

Audit Requirements - OSBM Administered Grants

NC Office of State Budget and Management April 2025

Integrity Innovation Teamwork Excellence

Overview

- Reporting Levels & Audit Requirements
- Funds Management
- Document Maintenance: Monitoring and Auditing
- Reporting to OSBM using Smartsheet
 - Expense Reporting using Smartsheet Form (includes interest)
 - Quarterly Performance Report PDF (upload via Smartsheet Form)
 - Annual Yellow Book Audit (upload via Smartsheet Form)
- Demonstration
- Resources / Question and Answer

General Statutes and Administrative Code

- State Statute
 - G.S. 143C-6-23 State grant funds: administration; oversight and reporting requirements.
- Administrative Code
 - 09 NCAC 03M Revised July 1, 2024
- Policy/State Budget Manual
 - Section 3.15 on Disbursement of Directed Grants updated on January 10, 2022
- Audit Amount Threshold State Threshold
 - State Threshold now matches Federal Amount 2 CFR 200.501(a)

09 NCAC 03M .0202 RECIPIENT AND SUBRECIPIENT RESPONSIBILITIES

- Maintain reports and accounting records that support the allowable expenditure of State funds.
- Recipients and subrecipients shall make available all reports and records for inspection by the awarding agency, the Office of State Budget and Management, and the Office of the State Auditor for oversight, monitoring, and evaluation purposes.
- Grant funds must be accounted for in a separate fund and accounting structure within the RECIPIENT's central accounting and / or grant management system. This shall include accounting for interest earned on these funds.
- All expenses shall be managed in a detailed manner that supports fully transparent accounting of all financial transactions associated with this Grant funding.
- DO NOT comingle your grant funds with any other sources of funds.

09 NCAC 03M .0205 - MINIMUM REPORTING REQUIREMENTS FOR RECIPIENTS AND SUBRECIPIENTS

Reporting Requirements:

All OSBM Grants are Required to:

- Certify that funds received, or held, was used for the purposes for which it was awarded
- Provide an accounting of all funds received, held, used, or expended
- Report on activities and accomplishments undertaken by the recipient, including reporting on any performance measures established in the contract

OSBM Grants that require a Yellow Book Audit:

- \$500,000 or more in total state funds (received, held, used, or expended) FYE June 30, 2024 or before
- \$750,000 or more in total state funds (received, held, used, or expended) FYE July 1, 2024 Sept. 30, 2024
- \$1,000,000 or more in total state funds (received, held, used, or expended) FYE Oct. 1, 2024 or later
 - A single or program-specific **audit** prepared in accordance with Generally Accepted Government Auditing Standards, also known as the Yellow Book

Audit Requirement

Fiscal Year End June 30, 2024 or before:

- \$500,000 in TOTAL state grant funds are:
 - Received,
 - Held,
 - Used or
 - Expended

Within your organization's fiscal year

= Yellow Book Audit is Required

Fiscal Year End

July 1, 2024 – September 30, 2024:

- \$750,000 in TOTAL state grant funds are:
 - Received,
 - Held,
 - Used or
 - Expended

Within your organization's fiscal year

= Yellow Book Audit is Required

Fiscal Year End October 1, 2024 or later:

- \$1,000,000 in TOTAL state grant funds are:
 - Received,
 - Held,
 - Used or
 - Expended

Within your organization's fiscal year

= Yellow Book Audit is Required

09 NCAC 03M .0205 MINIMUM REPORTING REQUIREMENTS FOR RECIPIENTS AND SUBRECIPIENTS (continued)

- Annual Yellow Book Audits are <u>DUE 9 MONTHS AFTER YOUR FISCAL YEAR END.</u>
- Annual Yellow Book Audit will be uploaded using Smartsheet.
- The cost of Annual Yellow Book Audits can be billed to your Grant.
- Most full-service CPA Firms will be able to assist you with an Annual Yellow Book Audit, you choose the firm.
- Yellow Book Audit = General Accepted Government Auditing Standards.

Audit Info Cheat Sheet

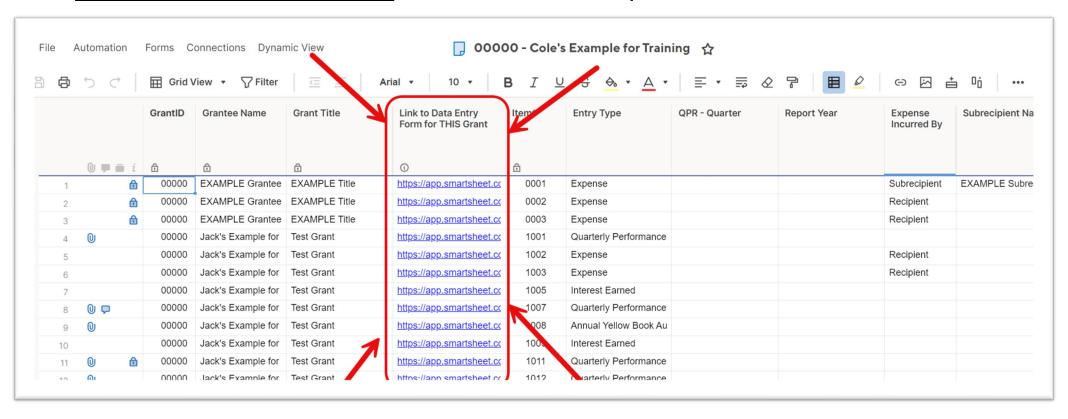
- Yellow Book Audit = General Accepted Government Auditing Standards
- <u>Compliance Supplement document</u> (PDF) for more detail on how how audits should be performed for OSBM administered grants.
- Program Specific Audit audits only the grant funds
- Single Audit audits financial records of the entire organization
 - If you already have a single audit done, you can use that to fulfill your audit requirement, as long as the grant funds are within the scope of the audit (included in the audit review).
- You get to decide on what Auditor or CPA firm to use.
 - North Carolina State Treasurer provides guidance to local governments on audits, including sample RFPs and a list of firms offering audit services.

Monitoring and Auditing

- You are required to maintain all supporting documentation for your grant for five (5) years after the grant has been closed out.
- All grant recipients are subject to being audited, inspected and monitored at any time by OSBM upon its request (whether in writing or otherwise).
- Grantees must provide OSBM staff and staff of the Office of State Auditor with access to financial and accounting records to support internal audit, financial reporting and related requirements.

Reporting to OSBM using SmartSheet

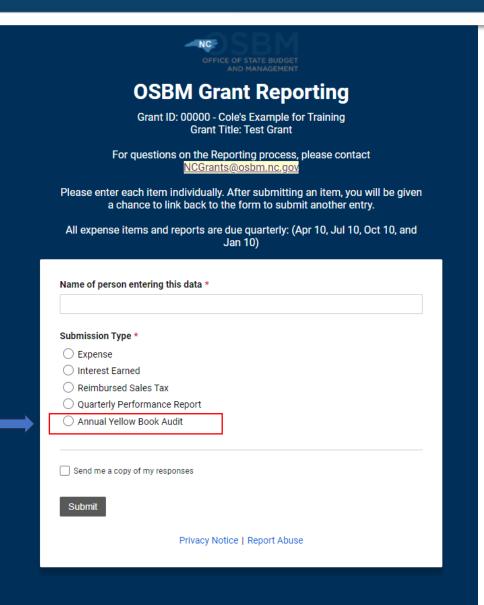
- Point of Contact and Contract Signer will receive link and email for Smartsheet login. Other members of your organization can also gain access.
- The spreadsheet is **View Only** for Grantees
- Expense Reporting form link is live in the spreadsheet.





Reporting to OSBM using SmartSheet - audits

- All reports are submitted through your SmartSheet reporting form link, including:
 - Quarterly Performance Reports
 - Expenses
 - Interest Farned
 - Reimbursed Sales Tax
 - Annual Yellow Book Audit Reports



Demonstration

- We have developed instructional videos that are available for each type of reporting, please see OSBM website.
- <u>Friendly reminder</u>: You are responsible for compliance with all laws, ordinances, codes, rules, regulations, licensing requirements and other regulatory matters that are applicable to the conduct of this business and work performance under this Agreement, including those of Federal, State, and local agencies having appropriate jurisdiction.
- Time for Demonstration!

Questions

Website:

https://www.osbm.nc.gov/stewardship -services/directed-grants/osbmadministered-grants/reporting

Email:

NCGrants@osbm.nc.gov

