



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT


MICHAEL F. EASLEY
GOVERNOR

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STATE BUDGET DIRECTOR

October 9, 2007

MEMORANDUM

TO: Department Heads and Chief Fiscal Officers

FROM: David McCoy 

SUBJECT: Suspension of Funding to Non-State Entities

To assist in the management and oversight of funds provided to non-state entities, the General Assembly adopted G.S. §143C-6-23 which requires that the Office of State Budget and Management (OSBM) maintain a "Suspension of Funding" list accessible to any interested party (*see also*, 09 NCAC 03M for the relevant North Carolina administrative rules). The list is attached for your review and use.

Consistent with the statutory mandate, all agencies are hereby notified and directed that they shall not enter into any further grant agreements with any non-state entity appearing on the list, unless written approval is provided by OSBM. Some of the non-state entities appearing on the list have still not satisfied the mandatory reporting requirements for State Fiscal Year 2005, others for State Fiscal Year 2006, and still others for both fiscal years. A non-state entity can regain its eligibility for receipt of state funds and be removed from the list by providing all required reports to the funding agency(s), the Office of State Auditor, and by making a request to the funding agency(s) to have its name released from the list; agencies will report their recommendation to OSBM.

If a non-state entity is listed for other non-compliance issues, those issues must be resolved to the satisfaction of the funding agency(s), the Office of State Auditor, and OSBM. OSBM will make the final decision on removal from the list. In no case should an agency enter into a new agreement with a listed entity unless written approval is received from OSBM.

It is important to note that some of the entities appearing on the list may still be eligible to receive state funds through special programs, such as the Child and Adult Food Care Program, which prohibit withholding of funds. State agencies and programs are advised to not enter into new grant agreements with these entities. If there is any question about whether an organization should continue to receive funds, please contact this office and request an advisory opinion.

The Office of State Auditor maintains a “reporting non-compliance list” and routinely informs state agencies about the status of non-state entities reporting to them. OSBM works from the State Auditor’s list and consults with funding agency staff on any mitigating circumstances to produce the Suspension of Funding list. While the two lists should be similar, they will not be identical. The Suspension of Funding list can be found on the OSBM website at (<http://www.osbm.state.nc.us/osbm/index.html>); it will be updated at the beginning of each quarter.

Angela Houston will be OSBM’s contact to discuss issues related to the Suspension of Funding list. If Ms. Houston is unavailable, please ask for Mr. Tom Newsome. Ms. Houston can be reached by phone at (919) 807-4727 or email at angela.y.houston@ncmail.net and Mr. Newsome can be reached by phone at (919) 807-4744 or email at tom.newsome@ncmail.net.

OSBM thanks the agency personnel and staff in the Office of State Auditor involved in the administration of these grants who have worked very hard to educate and inform non-state entity personnel on the responsibilities involved in the management of and reporting requirements associated with the receipt of state funds.

If OSBM staff can be of assistance, please let us know.

TN:dmc

attachment