



# NORTH CAROLINA DEPARTMENT OF STATE TREASURER

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STATE AND LOCAL GOVERNMENT FINANCE DIVISION  
AND THE LOCAL GOVERNMENT COMMISSION

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## Memorandum #2026-07

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

**FROM:** Kendra Boyle, Director, Fiscal Management Section

**SUBJECT:** 2026 State Compliance Supplements

**DATE:** May 27, 2026

The North Carolina State Compliance Supplements (State Compliance Supplements) have been updated for the year 2026. 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 [2026 State Compliance Supplements](#) page on the Department of State Treasurer website. 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. Unlike the November 2025 OMB Compliance Supplement, the 2026 edition is not expected to be delayed. OMB usually releases the OMB Compliance Supplement late spring to mid-summer.

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 2026 OMB supplement, when it becomes available, Appendix IV, "Higher Risk Designation" to review the list of programs that OMB has identified as programs of "higher risk." Medicaid 93.778 is always listed as a program of higher risk due to its complex eligibility and programmatic requirements. Another section the local auditors may want to review is Appendix V "List of Changes for the 2026 Compliance Supplement." This Appendix provides a list of changes from the 2025 Supplement dated November 2025.

The 2026 State Compliance Supplements are effective for audits of fiscal years beginning after June 30, 2025, and supersede the 2025 State Compliance Supplements. Local auditors should be aware of the changes to the threshold amounts to determine if a federal audit is required and if a State Single Audit is required. Also, there are changes to the threshold amounts to determine major programs for both. These changes are discussed in [LGC Memo #2025-04](#), located on the [State and Local Government Finance Division Memos](#) page.

The deadline for compliance with the new ADA web accessibility requirements was recently extended from April 24, 2026, to April 27, 2027. The State and Local Government Finance Division will work with State Agencies to determine how the State Compliance Supplements can be made available to the users and interested parties without violating the ADA web accessibility requirements.

**Compliance Requirements for State Awards:** Included as part of the 2026 State Compliance Supplements 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](mailto:james.burke@nctreasurer.com).