



NORTH CAROLINA DEPARTMENT OF STATE TREASURER

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STATE TREASURER OF NORTH CAROLINA

STATE AND LOCAL GOVERNMENT FINANCE DIVISION
AND THE LOCAL GOVERNMENT COMMISSION

DENISE CANADA
DIVISION DIRECTOR

Memorandum #2025-08

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

FROM: Kendra Boyle, Director, Fiscal Management Section

SUBJECT: 2025 State Compliance Supplements

DATE: June 30, 2025

The North Carolina State Compliance Supplements (State Compliance Supplements) have been updated for the year 2025. This resource was 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 downloaded from the State Treasurer's Single Audit website [here](#). As of the date of this memo, the U.S. Office of Management and Budget (OMB) has not yet released the OMB Compliance Supplement, which is Section A of the State Compliance Supplements. For auditing federal programs that have funding that is passed through State Agencies, the OMB Compliance Supplement is to be used in conjunction with the State Compliance Supplement.

Local auditors should refer to the OMB supplement, when it becomes available, to review the list of programs that OMB has identified as programs of "higher risk." **Coronavirus State and Local Fiscal Recovery Funds (SLFRF) (21.027)** have been identified as high-risk programs in previous years. Medicaid 93.778 is always listed as a program of higher risk due to its complex eligibility and programmatic requirements.

The 2025 State Compliance Supplements are effective for audits of fiscal years beginning after June 30, 2024, and supersedes the 2024 State Compliance Supplements. These supplements should have incorporated any changes to the Uniform Guidance that is effective for audits beginning with fiscal years ending September 30, 2025. Since the changes to the State Single Audit Implementation Act go into effect with audits beginning with fiscal years ending June 30, 2026, changes to the State Single Audit requirements will not be applicable with the 2025 Supplements.

A delayed State Compliance Supplement issuance, due to the timing of the legislation, is the "**State Cashflow Loan for Disaster Response Activities to Local Governments**" (DST-1) by the NC Department of State Treasurer (DST). This supplement was created for auditors that audit the funding appropriated to DST by [Session Law 2024-53](#), as amended by [Session Law 2024-57](#), provided to local governments for Hurricane Helene disaster relief. This funding is a loan program subject to Single Audit requirements based on Title 2, Part 200.502(b) of the Code of Federal Regulations (Uniform Guidance) adopted by the State Single Audit Implementation Act. The supplement provides guidance for the original loan agreements, any amendments, and the second round of loans.

Compliance Requirements for State Awards: Included as part of the 2025 State Compliance Supplement is the document *Compliance Requirements for State Awards* that auditors may use in

testing programs with State financial assistance when a compliance supplement is not available for the State program/project. This document is not mandatory but may also be used by the auditor if, in his or her professional judgment, the auditor believes additional procedures are needed to achieve audit objectives for a type of compliance requirement. This document can be found in Section C.

These compliance requirements are generic in nature and include audit objectives and suggested audit procedures similar to Part 3 of the OMB Compliance Supplement. If not provided by the granting Agency, the auditors should determine what types of compliance requirements are applicable to the State program/project, using their professional judgment.

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