Yellow Book and Single Audit Reporting

This section of the ***Audit Manual for Governmental Auditors in North Carolina*** is included to provide guidance to independent auditors on performing Yellow Book audits and single audits for local governments and public authorities in North Carolina. A discussion of Yellow Book audits and single audits is included as Section 35-E-1. Below is a listing of the issues discussed and the revision date of that respective section.

The *Audit Manual*, as well as the illustrative reports and schedules can be found on the Department of State Treasurer's Single Audit Reporting web page.

Yellow Book and Single Audit Reporting	Page	Revision/ *Issued Date
Audit Requirements	35-E-1.1	10/26
Non-State Entities That Are Not Subject to LGC oversight	35-E-1.1	*10/25
Additional State Requirement to Audit Certain Federal Programs as Major Effective for Years Ending on or after June 30, 2003	N/A	Removed
Compliance Testing and Internal Control Responsibilities for Audits Performed in Accordance with Generally Accepted Auditing Standards	N/A	Removed
Audits Performed Under the Yellow Book	N/A	Removed
Single Audits	35-E-1.2	5/13
Sections of Uniform Guidance that Apply to State Awards	35-E-1.2	10/25
Basis for Determining State Awards Expended	35-E-1.3	10/25
Cluster of Programs	35-E-1.4	10/25
Confirmation Reports from State Agencies	35-E-1.4	10/25
Internal Controls	35-E-1.5	10/25
Recipient, Subrecipient, and Contractor Determinations	35-E-1.5	10/25
Subrecipient Identification	N/A	Removed
Recipients of CDBG Awards and DENR Grants and Loans	35-E-1.6	6/18
County Grants for School Capital Outlay	35-E-1.7	10/25
Opioid Settlement Funds	35-E-1.7	*6/22
Relation to Other Audit Requirements	35-E-1.7	10/25
Sanctions	35-E-1.8	10/25
Audit Services	35-E-1.8	10/25
Auditee Responsibilities	35-E-1.9	10/25
Auditor Selection	35-E-1.9	10/25
Financial Statements	35-E-1.10	10/25
Audit Findings Follow-Up	35-E-1.10	10/25
Report Submission	35-E-1.11	10/25
Data Collection Form Options	N/A	Removed
N. C. Office of State Auditor Turnaround Document and CPA's Rep. Letter	N/A	Removed
Items to be Submitted to the Local Government Commission	35-E-1.11	10/25
State Agencies and Pass-through Entities Responsibilities	35-E-1.12	10/25
Management Decisions	35-E-1.14	10/25
Standards and Scope of a Single Audit	35-E-1.14	10/25
Required Audit Reports	35-E-1.16	10/25
Audit Findings	35-E-1.18	10/25
Questioned Costs	35-E-1.19	10/25
Audit Documentation	35-E-1.20	2/16
Major Program Determination	35-E-1.20	10/25
Criteria For State Program Risk	35-E-1.21	10/25
Criteria For State Low-Risk Auditee	35-E-1.22	6/22
Federal and State Compliance Requirements	35-E-1.23	6/18
General Comments That Relates to All Reports	35-E-1.23	6/98
Discussion of Required Reports and Schedules and Most Common Errors	N/A	Removed
Appendix A	35-E-1.24	10/25

Independent Auditors Reports with a Single Audit Performed	Page	Revision/ *Issued Date
Municipality……..	35-B-1	6/26
County……..……	35-C-1	6/26
Board of Education..……..	35-D-1	6/26
Illustrative Single Audit Reports		
Yellow Book Reports……..……..	35-E-2.0	6/22
Federal Single Audit Reports……..	35-E-3.0	6/22
State Single Audit Reports……..	35-E-4.0	6/22
Illustrative Schedules of Federal and State Awards		
Municipality……..	35-E-5.1	8/26
County……..……	35-E-5.3	8/26
Board of Education..……..	35-E-5.10	8/25
Illustrative Schedules of Findings and Questioned Costs		
Municipality……..	35-E-6.1	9/26
County……..……	35-E-6.5	9/26
Board of Education..……..	35-E-6.10	9/26
Illustrative Corrective Action Plans		
Municipality……..	35-E-6.4	9/26
County……..……	35-E-6.9	9/26
Board of Education..……..	35-E-6.16	9/26
Illustrative Schedule of Prior Year Audit Findings		
Municipality……..	35-E-6.19	9/26

Sections 35-E-2 through 35-E-6 provide guidance in modifying the compliance section of an audit report based on a unit of government's situation (types of grants, findings, etc.). The single audit reports, the schedule of findings and questioned costs, and the schedule of expenditures of federal and State awards should be consistent when taken as a whole. These examples are not intended to be an exhaustive list of all possible situations, but rather are intended to highlight some common variations that an auditor may find in units of government. The notes that normally accompany the illustrative reports have been omitted. For further guidance, the auditor should review the single audit reports in the illustrative financial statements of Carolina County, North Carolina (Section 35-C). The numbers used in these examples are for informational purposes only and are not intended to be representative of actual programs.

According to the AICPA and the guidance issued by the Local Government Commission, the following reports and schedules are required for units receiving federal and State financial assistance:

Section	Report
35-E-2.0	Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**. This is the only compliance report that is required when only a Yellow Book audit has been performed.**
35-E-3.0	Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Uniform Guidance.
35-E-4.0	Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance with the State Single Audit Implementation Act.
35-E-5.0	Schedule of Expenditures of Federal and State Awards.
35-E-6.0	Schedule of Findings and Questioned Costs, Corrective Action Plan, Summary Schedule of Prior Audit Findings.

A schedule of findings and questioned costs is also required for all single audits. This schedule is comprised of the following four sections: 1) a summary of the auditor's results, 2) findings relating to the financial statements which are required to be reported in accordance with Government Auditing Standards, 3) findings and questioned costs for federal awards, and 4) findings and questioned costs for State awards**. Since the summary of the auditor's results includes pertinent information that is reported in no other section of the report, this schedule must be prepared even when there are no findings that are required to be reported**.

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