



Dale R. Folwell, CPA

STATE AND LOCAL GOVERNMENT FINANCE DIVISION
AND THE LOCAL GOVERNMENT COMMISSION

GREGORY C. GASKINS
DEPUTY TREASURER

Memorandum #2019-09

TO: State Agencies, Independent Auditors, North Carolina Local Governments and Public Authorities, Interested Parties

FROM: Sharon Edmundson, Director, Fiscal Management Section

SUBJECT: 2019 State Compliance Supplements

DATE: May 1, 2019

The North Carolina State Compliance Supplements (State Compliance Supplements) have been updated for the year 2019. The Compliance Supplements have been developed in cooperation with State agencies to assist the local auditor in identifying program compliance requirements and audit procedures for testing those requirements.

Copies of all Compliance Supplements, Sections A through E, may be obtained by downloading them from the State Treasurer's Single Audit website at:

https://www.nctreasurer.com/slglfm/audit_acct/single_audit/compliance_supplements/Pages/default.aspx. If you prefer hard copies, Sections B through E of the State Compliance Supplements may be obtained by contacting Lorna Hodge of the State and Local Government Finance Division (SLGFD) staff, via telephone (919) 814-4299, fax (919) 855-5812, or via email at: Lorna.Hodge@nctreasurer.com.

At this time, the U.S. Office of Management and Budget (OMB) has not yet released the OMB Compliance Supplement, which make up Section A of the State Compliance Supplements. When they are released we will post them to the website and indicate this on the Single Audit page of the website. In addition, any other addenda to the State Compliance Supplements will be noted on the website as well. We also will send an announcement via our listserv. If you are not currently signed up for our listserv *LGC News*, you may sign up [here](#). Click "Sign Up for Alerts" to be notified of new blog posts.

Attention Auditors of Counties and District Health Departments: In order to ensure a consistent approach to testing eligibility state-wide, the NC Office of State Auditor has elected to hire a subject matter expert to perform the testing of eligibility determinations for both Medicaid and TANF for the State's Single Audit for FY2019. As a result, the AUP engagement used in 2018 will not be necessary for state fiscal year 2019. For 2019, NC OSA will be working closely with NC DHHS to ensure that population reports are available for split-eligibility programs. As a reminder, OMB Compliance Supplement Part 4 for Medicaid states "the auditor should consider that the Department of Health and Human Services has identified the Medical Assistance Program (Medicaid) as a program of higher risk. Based on OMB's Compliance Supplement, Part 3 and conversations with the Office of Inspector General of US DHHS, the expectation is that eligibility will be tested at the county for split-eligibility programs determined to be major in accordance with the Single Audit requirements.

Should you have any questions regarding specific requirements, agency contact persons referenced in the Compliance Supplement can assist you. Question or comments to the SLGFD staff may be directed to Jim Burke via telephone at (919) 814-4301 or via email at james.burke@nctreasurer.com