


STATE TREASURER OF NORTH CAROLINA  
DALE R. FOLWELL, CPA

*Dale R. Folwell, CPA*

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## STATE AND LOCAL GOVERNMENT FINANCE DIVISION

### State Compliance Supplements

James Burke, Senior Accounting and Financial  
Management Advisor, Fiscal Management Section

January 19, 2023

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## Local Government Commission

- Established G.S. §159
- Staff of LGC: Division of NC Dept. of State Treasurer – State and Local Government Finance Division
- G.S. §159 – Article 3, Local Government Budget and Fiscal Control Act (§159-7 to §159-42.1),
  - Oversight of Local Governments and Public Authorities (1,100 units)
  - G.S. §159-34 – Annual Independent Audit, Rules and Regulations
    - ✓ Annual Audit required (GAAP)
    - ✓ LGC issues rules and regulations to improve audit quality, comparability of reporting
    - ✓ State Single Audit Implementation Act
    - ✓ State Compliance Supplements (G.S. §159-34(c), NCAC (09 NCAC 03M .0401)

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### Unit Types that Report to LGC

• Municipalities	• Airports	• Managed Care Organizations/ Local Management Entities
• Counties	• Council of Governments	• Water and Sewer Districts
• Board of Educations	• District Health Authorities	• Public Housing Authorities
• Hospitals (Public)	• Libraries	• Tourism Development Authorities (TDA)
• Miscellaneous (Transportation Authorities, Soil and Water Districts, Jails)		

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### Audits of local governments/public authorities and non-profit organizations (NPOs) in North Carolina:

- An audit consists of an audit performed under Generally Accepted Auditing Standards (GAAS) using auditing Standards issued by AICPA.
- *Governmental Auditing Standards* (GAGAS), "Yellow Book" audits, performed under Standards issued by Governmental Accountability Office.
- A compliance audit of an entity's major federal and/or State programs, which includes:
  1. testing compliance with applicable compliance for each major program and
  2. gaining an understanding and testing internal controls over compliance requirements.

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## What does the Compliance Supplement do?

- Primarily an auditor's tool for auditing a Federal or State program
- Identifies program compliance requirements and audit procedures for testing those requirements
- Describes the Federal and State program's objectives and procedures, and provides existing regulatory and statutory compliance requirements relevant to the audit, as well as audit objectives and suggested audit procedures for determining compliance with these requirements
- Not an all-inclusive document for auditing programs
- It does not create compliance requirements.

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## Uniform Guidance-Audit Requirements

### COMPLIANCE REQUIREMENTS

FEDERAL	STATE
A. Activities Allowed or Unallowed	1. Activities Allowed or Unallowed
B. Allowable Costs/Cost Principles	2. Allowable Costs/Cost Principles
C. Cash Management	3. Cash Management
D. <b>Reserved</b>	4. Conflict of Interest
E. Eligibility	5. Eligibility
F. Equipment & Real Property Mgmt	6. Equipment & Real Property Mgmt
G. Matching, Level of Effort, Earmarking	7. Matching, Level of Effort, Earmarking
H. Period of Performance	8. Period of Performance
I. Procurement, Suspension and Debarment	9. Procurement, Suspension and Debarment
J. Program Income	10. Program Income
K. <b>Reserved</b>	11. <b>Reserved</b>
L. Reporting	12. Reporting
M. Subrecipient Monitoring	13. Subrecipient Monitoring
N. Special Tests and Provisions	14. Special Tests and Provisions

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## State Compliance Supplements

### Prepared by federal agencies:

- Section A – US Office of Management and Budget (OMB) Compliance Supplement – April 2022 (effective for audits ending after June 30, 2022)

### Prepared by State Agencies:

- Section B – Supplements for Federal programs passed through the State (including State matching)
- Section C – Supplements for programs funded solely with State funds
- Section D – Crosscutting Compliance Supplements
  - Currently only DHHS, DPI, & DOT
- Section E – Short Form Compliance Supplements

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## State Compliance Supplement - Section B

- Section B: Programs with Federal funding passed through a State Agency to a local government, public authority, or NPO. Includes programs with State matching requirements.
- Format is similar to the OMB Compliance Supplement
- What needs to be communicated in the State Supplement:
  - Program objectives (are they the same at the local level as the State)?
  - Program procedures?
  - How much or what portions of the program requirements have passed to the local level?

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## State Compliance Supplement - Section C

- Section C: State programs/projects with State funds
- Format is similar to the OMB Compliance Supplement
- State Agencies need to determine the Type of Compliance Requirements that apply at the local level and provide guidance on testing the programs in the Supplement:
  - What are the program objectives?
  - What are the program procedures?
- Important: What is the funding source for the program?
  - If a local government or NPO receives funding for a State program/project, how can the auditor determine what State Compliance Supplement to use?
  - State identifying Nos.?

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## Section D (Crosscutting Supplements) and Section E (Short Form Supplements)

- Section D: Crosscutting Supplements – identify compliance requirements that apply to several programs for a particular Agency or Division.
  - Currently issued by DHHS (DSS and DMH), DOT, DPI
- Section E: Short Form Supplements – one page supplement that provides contacts, description of the program, and funding sources (Federal or State) for programs that do not require a long form supplement.


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2 CFR PART 200, APPENDIX XI

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**COMPLIANCE SUPPLEMENT**

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April 2022  
EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET

## Section A: OMB Federal Compliance Supplement

- Part 1 – Background and Purpose
- Part 2 – Matrix of Compliance Requirements
- Part 3 – Compliance Requirements (apply to all federal programs with applicable types)
- Part 4 – Agency Program Requirements
- Part 5 – Cluster of Programs (other clusters)
- Part 6 – Internal Controls
- Part 7 – Guidance for Auditing Programs NOT Included in this Compliance Supplement (good resource on how to prepare a compliance supplement)
- Appendices (I to IX)

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## Local auditors testing federal or State programs

- For testing a major program with federal funding (including State match), auditor will use:
  1. Section A (OMB Compliance Supplement)
    - Part 2 to identify Types of Compliance Requirements that apply
    - Part 3 for generic compliance requirement
    - Part 4 (if one exists) for specific compliance requirements
    - Possibly Part 6 to test internal controls over compliance, unless the auditor uses another internal control framework
  2. Section B – State supplement for a federal program
  3. Possibly a crosscutting supplement, if one applies
- For testing a major program with State funding, auditors will use:
  1. Section C – State supplement for a State program
  2. Possibly a crosscutting supplement
  3. Possibly Part 6

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## OMB Federal Compliance Supplement - Appendices

- I – Federal Programs excluded from the Uniform Guidance (2 CFR Part 200)
- II – CFRs applicable to Federal Agencies
- III – Federal Agency Single Audit, Key Management Liaison, and Program Contacts
- IV – Internal Reference Tables
- V – List of Changes for the 2022 Compliance Supplement
- VI – Program-Specific Audit Guides
- VII – Other Audit Advisories
- VIII – Examination of EBT Service Organizations
- IX – OMB Compliance Supplement Core Team

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## Appendix III

### Federal Agency Single Audit, Key Management Liaison, and Program Contacts:

- Office of Inspector General Contacts for each State Agency (e-mails and phone numbers),
- Federal Agency Key Contacts (e-mails)
- Federal Agency Program Contacts (e-mails and phone numbers)

April 2022 Federal Agency Single Audit, Key Management Liaison, and Program Contacts

Assistance Listing	Federal Agency Program Contacts Agency Contact(s)	E-Mail Address	Telephone Number
84.181	Charles Kneisley (primary)	charles.kneisley@ed.gov	202-245-7522
	Lynne Fairfax	lynne.fairfax@ed.gov	202-245-7537
84.282	Ellen Saffranek	ellen.saffranek@ed.gov	202-455-7660
84.287	Miriam Lund	Miriam.Lund@ed.gov	202-401-2871
84.365	Supreet Anand	supreet.anand@ed.gov	202-401-9795
84.367	Nkemjika Ofolele-Carruthers	nkemjika.ofolele-carruthers@ed.gov	202-401-4380
84.424	Kay Rigling	Kay.Rigling@ed.gov	202-401-6075
84.425			
84.938	Meredith Miller	Meredith.Miller@ed.gov	202-401-8368
87	Gulf Coast Restoration Council (Restoration Council)		
87.051	Steve Sigler	steve.sigler@restorategulf.gov	504-894-3825
87.052	David Gilliland	david.gilliland@restorategulf.gov	504-444-5044
93	Department of Health and Human Services (HHS)		
93.044	Greg Link	Greg.Link@acl.hhs.gov	202-795-7386
93.045	Director, Office of Supportive and Caregiver Services		
93.053	Carol Crecy	Carol.Crecy@acl.hhs.gov	202-795-7331
	Director, Office of External Affairs		
93.090	Gail Collins	Gail.Collins@acl.hhs.gov	202-205-8552
	Director, Division of Program Implementation		
93.095	Marsha Werner	Marsha.Werner@acl.hhs.gov	202-401-5281
93.096	Lead Social Services Program Specialist		
	Maxine Maloney	Maxine.Maloney@acl.hhs.gov	202-401-7231
	Social Services Block Grant		

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Appendix III



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## Appendix IV

### Internal Reference Tables

- Programs With "Higher Risk" Designation
- Federal Acts that have established new federal programs with COVID-19 relief
- Impact of "Higher Risk" Status on Major Program Determination
- Programs with "Other Information" in Part 4

there are no changes to the normal risk assessment process for Type B programs identified as "higher risk." That is, the "higher risk" identification must be considered with the other factors in section 200.519.

Further, the auditor is not required to prioritize the assessment of risk for "higher risk" Type B programs over other Type B programs.

#### PROGRAMS WITH "OTHER INFORMATION" IN PART 4

The following is a list of programs in Part 4 which have requirements defined in IV, "Other Information." If the listing is a cluster, all program numbers are shown, but only the primary program name is presented.

10.551/10.561	Supplemental Nutrition Assistance Program (SNAP)
10.553/10.555/10.556/10.559	School Breakfast Program (SIBP)
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
10.558	Child and Adult Care Food Program (CACFP)
10.760	Water and Waste Disposal Systems for Rural Communities
10.766/10.780	Community Facilities Loans and Grants
11.300/11.307	Investments for Public Works and Economic Development
14.157	Supportive Housing for the Elderly (Section 202)
14.181	Supportive Housing for Persons with Disabilities (Section 811)
14.218/14.225	Community Development Block Grants/Entitlement Grants and Non-Entitlement Counties in Hawaii
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
14.239	Home Investment Partnerships Program
14.256	Neighborhood Stabilization Program (Recovery Act Funded)
14.850	Public and Indian Housing
14.862	Indian Community Development Block Grant Program
14.867	Indian Housing Block Grants
14.871/14.879	Section 8 Housing Choice Vouchers
14.872	Public Housing Capital Fund (CFP)
14.873	Native Hawaiian Housing Block Grant



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## Appendix V

### List of Changes for the 2022 Compliance Supplement

- State Agencies should review Appendix V in the 2023 Compliance Supplement and, if necessary, modify 2023 State Compliance Supplements to incorporate changes to programs.
- This is in addition to reviewing the Type of Compliance Requirements reported in the 2023 Compliance Supplements and incorporating any changes to the applicable Types.

April 2022 List of Changes for the 2022 Compliance Supplement

#### APPENDIX V LIST OF CHANGES FOR THE 2022 COMPLIANCE SUPPLEMENT

This appendix provides a list of changes from the 2021 Supplement dated August 2022, including changes to documents added from addenda 1 & 2 and the technical update. Please note that changes in the Matrix of Compliance Requirements are reflected in Part 2 of this supplement and are not reflected in this appendix.

##### Table of Contents

The Table of Contents has been updated to show additions and deletions.

##### Part 1 – Background, Purpose, and Applicability

- Updated for the effective date of the Supplement.

##### Part 2 – Matrix of Compliance Requirements

- Matrix of Compliance changes and corrections were made for 2022; these are indicated in the Part 2 Matrix. Changes are shown in yellow highlights.

##### Part 3 – Compliance Requirements

Updated website links for the following programs:

- 10.000 – Updated link to the FNS contact.
- 10.500 – Updated II, "Program Procedures," updated link for Plans of Work.
- 10.555 and 10.553 and 10.556 and 10.559 and 10.582 – Updated II, "Program Procedures," new link to Summer Food Service Program (SFSFP) rates; updated link to FSN web page; and new link to COVID-19 Waivers.
- 11.300 and 11.307 – Updated III.N.2, RFL Awards: Loan Requirements" subsection Compliance Requirements new link for more information on EDA temporary waiver of the requirement to collect evidence demonstrating that credit is not otherwise available.
- 14.218 and 14.225 – Updated II, "Program Procedures," updated link to CDBG-MIT and CDBG-MIT; ILLA, "Activities Allowed or Unallowed," to add a new link to the Federal Register notices; ILLA, "Program Income," to add two new links to the Federal Register notices for alternative requirements.
- 14.228 – Updated I, "Program Objectives," new link to public laws; II, "Program Procedures," links to CDBG-MIT, to see NSP funds notices, notices at HUD Tips, additional information about CDBG-CV, RFP, updates to NSP notices and a new link to NSP Definition and Modification Notice, and Federal Register

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Appendix V



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## Part 6 Internal Controls

Incorporates the Uniform Guidance on Internal Control (§200.303)

Incorporates the COSO and Green Book Concepts Relevant to Internal Control over Compliance

### Component

- Control Environment (5 principles)
- Risk Assessment (4 principles)
- Control Activities (3 principles)
- Information and Communication (3 principles)
- Monitoring (2 principles)

Appendix 1 – Illustrative Entity – Wide Controls

Appendix 2 – Illustrative Specific Controls

April 2022

Internal Control

### PART 6 - INTERNAL CONTROL

The focus of this part is on internal control over compliance requirements for federal awards (sometimes referred to as internal control over compliance). It is intended for the consideration of both non-federal entities and auditors and includes the following:

- A summary of the requirements for internal control for both non-federal entities receiving federal awards (also referred to as auditors management) and auditors performing audits under 2 CFR section 200 (i.e., the Uniform Guidance);
- A background discussion on important internal control concepts; and
- Appendices that include illustrations of entity-wide internal controls over federal awards (Appendix 1), as well as illustrations of internal controls specific to each type of compliance requirement (Appendix 2).

#### Uniform Guidance Internal Control Requirements

The 2 CFR section 200.303 requires that non-federal entities receiving federal awards establish and maintain internal control over the federal awards that provides reasonable assurance that the non-federal entity is managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards. The 2 CFR section 200.314 requires auditors to obtain an understanding of the non-federal entity's internal control over federal programs sufficient to plan the audit to support a low assessed level of control risk of noncompliance for major programs, and, unless internal control is likely to be ineffective, plan the testing of internal control over major programs to support a low assessed level of control risk for the assertions relevant to the compliance requirements for each major program and perform testing of internal control as planned.

Note: When internal control is likely to be ineffective in preventing and detecting noncompliance, 2 CFR section 200.314 requires the auditor to report a significant deficiency or material weakness, assess control risk at the maximum, and consider whether additional compliance tests are required because of the ineffective internal control.

The objectives of internal control over compliance as found in 2 CFR section 200.1, are as follows:

- Transactions are properly recorded and accounted for in order to:
  - Permit the preparation of reliable financial statements and federal reports;
  - Maintain accountability over assets; and
  - Demonstrate compliance with federal statutes, regulations, and the terms and conditions of the federal award;
- Transactions are executed in compliance with:
  - Federal statutes, regulations, and the terms and conditions of the federal award that could have a direct and material effect on a federal program; and

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## Part 2 Matrix of Compliance Requirements

- Type of compliance requirements that apply are noted as "Y."
- Federal program is listed by Assistance Listing No. (ex. 14.228). Cluster of programs are listed together as one program.
- If a Type changed from prior year, it will be in bold and highlighted.
- State Agencies can add a Type, but cannot change a Type from "N" to "Y." If an applicable Type is not passed to the local level, it should be noted as "Y" on the State

April 2022

Matrix of Compliance Requirements

### Legend to Matrix

Legend: Y = Yes, this type of compliance requirement is subject to audit for the federal program; N = No, this type of compliance requirement is not subject to audit for the federal program. These requirements that were changed from a "Y" to an "N" or from an "N" to a "Y" since the last Supplement are shown in bold (and highlighted in yellow) in the A-N matrix columns. Programs added through addendums 1 and 2 with requirements that were changed from a "Y" to an "N" and from an "N" to a "Y" since their publication are also shown in bold (and highlighted in yellow) in the A-N matrix columns. Any changes shown with a blue highlight are corrections to this table only (not a change in the requirements in Part 4). Note: Requirements D and K are reserved and therefore not shown in this chart.

Requirement	A	B	C	E	F	G	H	I	J	L	M	N
	Assistance Listing Unaided	Assistance Listing Aidable	Cash Management	Eligibility	Identification Requirements	Matching	Use of Federal Financial Management	Period of Performance	Procurement	Program Management	Reporting	Statistical Reporting
Program Number												
10.501	Y	Y	N	N	N	Y	Y	N	N	Y	Y	N
10.502	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.503	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.504	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.505	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.506	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.507	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.508	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.509	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.510	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.511	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.512	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.513	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.514	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.515	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.516	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.517	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.518	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.519	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.520	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.521	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.522	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.523	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.524	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.525	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.526	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.527	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.528	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.529	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.530	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.531	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.532	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.533	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.534	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.535	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.536	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.537	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.538	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.539	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.540	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.541	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.542	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.543	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.544	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.545	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.546	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.547	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.548	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.549	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.550	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.551	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.552	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.553	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.554	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.555	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.556	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.557	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.558	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.559	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.560	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.561	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.562	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.563	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.564	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.565	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.566	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.567	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.568	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.569	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.570	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.571	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.572	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.573	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.574	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.575	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.576	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.577	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.578	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.579	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.580	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.581	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.582	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.583	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.584	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.585	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.586	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.587	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.588	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.589	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.590	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.591	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.592	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.593	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.594	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.595	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.596	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.597	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.598	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.599	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.600	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.601	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.602	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.603	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.604	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.605	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.606	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.607	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.608	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.609	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.610	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.611	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.612	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.613	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.614	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.615	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.616	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.617	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.618	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.619	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.620	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.621	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.622	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.623	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.624	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.625	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.626	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.627	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.628	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.629	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.630	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.631	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.632	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.633	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.634	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.635	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.636	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.637	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.638	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.639	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.640	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.641	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.642	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.643	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.644	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	N
10.645	Y	Y	Y	Y	Y							

## Part 3 – Compliance Requirements

- Provide guidance to local auditors on testing Type of Compliance requirements that are applicable to potentially all federal programs if the Type is applicable.
- These types are generic in nature.
- Provides audit objective and suggested audit procedures.
- Provides guidance on testing internal control over compliance.
- Since Part 3 is applicable at the State level, and includes guidance not applicable at the local level, auditors need to use judgment on applying Part 3.

April 2022 Compliance Requirements – Period of Performance

### II. PERIOD OF PERFORMANCE

#### Compliance Requirements

A non-federal entity may charge only allowable costs incurred during the approved budget period of a federal award's period of performance and any costs incurred before the federal awarding agency or pass-through entity made the federal award that were authorized by the federal awarding agency or pass-through entity (2 CFR sections 200.308 200.309 and 200.403(h)). A period of performance may contain one or more budget periods.

Unless the federal awarding agency or pass-through entity authorizes an extension, a non-federal entity must liquidate all financial obligations incurred under the federal award not later than 120 calendar days after the end date of the period of performance as specified in the terms and conditions of the federal award (2 CFR section 200.344(b)). When used in connection with a non-federal entity's utilization of funds under a federal award, "financial obligations" means orders placed for property and services, contracts and subawards made, and similar transactions during a given period that require payment by the non-federal entity during the same or a future period (2 CFR section 200.1).

Period of Performance requirements for cost reimbursement contracts subject to the FAR are contained in the terms and conditions of the contract.

#### Source of Governing Requirements

The requirements for the period of performance are contained in 2 CFR section 200.1 Definitions for "budget period," "financial obligations," "period of performance," 2 CFR section 200.308 (revision of budget and program plans), 2 CFR section 200.309 (modifications to period of performance), 2 CFR section 200.344 (closeout), program legislation, federal awarding agency regulations; and the terms and conditions of the award.

#### Audit Objectives

1. Obtain an understanding of internal control, assess risk, and test internal control as required by 2 CFR section 200.514(c).
2. Determine whether the federal award was only charged for: (a) allowable costs incurred during the period of performance; or (b) costs incurred prior to the date the federal award was made that were authorized by the federal awarding agency or pass-through entity.
3. Determine whether financial obligations were liquidated within the required time period.

#### Suggested Audit Procedures – Internal Control

1. Perform procedures to obtain an understanding of internal control sufficient to plan the audit to support a low assessed level of control risk for the program.
2. Plan the testing of internal control to support a low assessed level of control risk for the period of performance and perform the testing of internal control as planned. If internal

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## Part 4 – Agency Program Requirements

- Provides guidance to local auditors on testing Type of Compliance requirements that are specific to a particular federal program.
- Provides audit objective and suggested audit procedures.
- Provides guidance on testing internal control over compliance.
- Since Part 4 is applicable at the State level, and includes guidance not applicable at the local level, auditors need to use judgment on applying Part 4.
- State Agencies should provide guidance on what is and what is not applicable in Part 4 at the local level in the State Supplement.

April 2022 Child Support Enforcement HHS

### DEPARTMENT OF HEALTH AND HUMAN SERVICES

#### ASSISTANCE LISTING 93.563 CHILD SUPPORT ENFORCEMENT

##### I. PROGRAM OBJECTIVES

The objectives of the Child Support Enforcement programs are to (1) enforce support obligations owed by non-custodial parents, (2) locate absent parents, (3) establish paternity, and (4) obtain child and spousal support.

##### II. PROGRAM PROCEDURES

The Child Support Enforcement programs are administered at the federal level by the Office of Child Support Enforcement (OCSE), Administration for Children and Families (ACF), a component of the Department of Health and Human Services (HHS). Under the State Child Support Enforcement program (state program), funding is provided to the 50 states, the District of Columbia, Puerto Rico, the Virgin Islands, and Guam, based on a state plan and amendments, as required by changes in statutes, rules, regulations, interpretations, and court decisions, submitted to and approved by OCSE. Under the Tribal Child Support Enforcement program (tribal program), funding is provided to federally recognized tribes and tribal organizations based on applications, plans, and amendments, as required by changes in statutes, rules, regulations, and interpretations, submitted to and approved by OCSE.

The state program is an open-ended entitlement program that allows the state to be funded at the federal financial participation (FFP) rate of 66 percent for eligible program costs. Under the tribal program, tribes receive funding for a specified percentage of program costs (during the first three-year period, federal grant funds equal to 90 percent, and for all periods following the initial three-year period 80 percent).

State child support agencies are required to conduct self-reviews of their programs (42 USC 654(15) and 45 CFR Part 308).

##### Source of Governing Requirements

The Child Support Enforcement programs are authorized under Title IV-D of the Social Security Act, as amended. This includes amendments as the result of the Deficit Reduction Act of 2005 (DRA) (Pub. L. No. 109-171). The state program is codified at 42 USC 651 through 665. Implementing program regulations for the state program are published at 45 CFR parts 301 through 308. In addition, with regard to eligibility and other provisions, these programs are closely related to program authorized under other titles of the Social Security Act, including the Temporary Assistance for Needy Families (TANF) program (Assistance Listing 93.558), the Medicaid program (Assistance Listing 93.578), and the Foster Care (Title IV-E) program (Assistance Listing 93.658).

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## State Compliance Supplements: Important Dates

**The production schedule for this year's Supplement is as follows:**

Supplements to be Written and Reviewed by Agency	August through February
Final Supplement Packages to LGC	by March 1, 2023
Review for Format by LGC	April 3, 2023
All Corrections received by LGC	April 21, 2023
Posted on the LGC website by the LGC	May 1, 2023

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## Single Audit Reporting and Compliance Supplement Resources

- At "treasurer.com," select "State and Local Government Finance Division"
- Select: "Access compliance supplements and related resources"
- Website: "Single Audit Reporting and Compliance Supplement Resources"
- <https://www.nctreasurer.com/divisions/state-and-local-government-finance/lgc/local-fiscal-management/annual-audit/single-audit-reporting-and-compliance-supplement-resources>
  - Discussion of Single Audit in North Carolina
    - Summary of Single Audit in North Carolina
  - Single Audit Reporting – samples reports, schedules, SEFSAs
  - State Compliance Supplements
  - NCDEQ, NCDHHS, NCDOT Reports
  - Compliance Supplement Preparation Resources

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## Compliance Supplement Preparation Resources

- “Preparation Guide for the NC State Compliance Supplement for 2023”
  - Detailed instructions on completing a federal or State long-form or short form compliance supplement
  - Programs that were audited as major in fiscal years ending 2020-2021
- Templates of forms
  - Federal and State long form and short form templates
  - Instructions
  - Certifications
- Type of Compliance Requirements – definitions
- State Agencies Cluster of Programs
- Guidance for Auditing Programs not included in the OMB Compliance Supplement (Part 7 of the OMB CS)
- Federal Agencies Key Contacts 2023
- Questions: [james.burke@nctreasurer.com](mailto:james.burke@nctreasurer.com), 919-814-4301