

From: [Gay, Beth M](#)
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Subject: Annual Audited Financial Statements requirement
Date: Thursday, August 4, 2022 11:01:24 AM
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
Importance: High

Good morning, transit agencies. Earlier this week, IMD sent out a solicitation for your FY21 audited financial statements. There have been some questions surrounding this request, so I wanted to provide further clarification.

The requested audited financial statements will be for the grant year **July 1, 2020 – June 30, 2021**. Most agencies follow the same fiscal year as the State; therefore, the audit would be due by or before March 30th. However, if the fiscal year-end falls on a day other than June 30th, the audit would be due 9 months following that date.

Governmental agencies are required to submit their audited financial statements to the Local Government Commission (LGC) each year. Going forward, IMD will also require those governmental agencies to submit their audited financial statements to IMD via the Smart Sheet solicitation, in addition to the non-profit agencies. If you are a governmental agency, you may extract that portion of the audit that relates to the transit agency (preferred) and highlight or make note of any findings (or the lack thereof). This process will work similar to the Charter Report submission.

Regardless of the type of agency, all subrecipients are required to submit their audited financial statements to IMD annually, within 9 months following their fiscal year-end. Please make those submissions through Smart Sheets. As with the Charter Reports, IMD will use this process to track and keep record of those audits. Please do not email your audits directly to me or other IMD staff.

In addition, any agency that expends more than \$750k in Federal funds is required to have a single or program-specific audit per 2 CFR § 200.500. The \$750k includes funding from all sources, in total.

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References to reporting requirements:

- [Excerpt from Compliance Review \(CR\), pg. 23](#)

REQUIREMENT: ALL SUBRECIPIENTS, REGARDLESS OF TYPE, ARE REQUIRED TO SUBMIT THEIR ANNUAL AUDIT DIRECTLY TO IMD WITHIN 9 MONTHS AFTER THE CLOSE OF THEIR FISCAL YEAR. AS A CONDITION OF THEIR GRANT FUNDING, PUBLIC SUBRECIPIENTS (GOVERNMENTAL ENTITIES) MUST ALSO SUBMIT THEIR AUDITS TO THE LOCAL GOVERNMENT COMMISSION (LGC). NOTE THAT FEDERAL RULES ONLY REQUIRE AN AUDIT IF THE

SUBRECIPIENT RECEIVED OVER \$750,000 IN FEDERAL FUNDS (2CFR200.501), HOWEVER IMD REQUIRES AN AUDIT FROM ALL GRANTEES.

- Reporting, Record Retention, and Access (excerpt from contract package)

- e. State Auditor Oversight. The Subrecipient agrees to audit oversight by the Office of the State Auditor, to provide the Office of the State Auditor with access to accounting records, and to make available any audit work papers in the possession of any auditor of the Subrecipient.
- f. Financial Reporting and Audit Requirements. In accordance with 09 NCAC 03M.0205, all reports shall be filed with the Department in the format and method specified by the agency no later than three (3) months after the end of the recipient's fiscal year, unless the same information is already required through more frequent reporting. Audit Reports must be provided to the funding agency no later than nine (9) months after the end of the recipient's fiscal year.

- Requirements for a Single Audit

Any subrecipient that expends \$750,000 or more during the subrecipient's fiscal year in federal awards from all sources (not just FTA awards) must have a single or program-specific audit conducted for that year in accordance with the provisions of 2 CFR § 200.500.

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