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**STATE AND LOCAL GOVERNMENT FINANCE DIVISION
AND THE LOCAL GOVERNMENT COMMISSION**

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Summary

Audit requirements for local governments and public authorities in North Carolina

G.S. 159-34 states that each unit of local government and public authority must have its accounts audited as soon as possible after the close of each fiscal year. When specified by the Secretary of the Local Government Commission (LGC), the audit must evaluate the performance of a unit of local government or public authority with regard to compliance with all applicable federal and State agency regulations. In accordance with this statute and regulations set by the Secretary of the Local Government Commission, local governments and public authorities are subject to the following audit requirements:

All local governments and public authorities subject to G.S. 159, The Local Government Budget and Fiscal Control Act, must have an audit performed in accordance with generally accepted auditing standards (GAAS).

Local governments and public authorities that expend \$100,000 or more in combined federal or State financial assistance must have an audit performed in accordance with Government Auditing Standards (GAGAS).

In accordance with federal requirements, local governments and public authorities that expend \$750,000 or more in federal financial assistance must have a single audit performed in accordance to OMB Uniform Guidance, Subpart F (2 CFR 200.501). Local governments and public authorities that have expended \$500,000 or more in State financial assistance must have a single audit performed in accordance with the State Single Audit Implementation Act.¹

Sections of the Uniform Guidance that Apply to State Awards

In accordance with G.S. 159-34, the State Single Audit Implementation Act the following sections of Uniform Guidance apply to the audit of State awards:

<u>Section</u>	
200.000	Acronyms, as applicable
200.Subpart A	Definitions, as applicable
200.502	Basis for determining awards expended
200.331	Subrecipient and contractor (vendor) determinations
200.503(a)(b)(c)	Relation to other audit requirements
200.505	Sanctions
<u>200.425</u>	<u>Audit Services</u>
200.508	Auditee responsibilities
200.509(a)(b)	Auditor selection

¹ Changes reflect requirement of the U.S. Office of Management and Budget Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards: Final Rule* (Uniform Guidance) that supersedes the audit requirements of OMB Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organization*

Summary - Single Audit in North Carolina

200-510	Financial statements
200-511	Audit findings follow-up
200-513	Awarding agency responsibilities, pass-through entity responsibilities
200.332	Requirements for pass-through entities
200-521(a)(c)(d)(e)	Management decision
200.514	Scope of audit
200.515	Audit reporting
200.516	Audit findings
200.517	Audit Documentation
200.519	Criteria for program risk
200.520	Criteria for a low-risk auditee

Sections of the Uniform Guidance that DO NOT Apply to State Awards

The following sections of the Uniform Guidance are not applicable to State awards. For guidance on the following categories, refer to “Discussion of Single Audits in North Carolina” and the instructions to the “Contract to Audit Accounts” (LGC-205 form): [LGG-205 Standard Audit Contract Form](#)

<u>Section</u>	
200.500	Purpose
200.501	Audit Requirements
200.503 (d)(e)	Relation to other audit requirements
200.504	Frequency of audits
200.506	Audit Cost
200.507	Program specific audits
200.513	Cognizant agency and oversight agency responsibilities
200.518	Major program determination
200.521(b)	Management decision
Appendix X	Data Collection Form (SF-SAC)

For questions related to single audits reporting for Not-for-profits contact OSBM at Grants-OSBM@osbm.nc.gov. or refer to <https://www.osbm.nc.gov/management/grants>

Illustrative samples of audit reports for State awards, Schedule of Expenditures of Federal and State Awards, Schedule of Findings and Question Costs, Corrective Action Plans, and Schedule of Prior Years Audit Findings can be found on the State Treasurer’s website: [Single Audit Reporting](#)

State Compliance Supplements and other resources: [State Compliance Supplements](#)

For questions concerning Single Audits in NC, call 919-814-4299 or SLGFD@nctreasurer.com.