

NORTH CAROLINA
DEPARTMENT OF STATE TREASURER



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STATE AND LOCAL GOVERNMENT FINANCE DIVISION

2023 Audit Review Communication Financial Statements

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Financial Statement ARC's: Agenda

- Audit contracts
- Interim Invoices
- Final Invoices
- Audit document submissions
- DIW - Data Input Workbook
 - Unit Data from Audit Worksheet tab
 - TD Info Completed by Auditor tab
 - Performance Indicators Print (FPICs) tab
 - Units' response to FPICs
- Audit Report



Audit Contracts

§ 159-34. Annual independent audit; rules and regulations.

- LGC-205 Rev. 11/2023 Contract to Audit Accounts and LGC-205 Rev. 11/2023 Amendment to Contract to Audit Accounts will be accepted for the 2024 Year end audits
- Do not email or mail audit documents or invoices to our office.
- Upload contracts and audit related documents to the LGC Portal so they will be date and time-stamped.
Standard and Amended Audit Contracts · LGC File Transfer Portal (nctreasurer.com)
- Engagement letters are agreements between unit and auditor only.
 - If there are conflicts between the terms of the engagement letter and the terms of the Audit contract, the terms of the Audit contract shall take precedence. (LGC-205)



Audit Contracts

- If the submitted audit contract is rejected, your revised audit contract must be re-submitted to LGC Portal
- Prior year audit and/or invoices must be received and approved before the following fiscal year audit can be processed
- Your audit contract is not valid until it is approved by the Secretary of the LGC. The staff of the LGC notifies the governmental unit and auditor of contract approval by email. The audit should not be started before the contract is approved
- [LGC-205 Rev. 11/2023 Contract to Audit Accounts](#)
[LGC-205 Rev. 11/2023 Amendment to Contract to Audit Accounts](#)



Audits – On Time, Late, Amended Contract Required

Fiscal Year-End	Audit on time if received by	Audit is late if it is received on or after	No amended contract will be required if audit is received by midnight	An amended contract is required if an audit is received on or after
30-Jun	31-Oct	1-Nov	1-Dec	2-Dec
31-Mar	31-Jul	1-Aug	1-Sep	2-Sep



Interim Invoices - Progress Billings per LGC-205 Audit Contract

- Invoices for services rendered under these contracts shall not be paid by the Governmental Unit(s) until the invoice has been approved by the Secretary of the LGC.
- This includes any progress billings [[§ 159-34.](#) and [§ 115C-447](#)]. All invoices for audit work shall be submitted in PDF format to the Secretary of the LGC for approval. An invoice marked 'approved' with approval date shall be returned to the auditor to present to the governmental unit(s) for payment.
- The auditor may submit interim invoices for approval for services rendered under this contract to the Secretary of the LGC, not to exceed 75% of the billings for the unit's last annual audit that was submitted to the Secretary of the LGC.



Final Invoices

[20 NCAC 03 .0505.pdf \(state.nc.us\)](#) Audit Billings

- All bills or claims for audit fees and audit related costs are required to be sent to the LGC for approval. Fee categories are noted on the LGC-205 Contract
 - Audit Fee (financial and compliance if applicable)
 - Fee per Major Program -please note the name of each major program on the invoice
 - Financial Statement Preparation
 - All Other Non-Attest Services
 - Total Amount Not to Exceed
- Submitted invoices – charges noted must indicate the category for charges.
 - Only fees related to the audit work are to be approved by LGC
 - Fees not related to the scope of annual audit work should be agreed to and billed directly with the unit, ex: Annual Financial Information Report (AFIR), tax preparation documents, unemployment reports
 - “It shall be unlawful for any unit of local government or public authority to pay or permit the payment of such bills or claims without the LGC approval” NC G.S. 159-34
 - **Do not send an invoice to the unit for payment unless it is stamped with LGC approval**



Why Is Your Invoice Not Being Approved?

- Progress billing amount submitted for approval exceeds 75% of total fee
- Audit contract or amended audit contract (if applicable) has not been submitted or approved
- Fees on invoices do not identify applicable contract fee categories
- Can't find the email regarding your invoice? Invoice emails will be sent to you from LGCIInvoice@nctreasurer.com
- Fees are for work not related to the audit, ex: AFIR, tax preparation documents, unemployment reports, etc.



Audit Document Submissions

- Audit reports cannot be reviewed without Data Input Workbook
- Submission to the [LGC File Transfer Portal \(nctreasurer.com\)](https://nctreasurer.com) - please carefully select your unit's name, enter the contact names and correct email addresses
 - Emails sent to units/auditors by LGC staff or in automated emails do not reach intended recipients if email address is not correct. Subsequently, you will not be aware of audit status
 - Double check the CURRENT Finance Officers name and email are CORRECT.
 - Important for communications
 - If a contract or an audit is submitted with an incorrect fiscal year or unit name, we NOW have the ability to make the correction, ex: Wake County vs. Wake County Schools. Send an email to alert us if this happens LGC.Contract@nctreasurer.com



DIW - Data Input Workbook: “Unit Data from Audit Worksheet” tab

- Data provided as answers to the DIW questions populate the “Performance Indicators Print” tab (FPIC) and provides LGC calculations and analysis of
 - Unit’s fiscal health
 - Unit’s ability to pay back debt
 - Establish units most in need of assistance
 - Determine Units for inclusion on the UAL.
- LGC staff rely on units and their auditors to provide correct data on the DIW from the financial statements
- Providing data that does not agree to the audited financial statements or not answering the DIW questions can cause misstatement of a unit’s financial condition, affect their need to respond to FPICs and affect LGC staff analysis



DIW - Data Input workbook “TD Completed by Auditor”

Answers provided populate the “Performance Indicators Print” tab (FPIC) and provide the LGC staff with notice of internal control and statutory compliance issues, examples include

- If the unit had problems with debt service: late payments or bond covenants violations, it is important for us to know this
- Date the FPICs are presented to the Governing Board
- Unit has 60 days to respond to the FPICs. LGC staff will follow up if response is not received



DIW - Data Input workbook “TD Completed by Auditor” tab

- Was a Management Letter issued?
 - Letter from the Auditor to the Unit
- Was an AU-C Section 260 (The Auditor's Communication With Those Charged With Governance) letter issued?
- Was an AU-C Section 265 (Communicating Internal Control Related Matters Identified in an Audit) letter issued?
- What date was the audit report submitted to the LGC? (Note audit reports are due four months after fiscal year end, regardless of the submission date specified in the audit contract.) Enter as "MM/DD/YYYY"



DIW - Data Input workbook : Performance Indicators of Concern (FPICs) tab

- Worksheet on this tab was developed to print and share with the Finance Officer to be reviewed well before the presentation to the Governing Board
 - Provides the Finance Officer notice ahead of the meeting to have time to review, clarify with auditor and prepare responses to fully address all FPIC issues reported.
- Required by NC Administrative Code [20 NCAC 03 .0502.pdf \(state.nc.us\)](#) (c)(5) and Audit contract
 - *The auditor shall present the audited financial statements including any compliance reports to the government unit's governing body or audit committee in an official meeting in open session as soon as the audited financial statements are available but **not later than 45 days** after the submission of the audit report to the Secretary*



DIW - Data Input workbook : Performance Indicators of Concern (FPICs) tab

- NC Administrative Code [20 NCAC 03 .0508.pdf \(state.nc.us\)](#) (a)
 - *If the governing body of a government unit is notified by its independent auditor that the audited financial statements presented to the governing body included one or more significant deficiencies, material weaknesses, other findings or if the auditor determined that Financial Performance Indicators of Concern were identified based on information presented in the audited financial statements, then the governing body shall develop a "Response to the Auditor's Findings, Recommendations, and Fiscal Matters" ("Response"), pursuant to this Rule, signed by a majority of the members of the governing body. The governing body shall submit the Response to the Secretary within 60 days of the auditor's presentation.*



Unit's Response to FPICs

- Unit's FPIC response required by [20 NCAC 03 .0508.pdf \(state.nc.us\)](#) within 60 days after auditor's presentation to the Governing Board
 - Thorough response must fully address all FPIC issues reported.
 - ❖ Especially important if unit plans to come before the LGC for debt approval.
- Guidance on [Financial Performance Indicators and Responses to the LGC | NC Treasurer](#)
 - Elements of Responses to Financial Performance Indicators of Concern
 - Sample responses
 - How to submit your response – do not mail or email FPIC response.
 - Upload to Portal - [FPIC Response · LGC File Transfer Portal \(nctreasurer.com\)](#)
 - Memo 2023-04 [How to Respond to Financial Performance Indicators of Concern \(FPICs\)](#)



Audit Report

Common Reporting Issues

- Finance Officer required bond § 159-29. Fidelity bonds
 - Requirements were updated in 2022
The amount of the bond fixed by the governing board may not be less than the greater of the following: (1) Fifty thousand dollars (\$50,000). (2) An amount equal to ten percent (10%) of the unit's annually budgeted funds, up to one million dollars (\$1,000,000)
 - Risk Management note in the “Notes to the Financial Statements” indicated violation. It was confirmed that the note had not been updated. Finance Officer bond amounts were not correct in note
 - Please review the amount of the Finance Officer’s bond
 - Please confirm the Risk Management note is correct



Audit Report

Common Reporting Issues

- Example of the calculation of the minimum required finance officer fidelity bond amount:

Annually Budgeted Expenditures

General Fund.....	\$ 174,350
Multiyear Capital Projects Funds	n/a
Enterprise Fund	<u>105,360</u>
Total – Annually Budgeted Funds	<u>\$279,710</u>
10% of Annually Budgeted Funds	\$ 27,971

Finance Officer Bond – **Minimum fidelity bond required is \$ 50,000** or an amount up to one million dollars.



Audit Report

Common Reporting Issues

Did your audit disclose any budget violations at the adopted ordinance level? (Yes or No)

Related statutes

- § 159-13. The budget ordinance; form, adoption, limitations, tax levy, filing. “.....budget appropriations are to be made by department, function, or project and show revenues by major source.”
- § 159-28. Budgetary accounting for appropriations. Includes requirement for Pre-Audit of obligations and disbursements



Audit Report

Common Reporting Issues

- Debt Service shown to not have been budgeted as required by [§ 159-13. The budget ordinance; form, adoption, limitations, tax levy, filing. \(b\)\(1\)](#), however; no statutory violation finding was noted.
- Long term debt note in the “Notes to the Financial Statements” - Revenue Bond Debt – required disclosures must be included
 - Required by LGC-205 Audit contract (Item 11) – always include calculation demonstrating compliance with rate covenant plus any other covenants required by bond documents.
- See [City of Dogwood Illustrated Financial Statement](#) an example disclosure
 - Unit in compliance or not in compliance with the bond covenants related to their specific revenue bond debt.
 - Debt service coverage ratio calculation
 - Pledged revenues are disclosed



Applicable General Statutes and Administrative Code

NC General Statute

- [§ 159-34. Annual independent audit; rules and regulations.](#)
- [§ 159-13. The budget ordinance; form, adoption, limitations, tax levy, filing. \(b\)\(1\)](#)
- [§ 159-28. Budgetary accounting for appropriations.](#)
- [§ 159-29. Fidelity bonds](#)

Administrative Code

- [20 NCAC 03 .0502.pdf \(state.nc.us\)](#) – Audit Contracts
- [20 NCAC 03 .0505.pdf \(state.nc.us\)](#) – Audit Billings
- [20 NCAC 03 .0508.pdf \(state.nc.us\)](#) - Response to the Independent Auditor's Findings, Recommendations, and Fiscal Matters

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2023 Audit Review Communication Compliance Reports

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ARC Compliance Reports: Agenda

- Audit Submissions
- COVID-19 Funding
- DEQ Funding
- Common Compliance Reporting Issues
- Compliance Reporting Update



Audits submitted to the LGC: Level of audits

	*2023 Audits	%age	2022 Audits	%age	2021 Audits	%age
GAAS only	203	23%	277	27%	317	29%
Yellow Book only	229	26%	280	27%	362	33%
Federal Single Audits	83	9%	107	10%	51	5%
State Single Audits	34	4%	49	5%	47	4%
Federal and State Single Audits	332	38%	327	31%	310	29%
Total	881		1040		1087	
* As of April 9, 2024						



Abbreviation and Terms Used

"			
ARC	Audit Review Communication	GSA	General Service Administration
CPF	Capital Project Fund	LGBFCA	Local Government Budget and Fiscal Control Act
CSLFRF	Coronavirus State Local Fiscal Recovery Funds	LGC	Local Government Commission
DEQ	NC Dept. of Environmental Quality	OMB	U.S. Office of Management and Budget
DOT	NC Dept. of Transportation	OSBM	N.C. Office of State Budget and Management
DPI	NC Dept. of Public Instruction	SEFSA	Schedule of Expenditures of Federal and State Awards
FAC	Federal Audit Clearinghouse	SFQC	Schedule of Findings and Questioned Costs
FYE	Fiscal Year End	UG	Uniform Guidance
GAAS	General Accepted Audit Standards	USDA	US Dept. of Agriculture
GAGAS	General Accepted Governmental Audit Standards		



Audit Submission to the FAC

Management of Federal Audit Clearinghouse was transferred to General Service Administration (GSA) from US Census (<https://fac.gov>).

- Auditees are responsible for audit submission. Both audit firm and unit need to certify the submission (UG §200.512(a)(1)).
- Waiver of the submission requirement “within 30 days” no longer applies for audits with FYEs after September 30, 2023.
- If a revised audit is submitted, both the original and revised audit will appear on the FAC website (UG §200.520(a)).
- Timely submission is necessary for an Auditee to be considered a low-risk auditee.
- Audits with FYEs 2022 and prior submitted or resubmitted must be submitted to the GSA managed FAC website.



Late Submission of an Audit

- If an auditor cites a finding related to a late audit submission, most often it is reported as a yellow book finding related to LGC /LGBFCA requirements.
- Diversity of opinion on whether a late audit is a federal award finding.
- If an audit is submitted late, and the cause is not related to the audit firm, there should be a finding if due to internal control issues (such as failure to timely reconcile accounts).
 - A late audit submission could be the effect.
- Are there repeat occurrences of late audit submissions?



COVID-19 Funding

Coronavirus State Local Fiscal Recovery Funds (CSLFRF) 21.027

- Expenditures of CSLFRF, if timely obligated, are expected to be incurred until FYE June 30, 2027 (four more years).
- Appropriate references to CSLFRF 21.027 include “State Fiscal Recovery Funds” and “Local Fiscal Recovery Funds.”
- “American Rescue Plan Act” is the legislation that authorized COVID-19 funding. It funds many new and existing federal programs.
 - Often see this on SEFSAs and SFQC as the name of the program.
- CSLFRF are considered direct awards from US Treasury – including CSLFRF funds received by nonentitlement units (NEUs).
- OSBM has no oversight responsibility over CSLFRF, unlike Coronavirus Relief Funds (21.019).



COVID-19 Funding

Coronavirus State Local Fiscal Recovery Funds (CSLFRF) 21.027

- State Fiscal Recovery Funds designated as “Revenue Loss” by the State, if passed to a subrecipient, are considered State awards.
 - Uniform Guidance, FAQ 13.14, the revenue loss eligible use category does not give rise to federal subawards.
 - When passed, these funds retain their federal character and recipients remain subject to laws and regulations applicable to Federal financial assistance programs.
 - Guidance on using the funds provided by State Agency should be followed.



COVID-19 Funding

Coronavirus State Local Fiscal Recovery Funds (CSLFRF) 21.027

- CSLFRF funds were considered “high risk” according to OMB in the 2023 Compliance Supplement.
 - Need to determine the “high risk” status in OMB’s 2024 editions to the Compliance Supplement.
 - If CSLFRF is a “high risk” Type B program (with expenditures \geq 25% of Type A threshold), it can be selected as major (UG §200.518(d)(1)).
- If other federal award funds the recipient expended (not including their direct CSLFRF award funds) are less than \$750,000 during the recipient’s fiscal year, an Alternative Engagement may be allowed.
 - The recipient’s total CSLFRF award received directly from Treasury or received (through OSBM) as an NEU is at or below \$10 million.
 - Refer to “Other Information” in the OMB CSLFRF 21.027 Compliance Supplement for Alternative Engagement requirements.



COVID-19 Funding (continued)

- Since CSLFRF funds are required to be expended by December 31, 2026 (obligated by December 31, 2024), there are eligibility/time requirements.
- COVID-19 expenditures should be identified on the SEFSAs with an identifying prefix (ex. COVID-19 - , ARPA -)
- If an existing federal program is supported by COVID-19 funding, the COVID-19 funding should be presented separately on the SEFSA on its own line from the non-COVID-19 funding. There should be lines with a total for both funding sources.
- Coronavirus Relief Funds (21.019) from the CARES Act should have been expended prior to December 31, 2021.
 - Exceptions were made for certain administrative expenditures that allowed expenditures until September 2022.



DEQ funding

- DEQ provides “Disbursements FY XX” reports that notes the source of funding, identifying numbers, dates of disbursements. Cash-basis report.
 - Available on our website: [NC DEQ Audit Confirmation Reports](#)
- Federal funding sources from DEQ:
 - Community Development Block Grant (14.228) – Do not confuse with pass-through funding from NC Dept. of Commerce.
 - Clean Water State Revolving Loans (66.458), Drinking Water State Revolving Loans (66.468)
 - These funding sources are not considered loans at the local level.
 - Report on the SEFSA expenditures incurred during FY.
 - Refer to the OMB Compliance Supplements, “Other Information” for SEFSA reporting guidance.
 - State Fiscal Recovery Funds (21.027)



DEQ funding

- DEQ State funding sources:
 - State Reserve Program (NC Revolving Loan and Grant Program)
 - Viable Utility Reserve
 - State Fiscal Recovery Funds
 - State Capital Infrastructure Fund
- State Compliance Supplements issued for DEQ funding (refer to the DEQ Disbursement Report, Key to Codes)
- Very helpful to DEQ if the funding source, name of project/program is presented on the SEFSAs and Capital Project Funds.
- Jennifer House has recently retired.
 - Contacts for DEQ funding:
 - Teresa Tripp teresa.tripp@deq.nc.gov, 919-707-9182
 - Jackie Moore jackie.j.moore@deq.nc.gov, 919-707-9167



Community Development Block Grant (14.228)

- Funding from CDBG can come from two State Agencies:
 - DEQ – Infrastructure (CDBG-I) for Water and Wastewater Capital Projects
 - Commerce – Neighborhood Stabilization Program to fund Neighborhood Revitalization Projects
- If a government incurs expenditures from both programs, they should be separately reported on the SEFSA. The appropriate pass-through entity (DEQ, Commerce) should be included.
 - It is preferred that a total line for both programs be included
- Total expenditures for both programs determine the program expenditures. Both projects need to be tested using OMB and respective State Compliance Supplements.



Common Reporting Issues

Independent Auditor's Report

- Reference to GAGAS not included in the report, as required. "Report on Other Legal and Regulatory Requirements" paragraph not included (AU-C 700.39)
- Supplemental Information does not properly reference the "in-relation-to" reporting of the SEFSA. This could be addressed in separate reports
- Primary government has a GAGAS audit, component unit did not. This was not noted in the auditor report on primary government.



Common Reporting Issues

- Significant violations of LGBFCA reported in the notes (as required by GASB Cod. Sec. 2300.106h) not reported as GAGAS findings (as required by GAGAS ¶6.15).
- Material prior period adjustments related to errors should be cited as material weaknesses (refer to AU-C §265.A11).
- If a Management Letter or AU-C §265 report (*Communicating Internal Control Related Matters Identified in an Audit*) is issued, it must be consistent with the Yellow Book report.



Common Reporting Issues

- Capital Project Funds: Difficult to determine the grant funding sources
 - A federal award is referenced as a State award
 - Grants and awards are combined into one revenue source
 - Current expenditures do not tie to the SEFSA
 - Preferred: “Restricted Intergovernmental – CDBG.”
- Powell Bill Fund restrictions amount reported in General Fund is incorrect (does not reconcile with expenditures reported on SEFSA using prior year amount and DOT Grant Master Listing).
- USDA interim financing not reported as SEFSA expenditures



Yellow Book Report

- If findings are reported, it is preferred that a separate schedule be included following the report that includes all the required elements of the finding. An appropriate identifying number (ex. 2024-001) should be used.
 - The reporting of the findings in the report often does not include all the required elements. Not as transparent.
- If a Summary of Auditor's Results, Corrective Action Plans, and Summary Schedule of Prior Audit Findings are included, though not required for GAGAS audits, they must be consistent with the auditor's reports and information concerning findings.



Federal and State Single Audit Reports

- Be sure that the findings referenced in the reports tie to all the sections in the Schedule of Findings and Question Costs (SFQC).
 - especially if the finding is related to both noncompliance and internal controls.
- If the SEFSA is issued under a separate cover with the compliance section, the auditor's in-relation-to opinion on the SEFSA must be included in the report, unless a separate report is issued.



Schedule of Findings and Questioned Costs (SFQC)

- Be sure that the Summary of Auditor Results ties to the Yellow Book, Single Audit Reports and to the relevant sections that include the findings.
- ID of Federal or State Major Programs: The correct program name listed must tie to the SEFSA. There should no confusion of the programs and the amounts of expenditures tested.
- Low-risk auditee status must be correct, based on dates of FAC audit submissions and prior year audit findings.



Schedule of Findings and Questioned Costs (SFQC) Audit Findings

- Findings should tie to the Unit Data Input Worksheet.
- Authoritative source for a compliance finding is not referenced in the “criteria” element (ex. general statute, regulation, audit and professional standards, documents, etc.).
- Uncertainty as to whether a finding is related to internal controls over financial reporting/compliance, noncompliance, or both
 - including a header stating the type of finding is helpful (ex. “Noncompliance/Significant Deficiency”)
- Reminder: Each element of finding should be written so that the State oversight agency has a good understanding of the condition and the cause to determine if the correction action plan is adequate.



Auditee Prepared Documents

- **Corrective Action Plan:** The corrective action plan should state a plan to address the finding.
 - An auditee only states the cause, and what corrective action is taken is not stated.
 - If an auditee disagrees with the finding or believes that corrective action is not required, then there should be an explanation and specific reason.
- **Summary Schedule of Prior Year Audit Findings:**
 - Must tie to the prior year's audit reports.
 - Not required for yellow book audits but are helpful.
 - Is not required to be on auditee letterhead but allowed.



Schedule of Expenditures of Federal and State Awards

SEFSAs are usually in good condition, properly recognizing the federal and State programs and the expenditures. Occasionally, we find the following occurrences:

- Expenditures that are reported, do not tie or reconcile to the financial statements (more common with CPFs).
- Cluster of programs does not have a total line as required.
- Funding from DEQ or DOT is not reported on the SEFSA. Expenditures of DEQ or DOT programs are not correctly reported.
- Issues with program names, assistance listing no., no pass-through or State identifying numbers, references to CFDA.
- Revenues are reported and not expenditures (especially for Powell Bill)



Low-Risk State Auditee

- Allows 20% of total state award expenditures to be audited as major, if an auditee qualifies.
- Auditee must have had either a federal or State single audit performed in each of the two previous fiscal years.
- The requirements found in OMB UG §200.520(a),(b),(c),(d) as applied to State awards must have been met.
- Audits must have been submitted timely to the LGC. If unit had to respond to a LGC request that the audit was late, then the report was not submitted timely for “low-risk State auditee” determination.
 - If the reasons of the late audit submission were not related to the auditee, the auditee may still qualify.



Opioid Funding

- Counties and Municipalities received an allocation of funds as a result of the “National Opioid Settlement Agreement” to be used specifically for opioid-related expenditures related to opioid remediation activities.
- As mentioned in Section F of the NC Department of Justice’s (DOJ) Memorandum of Agreement (MOA), the expenditures incurred from Opioid Settlement Funds are subject to State Single Audit requirements.
- Expenditures incurred from Opioid Settlement Funds are to be reported on the Municipalities or Counties SEFSAs under the State Awards section as “Other State Expenditures.”
- Refer to SLGFD’s LGC Memo #2023-03, LGC Blog post [“Accounting For Opioid Settlement Funds – An Update”](#), September 29, 2023.
- DOJ issued a State Compliance Supplement.



State Compliance Supplements 2024

- OMB expects their Compliance Supplement to be issued in May 2024.
- Useful parts of the OMB Supplement include:
 - Appendix IV - includes list of programs with “higher risk” and supplements that include “Other Information.”
 - Appendix III – Federal Agency Key “Federal Program Contacts.”
 - Part 7 “Guidance for Auditing Programs not Included in this Compliance Supplement.”
- State Compliance Supplement expected to be issued in early May 2024.
 - Includes guidance for auditing federal programs passed through State Agencies and State programs/projects funded with State awards.
 - Includes OMB Compliance Supplement (Section A).
 - NEW: “Compliance Requirements for State Awards.”



Audits of NPOs

- NPOs are subject to NC Administrative Code, 09 NCAC 03M.0205:
 - ✓ (a)(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)(4) Level III recipients and subrecipients shall have a single or program-specific audit prepared and completed in accordance with Generally Accepted Governmental Auditing Standards, also known as the Yellow Book.
- NPOs are not subject to State Single Audit requirements
- Contact the granting Agency to determine audit and compliance requirements (SLGFD can give you a contact). OSBM may offer assistance.
- Auditors of NPOs are often instructed by State Agencies to use illustrative reporting guidance from AICPA and on SLGFD's website.
- Reports should reference 09 NCAC 03M.0205 as the authoritative source.



Revisions to the Uniform Guidance

- OMB has posted a pre-publication version of the revised Uniform Guidance. Final version is expected to be issued in the summer.
- An increase to the Single Audit threshold from \$750,000 to \$1,000,000.
- The Type A threshold has been increased to \$1 million and the amount of awards expended for which it applies has been increased from \$25 million to \$34 million.
- An increase to the threshold used to define a capital expenditure (equipment or real property) from \$5,000 to \$10,000.
- The cognizant agency may authorize an extension when the nine month timeframe would place an undue burden on the auditee
- Expansion of the definition of questioned costs.
- **NOT EFFECTIVE** for fiscal year ending June 30, 2024!



NC Dept of State Treasurer Compliance Resources

- [State Compliance Supplements](#)
 - Link to the OMB Compliance Supplements.
 - 2024 supplements to be posted in May 2024.
- [Audit Confirmation Reports \(NC DEQ, NC DOT, NC DHHS\)](#)
 - DEQ and DOT issued in early August, DHHS in early Sept.
- [Single Audit Review Program \(checklist – not all inclusive\)](#)
- [Illustrative Reports and Schedules](#)
- [Discussion of Single Audit in North Carolina](#)
 - Includes the sections of the UG adopted by the State Single Audit



LGC SLGFD Contact Information

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919-814-4287 – office and 919-609-5352 - cell
- LGCAudit@nctreasurer.com – LGC staff processing Audit documents
- LGC.Contract@nctreasurer.com – LGC staff processing Audit contacts
- LGCInvoice@nctreasurer.com – LGC staff processing Audit invoices
- LGCAuditReview@nctreasurer.com – automated email sent to Unit and Auditor indicating their Audit review is completed
- Main Office 919-814-4300 slgfd@nctreasurer.com