

## 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Repealed Eff.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Repealed Eff.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

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

*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Repealed Eff.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Repealed Eff.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**

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

*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**

<b>09 NCAC 03E .0101</b>	<b>REIMBURSABLE EXPENSES</b>
<b>09 NCAC 03E .0102</b>	<b>DEFINITION OF TERMS</b>

*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**

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

*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**

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

*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**

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

**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**

<b>09 NCAC 03H .0101</b>	<b>FUNCTION</b>
<b>09 NCAC 03H .0102</b>	<b>NON-STATE APPLICANT REVIEW</b>
<b>09 NCAC 03H .0103</b>	<b>STATE PROJECT REVIEW</b>

*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**

<b>09 NCAC 03I .0101</b>	<b>PURPOSE</b>
<b>09 NCAC 03I .0102</b>	<b>SCOPE</b>

*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**

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

*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**

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

**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**

*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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*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 .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**

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

*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.

<b>09 NCAC 03I .0614</b>	<b>FAMILY NURSE PRACTITIONER</b>
<b>09 NCAC 03I .0615</b>	<b>PHYSICIAN ASSISTANT</b>

*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**

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                         Authority G.S. 143-47.21 through 143-47.24;  
                         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**

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

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

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## SECTION .0400 - SUBSEQUENT LOANS

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

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

## SECTION .0500 - GENERAL RULES

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

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## SECTION .0600 - MAXIMUM LOAN AMOUNTS

<b>09 NCAC 03K .0601</b>	<b>ASSOCIATE DEGREE</b>
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<b>09 NCAC 03K .0602</b>	<b>CERTIFICATE PROGRAMS</b>
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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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**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;  
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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**

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

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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).*

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

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#### **SECTION .0900 - CASH REPAYMENT**

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

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

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**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 FINANCIAL ASSISTANCE**

**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 State financial assistance and ensure the uniform administration of State financial assistance by all State 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 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, 2016.*

**09 NCAC 03M .0102 DEFINITIONS**

As used in 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) "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.
- (4) "Contract" means a legal instrument that is used to document a relationship between the agency, and a recipient or between a recipient and subrecipient.
- (5) "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.

- (6) "Contractor requirements" means Article 3, 3C, 3D, 3E, 3G, or 8 of Chapter 143 of the General Statutes and related rules.
- (7) "Fiscal Year" means the annual operating year of the non-State entity.
- (8) "Financial Statement" means a report providing financial data relative to a given part of an organization's operations or status.
- (9) "Non-State Entity" has the meaning in G.S. 143C-1-1(d)(18).
- (10) "Recipient" means a non-State entity that receives State financial assistance 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 (14) of this Rule.
- (11) "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.
- (12) "State financial assistance" 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 Item (10) and (14) of this Rule.
- (13) "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.
- (14) "Subrecipient" means a non-State entity that receives State financial assistance from a recipient to carry out part of a State program; but does not include an individual that is a beneficiary of such program. This definition of "subrecipient" applies throughout these Rules, except as used in Item (10) of this Rule.

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

## **SECTION .0200 - RESPONSIBILITIES OF RECIPIENTS AND SUBRECIPIENTS**

### **09 NCAC 03M .0201 ALLOWABLE USES OF STATE FINANCIAL ASSISTANCE**

Expenditures of State financial assistance 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 State financial assistance includes federal sources, the recipient or subrecipient shall ensure adherence to the cost principles established in the Code of Federal Regulations, 2 CFR, Part 200.

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

### **09 NCAC 03M .0202 RECIPIENT AND SUBRECIPIENT RESPONSIBILITIES**

A recipient or subrecipient that receives State financial assistance shall ensure that those funds are utilized for their intended purpose and shall expend those funds in compliance with requirements established by this Subchapter and their contract. Recipients and subrecipients shall:

- (1) Provide the information required by the disbursing agency in order to comply with the procedures for disbursement of funds.
- (2) Maintain reports and accounting records that support the allowable expenditure of State funds. Recipients and subrecipients 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.



- (3) Ensure that subrecipients comply with all reporting requirements established by this Subchapter and their contract and report to the appropriate disbursing entity.

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

#### **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 three reporting levels established for recipients and subrecipients receiving State financial assistance. Reporting levels are based on the level of State financial assistance from all funding sources. The reporting levels are:

- (1) Level I – A recipient or subrecipient that receives, holds, uses, or expends State financial assistance in an amount less than twenty-five thousand dollars (\$25,000) within its fiscal year.
- (2) Level II - A recipient or subrecipient that receives, holds, uses, or expends State financial assistance in an amount of at least twenty-five thousand (\$25,000) or greater, but less than five hundred thousand dollars (\$500,000) within its fiscal year.
- (3) Level III – A recipient or subrecipient that receives, holds, uses, or expends State financial assistance in an amount equal to or greater than five hundred thousand dollars (\$500,000) within its fiscal year.

(b) Agencies shall establish reporting requirements for recipients that meet the following reporting standards on an annual basis:

- (1) All recipients and subrecipients shall provide a certification that State financial assistance received or held was used for the purposes for which it was awarded.
- (2) All recipients and subrecipients shall provide an accounting of all State financial assistance received, held, used, or expended.
- (3) 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.
- (4) Level III 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.

(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 must 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. 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.

## **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 State financial assistance to a recipient shall:
- (1) Notify each recipient, at the time the State financial assistance award is made, of the purpose of the award and the reporting requirements established in this Subchapter.
  - (2) Prior to disbursing any State financial assistance:
    - (A) Register each State assistance program with the Office of State Budget and Management in the format and method specified by the Office of State Budget and Management.
    - (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 in the format and method specified by the Office of State Budget and Management.
    - (D) Follow the procedures for disbursement of State financial assistance.
  - (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 submit the plan to the Office of State Budget and Management for approval.
  - (5) Perform monitoring and oversight functions as specified in agency monitoring plans to ensure that State financial assistance is used for authorized purposes in compliance with laws, regulations, and the provisions of contracts, and that performance goals are achieved.
  - (6) Ensure that State financial assistance is 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 appropriate 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.
- (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.*

## **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**

The Office of State Budget and Management shall:

- (1) Provide guidelines to agencies for developing monitoring plans and establishing reporting processes that meet the requirements established in this Subchapter.
- (2) Maintain a Suspension of Funding list readily accessible to any interested party that identifies any recipient found in noncompliance with the requirements of this Subchapter or the terms of their contract. This list shall serve as notice to other agencies that no further State financial assistance shall be provided to that recipient until they are removed from the list.
- (3) Periodically audit State agencies to ensure compliance with requirements set forth in Section .0400 of this Subchapter.
- (4) Upon notification from a disbursing agency that a recipient is no longer noncompliant with the requirements set forth in Section .0200 of this Subchapter, validate that all such noncompliance has been corrected prior to the removal of that recipient from the Suspension of Funding listing. A recipient may appeal 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 State financial assistance.
- (5) Take appropriate administrative action when the Director of the Budget finds that the recipient has spent or encumbered State funds for an unauthorized purpose, including ensuring allegations of criminal violations are reported to the Attorney General and the State Bureau of Investigation by the disbursing agency.
- (6) If the funds are a pass-through of funds awarded by an agency of the United States, consult with the awarding agency of the United States and the State agency that is the recipient of the pass-through funds prior to taking actions authorized by this Subchapter.

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

## **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 State financial assistance, the recipient shall sign a contract with the agency that shall contain the obligations of both parties. Prior to disbursing any State financial assistance, 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 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 State financial assistance is subject to allocation and appropriation of funds to the agency for the purposes set forth in the contract.
- (13) Provision that requires reversion of unexpended State financial assistance 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.

#### **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 State financial assistance 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 measures to ensure that the requirements are met, including:
  - (1) Communicating the requirements to the non-State entity.
  - (2) Requiring a response from the non-State entity 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 appropriate 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 take action to retrieve unexpended funds or unauthorized expenditures.
  - (3) Report possible 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 appropriate corrective action after the 60-day period, the disbursing agency shall notify the Office of State Budget and Management and take the appropriate 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 improperly spent.

(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 appropriate 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.*

#### **09 NCAC 03M .0802 RECOVERY OF STATE FUNDS**

(a) The disbursing agency shall take appropriate administrative action to recover State financial assistance 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.
- (3) Is noncompliant with the reporting requirements.
- (4) Has inappropriately used State financial assistance.

(b) The disbursing agency shall seek the assistance of the Attorney General in the recovery and return of State financial assistance if legal action is required.

(c) Any apparent violations of a criminal law or malfeasance, misfeasance, or nonfeasance in connection with the use of State financial assistance 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.*