Grants Budgeting Requirements Job Aid

This job aid is for state agencies, excluding the University of North Carolina and Department of Transportation, to explain OSBM's requirements for budgeting grants. This grants budgeting guidance applies to both federal grants and other grants.

These new requirements are necessary for the following reasons:

- **Increasing Accuracy and Transparency:** Standardized grants budgeting practices will allow state agencies to consistently and accurately budget, monitor, and report grant funds. Greater consistency will improve transparency by making grant information easier to review and track on a statewide level.
- **Implementing NCFS Best Practices:** Since the implementation of NCFS in 2023, best practices have evolved statewide on how to best utilize the NCFS charts of accounts for budgeting grants. NCFS also developed new reports to improve grants tracking statewide.
- **Reducing Agency Time Spent on Reporting:** Standardizing the budgeting of grant funds, especially federal, will enable state agencies and OSBM to utilize existing functionality in NCFS for reporting, reducing agency reliance on external tracking documents. Centralized reporting will save agencies time in responding to federal funds surveys and ad hoc grant reporting.
- **Responding to Federal Grant Changes:** There have been significant changes in federal grant processes and procedures. These changes require state agencies to have a heightened focus on how the state budgets and tracks federal grants.
- **Ensuring Effective Training:** Standardized processes around budgeting and tracking grants will allow for more effective, statewide training.

How to Use NCFS Chart of Accounts for Grant Budgeting and Tracking

This guidance on how to use the NCFS chart of accounts applies both to your agency's budget revisions and the base budget, both this current fiscal year and moving forward.

1. **NCFS Project:** Agencies must use the 10-digit NCFS "Project" field to designate grants.
    - The first two digits of the NCFS project should identify the state agency (e.g. "16" would be utilized to designate the Department of Environmental Quality, as that is the first two digits of that agency's NCFS Agency number).
    - Generally, the 3rd digit will be "G" to indicate grant. Exceptions will apply where OSBM has provided guidance related to disaster tracking (e.g., Helene recovery funding uses "H" and Chantal recovery funding uses "C").

- Agencies may use the remaining digits to designate specific grant or grant components.

Agencies should utilize OSC's project template to establish new NCFS projects to ensure the appropriate parent/child relationship is set up for new grants. The template to establish new projects can be found here: Agency Project Template | NCOSC.

2. **NCFS Funding Source:** Agencies should use the four digit "Funding Source" field to designate funding source in the following ways:
    - The first digit of the 4-digit field should indicate funding source using the following designations: 3 for federal, 2 for receipts, and 1 for state net appropriations.
    - For nonrecurring or one-time grants (e.g., COVID recovery funds received in a particular year, and unlikely to be awarded funds in future years), agencies should use the last 2 spaces to specify the exact grant year designation.
    - For recurring grants (grants that an agency receives every year), agencies should build into the base budget the annual anticipated expenditures using funding source parent level. Use 3000 for federal grants and 2000 for other grants.

Example:

An agency has received a federal grant with CFDA or ALN Number of XX.XXX every year for 20 years. The annual budget for the federal grant would be budgeted on a recurring basis, utilizing funding source 3000, in order to establish the base level of funding.

Every state fiscal year, the agency can complete a nonrecurring Type 14 revision to distribute the budget to the correct grant years (i.e., 3026 or 3027), as well as make adjustments to the grant award level of spending. During base budget, the agency should engage OSBM in receipts analysis to make adjustments to the recurring base level of funding, if needed.

AMU and Agency Program: Agencies may use the "AMU" and "Agency Program" fields for internal management purposes. Agencies most often use "AMU" to designate internal agency management/organizational structure and "Agency Program" to define programs or for other internal management of funds.

Utilizing NCFS Charts of Accounts for Disaster Tracking

OSBM has issued guidance on the NCFS Structure for Helene Funding and the NCFS Structure for Chantal Funding and requests that agencies continue to use that guidance.

The NCFS Chart of Account structure laid out in the guidance is required for tracking Helene and Chantal recovery funds, enabling transparent and accurate statewide Helene and Chantal financial tracking as required by statute. This structure also leverages NCFS for automated reporting and minimizes the agency staff time needed to comply with ongoing reporting requests.

Table: NCFS Chart of Accounts Segments for Grant Budgeting and Tracking

	NCFS Project (1st two digits is agency number)	**NCFS Funding Source**	**Budget Recurring?**	**Notes**
Federal Grant, *Same CFDA or ALN* Awarded Annually for the Past 3+ Years	16GXXXXXXX	3000	Yes; annual program spending plan.	Agency may utilize Type 14 revision to realign from 3000 to 30XX funding source based on anticipated grant spend in the SFY. Agency may also make adjustments to the award as a Type 12.
Federal Grant, Awarded One-Time	16GXXXXXXX	30XX – Use appropriate federal fiscal year	No	Grant award can be spilt between fiscal years on a biennium based on spending plan.
Helene, Chantal, or Disaster Grant	16HXXXXXXXX or 16CXXXXXXXX	20XX or 30XX – Use appropriate federal or state fiscal year, depending on the grant type.	No	Grant award can be split between fiscal years of the biennium based on spending plan. See NCFS Structure for Helene and Chantal Funding.

Grant from Another State Agency, External Endowment, etc. Awarded Annually for the Past 3+ Years	16GXXXXXXX	2000	Yes; annual program spending plan of grant.	Agency may utilize Type 14 revision to realign from 2000 to 20XX funding source based on anticipated grant spend in the SFY. Agency may also make adjustments to the award on a Type 12.
Grant from Another State Agency, External Endowment, etc. Awarded One-Time	16GXXXXXXX	20XX – Use appropriate state fiscal year	No	Grant award can be spilt between fiscal years on a biennium based on spending plan.

Life-to-Date Grant Award Reporting

Agency staff **must also enter grant budget information directly into NCFS** for life-to-date monitoring and reporting of federal and other grants.

- Life-to-date (LTD) reporting tools in NCFS allow agencies to record federal and other grant awards received across the life of the grant. For one-time grant awards, this allows agencies to monitor and report on remaining award balances for their awards. For recurring grant awards, the reporting tool allows agencies to monitor and report on federal carryforward amounts that remain available to agencies.
- When agencies receive a grant award, they should enter the amount of the award into the LTD ledger in NCFS Budgetary Control.
    - OSBM recommends that budget data be entered at the higher-level budgeting accounts to limit realignments from unique expenditure accounts.
    - This OSC guide provides a step-by-step explanation of how to update or correct budgets in the North Carolina Financial System (NCFS) for the LTD control budget.

Access to the data entry function in NCFS requires a "Budget Entry" security role; staff should contact your NCFS system administrator to update your security roles after completing any necessary training (GM200: Budget Uploader). The training is a web-based training that should take no longer than 30 minutes.

Once entered, there are two available reports that agencies can utilize to monitor/track grant spending against the life-to-date budget of the grant award:

- **RPTRTR003 – Project Life to Date Balances Report:** After entering the grant budget in LTD ledger in NCFS, this report will show the cumulative total of agency grant budgets and total expenditures compared to the total grant budget across fiscal years by **NCFS project segment.** The combination of NCFS's child project and budget funds segments allows agencies to track grant administration and awards at a greater level of detail for an agency's individual needs, while also allowing for statewide grants tracking.
- **RPTGM011 – NC Life to Date Data for Grants Report (BD701F):** This report provides a monthly, life-to-date view of financial information for grants recorded in an agency's federal budget code. It is intended to help agencies monitor and report grant activity over the full life of a federal grant award, rather than only within a single fiscal year.

Grant Accounting

All grant accounting and recording of actuals should include the **correct fund source segment at the full four-digit level and the correct project**, along with any chart of account segments that the agency uses for internal tracking purposes.