

**NORTH CAROLINA OFFICE OF THE STATE CONTROLLER**  
**Single Audit Reporting Package**  
**Introduction and Instructions**  
**For the Fiscal Year Ended June 30, 2016**

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**Purpose**

The State of North Carolina is subject to The Office of Management and Budget (OMB) “OMB Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards” most frequently referred to as the “super-circular” for grant awards received after December 26, 2013 and its source legislation, the Single Audit Act Amendments of 1996. **Please note that Federal awards received prior to December 26, 2013 will follow the former Circular A-133 guidance.** OMB Uniform Guidance and Circular A-133 each requires preparation of a schedule of expenditures of Federal awards for the period covered by the financial statements.

The Office of the State Controller (OSC) prepares a schedule of expenditures of Federal awards for each fiscal year based on information provided by state agencies in their Single Audit Reporting Packages (SARP). The Schedule of Expenditures of Federal Awards, compiled by OSC, is included in the Auditee’s Section of the *State of North Carolina Single Audit Report*. The most recent *State of North Carolina Single Audit Report* is posted at <http://www.ncauditor.net/EPSWeb/Reports/Financial/FSA-2015-8730.pdf>.

Any state agency that expended federal awards during fiscal year 2015-2016 must prepare and submit a single Audit Reporting Package.

The Single Audit Reporting Package consists of the following documents:

- 1) Agency Information Form (page reference FED 10);
  - 2) Subrecipient Information (page reference FED 10a);
  - 3) Schedule of Expenditures of Federal Awards (page reference FED 11);
  - 4) Schedule of Expenditures of Federal Awards (UNC-CH and NCSU only), (page reference FED 11a);
  - 5) Loan Worksheets (page references FED 12, FED 13, FED 14, and FED 15); and
  - 6) Note Disclosure Worksheet (page reference FED 16).
- NOTE: Dollar valuation amount required.**
- 7) CFDA Titles Worksheets (page reference FED 20)

**Note: FED 17, FED 18, and FED 19 worksheets may be deleted before submitting the final package. Do not delete FED 20 (CFDA Titles Worksheet).**

All documents listed in the preceding paragraph should be e-mailed to the following address no later than August 29, 2016.

[osc.fed.sarp@osc.nc.gov](mailto:osc.fed.sarp@osc.nc.gov)

<b><u>PLEASE DO NOT RETURN THIS PAGE WITH YOUR SINGLE AUDIT REPORTING PACKAGE</u></b>
---

**NORTH CAROLINA OFFICE OF THE STATE CONTROLLER**  
**Single Audit Reporting Package**  
**Introduction and Instructions**  
**For the Fiscal Year Ended June 30, 2016**

---

For further assistance, please contact:

ANGELA T. JOHNSTON  
STATEWIDE ACCOUNTING DIVISION  
OFFICE OF THE STATE CONTROLLER  
Phone 919-707-0668  
osc.fed.sarp@osc.nc.gov

In addition to the Single Audit Package, your agency may be required to complete audit finding forms for submission to the State Auditor's Office. If your agency has prior year audit findings, you must complete a **Summary Schedule of Prior Audit Findings** form. If your agency has current year audit findings, you must complete a **Corrective Action Plan** form. **All inquiries related to obtaining, completing and submitting these forms should be directed to the Office of the State Auditor Supervisor assigned to audit your agency's Federal programs. Additionally, you may contact the OSA Single Audit Manager directly at (919) 807-7500.**

**Important Notes**

In order for electronic submissions to be accepted, all required documents must be prepared using the OSC template available [http://www.osc.nc.gov/forms\\_policies/cafr\\_forms.html](http://www.osc.nc.gov/forms_policies/cafr_forms.html). Electronic confirmation-of-receipt will be sent to each agency after submission of the Single Audit Reporting Package Note that an update to the FED 17- FED 20 will occur each fiscal year by **July 30<sup>th</sup>**.

**The Package preparer must use the OSC Single Audit Package Template Revision 7/21/16 ONLY. The use of any alternate form will result in the package being returned for correct template submission.**

**The Agency Information Form, located at FED 10, must be completed and submitted as part of your Single Audit Reporting Package.**

The Agency Information Form includes Agency Identification Information, and contact information for the Responsible Official and the Package Preparer.

**Important Note –The information completed on the FED 10 will be carried over to the header of all the worksheets.**

<b><u>PLEASE DO NOT RETURN THIS PAGE WITH YOUR SINGLE AUDIT REPORTING PACKAGE</u></b>
---

**NORTH CAROLINA OFFICE OF THE STATE CONTROLLER**  
**Single Audit Reporting Package**  
**Introduction and Instructions**  
**For the Fiscal Year Ended June 30, 2016**

---

Agency Identification Information includes the agency number [which is the Financial Reporting Unit (FRU) number (for example, D40 = Pitt Community College; 470 = Crime Control and Public Safety, U30 = North Carolina State University)], the agency name and the agency Federal Employer Identification Number (EIN).

The Responsible Official is the individual responsible for financial reporting (usually a fiscal/finance officer, controller, or business manager).

**The Package Preparer is the individual who prepared the documents included in the Single Audit Reporting Package.**

**The Subrecipient Information Form, located at FED 10a, must be completed and submitted as part of your Single Audit Reporting Package.**

If your agency provided amounts to subrecipients and omitted those amounts in Column 7 of the FED 11 or FED 11a, OSC is requiring a detailed explanation why this information is being omitted on the FED 11 or FED 11a.

**The Schedule of Expenditures of Federal Awards, located at FED 11 or FED 11a, must be completed and submitted as part of your Single Audit Reporting Package.**

**Instructions for completing the Schedule of Expenditures of Federal Awards**

Each Federal program, under which your agency expended Federal awards for the fiscal year ended June 30, 2016, should be included on the Schedule of Expenditures of Federal Awards.

A Federal program may consist of more than one Federal award to a state agency. If all Federal awards for a particular CFDA number are received directly from a Federal awarding agency, the CFDA number should be listed only once on the Schedule of Expenditures of Federal Awards. If some of the Federal awards for a particular CFDA number are received directly from a Federal awarding agency, and some are received indirectly (from non-State of North Carolina, pass-through entities), the CFDA number should be listed on the Schedule of Expenditures of Federal Awards once for the funds received directly, and once for each pass-through entity awarding funds under the CFDA number. **Please do not include Federal awards received from State of North Carolina, pass-through entities on the Schedule of Expenditures of Federal Awards.**

**NOTE: UNC Chapel Hill and NC State University uses Single Audit Package Fed 11a tab only. If extra lines are needed in the FED 11 or FED 11a please contact Angela Johnston at (919) 707-0668. Do not add or delete any FED 11 or FED 11a worksheets.**

**PLEASE DO NOT RETURN THIS PAGE WITH YOUR SINGLE AUDIT REPORTING PACKAGE**

**NORTH CAROLINA OFFICE OF THE STATE CONTROLLER**  
**Single Audit Reporting Package**  
**Introduction and Instructions**  
**For the Fiscal Year Ended June 30, 2016**

---

The Schedule of Expenditures of Federal Awards is divided into ten columns. Column labels indicate the type of information required for each Federal program. Column by column instructions for completing the Schedule of Expenditures of Federal Awards are provided in the paragraphs below.

**Column 1) Federal Agency Number**

The Federal Agency Number is the two-digit number representing the Federal agency which is the source of expended Federal awards for a particular Federal program. Note that the first two digits of a CFDA number indicates the source of funds for a particular Federal financial assistance program. For example, the “84” in CFDA# 84.038 indicates that the US Department of Education is the source of funds for the Federal Perkins Loan Program. See FED 17 for a list of Federal agencies and their corresponding Federal Agency Numbers.

**Only agency numbers on the FED 17 should be used.** If sufficient information is not available to determine which Federal agency is the source of expended Federal awards, leave blank.

**Column 2) Federal CFDA Number**

The Federal CFDA number is the number assigned to a Federal program in the *Catalog of Federal Domestic Assistance* (CFDA). The CFDA number should be provided by the Federal awarding agency, if a Federal award is received directly; and by the pass-through entity, if a Federal award is received indirectly. The CFDA number usually appears on the program/grant document.

If you are unable to locate the CFDA number on the program/grant documentation, you should contact the funding agency (the Federal awarding agency if funds were received directly, or the pass-through entity if funds were received indirectly).

If the CFDA number is not available (which is sometimes the case for new Federal programs, research and development programs and cost-type contracts), leave Column 2 blank on the Schedule of Expenditures of Federal Awards. If you know the Federal Agency, put the Federal Agency Number followed by .000 in Column 2. For example, if the Federal Agency is US Department of Agriculture, put 10.000 as the CFDA # in Column 2.

Important Note: Validation errors have been implemented in the far right two columns of the FED 11 and FED 11a to compare the Federal Agency Number in Column 1 and the Federal CFDA Number in Column 2. If Column 1 is not the same as the first two digits of the CFDA Number in Column 2, an “Invalid” message will appear which will alert the package preparer that either the Federal Agency Number or Federal CFDA Number is incorrect.

**PLEASE DO NOT RETURN THIS PAGE WITH YOUR SINGLE AUDIT REPORTING PACKAGE**

**NORTH CAROLINA OFFICE OF THE STATE CONTROLLER**  
**Single Audit Reporting Package**  
**Introduction and Instructions**  
**For the Fiscal Year Ended June 30, 2016**

---

**Column 3) Direct/Indirect (D/I)**

A “D” should be used to indicate Federal program funds received directly from a Federal awarding agency; and an “I” should be used to indicate Federal program funds received from a **non-State of North Carolina**, pass-through entity, other than a Federal government agency. For example, consider CFDA#47.076. If funds were received directly from the National Science Foundation (a Federal agency), you would use a “D”. If funds were received from Duke University (a **non-State of North Carolina**, pass-through entity), you would use an “I”.

**Important Note: Column 3 will be Direct unless there is a Pass-through entity name and/or number in Columns 8 & 9, then Column 3 will be Indirect. The information will automatically populate into column 3.**

**Column 4) ARRA Funds Yes/ No (Y/N)**

A “Y” should be used to indicate if any portion of the funds in a CFDA# which includes American Recovery and Reinvestment Act of 2009 (ARRA) funds. A “N” should be used to indicate the portion of the funds that are not ARRA funds. The CFDA# should be separated out on two different lines indicating the amount of the ARRA funds separately.

**Column 5) Program Cluster**

Program cluster is a grouping of closely related programs that share common compliance requirements. Part 5 of the 2016 OMB Uniform Guidance Compliance Supplement identifies program clusters, and the Federal programs included in each cluster, except for the Research and Development (R&D) Cluster.

Federal programs included in program clusters (per Part 5 of the 2016 Compliance Supplement), except for the R&D cluster, are listed in ascending CFDA number order at FED 18 and FED 19. (Note that the OMB Uniform Guidance Compliance Supplement is updated on an annual basis in July), **the updated SARP will be available by July 30, 2016.** **If a Federal program is listed on the Program Cluster List at FED 18 or FED 19, its corresponding Cluster ID should be used in Column 5 on the Schedule of Expenditures of Federal Awards.**

As previously stated, Part 5 of the 2016 OMB Uniform Guidance Compliance Supplement does not identify the Federal programs which comprise the R&D cluster. The entity making the award (the Federal awarding agency for funds received directly, and the pass-through entity for funds received indirectly) should inform the recipient “if the award is R&D.” **If**

<b><u>PLEASE DO NOT RETURN THIS PAGE WITH YOUR SINGLE AUDIT REPORTING PACKAGE</u></b>
---

**NORTH CAROLINA OFFICE OF THE STATE CONTROLLER**  
**Single Audit Reporting Package**  
**Introduction and Instructions**  
**For the Fiscal Year Ended June 30, 2016**

---

you determine that a Federal program is R&D, based on information provided by the awarding entity, use the Cluster ID, “RD”, in Column 5 on the Schedule of Expenditures of Federal Awards.

If a Federal program is not listed on the Program Cluster List at FED 18 or FED 19, and you determine that it is not R&D, use the Cluster ID, “NC”, in Column 5 on the Schedule of Expenditures of Federal Awards.

**Column 6) Total Federal Awards Expended**

There are two types of Federal awards—those which involve cash transactions (cash assistance), and those which do not involve cash transactions (non-cash assistance). The State of North Carolina reports both types of Federal awards on the face of the Schedule of Expenditures of Federal Awards.

In the following paragraphs, we define “Federal award,” provide examples of Federal awards, provide guidance for determining when Federal awards are “expended”, and provide guidance for determining the value of “Federal awards expended” (in the form of cash assistance and in the form of non-cash assistance).

Per OMB Uniform Guidance section 200.38, Federal award has the meaning, depending on the context, it either means it is **Federal financial assistance** and **Federal cost-reimbursement contracts** that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

**Federal financial assistance** includes the following types of assistance received or administered by non-Federal entities:

- Grants;
- Loans and loan guarantees;
- Property (including donated surplus property);
- Cooperative agreements;
- Interest subsidies;
- Insurance;
- Food commodities;
- Direct appropriations; and
- Other assistance.

**PLEASE DO NOT RETURN THIS PAGE WITH YOUR SINGLE AUDIT REPORTING PACKAGE**

**NORTH CAROLINA OFFICE OF THE STATE CONTROLLER**  
**Single Audit Reporting Package**  
**Introduction and Instructions**  
**For the Fiscal Year Ended June 30, 2016**

---

**Federal cost-reimbursement contracts** are contracts with non-Federal entities to provide goods or services to the Federal government.

According to the OMB Uniform guidance, determination of when an award is expended should be based on when the activity related to the award occurs. Generally, the activity pertains to events that require the non-Federal entity to comply with laws, regulations, and the provisions of contracts and grant agreements. Such events include the following:

- Expenditure/expense transactions associated with grants, cost-reimbursement contracts, cooperative agreements, and direct appropriations;
- The disbursement of funds passed through to subrecipients;
- The use of loan proceeds under loan and loan-guarantee programs;
- The receipt of property;
- The receipt of surplus property;
- The receipt or use of program income;
- The distribution or consumption of food commodities;
- The disbursement of amounts entitling the auditee to an interest subsidy; and
- The period when insurance is in force.

The State of North Carolina uses the cash basis of accounting to recognize Federal awards involving cash transactions (i.e. expenditure/expense transactions associated with grants, cost-reimbursement contracts, cooperative agreements, and direct appropriations; the disbursement of funds passed through to subrecipients, etc).

The table below provides a summary of each type of non-cash assistance and its prescribed measurement basis:

<b><u>Type of Non-Cash Assistance</u></b>	<b><u>Method for Determining Value of Non-Cash Assistance</u></b>
Loan and loan guarantees (made by your agency--for which the Federal government is at risk until the loan is repaid)	See Instructions – Loan Worksheets at FED 8 and FED 9, and Loan Worksheets at FED 13, FED 14 and FED 15.
Loan and loan guarantees at institutions of higher education (when loans are made to students of an institution of higher education, but the institution does not make the loans)	See Instructions – Loan Worksheets at FED 8 and FED 9, and Loan Worksheet at FED 12.
Prior loan and loan guarantees (when loan	Not considered Federal awards expended and

**PLEASE DO NOT RETURN THIS PAGE WITH YOUR SINGLE AUDIT REPORTING PACKAGE**

**NORTH CAROLINA OFFICE OF THE STATE CONTROLLER**  
**Single Audit Reporting Package**  
**Introduction and Instructions**  
**For the Fiscal Year Ended June 30, 2016**

---

proceeds were received and expended in prior years, and the laws, regulations and compliance requirements related to such loans impose no continuing requirements other than to repay the loans)	should not be included on the Schedule of Expenditures of Federal Awards.
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<u>Type of Non-Cash Assistance</u>	<u>Method for Determining Value of Non-Cash Assistance</u>
Insurance	Fair market value of insurance contract at the time of receipt, or the assessed value provided by the Federal agency.
Food stamps	Fair market value at the time of receipt, or the assessed value provided by the Federal agency. In the prior year Schedule of Expenditures of Federal Awards, the State of North Carolina determined the value of food stamp assistance based on the face amount of the food stamps issued.
Commodities	Fair market value at the time of receipt, or the assessed value provided by the Federal agency. In the prior year Schedule of Expenditures of Federal Awards, the State of North Carolina determined the value of assistance for commodities based on prices assigned by the source Federal agency.
Donated property or donated surplus property	Fair market value at the time of receipt, or the assessed value provided by the Federal agency. In the prior year Schedule of Expenditures of Federal Awards, the State of North Carolina used the estimated fair market value at the time of receipt.
Free rent	Fair market value at the time of receipt, or the assessed value provided by the Federal agency. Free rent is not considered an award unless it is received as part of an award to carry out a Federal program.
Endowment funds	The cumulative balance of Federal awards for endowment funds which are federally restricted are considered awards expended in each year in which the funds are still restricted.

**PLEASE DO NOT RETURN THIS PAGE WITH YOUR SINGLE AUDIT REPORTING PACKAGE**

**NORTH CAROLINA OFFICE OF THE STATE CONTROLLER**  
**Single Audit Reporting Package**  
**Introduction and Instructions**  
**For the Fiscal Year Ended June 30, 2016**

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**Column 7) Amount Provided to Subrecipients**

Please indicate the amount your agency provided/distributed to subrecipients from each Federal program. If your agency did not provide/distribute Federal awards to subrecipients under a Federal program, leave 7 blank on the Schedule of Expenditures of Federal Awards. As stated previously, the State of North Carolina uses the cash basis of accounting to recognize Federal awards involving cash transactions.

**Note: In prior years, it was deemed impractical to report amounts provided to subrecipients. At the conclusion of the audit for fiscal year ended June 30, 1999, the Office of the State Auditor recommended disclosure of amounts provided to subrecipients in the State of North Carolina Single Audit Report.**

AICPA Statement of Position 98-3 states that “If a pass-through entity is unable to identify amounts provided to subrecipients, the auditor should consider whether a reportable condition (and possibly a material weakness) should be reported. The auditor should also consider whether material non-compliance (for subrecipient monitoring) that is required to be reported as an audit finding has occurred.”

Your agency’s inability to identify amounts provided to subrecipients could result in the issuance of an audit finding by the Office of the State Auditor.

**Column 8) Pass-Through Entity Name and Column 9) Identifying Number Assigned by Pass-Through Entity**

For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity is to be included [on the Schedule of Expenditures of Federal Awards. A pass-through entity shall provide the subrecipient with the award number (the award number/identifying number assigned by the pass-through entity usually appears on the program/grant document).

If your agency received Federal awards from a non-State of North Carolina entity, other than a Federal government agency, please provide the name of the pass-through entity in column 8, and the award number/identifying number assigned by the pass-through entity in column 9.

If you are unable to locate the award number/identifying number assigned by the pass-through entity on the program/grant documentation, you should contact the pass-through entity. If (after contacting the pass-through entity) you are unable to obtain the award number/identifying number assigned by the pass-through entity, please attach documentation of the pass-through entity’s response to your request to obtain the award number/identifying number assigned by the pass-through entity.

If your agency received the Federal award from a Federal awarding agency, please leave column 8 and column 9 blank. **Also, please note that Federal awards received from State of North Carolina entities [i.e. Federal awards passed-through to your agency from MCNC, UNC General Administration, and the North Carolina Community College System (NCCCS)--also known as the Department of**

<b><u>PLEASE DO NOT RETURN THIS PAGE WITH YOUR SINGLE AUDIT REPORTING PACKAGE</u></b>
---

**NORTH CAROLINA OFFICE OF THE STATE CONTROLLER**  
**Single Audit Reporting Package**  
**Introduction and Instructions**  
**For the Fiscal Year Ended June 30, 2016**

---

Community Colleges (DCC)] should not be included on the Schedule of Expenditures of Federal Awards.

**Column 10) CFDA (Program) Title as Provided on Program/Grant Documents**

Column 10 will automatically populate with the Federal CFDA Number Title from the CFDA Listing on the website <https://www.cfda.gov/> based on the CFDA Number entered in Column 2. **If the CFDA Title does not populate in Column 10, contact OSC for further instruction.**

Per OMB Uniform Guidance, the CFDA title should be provided by the Federal awarding agency, if a Federal award is received directly; and by the pass-through entity, if a Federal award is received indirectly (the CFDA number usually appears on the program/grant document).

**Specific instructions for completing the Loan Worksheets are provided below:**

**FED 12**

The Loan Worksheet at FED 12, labeled “Loan and Loan Guarantees (Loans) at Institutions of Higher Education”, is applicable only to universities and community colleges. If your agency is not a university or community college, enter “N/A” in the shaded area in the top right corner of FED 12 and submit it with your Single Audit Reporting Package.

If your agency is a university or community college, please provide amounts associated with new loans made under CFDA# 84.032 (Federal Family Education Loans) and CFDA# 84.268 (Federal Direct Loan) during fiscal year 2015-2016. **Note that totals reflected on the Loan Worksheet FED 12 should also be reported in Column 6 on the Schedule of Expenditures of Federal Awards on the FED 11 or FED 11a. An “error” message will appear on the worksheet if the amounts on the FED 11 or FED 11a do not agree to the loan worksheet.** If no new loans were made under CFDA# 84.032 (Federal Family Education Loans), or CFDA# 84.268 (Federal Direct Loan), during fiscal year 2015-2016, enter “N/A” in the shaded area in the applicable section(s) of FED 12 and submit it with your Single Audit Reporting Package.

**FED 13, FED 14 and FED 15**

The Loan Worksheets at FED 13, FED 14, and FED 15, labeled “Loan and Loan Guarantees (Loans)”, request information for loan programs included in the prior year Schedule of Expenditures of Federal Awards. In addition, the bottom portion of FED 15 requests information for loan programs not included on the Loan Worksheets (FED 13, FED 14 and FED 15).

If your agency did not expend Federal awards for any loan program during fiscal year 2015-2016, enter “N/A” in the shaded area in the applicable section (s) of the loan worksheet (FED 13, FED 14, and FED 15) and submit them with your Single Audit Reporting Package.

**PLEASE DO NOT RETURN THIS PAGE WITH YOUR SINGLE AUDIT REPORTING PACKAGE**

**FED 10**  
**Revised 2016**

**NORTH CAROLINA OFFICE OF THE STATE CONTROLLER**  
**Single Audit Reporting Package**  
**Introduction and Instructions**  
**For the Fiscal Year Ended June 30, 2016**

---

If your agency expended Federal awards for a loan program during fiscal year 2015-2016, please complete the applicable sections of the Loan Worksheets at FED 13, FED 14 and FED 15. **Note that totals reflected on the Loan Worksheets at FED 13, FED 14 and FED 15 should also be reported in Column 6 on the Schedule of Expenditures of Federal Awards at FED 11 or FED 11a.**

An “error” message will appear on the FED 13, FED 14, and FED 15 Loan Worksheets if loan amount on the loan worksheet does not match the expenditure amount for that CFDA# on the FED 11 or FED 11a.

All Loan Worksheets (FED 13, FED 14, and FED 15) should be submitted with your Single Audit Reporting Package.

**The Note Disclosure Worksheet at FED 16 must be completed and submitted as part of your Single Audit Reporting Package.**

The Schedule of Expenditures of Federal Awards should include notes that describe the significant accounting policies used in preparing the schedule. In order to satisfy this requirement, we must identify the types of Federal non-cash assistance received by the State of North Carolina, and disclose the basis of accounting used to recognize these transactions on the Schedule of Expenditures of Federal Awards.

**As of 2013, it is mandatory to include the cash valuation amount on the FED 16.**

<b><u>PLEASE DO NOT RETURN THIS PAGE WITH YOUR SINGLE AUDIT REPORTING PACKAGE</u></b>
---

**FED 11**  
**Revised 2016**