



Aging and Adult Services
HEALTH AND HUMAN SERVICES

RICHARD O. BRAJER
Secretary

SUZANNE P. MERRILL
Director, Division of Aging and Adult Services

DAAS Administrative Letter No. 16-05

To: Area Agency on Aging Directors

From: Suzanne P. Merrill, Director *Suzanne P. Merrill*

Subject: Revision to HCCBG County Budget Form
Audit Threshold/Compliance Supplement Criteria

Date: April 11, 2016

The purpose of this Administrative Letter is to advise the Area Agencies on Aging (AAA) of the changes to the HCCBG County budget forms, and describe the increase in the reporting threshold for single audits and changes in the federal compliance supplement criteria. These changes resulted from the Uniform Guidance issued by the Federal Office of Management and Budget (OMB) on December 26, 2013, with an effective date of December 26, 2014. This guidance replaces DAAS Administrative Letter 06-02 dated March 21, 2006.

The changes are as follows:

Audit Thresholds/Compliance Supplement Criteria

The federal single audit threshold has increased from \$500,000 to \$750,000. However, the current state single audit threshold has been maintained at \$500,000 at this time per Memorandum #2016-11 dated February 26, 2016, from the NC Department of State Treasurer. Audit costs can be covered using federal funds for program expenditures of \$750,000 or more excluding Medicaid and Medicare expenditures. Audit requirements were effective December 26, 2014, and impact state fiscal year 2016 audits.

Compliance supplement criteria requirements for federal programs have been changed from 14 criteria to 12 criteria. Criteria (D) Davis-Bacon Act and criteria (K) Real Property Acquisition & Relocation Assistance have been eliminated. Criteria (H) Period of Availability of Funds has changed to Period of Performance. Additionally, the Office



of State Auditor (OSA) has accepted changes in the compliance requirement for State awards to include the removal of Real Property Acquisition and Relocation Assistance (Item 11). There are currently only 13 types of State compliance requirements. Item D (Davis-Bacon Act) is not applicable to State awards. OSA established Item 4, Conflict of Interest for State awards which is not part of the federal compliance requirements. DAAS and AAA monitoring tools will be updated to reflect these changes.

Any documents referencing the OMB Circulars including OMB Circular A-133 will be changed to reflect Uniform Guidance OMB 2 CFR 200.

2017 HCCBG County Budget Forms

Effective with state fiscal year 2016-2017, the HCCBG 735 County Agreement has been revised to reflect the federal audit threshold increase from \$500,000 to 750,000. The State threshold will remain at \$500,000. All reference to OMB Circular A-133 has been changed to reflect Office of Management and Budget Uniform Guidance 2 CFR Part 200.

Both the HCCBG-734 Standard Assurances and HCCBG-735 Agreement for Provision of County-Based Aging Services will no longer be referred to as DOA 734 and DOA 735. The form names will be changed to DAAS 734 and DAAS 735.

If you have questions or concerns, please contact Melvinna Adams at 919-855-3438 or Jennifer Powell at 919-855-3448. Thank you.

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