

GLOSSARY

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Glossary

Advance	A payment made by State Treasury check or other appropriate payment mechanism to a recipient upon its request either before outlays are made by the recipient or through the use of predetermined payment schedules.
Agency	Shall mean and include 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 government.
Awarding Agency	(a) With respect to a grant, cooperative agreement, or cost reimbursement contract, the State agency, and (b) with respect to a subaward, the party that awarded the subaward.
Audit Trail	The ability to trace each transaction forward from the source of documentation through all journals and ledgers to the summary statements and financial reports, or the reverse.
Auditor's Opinion	An auditor's opinion stating that the financial statements present fairly the financial position, results of operations and (when applicable) changes in financial position in conformity with Generally Accepted Accounting Principles (GAAP) (which include adequate disclosure). This conclusion may be expressed only when the auditor has formed such an opinion on the basis of an examination made in accordance with Generally Accepted Auditing Standards (GAAS) or Generally Accepted Government Auditing Standards (GAGAS) (Unqualified Opinion.)
Auditor's Report	In the context of a financial audit, a statement by the auditor describing the scope of the audit and the auditing standards applied in the examination, and setting forth the auditor's opinion on the fairness of presentation of the financial information in conformity with the GAAP or some other comprehensive basis of accounting.
Balance Sheet	A Statement which discloses the assets, liabilities, reserves, and equities of a fund government unit at a specified date, properly classified to exhibit financial position of the fund or unit at the specified date.
Board	A duly appointed/elected governing body of an entity with legal authority and responsibility to direct and authorize its overall activities and how it utilizes and accounts for available resources. All nonprofit corporations must have at least one Board member, an organizational structure, and rules or by-laws by which they are managed.
Budget	A plan of financial operation including an estimate of proposed expenditures for a given period and the proposed means of financing them. Used with any modifier, the term usually indicates a financial plan for a single fiscal year. The term "budget" is used in two senses in practice. Sometimes it designates the financial plan

	presented to the appropriating governing body for adoption and sometimes, the plan finally approved by that body.
Budget Amendments	Changes to the approved budget plan which have been authorized by the governing body and, where applicable, approved by the State awarding agency.
Cash Contributions	The recipient's cash outlay, including the outlay of money contributed to the recipient by third parties.
Chart of Accounts	A list of all accounts tracked by a single accounting system, and should be designed to capture financial information to make good financial decisions.
Closeout	The process by which the State awarding agency determines that all applicable administrative actions and all required work of the award have been completed by the recipient and State awarding agency.
Compliance Supplement	Refers to the North Carolina State Compliance Supplement, maintained by the State and Local Government Finance Division within 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.
Contract	A mutually binding legal relationship obligating the seller to furnish the supplies or services (including construction) and the buyer to pay for them. It includes all types of commitments that obligate the agency to an expenditure of funds and that, except as otherwise authorized, are in writing. In addition to bilateral instruments, contracts include (but are not limited to awards and notices of awards; job orders or task orders issued under basic ordering agreements; letter contracts; orders, such as purchase orders, under which the contract becomes effective by written acceptance or performance; and bilateral contract modifications.
Cost	The total direct and allocated expenses determined in a uniform manner related to a particular service or program. Cost may be determined on a cash accrual or other basis as may be acceptable to the State awarding agency. Cost does not include transfers of funds and may exclude other types of expenses as directed by the awarding agency.
Cost of Equipment	The net invoice price of the equipment including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired. Other charges such as the cost of installation, transportation, taxes, duty or protective in-transit insurance, shall be included or excluded from the unit acquisition cost in accordance with the recipient's regular accounting practices.
Cost Principles	Expenditures of State funds by any grantee outlined in the Office of Management and Budget (OMB) Circular A-87. If the grant funding includes federal sources, the grantee shall ensure adherence to the cost principles established by the Federal Office of Management and Budget. Nonprofit organizations are to use OMB Circular, A-122 Cost Principles for Non-Profit Organizations if the grant includes federal funds.
Cost-type Contract	A contract or subcontract under a grant in which the contractor or subcontractor is paid on the basis of the costs it incurs, with or without a fee.

Date of Completion	The date on which all work under an award is completed or the date on the award document, or any supplement or amendment thereto, on which State sponsorship ends.
Direct Costs	Costs/expenses specifically traceable to specific goods, services, units, programs, activities or functions. Direct expenses differ from indirect expenses in that the latter cannot be specifically traced and so must be allocated on some systematic and rational basis. Direct costs are those that can be identified specifically with a particular final cost objective.
Disallowed Costs	Those charges to an award that the State awarding agency determines to be, unallowable, in accordance with the applicable State/Federal cost principles or other terms and conditions contained in the award.
Equipment	Tangible, nonexpendable, personal property including exempt property charged directly to the award having a useful life of more than one year and acquisition cost of \$5000 or more per unit. However, consistent with recipient policy, lower limits may be established.
Federal Award	Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.
Financial Statement (Basic)	Those financial statements, including notes thereto necessary for the fair presentation of the financial position and results of operations of an entity in conformity with GAAP. The basic financial statements include a balance sheet an "all-inclusive" operating statement, a budget comparison statement (for all governmental funds for which annual appropriated budgets are adopted) and a statement of changes in financial position (for proprietary funds pension trust funds and nonexpendable trust funds).
Financial Assistance	Assistance that non-State entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance. Financial assistance does not include amounts received as reimbursement for services rendered to individuals for Medicare and Medicaid patient services.
Fiscal Year	The annual operating year of an organization.
Fixed Assets	Assets with a life expectancy greater than 1 year which are intended to continue to be held or used, such as land, building, machinery, furniture, and other equipment.
Flex-time	A work schedule for employees outside of standard 8 AM to 5 PM work hours, usually ranging from-7:30 AM to 6 PM. It is used in an effort to increase productivity and efficiency, solve work force problems, or provide a choice for employees.
Funding Period	The period of time when State funding is available for obligation by the recipient and reimbursement.
Generally Accepted Accounting Principles (GAAP)	Uniform minimum standards and guideline for financial accounting and reporting. They govern the form and content of the financial statements of an entity. GAAP encompass the conventions, rules and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. GAAP provide a standard by which to measure financial presentations. The primary authoritative body on the application of

Generally Accepted Auditing Standards (GAAS)

GAAP to state and local governments is GASB, Governmental Accounting Standards Board. Standards established by the American Institute of Certified Public Accountants (AICPA) for the conduct and reporting of financial audits. There are 10 basic GAAS, classed into three broad categories: general standards, standards of fieldwork and standards of reporting. The Auditing Standards Board of the AICPA also publishes Statement on Auditing Standards (SAS). The 10 basic standards, plus the SASs constitute GAAS. These GAAS set forth the objectives of the audit and establish measures that can be applied to judge the quality of its performance.

Generally Accepted Government Auditing Standards (GAGAS)

The Government Accounting Office (GAO) in its publication (the "Yellow Book") establishes standards for audits of government organizations, programs, activities, and functions, and of government assistance received by contractors, nonprofit organizations, and other nongovernmental organizations. These standards are to be followed by auditors and audit organizations when required by law, regulation, agreement, contract, or policy. These standards pertain to auditors' professional qualifications, the quality of audit effort, and the characteristics of professional and meaningful audit reports. The work performed in accordance with GAGAS includes financial audits, attestation engagements, and performance audits. The GAGAS standards of field work and reporting for financial audits incorporate and build upon GAAS.

Grant

An award of financial assistance, including cooperative agreements in the form of money, or property in lieu of money, by the State Government to an eligible grantee.

Grantee

A non-State entity that receives a grant of State funds from a State agency, department, or institution but does not include any non-State entity subject to the audit and other reporting requirements of the Local Government Commission. The grantee is the entire legal entity even if only a particular component of the entity is designated in the grant award document.

Grantor Department or Agency Independent Auditor

The component of a State, which is responsible for the performance or administration of all or some part of a State award. An auditor meeting the independence criteria set forth in GAAS or GAGAS.

Indirect Costs

Indirect costs are those: (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. The term "indirect costs," as used herein, applies to costs of this type originating in the grantee department. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect costs within an organization unit. Indirect cost pools should be distributed to benefited cost objectives on bases that will produce an equitable result in consideration of relative benefits derived.

Internal Auditing

An independent appraisal of the diverse operations and controls within a government entity to determine whether acceptable policies and procedures are followed, established standards are met, resources are used efficiently and economically and the organization's objectives are being achieved. The term covers all forms of appraisal of a activities undertaken by auditors working for and within an organization.

Internal Control	The plan to safeguard assets, ensure the accuracy and reliability of accounting data, and to maintain adherence to policies and procedure.
Local Government	A county, municipality, city, town, township, local public authority, school district, special district, intrastate district, council of governments (whether or not incorporated as a non profit corporation under State law), any other regional or interstate government entity, or any agency or instrumentality of a local government.
Matching Requirement	Requirement for a non-State grantee organization to provide partial support for the proposed budget which supports a particular program or service. (Cost-sharing or matching funds requirement). This is usually expressed as a percentage of valid expenditures.
Monitoring	Reviews to ensure that State awards are used for authorized purposes in compliance with laws, regulations, and the provisions of grant agreements; and that performance goals are achieved.
Noncompliance	A finding which indicates that a grantee is not following the requirements of or conditions of the award/grant/contract.
Non-State Entity	A firm, corporation, partnership, association, county, unit of local government, public authority, or any other person, organization, group, or governmental entity that is not a State agency, department, or institution.
OMB Other Comprehensive Basis of Accounting	The United States Office of Management and Budget. A comprehensive basis of accounting other than generally accepted accounting principles is one of the following: A basis of accounting used to comply with the requirements or financial reporting provisions of a governmental regulatory agency, a basis of accounting used to file income tax return for the period covered by the financial statements, or cash receipts and disbursements basis of accounting, and modifications of the cash basis having substantial support.
Personal Property	Property of any kind except real property. It may be tangible, having physical existence, or intangible, having no physical existence, such as copyrights, patents, or securities.
Petty Cash	A small amount of cash maintained to pay minor disbursements.
Prior Approval	Written approval by an authorized official evidencing prior consent of an act.
Program Income	Gross income earned by the recipient that is directly generated by a supported activity or earned as a result of the award. Program income includes, but is not limited to, income from fees for services performed, the sale of commodities or items fabricated under an award, and interest on state funds.
Project Costs	All allowable costs, as set forth in the applicable State/Federal cost principles, incurred by a recipient and the value of the contributions made by third parties in accomplishing the objectives of the award during the project period.
Procurement	The process of purchasing goods and services to be utilized by the grantee/contractor. All grantees that expend federal funds (received either directly from a federal agency or passed through the N. C. Department of Health and Human Services) are required to conform to federal agency codifications of the grants management common rule. All grantees that expend State funds (including federal funds passed through the N. C. Department of Health and Human Services) are required to comply with the procurement standards described in the North Carolina General Statutes and the North Carolina Administrative Code.

Reasonable Costs	A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.
Recipient	An organization receiving financial assistance directly from State awarding agencies to carry out a project or program. The term includes public, non-profit and for profit organizations such as, but not limited to, community action agencies, research institutes, educational associations, health centers, and child care centers.
Restricted Funds	Funds received by an organization which can only be used for the specific purpose as indicated by the grantor.
Single Audit	An audit that includes an examination of an organization's financial statements, internal controls, and compliance with the requirements of Federal or State awards.
Single Audit Act	Congress passed the Single Audit Act of 1984, P.L. 98-502, and the Single Audit Act Amendments of 1996, P.L. 104-156. It sets forth standards for obtaining consistency and uniformity among Federal agencies for the audit of States, local governments, and non-profit organizations expending Federal awards. OMB promulgated regulations in OMB Circular A-133, which sets forth the specific responsibilities to be adhered to by federal grantor agencies and their grantees for resolution of audit findings and recommendations applicable to awards for financial assistance.
Special Appropriation	A legislative act authorizing the expenditure of a designated amount of public funds for a specific purpose.
State	The State of North Carolina.
State Funds	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 subgranted to other organizations.
Subgrant	An award of financial assistance in the form of money, made under a grant by a grantee to an eligible subgrantee. The term includes financial assistance when provided by contractual legal agreement, but does not include procurement purchases, nor does it include any form of assistance which is excluded from the definition of "grant."
Subgrantee	The nonprofit entity or other legal entity to which a subgrant is awarded and which is accountable to the grantee for the use of the funds provided.
Suspension	An action by a State awarding agency that temporarily withdraws State sponsorship under an award, pending corrective action by the recipient or pending a decision to terminate the award by the State awarding agency. Suspension of an award is a separate action from suspension under State agency regulations.
Terms of a Grant or Subgrant	All requirements of the grant or subgrant, whether in statute, regulations, or the award document.
Third Party In-kind Contributions	Property or services which benefit a state-assisted project or program and which are contributed by non-State third parties without charge to the grantee, or a cost-type contractor under the grant agreement.
Termination	The cancellation of State sponsorship, in whole or in part, under an agreement at any time prior to the date of completion.