

Wake County, North Carolina

***Report on Schedule of Expenditures of Federal and State
Awards and Reports on Compliance and Internal Control***

For the fiscal year ended June 30, 2015

Wake County, North Carolina

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**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards***

Board of County Commissioners
Wake County, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Wake County, North Carolina (the County) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 23, 2015. Our report includes a reference to other auditors who audited the financial statements of the Wake County Board of Alcoholic Control (the Board), as described in our report on the County's financial statements. This report does not include the results of the other matters that are reported separately by those auditors. The financial statements of the Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Elliott Davio Decosimo, PLLC". The signature is written in a cursive, flowing style.

Raleigh, North Carolina

November 23, 2015



**Independent Auditor’s Report on Compliance for Each Major
Federal Program; Report on Internal Control Over Compliance; and Report
on the Schedule of Expenditures of Federal and State Awards Required by
OMB Circular A-133 and the State Single Audit Implementation Act**

Board of County Commissioners
Wake County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Wake County, North Carolina’s (the County’s) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the County’s major federal programs for the year ended June 30, 2015. The County’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the County’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County’s compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001 and 2015-002. Our opinion on each major federal program is not modified with respect to these matters.

The County's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001 and 2015-002, that we consider to be significant deficiencies.

The County's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated November 23, 2015, which contained unmodified opinions on those financial statements. We did not audit the financial statements of the Wake County Board of Alcoholic Control (the "Board"). Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the County's financial statements, insofar as it relates to the amounts for the Board, is based solely on the reports of the other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for the purposes of additional analysis as required by U.S. OMB Circular A-133 and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Elliott Davis Decosimo, PLLC

Raleigh, North Carolina
November 23, 2015



**Independent Auditor's Report on Compliance For Each Major State Program
and on Internal Control over Compliance in Accordance with OMB Circular
A-133 and the State Single Audit Implementation Act**

Board of County Commissioners
Wake County, North Carolina

Report on Compliance for Each Major State Program

We have audited Wake County, North Carolina's (the County's) compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the County's major state programs for the year ended June 30, 2015. The County's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*; and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major State Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with applicable sections of OMB Circular A-133 as described in the *Audit Manual for Governmental*

Auditors in North Carolina and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-003 and 2015-004. Our opinion on each major state program is not modified with respect to these matters.

The County's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2015-003 and 2015-004 that we consider to be significant deficiencies.

The County's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Raleigh, North Carolina
November 23, 2015

Wake County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2015

Grantor/Pass-Through Grantor/Program Titles	Federal CFDA #	Pass-through Identifying #	Expenditures		Total
			Federal	State	
Federal Awards:					
U.S. Department of Health and Human Services					
Administration for Children and Families					
Passed-through the N.C. Department of Health and Human Services, Division of Social Services:					
Promoting Safe and Stable Families	93.556		\$ 126,739	\$ -	\$ 126,739
Temporary Assistance for Needy Families (TANF)	93.558		5,282,832	-	5,282,832
TANF - Direct Benefit Payments	93.558		2,824,246	(16)	2,824,230
Child Support Enforcement	93.563		3,924,491	-	3,924,491
Refugee and Entrant Assistance-State Administered Programs:					
Direct Benefit Payments	93.566		128,634	-	128,634
Low-Income Home Energy Assistance:					
Crisis Intervention Program	93.568		3,280,431	-	3,280,431
Administration	93.568		344,974	-	344,974
Child Welfare Services - Direct Benefit Payments	93.645		633,054	2,129,112	2,762,166
Child Welfare Services - State Grants	93.645		201,984	-	201,984
Social Services Block Grant	93.667		1,328,932	299,512	1,628,444
Links	93.674		115,109	28,777	143,886
Independent Living Transitional - Direct Benefits Payments	93.674		110,449	-	110,449
Family Support Payments to States - Direct Benefit Payments	93.560		(1,047)	(287)	(1,334)
Foster Care and Adoption:					
Foster Care - Title IV-E	93.658		3,486,288	1,346,664	4,832,952
Foster Care - Title IV-E Direct Benefit Payments	93.658		1,552,377	480,537	2,032,914
Adoption Assistance	93.659		128,934	-	128,934
Adoption Assistance-Direct Benefit Payments	93.659		2,931,238	763,259	3,694,497
Total Foster Care and Adoption			<u>8,098,837</u>	<u>2,590,460</u>	<u>10,689,297</u>
Administration for Children and Families					
Passed-through the N.C. Department of Health and Human Services, Division of Child Development:					
Subsidized Child Care Program:					
Child Care Development Fund Cluster					
Child Care and Development Block Grant - Discretionary	93.575		15,241,666	-	15,241,666
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Administration (Passed through Division of Social Services)	93.596		1,171,952	-	1,171,952
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Mandatory	93.596		3,559,588	-	3,559,588
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Match	93.596		6,939,168	2,960,238	9,899,406
Total Child Care Development Fund Cluster			<u>26,912,374</u>	<u>2,960,238</u>	<u>29,872,612</u>
Temporary Assistance for Needy Families (TANF)	93.558		4,413,968	-	4,413,968
Foster Care - Title IV-E	93.658		508,393	77,666	586,059
Smart Start	NA		-	268,548	268,548
State Appropriations	NA		-	(78,823)	(78,823)
TANF- Maintenance-of-Effort	NA		-	1,787,381	1,787,381
Total Subsidized Child Care Program			<u>31,834,735</u>	<u>5,015,010</u>	<u>36,849,745</u>
Substance Abuse and Mental Health Service Administration:					
Passed-through the N.C. Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services:					
Block Grant for Prevention and Treatment of Substance Abuse	93.959	540, 541	105,554	-	105,554
Centers for Medicare and Medicaid Services					
Passed-through the N.C. Department of Health and Human Services, Division of Medical Assistance:					
Medicaid Cluster:					
Medical Assistance Program (Medicaid)	93.778		15,703,949	58,032	15,761,981
Medical Assistance Program (Medicaid)-Direct Benefit Payments	93.778		416,934,377	225,483,629	642,418,006
Total Medicaid Cluster			<u>432,638,326</u>	<u>225,541,661</u>	<u>658,179,987</u>
Children's Health Insurance Program - N.C. Health Choice	93.767		179,599	24,353	203,952
N.C. Health Choice Direct Benefit Payments	93.767		10,377,766	3,280,099	13,657,865

Wake County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2015

Grantor/Pass-Through Grantor/Program Titles	Federal CFDA #	Pass-through Identifying #	Expenditures		Total
			Federal	State	
Centers for Disease Control and Prevention					
Passed-through the N.C. Department of Health and Human Services, Division of Public Health:					
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	451, 452	166,115	-	166,115
HIV Prevention Activities - Health Department Based	93.940	860, 534, 610	206,382	-	206,382
Preventive Health Services Sexually Transmitted Diseases Control Grants	93.977	609, 825	172,611	-	172,611
Refugee Health	93.987	583	-	10,351	10,351
Well Integrated Screening and Evaluation for Women Across the Nation	93.094	465	37,687	-	37,687
Statewide Health Promotion Program	93.991	886	26,689	-	26,689
Public Health Emergency Preparedness	93.069	514	96,752	-	96,752
Immunization Program/Aid to County Funding	93.268		-	-	-
Health Resources and Services Administration					
HIV Care Formula Grants	93.917	574, 822 101, 318, 351,	2,106,360	-	2,106,360
Outpatient Early Intervention Services with Respect to HIV Disease	93.918	352, 834, 151	481,448	-	481,448
Maternal and Child Health Services Block Grants to States	93.994		1,075,612	-	1,075,612
Administration for Children and Families					
Temporary Assistance for Needy Families (TANF)	93.558	151	44,538	-	44,538
Office of Population Affairs					
Family Planning Services	93.217		96	-	96
Substance Abuse and Mental Health Services Administration					
Substance Abuse and Mental Health Services Projects	93.243		260,491	-	260,491
Total U.S. Department of Health and Human Services			506,210,426	238,919,032	745,129,458
U.S. Department of Agriculture:					
Passed-through the N.C. Department of Health and Human Services, Division of Social Services:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		2,822,095		2,822,095
Passed-through the N.C. Department of Health and Human Services, Division of Public Health					
Special Supplemental Nutritional Food Program for Women, Infants and Children		403, 404, 405,			
Administration	10.557	409, 415, 416	3,557,680	-	3,557,680
Direct Benefit Payments	10.557		13,201,298	-	13,201,298
Cooperative Extension NCSU/Together for a Better Education	10.500	2013-2014-03	40,104	-	40,104
Total Special Supplemental Nutrition Food Program for Women, Infants and Children			16,799,082	-	16,799,082
Total U.S. Department of Agriculture			19,621,177	-	19,621,177
U.S. Department of Education:					
Passed-through the NC Department of Public Instruction					
Safe and Drug-Free Schools and Communities National Programs	84.184		75,676	-	75,676
Total U.S. Department of Education			75,676	-	75,676
U.S. Department of Justice:					
State Criminal Alien Assistance Program	16.606		58,015		58,015
Passed-through the N.C. Department of Public Safety					
Coverdell Grant	16.742		7,697		7,697
Edward Byrne Memorial Formula Grant Program	16.738		107,197		107,197
Total U.S. Department of Justice			172,909	-	172,909
U.S. Department of Homeland Security:					
Office of Domestic Preparedness					
Passed-through the N.C. Department of Public Safety					
Homeland Security Grant Program	97.067		264,013		264,013
Total U.S. Department of Homeland Security			264,013	-	264,013
U.S. Department of Housing and Urban Development:					
Shelter Plus Care	14.238		2,004,281		2,004,281
Community Developmental Block Grants/Entitlement Grants	14.218		1,455,988		1,455,988
Supportive Housing Program	14.235		377,745		377,745
HOME Investment Partnership Program	14.239		305,271		305,271
Housing Opportunity for Persons with Aids - HOPWA	14.241		584,317		584,317
Passed-through the City of Raleigh:					
Emergency Shelter Grants Program	14.231		141,755		141,755
Total U.S. Department of Housing and Urban Development			4,869,357	-	4,869,357

Wake County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2015

Grantor/Pass-Through Grantor/Program Titles	Federal CFDA #	Pass-through Identifying #	Expenditures		Total
			Federal	State	
U.S. Department of Labor					
Passed-through the N.C. Department of Economic and Community Development, Job Training Partnership Act:					
Workforce Investment Act Cluster:					
Workforce Investment Act-Adult Program	17.258		3,317,142		3,317,142
Workforce Investment Act-Youth Activities	17.259		2,134,379		2,134,379
Workforce Investment Act-Dislocated Workers	17.278		1,418,973		1,418,973
Total WIA Cluster			<u>6,870,494</u>	<u>-</u>	<u>6,870,494</u>
WIA National Emergency Grants	17.277		262,045		262,045
Total U.S. Department of Labor			<u>7,132,539</u>	<u>-</u>	<u>7,132,539</u>
Federal Highway Administration					
Passed-through the N.C. Department of Transportation:					
Rural Area - Administration	20.509		83,674	295,035	378,709
Rural Area - Capital	20.509		117,666	260,546	378,212
New Freedom Program - Operating	20.521		3,037	-	3,037
New Freedom Program - Mobility	20.521		45,000	5,625	50,625
Alcohol Open Container - Sheriff's Office	20.607		386,852	-	386,852
Governor's Highway Safety Program	20.604		351,540	-	351,540
Total U.S. Department of Transportation			<u>987,769</u>	<u>561,206</u>	<u>1,548,975</u>
U.S. Corporation for National and Community Services					
Passed through N.C. Office of Volunteerism and Community Services					
Ameri Corps	94.003		139,289	-	139,289
Total U.S. Corporation for National and Community Services			<u>139,289</u>	<u>-</u>	<u>139,289</u>
Total Federal Awards			<u>539,473,155</u>	<u>239,480,238</u>	<u>778,953,393</u>
State Awards:					
N.C. Department of Cultural Resources:					
Division of State Library:					
State Aid to Libraries			-	400,000	400,000
N.C. Department of Health and Human Services:					
Division of Public Health:					
General Aid to Counties		110	-	274,446	274,446
Communicable Disease - HIV/HBV		715, 510	-	172,646	172,646
Active Routes to School		892	-	102,599	102,599
Tuberculosis Control		551	-	147,011	147,011
TB Medical Service		554	-	8,005	8,005
Safe Space CAPUS		901	-	41,987	41,987
HIV Non-Traditional Test Site		536, 894	-	61,873	61,873
School Nurse Funding Initiative		803	-	49,915	49,915
Men's Health Clinic CAPUS		899	-	118,616	118,616
Maternal Health Care		107	-	37,007	37,007
Environmental Health		874	-	4,000	4,000
CAPUS Patient Navigator		900	-	32,797	32,797
Total Division of Health			<u>-</u>	<u>1,050,902</u>	<u>1,050,902</u>
Division of Social Services:					
Energy Assistance Private Grants			-	240,638	240,638
Adult Protective Services					
Direct Benefit Payments:					
State/County Special Assistance for Adults			-	3,277,301	3,277,301
State Foster Home			-	664,478	664,478
State Foster Home Maximization			-	533,785	533,785
Total Division of Social Services			<u>-</u>	<u>4,716,202</u>	<u>4,716,202</u>
Division of Child Development:					
North Carolina Smart Start			-	482,132	482,132
Total N.C. Department of Health and Human Services			<u>-</u>	<u>6,649,236</u>	<u>6,649,236</u>

Wake County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2015

Grantor/Pass-Through Grantor/Program Titles	Federal CFDA #	Pass-through Identifying #	Expenditures		Total
			Federal	State	
N.C. Department of Transportation, Public Transportation Division:					
<i>Rural Operating Assistance Program (ROAP) - Cluster</i>					
Elderly and Disabled Transportation Assistance Program (EDTAP)			-	240,565	240,565
Rural General Public Program (RGP)			-	250,319	250,319
Employment Transportation Grant			-	188,542	188,542
Total Rural Operating Assistance Program (ROAP) Cluster				<u>679,426</u>	<u>679,426</u>
Community Transportation Program			-	257,810	257,810
Traveler's Aid			-	7,500	7,500
Total N.C. Department of Transportation			-	<u>944,736</u>	<u>944,736</u>
N.C. Department of Environment					
Environment Health Food & Lodging			-	98,861	98,861
Total N.C. Department of Environment			-	<u>98,861</u>	<u>98,861</u>
N.C. Department of Agriculture					
State Farm Grant			-	25,500	25,500
N.C. Department of Public Safety					
Juvenile Crime Prevention Council		DPS # 692	-	1,168,818	1,168,818
Emergency Management Preparedness Grant				62,500	62,500
Eckerd Youth Alternative		DPS # 792		212,000	212,000
Community Detention Program		DPS # 692	-	124,199	124,199
Total N.C. Department of Public Safety			-	<u>1,567,517</u>	<u>1,567,517</u>
Total State Awards			-	<u>9,285,850</u>	<u>9,285,850</u>
Total Federal and State Awards			<u>\$ 539,473,155</u>	<u>\$ 248,766,088</u>	<u>\$ 788,239,243</u>

Wake County, North Carolina

Notes to the Schedule of Expenditures of Federal and State Awards For the year ended June 30, 2015

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal and state grant activity of the County under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act. Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the financial statements. Benefit payments are paid directly to recipients and are not included in the County's financial statements. However, due to the County's involvement in determining eligibility, they are considered federal and state awards to the County and are included on this schedule. Also, because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

B. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

C. Subrecipients

Of the federal expenditures presented in the Schedule, the County provided federal and state awards to sub-recipients as follows:

Program	CFDA No.	Amounts to Subrecipients	
		Federal	State
Passed-through the NC Department of Commerce, Workforce Investment Act			
Workforce Investment Act - Adult	17.258	\$ 1,987,708	\$ -
Workforce Investment Act - Youth	17.259	1,994,560	-
Workforce Investment Act - Dislocated Worker	17.278	1,362,917	-
Workforce Investment Act - National Emergency Grant	17.277	241,557	-
NC Department of Transportation, Public Transportation Division			
Rural Operating Assistance Program		-	679,426
Formula Grants for Rural Area	20.509	201,340	555,581
New Freedom Program	20.521	48,037	5,625
Alcohol Open Container Requirement - Sheriff's Office	20.607	386,852	-
Wake County		3,764	1,457
NC Department of Public Safety			
Juvenile Crime Prevention Council Programs		-	1,168,818
TOTAL AWARDS TO SUBRECIPIENTS		<u>\$ 6,226,735</u>	<u>\$ 2,410,907</u>

Wake County, North Carolina
Schedule of Findings and Questioned Costs
For the year ended June 30, 2015

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified
 Internal control over financial reporting:

- Material weakness identified? _____ yes X no
- Significant deficiency(s) identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness identified? _____ yes X no
- Significant deficiency(s) identified that are not considered to be material weaknesses? X yes _____ none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 X yes _____ no

Identification of major federal programs:

<u>CFDA Number</u>	<u>Program / Cluster Name</u>
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
93.558	Temporary Assistance for Needy Families (TANF)
93.575 / 93.596	Child Care Development Fund Cluster
93.568	Low-Income Home Energy Assistance
93.659	Adoption Assistance
93.767	Children's Health Insurance Program - N.C. Health Choice
93.778	Medical Assistance Program (Medicaid)

Dollar threshold used to distinguish between Type A and Type B Programs \$3,000,000

Auditee qualified as low-risk auditee? _____ yes X no

Wake County, North Carolina
Schedule of Findings and Questioned Costs
For the year ended June 30, 2015

Section I. Summary of Auditor's Results, continued

State Awards

Internal control over major State programs:

- Material weakness identified? yes no
- Significant deficiency(s) identified that are not considered to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for major state programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with State Single Audit Implementation Act yes no

Identification of major State programs:

Program Name

Rural Operating Assistance Program (ROAP) Cluster
Juvenile Crime Prevention Council

Other major state programs for the County are Adoption Assistance, Medical Assistance Program (Medicaid), the Child Care Mandatory and Matching Funds of the Child Care and Development Fund – Match (Subsidized Child Care Cluster) and the Children's Health Insurance Program – N.C. Health Choice, which are state matches of federal programs. Therefore, these programs have been included in the list of major federal programs above.

Wake County, North Carolina
Schedule of Findings and Questioned Costs
For the year ended June 30, 2015

Section II. Financial Statement Findings

None

Section III. Federal Award Findings

Finding 2015-001, Significant Deficiency over Eligibility and Non-Material Noncompliance

Information on the federal program: Medicaid Cluster (Medicaid), CFDA 93.778, U.S. Department of Health and Human Services, passed through the N.C Department of Health and Human Services, Division of Medical Assistance.

Criteria or specific requirement: Case files for individuals receiving assistance are required to retain documentation to evidence appropriate eligibility determination, including documentation showing that tax records and Register of Deeds' records were checked to verify if the applicant owns property, form DMA-5065 or similar document showing how the budget was computed, and verification that automated income and resource matches were completed.

Conditions: We noted that in three instances the case record did not contain documentation evidencing that tax and Register of Deeds' records were checked to verify whether the individual owns property. In one instance the case record did not contain a completed budget sheet. In two instances the case record did not contain verification that automated income and resource matches were completed.

Context: We sampled sixty case files and noted the conditions above were contained in five of the sixty case files inspected.

Effect: Case files not containing all required documentation result in a risk that the County could provide services to individuals not eligible to participate in such services or that such services could be denied to eligible individuals.

Cause: The cause of this condition cannot be readily determined.

Recommendation: We recommend that the County continue to train and monitor employees on the eligibility determination process and follow existing policies/procedures designed to ensure that program applications are completed correctly and in their entirety.

Views of responsible officials: Wake County Human Services concurs with this finding.

Wake County, North Carolina
Schedule of Findings and Questioned Costs
For the year ended June 30, 2015

Section III. Federal Award Findings, continued

Finding 2015-002, Significant Deficiency over Eligibility and Non-Material Noncompliance

Information on the federal program: Children's Health Insurance Program (CHIP), CFDA 93.767, U.S. Department of Health and Human Services, passed through the N.C Department of Health and Human Services, Office of Rural Health and Community Care.

Criteria or specific requirement: Case files for individuals receiving assistance are required to retain documentation to evidence appropriate eligibility determination, including calculation of monthly income.

Conditions: We noted that in two instances the monthly income figure used to determine eligibility was calculated improperly as not all household income was captured in the calculation; in one instance the monthly income figure was not properly supported as neither we nor County personnel were able to recalculate the monthly income figure.

Context: We sampled sixty case files and noted the conditions above were contained in three of the sixty case files inspected.

Effect: When recalculated using the information retained in the case file, the revised monthly income figure for the instances noted above would have resulted in assignment to a different category of benefits in each case.

Cause: Case workers did not include all applicable household income in the monthly figures or the calculation itself was not appropriately supported.

Recommendation: We recommend that the calculation of the monthly income amount be documented explicitly in the case files so that it can be re-performed and recalculated for accuracy; additionally, training and monitoring of case workers should be continued to ensure that income calculations are made using all sources of household income.

Views of responsible officials: Wake County Human Services concurs with this finding.

Section IV. State Awards Findings and Questioned Costs

Finding 2015-003, Significant Deficiency over Allowable Costs and Non-Material Noncompliance

Information on the program: N.C Department of Health and Human Services, Department of Social Services (DSS), DSS Crosscutting.

Criteria or specific requirement: Costs can only be directly charged to a program on the DSS-1571 if those expenditures were for items or services that exclusively benefited that program.

Conditions: We noted that certain reimbursements were requested in Part II of the DSS-1571 for the month of November 2014 that were not allowable as they represented amounts owed by the County back to the DSS as refunds of State Foster Care payments for children who were subsequently determined not to have been in State Foster Care. The amounts submitted for reimbursement on the DSS-1571 were charged to code 450, Child Support Enforcement.

Wake County, North Carolina
Schedule of Findings and Questioned Costs
For the year ended June 30, 2015

Section IV. State Awards Findings and Questioned Costs, continued

Context: We inspected documentation supporting the amounts charged to code 450 on Part II of the DSS-1571 for the months of November 2014, December 2014, January 2015, April 2015, and June 2015 and noted the condition above only in the month of November 2014.

Effect: \$3,260.64 in unallowable reimbursements was included in the DSS-1571 for the month of November 2014; the amount has been subsequently credited back to DSS through the August 2015 DSS-1571 submission.

Cause: The payment from the County to DSS for the amount owed back was made using an incorrect object code, which resulted in the amount being incorrectly identified for inclusion in the DSS-1571 for reimbursement under the Child Support Enforcement program.

Recommendation: We recommend that the County review their procedures in place for reviewing the monthly DSS-1571 for accuracy.

Views of responsible officials: Wake County Human Services concurs with this finding.

Finding 2015-004, Significant Deficiency over Allowable Costs and Non-Material Noncompliance

Information on the program: N.C Department of Health and Human Services, Department of Social Services (DSS), DSS Crosscutting.

Criteria or specific requirement: Contracts with external vendors are to include certain certifications and statements, including (but not limited to) certification of drug free workplace, non-discrimination, environmental tobacco smoke, lobbying, transportation, notarized conflict of interest policy, notarized no overdue taxes statement, and HIPPA business associate agreement, when applicable.

Condition: We noted one instance where a County Human Services contract did not contain all required certifications and other statements.

Context: We inspected three Human Services contracts in connection with DSS-1571 Part IV audit procedures; the condition was observed in one of the three contracts.

Effect: Contractors may not be in compliance with State requirements, having not provided all required certifications and statements to the County.

Cause: As a purchase of services contract, County Human Services contracts management did not deem the required certifications applicable.

Recommendation: We recommend that the County implement or revise policies and procedures in place over contracts to ensure that all contracts with expenditures included for reimbursement in Part IV of the DSS-1571 contain the DSS-required certifications and statements.

Views of responsible officials: Wake County Human Services concurs with this finding.

Wake County, North Carolina
Schedule of Findings and Questioned Costs
For the year ended June 30, 2015

Section V. Corrective Action Plans

Finding 2015-001

Name of Contact Person: Tephia Lindsay, Program Manager
Michelle Burrus, Program Manager
Social Services ESS Division
Wake County Human Services

Corrective Action Plan: All supervisors will communicate with their team members about the topics of the areas cited and our Staff Training Development Team will send out notification to all staff with ways to avoid these errors:

1. Case record that did not contain documentation evidencing that tax and Register of Deeds' records were checked to verify whether the individual owns property.
2. Case record that did not contain a completed budget sheet.
3. Case records that did not contain verification that automated income and resource matches were completed.

Proposed Completion Date: December 31, 2015

Finding 2015-002

Name of Contact Person: Tephia Lindsay, Program Manager
Social Services ESS Division
Wake County Human Services

Corrective Action Plan: All supervisors will communicate with their team members about the topics of the areas cited and our Staff Training Development Team will send out notification to all staff with ways to avoid these errors:

1. Case records where the monthly income figure used to determine eligibility was calculated improperly as not all household income was captured in the calculation
2. Case records where the monthly income figure was not properly supported as neither auditors nor County personnel were able to recalculate the monthly income figure.

Proposed Completion Date: December 31, 2015

Wake County, North Carolina
Schedule of Findings and Questioned Costs
For the year ended June 30, 2015

Section V. Corrective Action Plans, continued

Finding 2015-003

Name of Contact Person: Patricia Pritchett, Business Officer
Administration and Operations Division
Wake County Human Services

Corrective Action Plan: The Human Services department has discussed this error with applicable program staff and finance staff and has established a process to mitigate future coding errors relative to State Foster Care payments in Child Support. The process involved establishing a unique expenditure object code to easily identify and accurately report expenditures on the DSS 1571.

\$3,260.64 in unallowable reimbursements was included in the DSS-1571 for the month of November 2014; the amount has been subsequently credited back to DSS through the August 2015 DSS-1571 submission.

Proposed Completion Date: A prior year correction was submitted in August 2015.

Finding 2015-004

Name of Contact Person: Joan Zimmer, Contracts Management Supervisor
Administration and Operations Division
Wake County Human Services

Corrective Action Plan: The Human Services department has established a process to identify contracts funded in full or part with federal and/or State funds. In addition, a determination is made if the contract provider is a subrecipient and if Wake County receives reimbursement from DSS-1571. In March 2015, Human Services Finance provided Contract Managers with a list of the FY16 proposed contracts that met the above criteria. All FY16 contracts on the list were prepared with the required certifications and statements.

New contract requests for FY16 that meet the criteria will be written to include the certifications and statements. To make accurate decisions, Contract Managers will consult with Finance staff in the event information received is ambiguous.

In the event a FY 16 or future FY contract amendment creates a subrecipient relationship or the contract becomes eligible for DSS-1571 reimbursement, an amendment will be executed that will include the necessary certifications and statements.

Proposed Completion Date: Fiscal year 2016

Wake County, North Carolina
Summary Schedule of Prior Audit Findings
For the year ended June 30, 2015

2014-001

Condition: Significant deficiencies were noted in the fiscal year 2014 audit concerning IT user access and monitoring controls, which, due to their sensitive nature, were communicated to County management in a separate letter pursuant to North Carolina G.S. 132-06.1(c).

Current status: Management considers this finding to have been remediated during the year ended June 30, 2015.

2014-002

Condition: We noted one instance in our testing of the Children's Health Insurance Program where the monthly income figure used to determine eligibility for the was not properly supported; the monthly income figure in the file was not able to be recalculated by us or County personnel..

Current status: This finding has been repeated as current-year finding number 2015-002.

2014-003

Condition: In our testing of the Food and Nutrition Services Cluster, we noted that in one instance the recertification of the Food and Nutrition Services application was not signed or dated by the applicant.

Current status: Management considers this finding to have been cleared during the year ended June 30, 2015.

2014-004

Condition: We noted in our testing of the Temporary Assistance for Needy Families program instances where the Required Forms and Notices section of the Work First application was not completed by the applicant; specifically, certain boxes were not manually checked indicating that various forms/notices were provided to the applicant.

Current status: Management considers this finding to have been cleared during the year ended June 30, 2015.