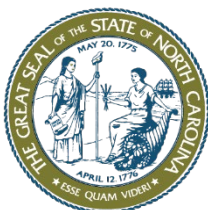


ATTACHMENT I | MAY 2025 | V1

Financial Management Controls Policy

North Carolina Department of Commerce
Division of Community Revitalization



NC DEPARTMENT
of COMMERCE
COMMUNITY REVITALIZATION

Revision History

Version	Date	Description
1	May 30, 2025	Date of initial approval
2		
3		
4		
5		
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Overview

The State of North Carolina has financial systems and internal controls to certify proficiency in financial management and compliance with HUD CDBG-DR requirements. The sections below outline key components of the State's financial management processes, specifically the annual Single Audit and Annual Comprehensive Financial Report.

Single Audit

The State of North Carolina is in compliance with the Single Audit requirements. An Independent Auditor, within the North Carolina Office of the State Auditor, audits the State every year. The audit is conducted in accordance with standards contained in Government Auditing Standards issued by the Comptroller General of the United States. The most recent Single Audit is attached to this document and can be located on the public website at [FSA-2024-8730 | NC Auditor](#). The audit does not indicate any material weaknesses, significant deficiencies, or questioned costs within the Department of Commerce related to CPD programs (CDBG, CDBG-DR, and CDBG-MIT). However, it was noted that the Department of Public Safety (DPS) had a significant deficiency related to inaccurate reporting of CDBG financial data within the DRGR system. DPS acknowledged insufficient reconciliations between accounting records and amounts reported in DRGR system and anticipated corrective action taking place in the subsequent quarterly report (April 2025).

DPS noted updated procedures, within their corrective action plan, to ensure that financial data will be reported accurately in the future. The Department of Commerce does not consider this a risk to their administration of CDBG-DR funds as it is independent from DPS (DPS is a separate entity from the Department of Commerce). Additionally, the Department of Commerce received no findings related to the administration of their CPD programs for fiscal year 2024. The Department of Commerce has controls and procedures in place to ensure accurate reporting of CDBG-DR funds within the DRGR system to ensure compliance with federal reporting requirements.

Annual Comprehensive Financial Report

The Annual Comprehensive Financial Report (ACFR), prepared by the North Carolina Office of the State Controller, is attached to this document. The ACFR is also available on the public website at [2024 Annual Comprehensive Financial Report | NCOSC](#). The report was completed in accordance with generally accepted accounting principles (GAAP) in the United States of America. The report does not indicate any material weaknesses, significant deficiencies, or questioned costs within the Department of Commerce. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of North Carolina for the ACFR - fiscal year ended June 30, 2024. This was the 31st consecutive year (1994 to 2024) the State has received the prestigious national award.