

CHAPTER 03 - STATE BUDGET AND MANAGEMENT

SUBCHAPTER 03A - OFFICE OF STATE BUDGET AND MANAGEMENT

SECTION .0100 - ORGANIZATION AND FUNCTION

09 NCAC 03A .0101 ORGANIZATION

The Office of State Budget and Management is responsible for providing assistance to the Governor and the Advisory Budget Commission in preparing and monitoring the state's budget. The Governor is the Director of the Budget and the powers of director conferred on him may be exercised and performed by such person or persons as may be designated or appointed by him from time to time in writing.

*History Note: Authority G.S. 143-2;
Eff. February 1, 1976;
Readopted Eff. February 27, 1979;
Amended Eff. April 1, 1989;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. April 25, 2015.*

09 NCAC 03A .0102 LOCATION AND HOURS OF OPERATION

*History Note: Authority G.S. 143, Article 1;
Eff. February 1, 1976;
Readopted Eff. February 27, 1979;
Repealed Eff. April 1, 1989.*

09 NCAC 03A .0103 BUDGET MANUAL

*History Note: Authority G.S. 143-2;
Eff. February 1, 1976;
Readopted Eff. February 27, 1979;
Amended Eff. April 1, 1989;
Repealed Eff. July 1, 2016.*

SECTION .0200 - OPERATIONS

- 09 NCAC 03A .0201 APPROPRIATIONS**
- 09 NCAC 03A .0202 BUDGET DETERMINATION**
- 09 NCAC 03A .0203 OFFICIAL BUDGETS**
- 09 NCAC 03A .0204 RECEIPTS**
- 09 NCAC 03A .0205 TRANSFERS AND CHANGES**
- 09 NCAC 03A .0206 CONTINGENCY AND EMERGENCY**
- 09 NCAC 03A .0207 REQUISITIONS FOR ALLOTMENT**
- 09 NCAC 03A .0208 QUARTERLY ALLOTMENTS**
- 09 NCAC 03A .0209 REVISION OF QUARTERLY ALLOTMENTS**
- 09 NCAC 03A .0210 DISBURSEMENTS: OPERATING ON DISBURSING OFFICER'S WARRANTS**
- 09 NCAC 03A .0211 DISBURSING ACCOUNTS IN THE STATE TREASURY**
- 09 NCAC 03A .0212 REQUISITIONS FOR FUNDS**
- 09 NCAC 03A .0213 REFUNDS OF EXPENDITURES**
- 09 NCAC 03A .0214 REFUND OF RECEIPTS**

*History Note: Authority G.S. 143, Article 1;
Eff. February 1, 1976;
Readopted Eff. February 27, 1979;
Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).*

09 NCAC 03A .0215 INDIRECT COSTS

History Note: Authority G.S. 143, Article 1;
Eff. February 27, 1979;
Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).

SECTION .0300 - CAPITAL IMPROVEMENT

09 NCAC 03A .0301 CAPITAL IMPROVEMENT ALLOTMENTS
09 NCAC 03A .0302 REQUESTS FOR CAPITAL ALLOTMENTS
09 NCAC 03A .0303 REQUISITION FOR CAPITAL FUNDS

History Note: Authority G.S. 143, Article 1;
Eff. February 1, 1976;
Readopted Eff. February 27, 1979;
Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).

SECTION .0400 - REQUESTS FOR BIENNIAL APPROPRIATIONS

09 NCAC 03A .0401 REQUESTS FOR APPROPRIATIONS REQUIRED
09 NCAC 03A .0402 PROCEDURES FOR BIENNIAL REQUESTS
09 NCAC 03A .0403 REQUESTS FOR CAPITAL IMPROVEMENTS

History Note: Authority G.S. 143, Article 1;
Eff. February 1, 1976;
Readopted Eff. February 27, 1979;
Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).

SECTION .0500 - POPULATION INFORMATION

09 NCAC 03A .0501 POPULATION ESTIMATES
09 NCAC 03A .0502 USE OF POPULATION ESTIMATES
09 NCAC 03A .0503 DATA SOURCES
09 NCAC 03A .0504 PROCEDURES FOR CHALLENGING POPULATION ESTIMATES

History Note: Authority G.S. 105-113.86; 105-213; 105-337; 105-341(6); 105-472; 136-41.1; 143-337;
143-341(6);
Eff. February 27, 1979;
Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).

SUBCHAPTER 3B – APPROPRIATIONS AND ALLOTMENTS

SECTION .0100 – APPROPRIATIONS AND ALLOTMENTS

09 NCAC 03B .0101 SCOPE OF SUBCHAPTER
09 NCAC 03B .0102 WORK PROGRAM

History Note: Authority G.S. 143, Article 1;
Eff. February 1, 1976;
Readopted Eff. February 27, 1979;
Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).

SUBCHAPTER 3C – REPORTING ON APPROPRIATIONS

SECTION .0100 - REPORTING PROCEDURES

- 09 NCAC 3C .0101 REPORTS REQUIRED**
- 09 NCAC 3C .0102 REPORT FORMS OPERATING BUDGET**

History Note: Authority G.S. 143, Article 1;
 Eff. February 1, 1976;
 Readopted Eff. February 27, 1979;
 Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).

SECTION .0200 - CAPITAL IMPROVEMENTS REPORT FORMS

- 09 NCAC 03C .0201 REPORT FORMS**
- 09 NCAC 03C .0202 CONTRACT DOCUMENTS ON CAPITAL IMPROVEMENT PROJECTS**

History Note: Authority G.S. 143, Article 1;
 Eff. February 1, 1976;
 Readopted Eff. February 27, 1979;
 Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).

SUBCHAPTER 3D – FISCAL POLICIES AND REGULATIONS

SECTION .0100 - GENERAL PROVISIONS

- 09 NCAC 03D .0101 DAILY DEPOSITS**
- 09 NCAC 03D .0102 CASH BASIS**
- 09 NCAC 03D .0103 PAYMENT OF BILLS**
- 09 NCAC 03D .0104 DETERMINING TIME**

History Note: Authority G.S. 143-3; 143-5; 143-20; 147-77;
 Eff. February 1, 1976;
 Readopted Eff. February 27, 1979;
 Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).

SECTION .0200 - IMPREST CASH FUNDS

- 09 NCAC 3D .0201 DEFINITION**
- 09 NCAC 3D .0202 WHEN ESTABLISHED**
- 09 NCAC 3D .0203 CLOSING AT END OF FISCAL YEAR**
- 09 NCAC 3D .0204 REPORTING AND ACCOUNTING**

History Note: Authority G.S. 143-3; 143-5; 143-20; 147-77;
 Eff. February 1, 1976;
 Readopted Eff. February 27, 1979;
 Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).

SECTION .0300 - OPERATION OF DINING FACILITIES

- 09 NCAC 3D .0301 MEAL CHARGES**
- 09 NCAC 3D .0302 SALES TAXES**
- 09 NCAC 3D .0303 EXCLUSIONS FROM SALES TAX**
- 09 NCAC 3D .0304 COLLECTION**

History Note: Authority G.S. 105-164.4; 143-3; 143-5; 143-20; 147-77;
 Eff. February 1, 1976;

Readopted Eff. February 27, 1979;
Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).

SECTION .0400 - CLOSING ACCOUNTS AT END OF FISCAL YEAR

09 NCAC 03D .0401 END OF FISCAL YEAR
09 NCAC 03D .0402 VOUCHER REGISTERS
09 NCAC 03D .0403 OUTSTANDING OBLIGATIONS
09 NCAC 03D .0404 LIQUIDATION OF OBLIGATIONS
09 NCAC 03D .0405 DATES OF CLOSING
09 NCAC 03D .0406 RECEIPTS
09 NCAC 03D .0407 REPORTS
09 NCAC 03D .0408 LIQUIDATING OUTSTANDING OBLIGATIONS END OF FISCAL YEAR

History Note: Authority G.S. 143-3; 143-5; 143-20; 147-77;
Eff. February 1, 1976;
Readopted Eff. February 27, 1979;
Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).

SECTION .0500 - SURETY BONDING OF OFFICERS AND EMPLOYEES

09 NCAC 03D .0501 PERIODIC REVIEW
09 NCAC 03D .0502 INSURANCE DEPARTMENT

History Note: Authority G.S. 109-16; 109-17;
Eff. February 1, 1976;
Readopted Eff. February 27, 1979;
Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).

SECTION .0600 - PAYROLLS AND PERSONNEL

09 NCAC 03D .0601 PAYROLL PREPARATION
09 NCAC 03D .0602 FISCAL CONTROL OF SALARIES AND WAGES
09 NCAC 03D .0603 LAPSED SALARY FUNDS
09 NCAC 03D .0604 PAYROLL DEDUCTIONS
09 NCAC 03D .0605 BUDGETING AND ACCOUNTING FOR OVERTIME PAYMENTS
09 NCAC 03D .0606 DOCUMENTATION TO SUPPORT MONEY PAYMENT FOR OVERTIME

History Note: Authority G.S. 143-3; 143-5; 143-20; 143-34.1; 147-62; 147-77;
Eff. February 1, 1976;
Readopted Eff. February 27, 1979;
Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).

SECTION .0700 - ENCUMBERING FUNDS FOR NEXT FISCAL YEAR

09 NCAC 03D .0701 POLICY
09 NCAC 03D .0702 ENCUMBERING FUNDS FOR NEXT FISCAL YEAR

History Note: Authority G.S. 143-18;
Eff. February 1, 1976;
Readopted Eff. February 27, 1979;
Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).

SECTION .0800 - SUBMISSION OF AGENCY RULES REQUIRING THE EXPENDITURE OR DISTRIBUTION OF STATE FUNDS

09 NCAC 03D .0801	DEFINITIONS
09 NCAC 03D .0802	AGENCY SUBMISSION TO OFFICE OF STATE BUDGET AND MANAGEMENT
09 NCAC 03D .0803	PROCEDURE FOR RESPONDING TO AGENCY SUBMISSIONS
09 NCAC 03D .0804	FILING RULES WITH OFFICE OF STATE BUDGET AND MANAGEMENT

History Note: Authority G.S. 143-1; 143-2; 143-9; 143-16; 143-16.1; 150A-11(4);
 Eff. August 15, 1980;
 Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).

SUBCHAPTER 3E – TRAVEL TRANSPORTATION AND ALLOWANCES

SECTION .0100 - GENERAL PROVISIONS

09 NCAC 03E .0101	REIMBURSABLE EXPENSES
09 NCAC 03E .0102	DEFINITION OF TERMS

History Note: Authority G.S. 138-5; 138-6; 138-7;
 Eff. February 1, 1976;
 Readopted Eff. February 27, 1979;
 Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).

SECTION .0200 - STATE POLICIES GOVERNING TRAVEL AND EXPENSE ALLOWANCES

09 NCAC 03E .0201	TRAVEL ALLOWANCES STATE OFFICERS AND EMPLOYEES
09 NCAC 03E .0202	MEMBERS OF BOARDS: COMMISSIONS: COMMITTEES: AND COUNCILS
09 NCAC 03E .0203	STATE EMPLOYEES ON BOARDS OR COMMISSIONS

History Note: Authority G.S. 93B-1; 138-5; 138-6; 138-7;
 Eff. February 1, 1976;
 Readopted Eff. February 27, 1979;
 Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).

SECTION .0300 - AUTHORIZATION PROCEDURE

09 NCAC 03E .0301	IN-STATE TRAVEL
09 NCAC 03E .0302	OUT-OF-STATE TRAVEL
09 NCAC 03E .0303	OUT-OF-COUNTRY TRAVEL
09 NCAC 03E .0304	BLANKET AUTHORIZATION
09 NCAC 03E .0305	ADVANCES
09 NCAC 03E .0306	EXCESS SUBSISTENCE AUTHORIZATION
09 NCAC 03E .0307	STIPENDS

History Note: Authority G.S. 138-5; 138-6; 138-7;
 Eff. February 1, 1976;
 Readopted Eff. February 27, 1979;
 Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).

SECTION .0400 - NON-STATE EMPLOYEES

09 NCAC 03E .0401	NON-STATE EMPLOYEES ON STATE BUSINESS
09 NCAC 03E .0402	PROSPECTIVE PROFESSIONAL EMPLOYEES
09 NCAC 03E .0403	STUDENTS
09 NCAC 03E .0404	ATTENDANTS

09 NCAC 03E .0405 GUESTS OF DEPARTMENT HEADS
09 NCAC 03E .0406 CONSULTANTS
09 NCAC 03E .0407 CONSULTANTS TRAVEL AND SUBSISTENCE

*History Note: Authority G.S. 138-5; 138-6; 138-7; 143-64.20; 143-64.21; 143-64.22; 143-64.23; 143-64.24; 1 NCAC 5D;
Eff. February 1, 1976;
Readopted Eff. February 27, 1979;
Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).*

SECTION .0500 - MOVING EXPENSES

09 NCAC 03E .0501 GENERAL PROVISIONS
09 NCAC 03E .0502 EXPENSES PAID
09 NCAC 03E .0503 PROCEDURE FOR MOVING AND REIMBURSEMENT
09 NCAC 03E .0504 PROCEDURE FOR REIMBURSEMENT
09 NCAC 03E .0505 ALTERNATE PROCEDURE

*History Note: Authority Biennial Appropriation Bill;
Eff. February 1, 1976;
Readopted Eff. February 27, 1979;
Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).*

SUBCHAPTER 3F - DISBURSING

09 NCAC 03F .0101 ORGANIZATION
09 NCAC 03F .0102 RESPONSIBILITY
09 NCAC 03F .0103 PAYMENT PROCEDURES
09 NCAC 03F .0104 PAYROLL DEDUCTIONS

*History Note: Authority G.S. 105-242; 116-46.2; 135-5.1; 138-1; 143-3.2; 147-62;
Eff. February 1, 1976;
Readopted Eff. February 27, 1979;
Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).*

SUBCHAPTER 3G – ADVISORY BUDGET COMMISSION

SECTION .0100 - RULE-MAKING PROCEDURES

09 NCAC 03G .0101 RULE-MAKING AUTHORITY
09 NCAC 03G .0102 RULE-MAKING HEARINGS
09 NCAC 03G .0103 PETITIONS FOR RULE-MAKING HEARINGS
09 NCAC 03G .0104 ADOPTION OR APPROVAL OF RULES
09 NCAC 03G .0105 FILING OF RULES

*History Note: Authority G.S. 108-42; 143-34.3; 143-53; 143-60; 150A, Article 5; S.L. 1971, Ch. 909; S.L. 1976, Ch. 909;
Eff. November 17, 1976;
Readopted Eff. February 27, 1979;
Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).*

SUBCHAPTER 3H – STATE CLEARINGHOUSE AND INFORMATION CENTER

SECTION .0100 – STATE CLEARINGHOUSE AND INFORMATION CENTER

09 NCAC 03H .0101	FUNCTION
09 NCAC 03H .0102	NON-STATE APPLICANT REVIEW
09 NCAC 03H .0103	STATE PROJECT REVIEW

History Note: Authority G.S. 143-341; 143-342; Sec. 204 Demonstration Cities and Metropolitan Development Act of 1966; Title IV of the Intergovernmental Cooperation Act of 1968; Section 102(2)(c) National Environmental Policy Act of 1969; Title VI of the Civil Rights Act of 1964; Federal Register, Vol. 41: 8.; Eff. February 27, 1979; Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).

SUBCHAPTER 3I – THE MEDICAL STUDENT LOAN PROGRAM

SECTION .0100 - PURPOSE AND SCOPE

09 NCAC 03I .0101	PURPOSE
09 NCAC 03I .0102	SCOPE

History Note: Filed as a Temporary Amendment Eff. July 25, 1984, for a Period of 120 Days to Expire on November 22, 1984; Filed as a Temporary Rule Eff. August 12, 1983, for a Period of 120 Days to Expire on December 10, 1983; Authority G.S. 143-47.21 through 143-47.24; Eff. December 10, 1983; Amended Eff. January 1, 1985; Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).

SECTION .0200 - ELIGIBILITY RULES

09 NCAC 03I .0201	DOMICILE
09 NCAC 03I .0202	ACCEPTANCE IN A COURSE OF STUDY
09 NCAC 03I .0203	LOANS NOT AVAILABLE
09 NCAC 03I .0204	CRITERIA FOR SELECTION OF RECIPIENTS
09 NCAC 03I .0205	AGREEMENT TO PRACTICE IN NORTH CAROLINA

History Note: Authority G.S. 143-47.21; Eff. February 1, 1976; Readopted Eff. December 19, 1977; Amended Eff. April 23, 1979; Transferred from 10 NCAC 3K Eff. January 1, 1983; Amended Eff. January 1, 1983; Repealed Eff. January 1, 1985.

SECTION .0300 - INTERVIEW

09 NCAC 03I .0301	POLICY SESSION AND INTERVIEW
09 NCAC 03I .0302	APPLICATION FORM
09 NCAC 03I .0303	SUPPORTING INFORMATION
09 NCAC 03I .0304	DATE DUE
09 NCAC 03I .0305	NOTIFICATION

09 NCAC 03I .0306 APPROVAL
09 NCAC 03I .0307 SECURITY FOR THE LOAN
09 NCAC 03I .0308 CHECK

History Note: Authority G.S. 143-47.21;
 Eff. February 1, 1976;
 Readopted Eff. December 19, 1977;
 Amended Eff. January 23, 1981; April 23, 1979;
 Transferred from 10 NCAC 3K Eff. January 1, 1983;
 Amended Eff. January 1, 1983;
 Repealed Eff. January 1, 1985.

SECTION .0400 - SUBSEQUENT LOANS

09 NCAC 03I .0401 TIME LIMIT
09 NCAC 03I .0402 RENEWAL APPLICATIONS
09 NCAC 03I .0403 PAYMENT
09 NCAC 03I .0404 REPETITION OF ACADEMIC WORK

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 Eff. December 10, 1983;
 Amended Eff. January 1, 1985;
 Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).

SECTION .0500 - GENERAL RULES

09 NCAC 03I .0501 INSTALLMENTS
09 NCAC 03I .0502 CORRESPONDENCE
09 NCAC 03I .0503 TAX STATUS
09 NCAC 03I .0504 DEATH OF LOAN RECIPIENT
09 NCAC 03I .0505 PERMISSIBLE USE
09 NCAC 03I .0506 DEFERMENT
09 NCAC 03I .0507 TRANSFER

History Note: Authority G.S. 143-47.21;
 Eff. February 1, 1976;
 Readopted Eff. December 19, 1977;
 Amended Eff. April 23, 1979;
 Transferred from 10 NCAC 3K Eff. January 1, 1983;
 Amended Eff. January 1, 1983;
 Repealed Eff. January 1, 1985.

09 NCAC 03I .0508 DISABILITY

History Note: Authority G.S. 143-47.21;
 Eff. February 9, 1978;
 Transferred from 10 NCAC 3K Eff. January 1, 1983;
 Amended Eff. January 1, 1983;
 Repealed Eff. January 1, 1985.

09 NCAC 03I .0509 CONCURRENT FUNDING AND PRACTICE OBLIGATION

History Note: Authority G.S. 143-47.21;
Eff. April 23, 1979;
Transferred from 10 NCAC 3K Eff. January 1, 1983;
Amended Eff. January 1, 1983;
Repealed Eff. January 1, 1985.

SECTION .0600 - MAXIMUM LOAN AMOUNTS

09 NCAC 03I .0601	DENTAL HYGIENE
09 NCAC 03I .0602	DENTISTRY; MEDICINE AND OSTEOPATHY
09 NCAC 03I .0603	DIETETICS
09 NCAC 03I .0604	MEDICAL RECORDS ADMINISTRATION
09 NCAC 03I .0605	MEDICAL TECHNOLOGY
09 NCAC 03I .0606	NURSE ANESTHESIA
09 NCAC 03I .0607	NURSING
09 NCAC 03I .0608	NUTRITION
09 NCAC 03I .0609	OCCUPATIONAL THERAPY
09 NCAC 03I .0610	OPTOMETRY
09 NCAC 03I .0611	PHARMACY
09 NCAC 03I .0612	PHYSICAL THERAPY
09 NCAC 03I .0613	GRADUATE SCHOOL LOANS

History Note: Authority G.S. 143-47.21;
Eff. February 1, 1976;
Readopted Eff. December 19, 1977;
Amended Eff. April 23, 1979; February 10, 1978;
Transferred from 10 NCAC 3K Eff. January 1, 1983;
Repealed Eff. January 1, 1985.

09 NCAC 03I .0614	FAMILY NURSE PRACTITIONER
09 NCAC 03I .0615	PHYSICIAN ASSISTANT

History Note: Authority G.S. 143-47.21;
Eff. April 23, 1979;
Transferred from 10 NCAC 3K Eff. January 1, 1983;
Repealed Eff. January 1, 1985.

SECTION .0700 - GENERAL PRACTICE RULES

Editor's Note: 9 NCAC 3I .0700 has been recodified as 9 NCAC 3K .0700.

SECTION .0800 - SPECIFIC PRACTICE REQUIREMENTS

Editor's Note: 9 NCAC 3I .0800 has been recodified as 9 NCAC 3K .0800.

SECTION .0900 - CASH REPAYMENT

Editor's Note: 9 NCAC 3I .0900 has been recodified as 9 NCAC 3K .0900.

SUBCHAPTER 3J – THE STUDENT LOAN PROGRAM FOR HEALTH, SCIENCE AND MATHEMATICS

SECTION .0100 - PURPOSE AND SCOPE

Editor's Note: 9 NCAC 3J .0100 has been recodified as 9 NCAC 3K .0100.

SECTION .0200 - ELIGIBILITY RULES

Editor's Note: 9 NCAC 3J .0200 has been recodified as 9 NCAC 3K .0200

SECTION .0300 - INITIAL APPLICATION

Editor's Note: 9 NCAC 3J .0300 has been recodified as 9 NCAC 3K .0300.

SECTION .0400 - SUBSEQUENT LOANS

Editor's Note: 9 NCAC 3J .0400 has been recodified as 9 NCAC 3K .0400.

SECTION .0500 - GENERAL RULES

Editor's Note: 9 NCAC 3J .0500 has been recodified as 9 NCAC 3K .0500.

SECTION .0600 - MAXIMUM LOAN AMOUNTS

Editor's Note: 9 NCAC 3J .0600 has been recodified as 9 NCAC 3K .0600.

SECTION .0700 - REPAYMENT REGULATIONS

- 09 NCAC 03J .0701 OUT-OF-SCHOOL DEFERMENTS**
- 09 NCAC 03J .0702 ANNUAL REPAYMENT SCHEDULE**
- 09 NCAC 03J .0703 DATE DUE**
- 09 NCAC 03J .0704 RATE OF INTEREST**
- 09 NCAC 03J .0705 INTEREST COMPUTATION**
- 09 NCAC 03J .0706 COLLECTION OF PAST-DUE ACCOUNTS**
- 09 NCAC 03J .0707 SET-OFF DEBT COLLECTION**
- 09 NCAC 03J .0708 SUIT FOR COLLECTION**

*History Note: Filed as a Temporary Rule Eff. August 12, 1983, for a Period of 120 Days to Expire on December 10, 1983;
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 Eff. December 10, 1983;
 Repealed Eff. January 1, 1985.*

SUBCHAPTER 3K – THE STUDENT LOAN PROGRAM FOR HEALTH, SCIENCE, AND MATHEMATICS

SECTION .0100 - PURPOSE AND SCOPE

- 09 NCAC 03K .0101 PURPOSE**
- 09 NCAC 03K .0102 SCOPE**

*History Note: Filed as a Temporary Amendment Eff. July 25, 1984, for a Period of 120 Days to Expire on November 22, 1984;
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Eff. December 10, 1983;
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Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).

SECTION .0200 - ELIGIBILITY RULES

09 NCAC 03K .0201 DOMICILE
09 NCAC 03K .0202 ACCEPTANCE/ENROLLMENT IN A COURSE OF STUDY
09 NCAC 03K .0203 FINANCIAL NEED
09 NCAC 03K .0204 LOANS NOT AVAILABLE

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Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).

09 NCAC 03K .0205 CRITERIA FOR SELECTION OF RECIPIENTS
09 NCAC 03K .0206 AGREEMENT TO WORK IN NORTH CAROLINA

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SECTION .0300 - INITIAL APPLICATION

09 NCAC 03K .0301 APPLICATION FORM AND SUPPORTING INFORMATION
09 NCAC 03K .0302 APPROVAL
09 NCAC 03K .0303 SECURITY FOR THE LOAN
09 NCAC 03K .0304 CHECK

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09 NCAC 03K .0305 SECURITY FOR THE LOAN
09 NCAC 03K .0306 CHECK

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Authority G.S. 143-47.21 through 143-47.24;
Eff. December 10, 1983;
Repealed Eff. January 1, 1985.

SECTION .0400 - SUBSEQUENT LOANS

09 NCAC 03K .0401	TIME LIMIT
09 NCAC 03K .0402	RENEWAL APPLICATIONS
09 NCAC 03K .0403	DISBURSEMENT
09 NCAC 03K .0404	REPETITION OF ACADEMIC WORK

History Note: Filed as a Temporary Amendment Eff. July 25, 1984, for a Period of 120 Days to Expire on November 22, 1984;
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Eff. December 10, 1983;
Amended Eff. January 1, 1985;
Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).

SECTION .0500 - GENERAL RULES

09 NCAC 03K .0501	STATE POLICY ON CIVIL RIGHTS
09 NCAC 03K .0502	PERMISSIBLE USE
09 NCAC 03K .0503	CORRESPONDENCE
09 NCAC 03K .0504	SURETIES (COSIGNERS)
09 NCAC 03K .0505	DEATH OF LOAN RECIPIENT
09 NCAC 03K .0506	DISABILITY
09 NCAC 03K .0507	FINANCIAL HARDSHIP
09 NCAC 03K .0508	TRANSFER
09 NCAC 03K .0509	ADMINISTRATIVE/ACADEMIC DELAYS
09 NCAC 03K .0510	INELIGIBILITY
09 NCAC 03K .0511	APPEAL PROCESS
09 NCAC 03K .0512	DISCRETIONARY AUTHORITY OF THE PROGRAM STAFF

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Eff. December 10, 1983;
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Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).

SECTION .0600 - MAXIMUM LOAN AMOUNTS

09 NCAC 03K .0601	ASSOCIATE DEGREE
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History Note: Filed as a Temporary Rule Eff. August 12, 1983, for a Period of 120 Days to Expire on December 10, 1983;
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09 NCAC 03K .0602	CERTIFICATE PROGRAMS
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09 NCAC 03K .0603 BACCALAUREATE DEGREE
09 NCAC 03K .0604 MASTER'S DEGREE
09 NCAC 03K .0605 DOCTOR OF PHILOSOPHY/PROFESSIONAL HEALTH SCIENCE

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Eff. December 10, 1983;
Amended Eff. January 1, 1985;
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09 NCAC 03K .0606 EXCEPTIONS
09 NCAC 03K .0607 DIPLOMA PROGRAMS

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SECTION .0700 - GENERAL PRACTICE RULES

09 NCAC 03K .0701 CANCELLATION
09 NCAC 03K .0702 EXAMINATIONS
09 NCAC 03K .0703 PRACTICE OR EMPLOYMENT
09 NCAC 03K .0704 EXCLUSIONS
09 NCAC 03K .0705 AFFIDAVIT OF SERVICE AND CERTIFICATION
09 NCAC 03K .0706 PRACTICE APPROVAL

History Note: Filed as a Temporary Amendment Eff. July 25, 1984, for a Period of 120 Days to Expire on November 22, 1984;
Authority G.S. 143-47.21 through 143-47.24;
Eff. February 1, 1976;
Readopted Eff. December 19, 1977;
Amended Eff. April 23, 1979; February 9, 1978;
Transferred from 10 NCAC 3K Eff. January 1, 1983;
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09 NCAC 03K .0707 DEFERMENT

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SECTION .0800 - SPECIFIC PRACTICE REQUIREMENTS

09 NCAC 03K .0801	CLINICAL PSYCHOLOGIST
09 NCAC 03K .0802	PRACTITIONERS
09 NCAC 03K .0803	DIETETICS AND NUTRITION
09 NCAC 03K .0804	MEDICAL LABORATORY TECHNOLOGY
09 NCAC 03K .0805	NURSE ANESTHESIA
09 NCAC 03K .0806	MATHEMATICS AND SCIENCE
09 NCAC 03K .0807	NURSING: ADMINISTRATION AND PUBLIC HEALTH NURSING
09 NCAC 03K .0808	OCCUPATIONAL THERAPY
09 NCAC 03K .0809	PHARMACY
09 NCAC 03K .0810	PHYSICAL THERAPY
09 NCAC 03K .0811	GRADUATE SCHOOL LOANS

History Note: Filed as a Temporary Amendment Eff. July 25, 1984, for a Period of 120 Days to Expire on November 22, 1984;
Authority G.S. 143-47.21 through 143-47.24; 143B-35 through 143B-38;
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Amended Eff. January 30, 1977;
Readopted Eff. December 19, 1977;
Amended Eff. April 23, 1979;
Transferred from 10 NCAC 3K Eff. January 1, 1983;
Amended Eff. January 1, 1985; January 1, 1983;
Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).

09 NCAC 03K .0812	VETERINARY MEDICINE
09 NCAC 03K .0813	ALTERNATE SERVICE
09 NCAC 03K .0814	CONCURRENT FUNDING AND PRACTICE OBLIGATION
09 NCAC 03K .0815	EXCEPTIONS TO IN-SERVICE CANCELLATION OF LOANS

History Note: Filed as a Temporary Rule Eff. July 25, 1984, for a Period of 120 Days to Expire on November 22, 1984;
Authority G.S. 143-47.21 through 143-47.24;
Eff. January 1, 1985;
Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).

SECTION .0900 - CASH REPAYMENT

09 NCAC 03K .0901	REPAYMENT
09 NCAC 03K .0902	RATE OF INTEREST
09 NCAC 03K .0903	COMPUTATION OF INTEREST
09 NCAC 03K .0904	DATE DUE
09 NCAC 03K .0905	COLLECTION OF PAST DUE ACCOUNTS

History Note: Filed as a Temporary Amendment Eff. July 25, 1984, for a Period of 120 Days to Expire on November 22, 1984;
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Amended Eff. September 7, 1981;
Transferred from 10 NCAC 3K Eff. January 1, 1983;

*Amended Eff. January 1, 1985; January 1, 1983;
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09 NCAC 03K .0906 SUIT FOR COLLECTION

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Eff. January 1, 1985;
Repealed Eff. March 1, 1989 in accordance with G.S. 150B-59(c).*

SUBCHAPTER 03L – STATE CLEAN WATER REVOLVING LOAN AND GRANT PROGRAM

Editor's Note: 9 NCAC 3L has been transferred and recodified to 15A NCAC 1J effective December 5, 1991.

SUBCHAPTER 03M – UNIFORM ADMINISTRATION OF STATE AWARDS OF GRANTS

SECTION .0100 - ORGANIZATION AND FUNCTION

09 NCAC 03M .0101 PURPOSE

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 grants and ensure the uniform administration of grant funds by all State agencies, recipients, and subrecipients. The requirements of this subchapter shall not apply to:

- (1) Grants 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 programs to or on behalf of enrolled individuals.
- (4) State funds disbursed to a contractor as defined in this Subchapter.

*History Note: Authority G.S. 143C-6-22; 143C-6-23;
Eff. July 1, 2005;
Amended Eff. October 1, 2007;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. April 25, 2015;
Amended Eff. July 1, 2024; July 1, 2016.*

09 NCAC 03M .0102 DEFINITIONS

In addition to the definitions set forth in G.S. 143C-6-23 and G.S. 143C-1-1, the following definitions shall apply to this Subchapter:

- (1) "Agency" means every public office, public officer or official (State or local, elected or appointed), institution, board, commission, bureau, council, department, authority, or other unit of government of the State or of any county, unit, special district, or other political subdivision of state or local government.
- (2) "Audit" means an examination of records or financial accounts to verify their accuracy.
- (3) "Beneficiary" means an individual receiving the funds or assistance as the end user.
- (4) "Compliance Supplement" refers to the North Carolina State Compliance Supplement, maintained by the State and Local Government Finance Division of the North Carolina Department of State Treasurer that has been developed in cooperation with agencies to assist the local auditor in identifying program compliance requirements and audit procedures for testing those requirements.
- (5) "Contract" means a legal instrument including any amendments used to document a relationship between the agency and a recipient or between a recipient and subrecipient.

- (6) "Contractor" means an entity subject to the contractor requirements, as well as any entity that would be subject to the contractor requirements but for a specific statute or rule exempting that entity from the contractor requirements.
- (7) "Contractor requirements" means Article 3, 3C, 3D, 3E, 3G, or 8 of Chapter 143 of the General Statutes and related rules.
- (8) "Fiscal Year" means the annual operating year of the non-State entity.
- (9) "Financial Statement" means a report providing financial data relative to a given part of an organization's operations or status.
- (10) "Grants" or "Grant funds" means State funds disbursed as a grant, cooperative agreement, non-cash contribution, food commodities, or direct appropriation, to a recipient or subrecipient as defined in this Rule.
- (11) "Monitoring plan" means a documented system of educating, reviewing, tracking, and reporting on the use of grant funds. Designed to assure that public funds are spent in compliance with applicable rules and statutes, and that performance expectations are being achieved.
- (12) "Non-State Entity" has the meaning in G.S. 143C-1-1(d)(18).
- (13) "Program-specific audit" means an audit that includes an examination of financial statements, internal controls, and compliance with the requirements and contract clauses for an individual State award.
- (14) "Recipient" means a non-State entity that receives grants directly from a State agency to carry out part of a State program, but does not include any non-State entity subject to the audit and other reporting requirements of the Local Government Commission. For purposes of this Subchapter, "recipient" also includes a non-State entity that would be considered a "subrecipient" pursuant to 2 CFR 200.93 for Federal funds subawarded by a recipient State agency, but does not include a subrecipient as defined in Item (17) of this Rule. 2 CFR 200.93 is herein incorporated by reference, including subsequent amendments and editions, and is available in electronic form free of charge at <https://www.ecfr.gov>.
- (15) "Single Audit" means an audit that includes an examination of an organization's financial statements, internal controls, and compliance with the requirements of Federal or State awards.
- (16) "State Funds" means any funds appropriated by the North Carolina General Assembly or collected by the State of North Carolina. State funds include federal financial assistance received by the State and transferred or disbursed to non-State entities. Both Federal and State funds maintain their identity as they are disbursed as financial assistance to other organizations.
- (17) "Subrecipient" means a non-State entity that receives grants from a recipient to carry out part of a State program; but does not include a beneficiary of such program. This definition of "subrecipient" applies throughout these Rules, except as used in Item (14) of this Rule.
- (18) "Suspension of Funding list" means a database maintained and distributed by Office of State Budget and Management in consultation with State agencies designating grantees or subgrantees in a state of non-compliance with grant agreement requirements in accordance with 09 NCAC 03M .0801.

History Note: Authority G.S. 143C-6-22; 143C-6-23;
Eff. July 1, 2005;
Amended Eff. October 1, 2007;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. April 25, 2015;
Amended Eff. July 1, 2024; July 1, 2016.

SECTION .0200 - RESPONSIBILITIES OF RECIPIENTS AND SUBRECIPIENTS

09 NCAC 03M .0201 ALLOWABLE USES OF GRANTS

Expenditures of grants by any recipient or subrecipient shall be in accordance with the cost principles outlined in the Code of Federal Regulations, 2 CFR, Part 200. If the grants include federal sources, the recipient or subrecipient shall ensure adherence to the cost principles established in the Code of Federal Regulations, 2 CFR, Part 200. 2 CFR, Part 200 is herein incorporated by reference, including subsequent amendments and editions, and is available in electronic form free of charge at <https://www.ecfr.gov>.

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

Amended Eff. July 1, 2024.

09 NCAC 03M .0202 RECIPIENT AND SUBRECIPIENT RESPONSIBILITIES

A recipient or subrecipient that receives grants shall ensure that those funds are utilized for their intended purpose, as outlined in the contract, and shall expend those funds in compliance with requirements established by this Subchapter and their contract. Recipients and subrecipients shall:

- (1) Maintain reports and accounting records that support the allowable expenditure of State funds. Recipients and subrecipients shall maintain such reports and records for five years from the end of the grant agreement and shall make available all reports and records for inspection by the awarding agency, the Office of State Budget and Management, and the Office of the State Auditor for oversight, monitoring, and evaluation purposes.
- (2) Ensure that subrecipients comply with all reporting requirements established by this Subchapter and their contract and report to the appropriate disbursing entity.
- (3) Have the option to request in writing to the Office of State Budget and Management to be removed from the Suspension of Funding List if they believe they have been suspended in error. Once removed from the Suspension of Funding List, the recipient is eligible for current and future grants.

*History Note: Authority G.S. 143C-6-22; 143C-6-23;
Eff. July 1, 2005;
Readopted Eff. July 1, 2016;
Amended Eff. July 1, 2024.*

09 NCAC 03M .0203 SUBGRANTEE RESPONSIBILITIES

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

09 NCAC 03M .0204 RESERVED FOR FUTURE CODIFICATION

09 NCAC 03M .0205 MINIMUM REPORTING REQUIREMENTS FOR RECIPIENTS AND SUBRECIPIENTS

(a) For the purposes of this Subchapter, there are two reporting levels established for recipients and subrecipients receiving grants. Reporting levels are based on the allocated funds from all grants disbursed through the State of North Carolina. The reporting levels are:

- (1) Level I – A recipient or subrecipient that receives, holds, uses, or expends grants in an amount less than the dollar amount requiring audit as listed in the Code of Federal Regulations 2 CFR 200.501(a) within its fiscal year. The dollar amount requiring audit listed in 2 CFR 200.501(a) is herein incorporated by reference, including subsequent amendments and editions, and can be accessed free of charge at <https://www.ecfr.gov/>.
- (2) Level II - A recipient or subrecipient that receives, holds, uses, or expends grants in an amount equal to or greater than the dollar amount requiring audit as listed in 2 CFR 200.501(a) within its fiscal year. The dollar amount requiring audit listed in 2 CFR 200.501(a) is herein incorporated by reference, including subsequent amendments and editions, and can be accessed free of charge at <https://www.ecfr.gov/>.

(b) Agencies shall require recipients to meet the following reporting standards on an annual basis:

- (1) All recipients and subrecipients shall provide to the distributing agency a certification that grants received or held were used for the purposes for which the grants were awarded.
- (2) All recipients and subrecipients shall provide an accounting to the distributing agency of all grants received, held, used, or expended.
- (3) All recipients and subrecipients shall report on activities and accomplishments undertaken by the recipient, including reporting on any performance measures established in the contract.
- (4) Level II recipients and subrecipients shall have a single or program-specific audit prepared and completed in accordance with Generally Accepted Government Auditing Standards, also known as the

Yellow Book, which is herein incorporated by reference, including subsequent amendments and editions, and can be accessed free of charge at <https://www.gao.gov/yellowbook>.

(c) All reports shall be filed with the disbursing agency in the format and method specified by the agency no later than three months after the end of the recipient's fiscal year, unless the same information is already required through more frequent reporting. Audits shall be provided to the funding agency no later than nine months after the end of the recipient's fiscal year.

(d) Agency-established reporting requirements to meet the standards set forth in Paragraph (b) of this Rule shall be specified in each recipient's contract.

(e) Unless prohibited by law, the costs of audits made in accordance with the provisions of this Rule shall be allowable charges to State and Federal awards. The charges may be considered a direct cost or an allocated indirect cost, as determined in accordance with cost principles outlined in the Code of Federal Regulations, 2 CFR Part 200, which is herein incorporated by reference, including subsequent amendments and editions, and can be accessed free of charge at <https://www.ecfr.gov>. The cost of any audit not conducted in accordance with this Subchapter shall not be charged to State awards.

(f) Notwithstanding the provisions of this Subchapter, a recipient may satisfy the reporting requirements of Subparagraph (b)(4) of this Rule by submitting a copy of the report required under federal law with respect to the same funds.

History Note: Authority G.S. 143C-6-22; 143C-6-23;
Eff. July 1, 2005;
Readopted Eff. July 1, 2016;
Amended Eff. July 1, 2024.

SECTION .0300 - RESPONSIBILITIES OF THE OFFICE OF THE STATE CONTROLLER

09 NCAC 03M .0301 OFFICE OF THE STATE CONTROLLER RESPONSIBILITIES

History Note: Authority G.S. 143C-6-22; 143C-6-23;
Eff. July 1, 2005;
Amended Eff. October 1, 2007;
Pursuant to G.S. 150B-21.3A, rule Expired May 1, 2015.

SECTION .0400 - RESPONSIBILITIES OF AGENCIES

09 NCAC 03M .0401 AGENCY RESPONSIBILITIES

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

- (1) Notify each recipient, at the time the grant award is made, of the purpose of the award and the reporting requirements established in this Subchapter.
- (2) Prior to disbursing any grant funds:
 - (A) Register each State assistance program with the Office of State Budget and Management using the NC Grants Management System which can be accessed at <https://www.osbm.nc.gov>. Information required to register includes program ID and description, program name, and funding year.
 - (B) Execute a contract with the recipient that complies with the requirements of this Subchapter.
 - (C) Report each individual award to the Office of State Budget and Management using the NC Grants Management System which can be accessed at <https://www.osbm.nc.gov>. Information required to report includes CRIS program ID, award date, completion date, award amount, and program name.
 - (D) Follow the procedures for disbursement of grant funds.
- (3) Develop compliance supplement reports that describe standards of compliance and audit procedures to give direction to independent auditors. This report shall be provided to the State and Local Government Finance Division in the North Carolina Department of State Treasurer for inclusion in the North Carolina State Compliance Supplement.
- (4) Develop a monitoring plan for each State assistance program the agency oversees and gain approval of the plan by the Office of State Budget and Management. Monitoring plans will be evaluated based on

- plan elements including programs covered, education and technical assistance, risk assessment framework, monitoring procedures, non-compliance procedures, and closeout of award procedures.
- (5) Perform monitoring and oversight functions as specified in agency monitoring plans to ensure that grant funds are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts, and that performance goals are achieved.
 - (6) Ensure that grant funds are spent consistent with the purposes for which it was awarded.
 - (7) Determine that reporting requirements have been met by the recipient and that all reports have been completed and submitted in accordance with the recipient's contract.
 - (8) Monitor compliance by recipients with all terms of a contract. Upon determination of noncompliance the agency shall take action as specified in Section .0800 of this Subchapter.
 - (9) Require agency internal auditors to conduct periodic audits of agency compliance with requirements of this Subchapter.
 - (10) Provide all requested documentation when subject to an audit of compliance with the requirements of this Subchapter. Audits may be conducted by the Office of State Budget and Management, the Office of the State Auditor, or the agency's internal auditor.
 - (11) Notify the Office of State Budget and Management when a recipient is not compliant with the requirements set forth in this Subchapter or the terms of their contract such that the recipient should be added to the Suspension of Funding List and have the disbursement of funds to the recipient suspended in accordance with G.S. 143C-6-23(f). Agencies shall not disburse grant funds to a recipient on the Suspension of Funding List until that recipient comes back into compliance and is removed from the Suspension of Funding List.
 - (12) Notify the Office of State Budget and Management when to remove entities from the Suspension of Funding List.

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

History Note: Authority G.S. 143C-6-22; 143C-6-23;
Eff. July 1, 2005;
Readopted Eff. July 1, 2016;
Amended Eff. July 1, 2024.

SECTION .0500 - RESPONSIBILITIES OF THE OFFICE OF THE STATE AUDITOR

09 NCAC 03M .0501 OFFICE OF THE STATE AUDITOR RESPONSIBILITIES

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

SECTION .0600 - RESPONSIBILITIES OF THE OFFICE OF STATE BUDGET AND MANAGEMENT

09 NCAC 03M .0601 OFFICE OF STATE BUDGET AND MANAGEMENT RESPONSIBILITIES

History Note: Authority G.S. 143C-6-22; 143C-6-23;
Eff. July 1, 2005;
Readopted Eff. July 1, 2016;
Repealed Eff. July 1, 2024.

SECTION .0700 - CONTRACTING, MONITORING, AND OVERSIGHT

09 NCAC 03M .0701 GRANT DOCUMENTATION

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

09 NCAC 03M .0702 SUBORDINATION OF OTHER CONTRACTS AGREEMENTS

No contract agreements shall act to eliminate or diminish the requirements contained in this Subchapter.

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

09 NCAC 03M .0703 REQUIRED CONTRACT PROVISIONS

Prior to receiving grant funds, the recipient shall sign a contract with the agency that shall contain the obligations of both parties. Prior to disbursing any grant funds, each agency shall sign a contract with the recipient requiring compliance with the rules in this Subchapter. The requirements of this Rule shall also be applicable to all recipient-subrecipient relationships. Each contract agreement shall contain:

- (1) A specification of the purpose of the award, services to be provided, objectives to be achieved, and expected results;
- (2) The source of funds (such as federal or state) must be identified, including the CFDA number and percentages of each source where applicable.
- (3) Account coding information sufficient to provide for tracking of the disbursement through the disbursing agency's accounting system.
- (4) Agreement to maintain all pertinent records for a period of five years or until all audit exceptions have been resolved, whichever is longer.
- (5) Names of all parties to the terms of the contract. For the recipient or subrecipient, each contract shall contain the employer/tax identification number, address, contact information, and the recipient's or subrecipient's fiscal year end date.
- (6) Signatures binding all parties to the terms of the contract.
- (7) Duration of the contract, including the effective and termination dates.
- (8) Amount of the contract and schedule of payment(s).
- (9) Particular duties of the recipient.
- (10) Required reports and reporting deadlines.
- (11) Provisions for termination by mutual consent with 60 days written notice to the other party, or as otherwise provided by law.
- (12) A provision that the awarding of grant funds is subject to allocation and appropriation of funds to the agency for the purposes set forth in the contract.
- (13) A provision that requires reversion of unexpended grant funds to the agency upon termination of the contract.
- (14) A provision that requires compliance with the requirements set forth in this Subchapter, including audit oversight by the Office of the State Auditor, access to the accounting records by both the funding entity and the Office of the State Auditor, and availability of audit work papers in the possession of any auditor of any recipient of State funding.
- (15) A clause addressing assignability and subcontracting, including the following:
 - (a) The recipient or subrecipient is not relieved of any of the duties and responsibilities of the original contract.
 - (b) The subrecipient agrees to abide by the standards contained in this Subchapter and to provide information in its possession that is needed by the recipient to comply with these standards.

History Note: Authority G.S. 143C-6-22; 143C-6-23;
Eff. July 1, 2005;
Readopted Eff. July 1, 2016;
Amended Eff. July 1, 2024.

09 NCAC 03M .0704 GRANT MONITORING AND EVALUATION

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

SECTION .0800 - SANCTIONS

09 NCAC 03M .0801 NONCOMPLIANCE WITH RULES

- (a) An agency shall not disburse any grant funds to an entity that is on the Suspension of Funding list.
- (b) When a non-State entity does not comply with the requirements of this Subchapter, the agency shall take the following measures to ensure that the requirements are met, including:
- (1) Communicating the requirements in writing to the non-State entity within 30 business days.
 - (2) Directing the non-State entity to respond in writing upon a determination of noncompliance.
 - (3) Suspending payments to the non-State entity until the non-State entity is in compliance.
- (c) When an agency discovers evidence of management deficiencies or criminal activity leading to the misuse of funds, the agency shall notify the Office of State Budget and Management and take the action or actions, such as:
- (1) Suspend payments until the matter has been fully investigated and corrective action has been taken.
 - (2) Terminate the contract and retrieve unexpended funds or unauthorized expenditures.
 - (3) Report suspected violations of criminal statutes involving misuse of State property to the State Bureau of Investigation, in accordance with G.S. 143B-920.
- (d) Upon determination of noncompliance with requirements of the contract that are not indicative of management deficiencies or criminal activity, the agency shall give the recipient or subrecipient 60 days written notice to take corrective action. If the recipient or subrecipient has not taken the corrective action after the 60-day period, the disbursing agency shall notify the Office of State Budget and Management and take the action or actions, such as:
- (1) Suspend payments pending negotiation of a plan of corrective action.
 - (2) Terminate the contract and take action to retrieve unexpended funds or unauthorized expenditures.
 - (3) Offset future payments with any amounts spent for purposes other than those described in the signed grant contract.
- (e) Each disbursing agency shall ensure that recipients and subrecipients have complied with the applicable provisions of this Subchapter.
- (f) Agencies are subject to audit for compliance with the requirements of this Subchapter by the Office of State Budget and Management, the Office of the State Auditor, and agency internal auditors. Any finding of noncompliance by an agency shall be reported to the Office of State Budget and Management to take appropriate action, as set forth in this Rule.
- (g) The Office of State Budget and Management shall notify the agency of the finding and provide 60 days to take corrective action. After the 60-day period, the Office of State Budget and Management shall conduct a follow-up audit to determine if corrective action has been taken. If an awarding agency fails to take appropriate corrective action or is repeatedly found to be out of compliance with the requirements of this Subchapter, the Office of State Budget and Management shall notify the head of the agency and the State Auditor of the finding.

History Note: Authority G.S. 143C-6-22; 143C-6-23;
Eff. July 1, 2005;
Readopted Eff. July 1, 2016;
Amended Eff. July 1, 2024.

09 NCAC 03M .0802 RECOVERY OF STATE FUNDS

- (a) The disbursing agency shall take administrative action to recover grant funds in the event a recipient or subrecipient:
- (1) Is unable to fulfill the obligations of the contractual agreement;
 - (2) Is unable to accomplish the purposes of the award as stated in the signed grant contract;
 - (3) Is noncompliant with the reporting requirements as stated in the signed grant contract; or
 - (4) Has used grant funds for purposes other than those described in the signed grant contract.
- (b) The disbursing agency shall seek the assistance of the Attorney General in the recovery and return of grant funds if legal action is required.
- (c) Any apparent violations of a criminal law or malfeasance, misfeasance, or nonfeasance in connection with the use of grant funds shall be reported by the agency to the Office of State Budget and Management, the Attorney General, and the State Bureau of Investigation.

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

Readopted Eff. July 1, 2016;
Amended Eff. July 1, 2024.