICRA. Alternatively, if the recipient does not have a NICRA, the recipient may elect to use the de minimis rate of 10% of the modified total direct costs, pursuant to 2 CFR 200.414(f).

In no event may the subrecipient charge more than 10% its award to administrative costs. Per the North Carolina State Budget section 4.9(g): Administration. – For each project receiving SFRF funds, the subrecipient Administering Agency may charge administrative costs (both direct and indirect) the lesser of (i) the amount allowed by federal law or guidance or (ii) ten percent (10%) of the SFRF funds allocated to it under this act.

#### **4.3 Cash Management (C)**

SFRF payments made to recipients are not subject to the requirements of the Cash Management Improvement Act and Treasury's implementing regulations at 31 CFR part 205 or 2 CFR 200.305(b)(8)-(9).

As such, recipients can place funds in interest-bearing accounts, do not need to remit interest to the Treasury, and are not limited to using that interest for eligible uses under the SFRF award.

#### **4.4 Eligibility (E)**

Each subrecipient is responsible for adhering to the eligibility requirements of the specific project they were awarded under. The subrecipient must develop and implement policies and procedures to help ensure they follow the eligibility requirements outlined in the subrecipient's specific grant award and terms and conditions.

#### **4.5 Equipment and Real Property Management (F)**

Any purchases of equipment or real property with SFRF must be consistent with the Uniform Guidance (2 CFR Part 200, Subpart D). Any equipment and real property acquired with SFRF funds must be used for the originally authorized purpose. Consistent with 2 CFR 200.311 and 2 CFR 200.313, any equipment or real property acquired using SFRF funds shall vest in the non-federal entity. Any acquisition and maintenance of equipment or real property must also comply with relevant laws and regulations. Any equipment purchases in excess of \$1,000,000 requires pre-approval by Treasury, so subrecipients must obtain prior approval of their Administering Agency and NCPRO prior to spending \$1,000,000.

#### **4.6 Matching, Level of Effort, Earmarking (G)**

There are no matching, level of effort, or earmarking compliance responsibilities associated with the SFRF award.

#### **4.7 Period of Performance (H)**

SFRF may only be used for costs incurred within a specific time period, beginning March 3, 2021, with all funds obligated by December 31, 2024, and all funds spent by December 31, 2026. This is known as the Period of Performance, and all subrecipients must to adhere to this requirement.

#### **4.8 Procurement, Suspension and Debarment (I)**

##### **4.8.1 Suspension and Debarment**

All subrecipients are required to be registered with the System for Award Management (SAM) and obtain a Unique Entity Identifier (UEI) Number.

- **Requirement for SAM:** Unless the subrecipient is exempt from this requirement under 2 CFR 25.110, the subrecipient must enroll in SAM and help ensure that the information in the system is up to date and accurate until the subrecipient submits the final financial report required under this grant, or receives the final payment, whichever is later. This requires that the subrecipient review and update the information at least annually after the initial registration, and more frequently if required by changes in information or another award term. Additional information about registration procedures may be found at the SAM website (<http://www.sam.gov>).
- **Requirement for UEI:** The subrecipient must provide its UEI number as part of accepting the grant. If the subrecipient does not have a UEI number, they must apply for one. An UEI number may be obtained at the SAM website (<http://www.sam.gov>).

Subrecipients may not receive SFRF funds if they are suspended or debarred by the federal government or the State of North Carolina. Suspension and debarment are when an action has been taken by a federal agency or official to exclude an individual or organization from participating in transactions involving certain federal funds. When an individual or organization has been suspended, this is for a specific period, while a debarment is a permanent ban.

When entering a "covered transaction" as defined by 2 CFR § 180.200, the subrecipient must:

- Verify the non-federal entity is eligible to participate in this federal project by:
  1. Checking the excluded parties list system (EPLS) as maintained within the SAM to determine if a non-federal entity is excluded or disqualified; or
  2. Collecting a certification statement from the non-federal entity attesting they are not excluded or disqualified from participating; or
  3. Adding a clause or condition to covered transactions attesting individual or firm are not excluded or disqualified from participating.
- Require prime contractors to comply with 2 CFR § 180.330 when entering lower-tier transactions (e.g., subcontracts)
- Immediately disclose to NCPRO whenever the subrecipient: (1) learns they have entered a covered transaction with an ineligible entity, or (2) suspends or debars a contractor, person, or entity

#### **4.8.2 Procurement**

Recipients are responsible for helping ensure that any procurement using SFRF funds, or payments under procurement contracts using such funds, are consistent with the procurement standards set forth in the Uniform Guidance at 2 CFR 200.317 through 2 CFR 200.327, as applicable. The Uniform Guidance establishes in 2 CFR 200.319 that all procurement transactions for property or services must be conducted in a manner providing full and open competition, consistent with standards outlined in 2 CFR 200.320, which allows for non-competitive procurements only in circumstances where at least one of the conditions below is true:

- The item is below the micro-purchase threshold
- The item is only available from a single source
- The public exigency or emergency will not permit a delay from publicizing a competitive solicitation
- After solicitation of several sources, competition is determined inadequate.

Recipients must have and use documented procurement procedures that are consistent with the standards outlined in 2 CFR 200.317 through 2 CFR 200.320. The Uniform Guidance requires an infrastructure for competitive bidding and contractor oversight, including maintaining written standards of conduct and prohibitions on dealing with suspended or debarred parties. Your organization must help ensure adherence to all applicable local, State, and federal procurement laws and regulations.

#### **4.9 Program Income (I)**

Program income includes, but is not limited to, income under a specific SFRF project from fees for services performed, the use of rental of real or personal property acquired under federal awards, and principal and interest on loans made with federal awards funds.



Uniform Guidance outlines the requirements that pertain to program income at 2 CFR 200.307, and can be found here: <https://www.federalregister.gov/documents/2013/12/26/2013-30465/uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards>.

If you believe you have generated program income, please contact NCPRO. This would be noted in the specific terms and conditions of the grant award.

#### **4.10 Reporting (L)**

Treasury requires the submission of a comprehensive set of Expenditure and Performance data reporting for the full amount of SFRF funds received by the State from a single source. NCPRO is responsible for gathering all necessary data and documentation from Administering Agencies (as well subrecipients for projects where NCPRO is the Administering Agencies) in order to properly complete the required quarterly and annual reports.

##### **4.10.1. Types of Required Reports**

Treasury requires two types of reporting for the SFRF program that includes reporting from subrecipients:

###### **1. Project and Expenditure Report**

These reports are required on a quarterly basis and are due one month after the end of the quarter. These reports include Expenditure and Programmatic data, including funding, expenditures, project status, demographic information on the population receiving the benefit, and required Programmatic Data in conjunction with the Expenditure Categories outlined in the Final Rule. The reports also include specific reporting requirements for contractors and subrecipients that received more than \$50,000 from the Federal Funding Accountability and Transparency Act FFATA.

###### **2. Recovery Plan Performance Report**

This reporting requirement applies to states, territories, metropolitan cities, and counties where the population exceeds 250,000 residents. The Recovery Plan Performance Report is required to be submitted on an annual basis for the period of July 1 through June 30 and is due by July 31 of that year. This report includes an Executive Summary, use of funds (both the intended and actual uses), the efforts to promote equitable outcomes, community engagement, labor practices, the use of evidence as it relates to project results, table of expenses by expenditure category, a project inventory, a performance report, and other required performance indicators and programmatic data.

##### **4.10.2 Submission of Required Reporting**

NCPRO uses a grant management system called PANGRAM to track specific grant details and reporting. NCPRO is requiring that all subrecipients submit their reports on a monthly basis through PANGRAM. The monthly reports are due on the 15<sup>th</sup> calendar day of each month. The subrecipients of NCPRO will have access to PANGRAM to enter their respective reporting data. Any organizations receiving a subaward through a different state agency or subrecipient will not have access to PANGRAM; however, NCPRO is still required to report those expenditures.

NCPRO has created templates for the use of Administering Agencies to generate the required reports for their specific subrecipients. This information will then be uploaded on a project level for all the expenditures. For templates and additional instructions please reference the NCPRO “Reporting Handbook”. The data fields in the reporting template and PANGRAM will reflect the following categories:

- General Administrative Cost
- Subrecipients Administrative Cost
- General Project Cost
- Subrecipients Project Cost
- Payments to Beneficiaries

Please note that these categories are subject to change pending any revised guidance from Treasury. The “Reporting Handbook” should be referenced for further information.

NCPRO will also be responsible for preparing quarterly financial and performance reports required under SL 2021-180, and annual performance reporting required under federal guidance. NCPRO will provide templates to collect data needed to comply with applicable state and federal performance reporting. Each NCPRO grants manager will work with their respective Administering Agencies to collect the necessary performance data. NCPRO will compile the performance data in the required format and submit comprehensive reports to the applicable oversight entities on a quarterly basis.

For more details on report submission techniques, naming conventions, and other reporting requirements, please reference the “Reporting Handbook.”

Under SFRF, Treasury will complete the FFATA reporting on behalf of the State. During the quarterly submission of the Treasury Project and Expenditure Report, NCPRO is responsible for reporting any amounts paid to subrecipients, beneficiaries, and contractors in excess of \$50,000. Additional reporting is required if a subrecipient or contractor has received over \$50,000 and received over:

- 80% of their annual revenues from federal sources, or
- \$25,000,000 of revenue from federal procurement or assistance contracts.

If either of those requirements are met, NCPRO must report on the top five highest-paid employees at the organization.

NCPRO will be able to obtain the detailed data for disbursements made directly from the State to NCPRO subrecipients, beneficiaries and contractors through the North Carolina Accounting System (NCAS); however, NCAS will not contain the necessary reporting data from subrecipients. NCPRO has developed a template for the Administering Agencies to track the necessary information that will be required to be submitted monthly. For these templates and additional instructions please reference the “Reporting Handbook”.

Each Administrative Agency will be responsible for ensuring the accuracy of their financial reporting in PANGRAM. To ensure its accuracy, Administrative Agencies are required to perform



monthly reconciliations of financial reporting in PANGRAM with NCAS. The reconciliations will be made available to NCPRO for review. Any discrepancies must be resolved by Administrative Agencies in a timely manner.

#### **4.11 Subrecipient Monitoring (M)**

As noted in section 3.0 Roles and Responsibilities, NCPRO is required in accordance with 2 CFR 200.1 to manage and monitor the subrecipients to help ensure compliance with the requirements of State legislative intent, Uniform Guidance, and ARPA.

Under the SFRF, there are subrecipients that will further subaward the funds to subrecipients. Please refer to your individual grant awards to determine whether your grant will have or can give subawards. The use of subawards of the grant requires pre-approval and discussion with NCPRO. See the additional requirements under the risk assessment and monitoring sections below.

##### **4.11.1 Risk Assessment**

In accordance with 2 CFR Part 200.332(b), each subrecipient that subawards SFRF funds to another entity (a sub-subrecipient) are required to *“evaluate each [sub-subrecipient’s] risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for the purposes of determining the appropriate subrecipient monitoring.”*

Each subrecipient that subawards must develop a risk assessment process that clearly documents the steps performed, as well as how the outcomes of the preliminary risk assessment subsequently impact its plans to monitor its sub-subrecipients. This process should include assigning risk ratings to each sub-subrecipient based on assessments performed. Please refer to the Subrecipient Monitoring Handbook for more guidance. The Handbook contains a sample questionnaire that can be used to obtain the information necessary to complete the preliminary risk assessment.

This risk assessment should be updated annually to incorporate relevant information such as results of monitoring activities, results of subrecipient audits, and other relevant factors.

##### **4.11.2 Monitoring**

The purpose of monitoring as defined by 2 CFR 200.332, is to *“monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.”*

The subrecipients that subaward SFRF funds must establish processes for monitoring their sub-subrecipients using a risk-based approach as required by 2 CFR 200.332 (d). At minimum, the monitoring should include:

- (1) Reviewing financial and performance reports required by NCPRO.
- (2) Following-up and helping to ensure that the sub-subrecipient takes timely and appropriate action on all deficiencies pertaining to the federal award provided to the sub-subrecipient, detected through audits, on-site reviews, and written confirmation from the sub-

subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subaward

- (3) Issuing a management decision for applicable audit findings pertaining only to the federal award provided to the subrecipient from the pass-through entity as required by § 200.521.
- (4) Ensuring that subrecipients resolve audit findings specifically related to the subaward to the sub-subrecipient. This does not include responsibility for resolving cross-cutting findings (an audit finding where the same underlying condition or issue affects federal awards of more than one federal awarding agency or pass-through entity). If a sub-subrecipient has a current Single Audit report posted in the Federal Audit Clearinghouse and has not otherwise been excluded from receipt of federal funding (e.g., has been debarred or suspended), the subrecipient may rely on the sub-subrecipient's cognizant audit agency or cognizant oversight agency to perform audit follow-up and make management decisions related to cross-cutting findings in accordance with section § 200.513(a)(3)(vii). Such reliance does not eliminate the responsibility of the subrecipient to issue sub-subawards that conform to agency and award-specific requirements, to manage risk through ongoing monitoring of the subaward to the sub-subrecipient, and to monitor the status of the findings that are specifically related to the subaward.

The subrecipients with subawards to sub-subrecipients are also responsible for developing processes to:

- (f) Verify that every sub-subrecipient is audited as required by Subpart F of this part when it is expected that the sub-subrecipient's federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501.
- (g) Determine whether the results of the sub-subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the subrecipient's own records.
- (h) Take enforcement action against noncompliant sub-subrecipients, as appropriate, as described in 2 CFR 200.339 and in program regulations.

A sample subrecipient monitoring policy is included in the Subrecipient Monitoring Handbook.

Any subrecipient considering the transfer of funds to a beneficiary should consult NCPRO for approval prior to doing so.

#### **4.12 Special Tests and Provisions (N)**

As of the date of this procedure, there are no specific special tests or provisions

## **5.0 Other Grant Requirements**

### **5.1 Maintenance of Records**

In addition to the eligibility records specified above, the subrecipient covenants and agrees to maintain the following records during the contract period:

- **Fiscal Records:** books, records, documents and other data evidencing and reflecting all costs and other expenses incurred by the municipality in the performance of the contract, and all income received or collected by the municipality during the contract period.

These records must be prepared in accordance with generally accepted accounting procedures and maintained in a manner that is acceptable to NCPRO. The records are to include, without limitation, all ledgers, books, records, and original evidence of costs such as purchase requisitions and orders, vouchers, requisitions for materials, inventories, valuations of in-kind contributions, labor timecards, payrolls, and other records requested or required by NCPRO or other Administering Agencies.

### **5.2 Audit**

Subrecipients that expend \$750,000 or more in federal award (grants, cooperative agreements, and/or procurement contracts) in a fiscal year are subject to a Single Audit. To identify what is counted as expended, please refer to 2 CFR 200.502 – Basis for Determining Federal Awards Expended.

The external audit will be conducted by an independent, non-federal auditor, and the results of the audit are submitted to the Federal Audit Clearinghouse so that any federal agency can access them.

Each subrecipient is required to submit their Audited Financial Statements and Uniform Guidance reports to their Administering Agency within 9 months of their calendar or fiscal year end. This is the federal due date for the Uniform Guidance Reports to be submitted to the Federal Audit Clearinghouse.

### **5.3 Requests for Funds**

Subrecipients will prepare justifications for funding and submit the requests to NCPRO through PANGRAM. Upon authorization by NCPRO, OSBM will initiate the transfer of funds. These funding requests will be calculated based on forecasted future needs of the subrecipients and any corresponding sub-awardees, while taking into consideration the actual cash flow activity of the prior quarter (i.e., cash on hand). The respective Administering Agency will evaluate requests based on project descriptions, operating plans, and past use of funds to avoid accumulation of excessive cash reserves beyond operating needs for successful implementation and delivery of services. These reports will be reviewed in detail by the respective Administering Agency before funds are transferred.

## **5.4 State Subchapter 03M – Uniform Administration of State Awards of Financial Assistance**

North Carolina Administrative Code Title 09 Chapter 03 Subchapter M Uniform Administration of State Grants (09 NCAC 03M), provides that:

*Pursuant to G.S. 143C-6-23, the rules in this Subchapter establish reporting requirements for non-State entities that receive, hold, use, or expend State financial assistance and ensure the uniform administration of State financial assistance by all State Agencies [Administering Agencies], recipients, and subrecipients. The requirements of this subchapter shall not apply to:*

- (1) State financial assistance to non-State entities subject to the audit and other reporting requirements of the Local Government Commission*
- (2) Tuition assistance to students*
- (3) Public assistance payments from Federal entitlement [projects] to or on behalf of enrolled individuals*
- (4) State funds disbursed to a contractor as defined in this Subchapter*

These requirements establish minimum reporting requirements which apply to SFRF recipients. The reporting levels are established for recipients or subrecipients that hold, use, or expend State financial assistance in amounts within a fiscal year as follows:

- Level I – less than twenty-five thousand dollars (\$25,000).
- Level II – at least twenty-five thousand (\$25,000) or greater, but less than five hundred thousand dollars (\$500,000).
- Level III – equal to or greater than five hundred thousand dollars (\$500,000).

The requirements state that recipients and subrecipients must report as follows:

- All shall provide a certification that State financial assistance received or, held was used for the purposes for which it was awarded.
- All shall provide an accounting of all State financial assistance received, held, used, or expended.
- Level II and III recipients and subrecipients shall report on activities and accomplishments undertaken by the recipient, including reporting on any performance measures established in the contract
- Level III recipients and subrecipients shall have a single or project-specific audit prepared and completed in accordance with Generally Accepted Government Auditing Standards, also known as the “Yellow Book”

These funds constitute federal financial assistance to the State; therefore, use of these funds must be in accordance with state regulations found in Title 09, Subchapter 03M of the NCAC, and that none of these requirements are waived.

## **6.0 Closeout Phase**

Closeout is the process by which the Administering Agency determines that all applicable administrative actions and all required work of their grant award has been completed. This is the completion of the grant award life cycle. Closeout is a process that takes place prior to and after the expiration or termination of the project or the grant period.

NCPRO will close out grant awards when all applicable administrative actions and all required work of the award is completed by the Administering Agency. This includes submission of all required reports under SFRF, reconciliation of cash balances, and final disposition of property. NCPRO will make every effort to complete the closeout process for each award no later than 180 days after receipt and acceptance of all required federal reports.

The purpose of closeout is to help ensure:

- Final reports are received and evaluated
- Allowable costs are determined
- Amounts due to the State are determined, and payment arrangements are made

As a grant recipient, each Administering Agency must meet several requirements before closing out a grant in the final budget period of the project. Preparation for closeout should begin three months prior to the end date of the grant in order to accurately forecast expenses and any adjusting entries that need to be made. Closeout reports must be submitted within 120 days of the end of the project period.

# ARPA Monitoring Handbook



**MID-CAROLINA  
REGIONAL COUNCIL**  
*Creative Regional Solutions*

[Attachment F ARPA Monitoring Handbook.pdf](#)



# NC Pandemic Recovery Office

## Subrecipient Monitoring Handbook

June 15, 2022

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# Subrecipient Monitoring Handbook

(Includes Policy and Related Exhibits / Attachments)

## Purpose

As direct recipients of State Fiscal Recovery Funds (SFRF) under the American Rescue Plan Act (ARPA), the State of North Carolina (State) and its Administering Agencies are required to provide evidence of exercising due diligence in assessing the qualifications of subrecipients and the processes that they employ to meet the requirements of managing, administering and accounting for SFRF funds in accordance with regulations. This Subrecipient Monitoring Handbook is intended to give Administering Agencies guidance needed to meet their obligations for monitoring subrecipients.

An *Administering Agency* is a State agency or department that received SFRF appropriations through the State's legislative process. The North Carolina Pandemic Recovery Office (NCPRO) will serve both as the State's *Coordinating Agency* with responsibilities for overseeing and coordinating the State's SFRF program, and as an *Administering Agency* when it receives SFRF as a pass-through entity. A *subrecipient* is a non-State entity that receives a sub-award of SFRF funds for the purpose of carrying out projects that have been authorized through the legislative process.

NCPRO will provide oversight and technical assistance to Administering Agencies on an as-needed basis. NCPRO will provide this assistance to help Administering Agencies improve their operations and compliance with State and federal requirements for subrecipient monitoring. NCPRO can only act in an advisory role, as it does not have the authority to direct Administering Agencies to take specific actions. Please refer to the Standard Operating Procedures for Administering Agency and the Standard Operating Procedure for Subrecipients for further information.

If an Administering Agency already has an adequate Subrecipient Monitoring Policy in place, they may use their own policy rather than this sample policy provided by NCPRO. However, any policies and procedures used must, at a minimum, meet the criteria established in this document.

## 1.0 Subrecipient Monitoring Policy

Section 200.332 of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), requires pass-through entities (the Administering Agencies) to:

- Evaluate each subrecipient's risk of noncompliance to determine the appropriate level of monitoring to apply to each subrecipient'
- Monitor the activities of subrecipient organizations to help ensure that sub-awards follow applicable federal regulations and terms of the sub-award.
- Verify that subrecipients are audited as required by Subpart F of the Uniform Guidance.

SFRF recipients that are pass-through entities as defined under 2 CFR 200.1 (Administering Agencies) are required to manage and monitor their subrecipients to assess their compliance with requirements of the SFRF requirements for pass-through entities (see 2 CFR 200.332).

## 2.0 Roles and Responsibilities of the Administering Agency

### 2.1 – Pre-Award

Prior to making a sub-award the Administering Agency must:

- Determine whether the transfer of SFRF to another entity is a sub-award to a subrecipient as defined under the Standard Operating Procedures.
- Verify that the subrecipient has applied for, received and provided a U.S. Federal UEI (Unique Identifier Entity Number) number (this number was historically referred to as the DUNS number). Please note: In the event that UEI numbers cannot be obtained through SAM.gov in a timely manner, the grantee Taxpayer Identification Number (TIN) will be accepted in the interim.
- Perform a search on [SAM.gov](https://sam.gov) to determine if the subrecipient has been debarred or suspended from doing business with the federal government. A subrecipient must have an active System for Award Management (SAM) registration.
- Perform a search on the State suspension and debarment list.
- Obtain a proposed budget from the subrecipient.
- Obtain an outline of the subrecipient's organizational structure, with the names of its officers, and officer titleholder.
- Obtain a copy of the subrecipient's policies and procedures.

#### Important Aspect

It is critical that Administering Agencies **clearly document** that it completed these tasks

### 2.2 – Post Award

After the Administering Agency has reviewed and approved a sub-award, it must:

- Participate in a subrecipient monitoring workshop or webinar, if required by NCPRO.
- Review and approve the subrecipient's budget, with a listing of all expenditures.
- Review and approve the subrecipient's application narrative, goals of the sub-award, performance statement and the subrecipient's grant budget.

- Execute a Memorandum of Understanding (MOU) between the Administering Agency and the subrecipient.
- Monitor and approve quarterly financial and performance statement reports received from the subrecipient.
- Assess the subrecipient's ability to meet performance requirements under the sub-award.
- Ensure it has and maintains the following federal award information for the subrecipient:
  - SAMs and UEI (previously DUNS) numbers and name of federal grant
  - Federal award date
  - Sub-award period of performance start and end date
  - Amount of federal funds obligated to the subrecipient
  - Federal award project description
  - Name of federal awarding agency, prime grant recipient, contact information of the awarding official
  - All requirements imposed by the prime grantee on the subrecipient so that the federal award is used in accordance with federal and/or State statutes, regulations, and the terms and conditions of the grant award (see Exhibit B)
- Ensure it has access to the subrecipient's financial records to meet the requirements of 2 CFR 200 (see Exhibit B).
- Document appropriate terms and conditions concerning closeout of the sub-award.
- Review and approve subrecipient justification and request for funding.
- Obtain financial and performance reporting data from the subrecipient. Consolidate and report it as required to NCPRO.
- Complete the post-award subrecipient risk assessment (Exhibit A), and assign a risk rating based on criteria defined in Exhibit A.
- Perform annual monitoring of subrecipient (refer to Section 3 for further details).
- Review its subrecipient monitoring processes and procedures and revise as needed.

### 3.0 Subrecipient Monitoring Procedures

As part of its subrecipient monitoring processes and procedures, the Administering Agencies must:

- Review, if applicable, the subrecipient's Single Audit report, which can be found at the [Federal Audit Clearinghouse](#) website.
- Review past and current quarterly financial and performance reports and assess the subrecipient's performance and compliance with requirements.
- Receive each month the subrecipients report on all expenditures of funds and report the information to NCPRO by the 15<sup>th</sup> of each month. The Administering Agency should receive a report from the subrecipient even if subrecipient has no new activity to report during the month.
- Request subrecipients sign a document acknowledging the receipt of, and agreement to comply with, all federal/State and/or program grant award special conditions.
- Provide the subrecipient a description of the requirements for sub-award documentation that subrecipient to the Administering Agency during the grant periods. (See Exhibit B).

The Administering Agencies shall continuously assess subrecipients' performance by conducting the following activities:

- Determine whether there are sufficient internal controls per 2 CFR 200.303, and whether the subrecipient has complied with federal statutes, regulations, and the terms and conditions of the federal award. The subrecipients must:
  - Return to the Administering Agency a signed acknowledgment of the terms and conditions of the sub-award.
  - Agree to evaluation and monitoring of their compliance with statutes, regulations, and terms and conditions of the sub-award by allowing access to subrecipient records and financial statements, and the performance of on-site reviews of the sub-recipient's program operations.
  - Take prompt action when instances of noncompliance are identified.
  - Take reasonable measures to safeguard sensitive information consistent with applicable federal, State, and local laws.
- Communicate with subrecipients on a regular basis, via Accountability Calls.
- Document and retain communications regarding project performance.
- Report any significant issues to NCPRO.
- Obtain documentation and perform the following review and assessment activities. The

extent of these activities will be determined by the results of the risk assessment and ongoing observations.

- Assess whether invoices are timely, accurate, and contain the appropriate backup documentation to support the expense. For any questionable expense(s), the Administering Agency should request additional backup from the subrecipient specific to the charge(s).
- Request financial reports from the subrecipient that show the sub-award amount, invoice(s) by sub-award budget category, and remaining sub-award amount after expenses.
- Assess whether cumulative expenses exceed the total approved sub-award amount and help ensure the rate of spend is consistent with the timeline of the project.
- Review other financial or non-financial reports required by the sub-award such as sub-recipient list of supplies and equipment purchased with grant funds.
- Review and approve any budget revision requested by the subrecipient.
- Maintain documentation of the Administering Agency's monitoring of the subrecipient, including, but not limited to email correspondence, invoices, deliverables such as relevant data for quarterly progress report(s) and other supporting documentation.
- Follow up with subrecipient regarding findings during annual subrecipient site visit and request subrecipient's resolution of site visit findings.
- Request additional supporting detail for all financial invoices and expenses in accordance with the sub-award terms and conditions.
- Document and retain communications regarding project performance.
- Report any significant issues to NCPRO.
- If appropriate, take further action – e.g., withholding payments, performing additional site visits, termination of the sub-award.

## 4.0 Annual Reviews

Administering Agencies shall conduct Annual Reviews of subrecipients. Administering Agencies must complete an annual on-site review of every high-risk subrecipient. For medium and low risk subrecipients, Administering Agencies shall conduct desk audits/virtual reviews of a sample of selected transactions. Administering Agencies should determine the sample size of the transactions to be reviewed for medium and low risk subrecipients based on the results of its on-going monitoring of these subrecipients. As part of the Annual Review, the Administering Agency must:

- Contact the subrecipient in writing to coordinate logistics and describe the Annual Review process.
- Send, on letterhead, details of the focus of the Annual Review will focus, including, the need to gather assurance that the subrecipient is compliant with federal statutes, regulations, and the terms and conditions of the federal award. This correspondence should also identify invoice(s) and a detailed list of expenditures made with grant funds that will be reviewed. (See Exhibit D for example of pre-site visit letter).
- Begin the Annual Review with a meeting of key subrecipient staff to describe the reason for the site visit and matters to be discussed. Also, make the subrecipient aware of supplies and equipment purchased with grant funds that will need to be verified by physical observation.
- Use the Monitoring Checklist to assess whether the subrecipient satisfies the administrative and financial elements of the sub-award. (See Exhibit C).
- End the Annual Review with a meeting that discusses the project, and how the subrecipient used the SFRF funds sub-awarded to it. The Administering Agencies must discuss with the subrecipient all issues identified during the Annual Review.

After the Annual Review, the Administering Agencies will send, on its letterhead, a description of:

- matters reviewed
- conclusions reached regarding the adequacy of the subrecipient's controls, policies and procedures; and
- all findings.

See Exhibit E for example of a post-site visit letter.

The Administering Agency should help ensure that the subrecipient has documented all actions it has taken or will take to resolve any issues identified during the Annual Review. The subrecipient should document this by completing the Subrecipient Annual Review Evaluation Report (see Attachment 2) and the Post-Annual Review letter (see Exhibit E). This report should be sent to

the subrecipient within one week of the Annual Review. The findings will be discussed during an exit conference. The subrecipient should respond to the Administering Agency with an acceptable plan to resolve issues/findings within 30 days after completion of the Annual Review. The Administering Agency will review and approve the subrecipient's written report, or require additional information, if needed. All findings and resolutions will be included in the subrecipient's file.

#### **4.1 Types of Monitoring Based on Risk Ratings**

This section discusses the steps that Administering Agencies should take in conducting:

- Accountability Calls (low risk)
- Accountability Calls and Desk/Virtual Reviews (medium or low risk)
- Accountability Calls and On-Site Reviews (high risk)

Exhibit C contains a checklist that Administering Agencies should use for each Accountability Call, Desk/Virtual Review or On-Site Review.

##### **Low Risk Subrecipients: Grant Accountability Calls**

The Administering Agencies should perform "Accountability Calls" with all subrecipients on a periodic basis. The Administering Agencies should establish the frequency of Accountability Calls based upon its assessment whether the subrecipient is considered low, medium, or high risk. The Accountability Calls will address:

- progress toward their project goals,
- expenditures charged to the grant,
- update on monitoring plans, and,
- budgets, and future forecast needs.

These calls will also provide opportunities to provide address needed technical assistance in areas that the subrecipients may find challenging. During the calls, Administering Agencies will review submitted reports and confirm whether reporting is current and inclusive of all required information. If a subrecipient needs additional support, the frequency of Accountability Calls may increase, or the subrecipients may receive additional monitoring (i.e., desk review or on-site/virtual monitoring). For suggested questions related to Accountability Calls please refer to Exhibit C.

##### **Medium Risk Subrecipients: Grant Accountability Calls and Desk/Virtual Reviews**

Administering Agencies will conduct desk reviews to monitor subrecipients who have medium risk. Desk reviews are acceptable as a form of monitoring that can help ensure compliance with



grant goals and requirements. While the requirements of desk reviews are less, the scope and degree of the review activities can be increased to the extent deemed necessary. Desk reviews can include, but are not limited to reviewing:

- correspondence with subrecipients (emails, Accountability Call notes, etc.)
- monthly or quarterly reports (financial, programmatic/narrative, etc.) and supporting documentation
- expenditures and appropriate documentation (invoices, signed timesheets, purchase orders, travel authorizations, etc.)
- subrecipients' progress toward project goals
- Providing technical assistance to subrecipients

In addition, these reviews may include technical assistance if a subrecipient needs additional support. Desk review documentation can be submitted via email for review by the Administering Agencies. Administering Agencies should submit a desk review monitoring report to the subrecipient no later than 90 days after the desk review is completed.

### **Risk Rating High Risk: Accountability Calls and On-site Reviews**

Administering Agencies will conduct an on-site monitoring Annual Review for all high-risk subrecipients. These site visits will be conducted in a manner similar to desk reviews, with the difference being that the Administering Agency conduct at least the first review in person or virtually. The Administering Agency can use its best judgment to determine whether follow-up meetings should be conducted in person or through video conferencing.

If a subrecipient needs additional support, they may receive further monitoring (i.e., on-site/virtual monitoring). Administering Agencies should submit an on-site/virtual review monitoring report to the subrecipient 90 days after the on-site review is completed.

Please refer to Exhibit C for a sample Subrecipient On-site Review Monitoring Report that should be completed during the visit.

## 5.0 Process for Closing out Sub-awards

In accordance with federal regulations, SFRF eligible expenditures must be incurred or obligated by December 31, 2024 and expended by December 31, 2026. To close out any sub-award of the SFRF, Administering Agencies shall:

- Send written notification to subrecipients six months prior to the grant ending date, and a follow-up reminder three months later to ensure that they are fully aware of the award closing and close-out requirements.
- Obtain the following documents from the subrecipient: final invoice(s), final financial report, final expenditure report.
- Perform a final review of invoices, financial reports, and performance measurement; and, if necessary, request additional supporting documentation.

## Exhibit A: Post-Award Risk Assessment for SFRF Subrecipient Checklist

### Purpose

A risk assessment is a way to evaluate the potential financial and compliance risk of a subrecipient. Several factors should be considered when determining the level of risk associated with a subrecipient. This will help assess risk and dictates the monitoring plan for subrecipients.

### Procedures

At a minimum, the Administering Agency should perform the following to determine a risk rating for each subrecipient:

- Review Single Audit of subrecipient organization (if one was conducted) and assess whether there are timely and effective resolutions and correction action to respond to any of the audit's recommendations and findings
- Review previous financial and programmatic performance of subrecipient
- Assess subrecipient's previous grant experience
- Assess adequacy of subrecipient's policies and procedures to administer funds to beneficiaries. Does the subrecipient have formal Uniform Guidance policies and procedures? Are those policies and procedures circulated to staff?
- **Use the Exhibit A-1 *List of Items Needed from Subrecipient* to gather information from the subrecipients**
- **Complete *Risk Assessment Scorecard* (please refer to excel document "Risk Assessment Scorecard")** Assess other risk factors as deemed applicable

Based on my review and subrecipient's past performance, this subrecipient is determined to be:

Low Risk	Medium Risk	High Risk
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

---

{Authorized Representative Administering Agency}

---

Date

**Exhibit A: Post-Award Risk Assessment for SFRF Subrecipient Checklist (Continued)**

**Monitoring Determination**

Based upon the risk assessment, subrecipients will need to be monitored in a tiered approach based on the following categories:

Risk Rating	Type of Monitoring Conducted
Low Risk	Accountability Calls and Reporting Reviews
Medium Risk	Accountability Calls and Desk Reviews
High Risk	Accountability Calls and On-Site Monitoring Visits

Please refer to Section 4.1 Types of Monitoring Based on Risk Rating for more detailed information regarding the types of monitoring conducted.

In summary, the higher the risk rating, the higher the audit risk (i.e., higher risk of material weakness and material noncompliance). Subrecipient monitoring reduces the risk associated with doing business with an external entity. As part of the State’s annual Single Audit, auditors will test Administering Agencies’ compliance with federal laws that require subrecipients.

## **Exhibit A-1: List of Items Needed from Subrecipient**

This list of items should be used to gather information from the subrecipient to obtain information on the subrecipient's financial and management status. The subrecipient should be responsive in responding the Administering Agency's request for documentation.

1. Please provide copies of the Financial Statements, Uniform Guidance Single Audit Report, and Required Auditor Communications Letter/Management Letter for the last two fiscal/calendar years.
2. If the prior audit reports contained any findings or internal control matters, please provide an update as to the corrective action plan and resolution of the matters.
3. Please provide a copy of the organization's Uniform Guidance policies and procedures.
4. Please provide the most recent internal financial reports that were presented to the organization's Board of Directors.
5. What is the organization's current staffing structure for performing the monitoring function?
6. What software packages do you use for tracking and maintaining financial and performance data and metrics related to the grant programs?

If a software package is not being used, how is your organization monitoring and tracking financial and performance data and metrics related to the grant program? Please provide as much detail as possible that includes templates that have been developed and/or screenshots.

7. Does your organization have a negotiated Indirect Cost Rate? If yes, please provide a copy of your current agreement.
8. Does your organization have any new personnel (e.g., key personnel, financial management, grants management, IT Management, or other staff service in a grants administration role)? If yes, please provide information regarding new personnel.

## **Exhibit B: Requirements for Sub-Award Documentation to be Submitted by SFRF Subrecipient to the Administering Agency**

Subrecipients must provide the following documentation to the Administering Agency:

1. Signed Subrecipient Grant Agreement.
2. Signed acknowledgment of receipt of Subrecipient Monitoring Handbook (*see Attachment 1*)
3. Requests for payment for goods and services for approved projects on a schedule to be agreed upon between the Administering Agency and the subrecipient. Invoices must be accompanied by sufficient and accurate backup documentation that supports the expense. Expenses incurred prior to the grant begin date or after the grant end date will not be reimbursed.
4. List of expenditures purchased with grant funds. List should show description of equipment purchased in excess of \$5,000 (per individual item) and has a useful life of greater than one year, serial number if any, vendor name, date of purchase, amount of item, location where the items are kept, funding source, disposal date, and value at disposal date.
5. Subrecipient financial report that shows sub-award amount, invoices paid by sub-award budget category, remaining amount of sub-award after invoices paid. Funds remaining unused after the end of the project will be returned to the Administering Agency and then reverted to OSBM.
6. Response by subrecipient (email is acceptable) for information requested for reports.
7. Response by subrecipient (email is acceptable) of agreement to cooperate during monitoring activities including supporting compliance of federal statutes, regulations, and terms/conditions of award, and on-site reviews of the subrecipient's program operations, and allow access to subrecipient's financial records.
8. Budget modification requests, as needed, should be submitted by the subrecipient, along with explanation of why a budget modification is needed and how the budget modification supports the goals and objectives of the grant application.
9. Change in Scope requests, as needed, should be submitted by the subrecipient, along with explanation of why a change in scope is needed and how the change in scope and/or additional goals and objectives of the grant application/solicitation.
10. Resolution of findings within 30 days, if any, after annual site visit.

By signing below, I agree to provide all documents listed above and additional documentation if needed, to the State agency by the date requested.

\_\_\_\_\_  
Subrecipient Representative

\_\_\_\_\_  
Date

### Exhibit C: Checklist for Monitoring Reviews

This review is a  Accountability Call (low risk);  Desk/Virtual Review (medium risk), or  On-Site Visit (high risk).

Completed	Checklist Item
<b>Accountability Calls</b>	
<input type="checkbox"/>	Obtain a brief update on whether the subrecipient is achieving its goals or objectives.
<input type="checkbox"/>	Do you have a copy of the latest subrecipient's budget?
<input type="checkbox"/>	Is the subrecipient's rate of spending appropriate for its progress on the project?
<input type="checkbox"/>	Does the subrecipient have any questions or concerns at this time?
<input type="checkbox"/>	Obtain an update on the subrecipient's beneficiaries, contractors, and subrecipients.
<b>Desk/Virtual Review (includes all items under Accountability Calls, and the below items)</b>	
<input type="checkbox"/>	Do you have a signed acknowledgment of receipt and understanding of the grant agreement, and any special conditions, and requirements for sub-awards?
<input type="checkbox"/>	Do you have a list of invoices paid by the subrecipient under the SFRF project, as well as the corresponding list of equipment to be reviewed with the subrecipient?
<input type="checkbox"/>	Are invoices from subrecipient delayed, inconsistent, or improperly documented?
<input type="checkbox"/>	Do the subrecipient's invoices support the goals and objectives of the grant (sample invoices to gain a better understanding)?
<input type="checkbox"/>	Does subrecipient submit information required for quarterly reports?
<input type="checkbox"/>	Has the subrecipient provided an inventory of equipment purchased in excess of \$5,000 with grant funds?
<input type="checkbox"/>	Is performance progressing in a manner expected to support the goals and objectives of the grant?
<input type="checkbox"/>	Are there severe programmatic or administrative issues that may cause the sub-award to be terminated?
<input type="checkbox"/>	Does the subrecipient respond timely to requests for financial and budget/scope revision information?

<input type="checkbox"/>	Has the subrecipient resolved and previous findings from the previous monitoring visits?
<input type="checkbox"/>	Are invoices from subrecipient delayed, inconsistent, or improperly documented?
<input type="checkbox"/>	Has the subrecipient resolved findings from the Annual Review?
<input type="checkbox"/>	Have you reviewed all programs and funding disbursements criteria and review how funds are being disbursed (including the subrecipient's beneficiaries, contractors, and subrecipients)?
<input type="checkbox"/>	Have you reviewed how the subrecipient's beneficiaries, contractors, and subrecipients are receiving federal assistance through this program?
<b>On-Site Review</b>	
<i>Since the on-site reviews are for high-risk subrecipients, it is recommended that a formal monitoring report be completed in addition to the above items.</i>	
<input type="checkbox"/>	Complete the Subrecipient On-Site Review Monitoring Report



**SAMPLE SUBRECIPIENT ON-SITE REVIEW MONITORING REPORT**

A subrecipient is a non-federal entity that receives a sub-award from an Administering Agency to carry out part of the SFRF federal award. The Prime Recipient (Administering Agency) is ultimately responsible for the subrecipient's performance and compliance with federal and State regulations and requirements. As a result, the Administering Agency must monitor the activities of the subrecipient.

Name of Subrecipient:

Name of Reviewer:

Date of Visit:

SUBRECIPIENT INFORMATION:	YES	NO	N/A
Is there a written Sub-Award document with the Administering Agency?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has there been any turnover in key positions in the past two years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If yes, explain:			
Has the subrecipient had any financial management violations or any other fraud, abuse, or misuse of funds in the past?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If yes, explain:			
Does the Sub-Award document contain a detail budget to compare budgeted costs with actual costs?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If no, explain:			
SUBRECIPIENT MONITORING (Financial Management System):	YES	NO	N/A
What type of financial management system does the subrecipient utilize? _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
How are federal funds identified and tracked in the accounting system? _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are sources of non-federal funds identified and tracked separately in the accounting system?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>SUBRECIPIENT MONITORING (Financial Management System) (continued):</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
Does the accounting manual describe the criteria for an obligation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Does the subrecipient use a Chart of Accounts and Accounting Manual?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are accounting records supported by source documentation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Does the system provide for prompt and timely recording and reporting of all financial transactions?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>SUBRECIPIENT MONITORING (Policy and Procedures):</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
Does the subrecipient have written policy and procedures to adequately administer federal grant programs (Allowable costs, Procurement, Reporting, etc.)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Does the subrecipient have a written conflict of interest policy for their employees?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are there sufficient internal controls in place to protect against waste, fraud, and abuse of federal funds (segregation of duties, etc.)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>SUBRECIPIENT MONITORING (Cash Management / Expenditures):</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
Is the cash receipts function performed by someone other than the person who is responsible for signing checks, reconciling bank accounts, or maintaining non-cash accounting records (i.e. ledgers or journals)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are payment vouchers or supporting documents identified by grant number, date(s) and expense classification?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Do supporting documents accompany checks when they are submitted for signature?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are the subrecipient's expenditures, encumbrances, and obligations for eligible activities? (the Administering Agency will need to sample based on level of risk / comfort	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>SUBRECIPIENT MONITORING (Cash Management / Expenditures) (continued):</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
Do supporting documents accompany checks when they are submitted for signature?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are invoices or vouchers approved in advance by authorized officials?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Does the subrecipient reconcile expenditures with information reported in quarterly and annual reports?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
What is the process for paying beneficiaries, contractors, and subrecipients? _____			
<b>SUBRECIPIENT MONITORING (Record Retention &amp; Access):</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
At a minimum, are the subrecipient's record retention practices in compliance with the federal requirements (3 years after the close of the grant)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has the subrecipient retained all records related to pending litigations, claims negotiations, audits or other actions involving records beyond the regular record retention requirements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>SUBRECIPIENT MONITORING (Audit Requirements):</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
Is the subrecipient required to obtain a Uniform Guidance "Single Audit" for its most recently completed fiscal year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If yes, did the subrecipient submit the required audit report?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Did the audit report contain any findings or questioned costs?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If yes, has the subrecipient assigned someone the responsibility for resolving the findings or questioned costs?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Did the subrecipient submit a timely response to the audit, including a plan for correcting any conditions reported in sustained findings?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For any issues identified during the review, provide clarification as necessary and specify corrective actions the subrecipient must take to resolve the issues. Describe the nature of any technical assistance provided during the review. Also describe any necessary follow-up actions that should be provided by the Administering Agency's staff.

## Exhibit D: Pre-Monitoring Letter

{DATE}

**[Name of Administering Agency]**

Re: {YEAR} Monitoring Visit, {Grant Title, Award #}

*Please see attached list of invoices to be reviewed and Equipment (if any) to be viewed.*

Dear {\_\_\_\_\_}:

On \_\_\_\_\_, 202X, **[Name of Administering Agency]** will be visiting your site facilities at \_\_\_\_\_ for the purpose of reviewing financial, administrative, and compliance aspects of your sub-award, and also viewing items purchased with grant funds awarded to your agency through the **[Name of Administering Agency]** as funded by the State Fiscal Recovery Funds (SFRF). Please note that this monitoring may also be conducted remotely and will be agreed on before date of visit.

This visit is part of the monitoring policy that we have incorporated into our grant program as required by 2 CFR 200. The focus of this visit is to assess deliverables like those listed on the attached document and review the financial process of paying grant related invoices. Our visit should be helpful to you in your grant program performance, and we will try to respond to any questions or problems you may have at the time of the visit.

Please be sure that key staff is available for our review. I am hopeful that our meeting will be mutually beneficial. We will meet you at your office at XX:XX a.m., and then proceed with you to the locations where items are stored. We should be finished no later than XX:XX p.m.

Sincerely,

{Administering Agency Authorizing Representative}

## Exhibit E: Post-Monitoring Letter

{DATE}

[Name of Administering Agency]

Re: {YEAR} Monitoring Visit, {Grant Title, Award #}

Dear {\_\_\_\_\_}:

Thank you for the support and cooperation by you and your staff during our site visit on {DATE OF VISIT}. During our review, we examined your financial, administrative, and internal control procedures, and visually inspected the items purchased with federal funds awarded to your agency through [Name of Administering Agency] as funded by the State Fiscal Recovery Funds (SFRF). The federal funding on this site visit involved the following grants / projects:

{Grant / Project Title, Award #}

{Grant / Project Title, Award #}

{Grant / Project Title, Award #}

The monitoring visit is part of the monitoring policy that [Name of Administering Agency] has incorporated into their grant program, which provides for at least one visit per year, per grant. As discussed during the Exit conference, there were no findings or recommendations that need correction.

{OR, describe here the recommendations/findings that need to be addressed. If a Corrective Action Plan will be required, specify due date for the plan.}

Again, thank you for your cooperation. I look forward to working with you throughout the life of the project.

Sincerely,

{Administering Agency Authorizing Representative}



Attachment 1

STATE FISCAL RECOVERY FUNDS (SFRF) SUBRECIPIENT MONITORING HANDBOOK ACKNOWLEDGMENT

By signing this document, I acknowledge, that I have received a copy of the Subrecipient Monitoring Handbook. I recognize it contains important information on the Administering Agency’s Grant policies, procedures, rules and regulations. It is my responsibility to familiarize myself with the material in the Handbook.

I understand that no statement contained in the Subrecipient Monitoring Handbook creates any guarantee of continued funding or creates any obligation, contractual or otherwise, on the part of the Administering Agency

I understand compliance with the policies and procedures is a condition for the department to continue to be eligible for an award of SFRF funds, and that any violations of the policies and procedures may result in corrective action, including the termination of any grant funds up to the obligation of returning funds to grantor.

{Grant Year}, {Grant Name}, {Grant No.}

Signature

Signature

Administering Agency

Subrecipient

Date

Date

Signature

Signature

Grant Administrator

Grant Fund Accountant

Date

Date



## Attachment 2

### Subrecipient Annual Review Evaluation Report

Name of Subrecipient:

Name of Reviewer:

Date of Monitoring Visit \_\_\_\_\_

Grant Award # \_\_\_\_\_

Attendees from subrecipient:

*List the individuals who were involved / interviewed during the subrecipient monitoring visit.*



### Monitoring Visit Findings

*Describe in detail the findings that came from the monitoring visit.*

### Site Visit Corrective Action Suggestions to Findings

*Write a corrective action plan to help the subrecipient resolve the above findings in a timely manner.*

Subrecipient resolution(s) to findings

*Describe what the subrecipient has done to resolve the findings.*