

STATE FIRE PROTECTION GRANT FUND

State Authorization: G.S. 58-85A-1

Office of State Budget and Management

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

The grantor agency may elect to review audit working papers to determine that audit tests are adequate. Auditors may request documentation of monitoring visits by the State Agencies.

**I. PROGRAM OBJECTIVES**

The State Fire Protection Grant Fund was established by the General Assembly to compensate local fire districts and political subdivisions of the State for providing local fire protection to State-owned buildings and their contents.

**II. PROGRAM PROCEDURES**

**Authorization**

The authorization for the State Fire Protection Grant Fund is North Carolina General Statutes Chapter 58-85A-1.

**Administration**

The Office of State Budget and Management administers the State Fire Protection Grant Fund with allocations distributed on the basis of an equitable and uniform statewide method to the State’s local fire districts and political subdivisions. The Department of Insurance, at the

request of the Director of the Budget, provides to the Office of State Budget and Management all information necessary to develop and implement the formula.

**Fund Allocations**

The General Assembly appropriates annually to the State Fire Protection Grant Fund up to \$3,880,000 from the General Fund, \$150,000 from the Highway Fund, and \$1,345,000 from University of North Carolina receipts. Funds received from the General Fund shall be allocated only for providing local fire protection for State-owned property supported by the General Fund; funds received from the Highway Fund shall be allocated only for providing local fire protection for State-owned property supported by the Highway Fund; and funds received from University of North Carolina receipts shall be allocated only for providing local fire protection for State-owned property supported by University of North Carolina receipts.

**Application Process**

There is no application process. The Office of State Budget and Management is directed by General Statute 58-85A to establish a fair and equitable distribution of state funds to local fire departments. Funds are allocated, local fire departments are notified, and funds are disbursed by the Office of State Budget and Management. However, local fire departments must have a federal identification number to be eligible for Fire Protection Grants, and the Office of the Fire Marshall must maintain an updated list of completed property within each jurisdiction; therefore, fire departments should be aware of state property within their jurisdiction and confirm that all completed property is noted by the Office of the Fire Marshall.

**III. COMPLIANCE REQUIREMENTS**

1. Activities Allowed or Unallowed

State funds may only be used to pay for providing local fire protection to State-owned buildings and their contents.

**Audit Objective** – To determine that all expenditures are for the purpose stated in the appropriations bill.

**Suggested Audit Procedures:**

Verify that the expenditure of funds are for providing local fire protection to State-owned buildings and their contents by examining each expenditure or if there are a great number of expenditures, by examining a test sample.

4. Conflict of Interest

Each private, non-profit entity eligible to receive State funds, either by General Assembly appropriation, or by grant, loan, or other allocation from a State agency shall file with the disbursing agency a notarized copy of that entity’s policy addressing conflicts of interest

that might arise involving the entity's management employees and the members of its board of directors or other governing body. There is no testing required at the local level.

## 12. Reporting

Reporting requirements for organizations, corporations, and any other non-governmental entity must comply with 09 NCAC 03M, Reports on use of State funds by non-State entities:

### **09 NCAC 03M .0205 REPORTING THRESHOLDS AND FORMATS FOR GRANTEES AND SUBGRANTEES**

(a) For the purposes of this Subchapter, there are three reporting thresholds established for grantees and subgrantees receiving State funds. The reporting thresholds are:

(1) Less than \$25,000 – A grantee that receives, uses, or expends State funds in an amount less than twenty-five thousand dollars (\$25,000) within its fiscal year must comply with the reporting requirements established by this Subchapter including:

(A) A certification completed by the grantee Board and management stating that the State funds were received, used, or expended for the purposes for which they were granted; and

(B) An accounting of the State funds received, used, or expended.

All reporting requirements shall be filed with the funding agency within six months after the end of the grantee's fiscal year in which the State funds were received.

(2) \$25,000 up to \$500,000 - A grantee that receives, uses, or expends State funds in an amount of at least twenty-five thousand (\$25,000) and up to five hundred thousand dollars (\$500,000) within its fiscal year must comply with the reporting requirements established by this Subchapter including:

(A) A certification completed by the grantee Board and management stating that the State funds were received, used, or expended for the purposes for which they were granted;

(B) An accounting of the State funds received, used, or expended; and

(C) A description of activities and accomplishments undertaken by the grantee with the State funds.

All reporting requirements shall be filed with the funding agency within six months after the end of the grantee's fiscal year in which the State funds were received.

(3) Greater than \$500,000 – A grantee that receives, uses, or expends State funds and in the amount greater than five hundred thousand dollars (\$500,000) within its fiscal year must comply with the reporting requirements established by this Subchapter including:

(A) A certification completed by the grantee Board and management stating that the State funds were received, used, or expended for the purposes for which they were granted;

(B) An audit prepared and completed by a licensed Certified Public Accountant for the grantee consistent with the reporting requirement of this Subchapter; and

(C) A description of activities and accomplishments undertaken by the grantee with the State funds.

All reporting requirements shall be filed with both the funding agency and the Office of the State Auditor within nine months after the end of the grantee's fiscal year in which the State funds were received.

(b) Unless prohibited by law, the costs of audits made in accordance with the provisions of this rule are 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 Office of Budget and Management (OMB) Circular A-87. The cost of any audit not conducted in accordance with this Subchapter is unallowable and shall not be charged to State or Federal grants.

(c) The audit requirements in this Subchapter do not replace a request for submission of audit reports by grantor agencies in connection with requests for direct appropriation of state aid by the General Assembly.

(d) Notwithstanding the provisions of this Subchapter, a grantee may satisfy the reporting requirements of Part (a)(3)(B) of this Rule by submitting a copy of the report required under the federal law with respect to the same funds.

(e) All grantees and subgrantees shall use the forms of the Office of State Budget and Management and of the Office of the State Auditor in making reports to the awarding agencies and the Office of the State Auditor.

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

The North Carolina Administrative Code is available on the Office of Administrative Hearing's website: <http://www.oah.state.nc.us> and additional information on the State Auditor's website: <http://www.ncauditor.net/NonProfitSite>.

**Suggested Audit Procedure:**

Verify that the information reported to the grantee is accurate and has been submitted timely and in the right format to the grantee.