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NORTH CAROLINA
Environmental Quality

MEMO

To: CDBG-I Grant Recipients

From: Colleen M. Simmons, Program Manager, CDBG-Infrastructure Unit, Division of Water Infrastructure, North Carolina Department of Environmental Quality *CMS*

Date: September 6, 2023

Subject: New Audit Reporting Requirements

To streamline our processes, effective with the FY2023 audit reporting, we will implement the following procedure and requirements.

New Audit Reporting.

The DEQ must ensure Grant Recipients meet applicable audit requirements outlined in 2 CFR 200 Subpart F.

1. Open Grants. All Grant Recipients, with active open grants, are required to either complete and submit an Audit Certification Form (ACF), or a Single Audit Report (SA), depending on if the Grant Recipient expends \$750,000 or more during the entity's fiscal year in all federal funds (received directly from federal awarding agencies or indirectly from pass-through entities).
2. Closed Pending Final Audit Grants. All Grant Recipients with closed pending final audit status must file an SA or a Program-Specific Audit (PSA) with financial statements and schedule of expenditures of the CDBG-I grant, in accordance with the provisions of 2 CFR 200 Subpart F.
3. Report Submission. Audit requirements must be completed and submitted within the earlier of 30 calendar days after receipt of the auditor's reports(s), or 9 months after the end of the audit period. If the due date falls on a Saturday, Sunday, or Federal or State holiday, the reporting package is due the next business day.
 - a. The ACF must be submitted to the DEQ, CDBG-I Unit, no later than October 31st of each calendar year. Submitting an ACF to the DEQ does not release the Grant Recipient from preparing and submitting audits or other financial reports required by State law.



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512 N. Salisbury Street | 1633 Mail Service Center | Raleigh, North Carolina 27699-1633
919.707.9160

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- b. The SA or PSA must be submitted to the North Carolina Department of State Treasurer and Federal Audit Clearinghouse (FAC) no later than March 31st of each calendar year.
 - c. Grant Recipients must submit to the DEQ, CDBG-I Unit, the record of submission of the SA or PSA to the FAC (i.e., a copy of the FAC email confirmation of submission) upon report submission.
 - d. Any findings noted in that audit will be the responsibility of the Grant Recipient.
4. Sanctions. Failure to submit the required audit reporting by the above-mentioned due dates, the DEQ will suspend the draw-down of grant funds for active open grants and suspend review and/or acceptance of applications until the Grant Recipient is current on their audit reporting requirements.

See attached NCDEQ CDBG-I Audit Certification Form