

10A NCAC 97C .0502 AUDIT REQUIREMENTS

Audits of grant recipients shall comply with the requirements set forth as follows:

- (1) Audits will include, at a minimum, an examination of the systems of internal control, systems established to ensure compliance with laws and regulations affecting the expenditure of grant funds, financial transactions and accounts, and financial statements and reports of recipient organizations;
- (2) Financial statements shall include footnotes, comments which identify the statements examined, the period covered, identification of the various projects under which the recipient received CSBG funds, and the amount of the awards received;
- (3) The audit shall include the auditor's opinion as to whether the financial statements are fairly presented in accordance with generally accepted accounting principles;
- (4) The auditors' comments on compliance and internal control should:
 - (a) include comments on weaknesses in and noncompliance with the systems of internal control, separately identifying material weaknesses;
 - (b) identify the nature and impact of any noted instances of noncompliance with the terms of agreements and those provisions of state or federal laws and regulations that could have a material effect on the financial statements and reports;
 - (c) contain an expression of positive assurance with respect to compliance with requirements for tested items, and negative assurance for untested items;
 - (d) comment on the accuracy and completeness of financial reports and claims for advances or reimbursement to the Office and other agencies; and
 - (e) comment on corrective action taken or planned by the grant recipient;
- (5) Work papers and reports shall be retained for a minimum of three years from the date of the audit report unless the auditor is notified in writing by the Office of the need to extend the retention period. The audit work papers shall be made available upon request to the Office and the General Accounting Office or its designees; and
- (6) If during the course of the audit, the auditor becomes aware of irregularities in the recipient organization, the auditor shall promptly notify the Office and recipient management officials about the level of involvement. Irregularities include such matters as conflicts of interests, falsification of records or reports, and misappropriation of funds or other assets.

*History Note: Authority G.S. 143B-10; 143B-276; 143B-277; 143-323(d);
Eff. December 1, 1983;
Amended Eff. October 1, 1984;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. April 25, 2015.*