

# **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, 2016***

# 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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 7, 2016. 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.

*Elliott Davis Decosimo, PLLC*

Raleigh, North Carolina

December 7, 2016



**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 Uniform Guidance 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 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, 2016. 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, 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, 2016.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2016-001, 2016-002, and 2016-003. 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 Uniform Guidance, 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 2016-001, 2016-002, and 2016-003, 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## Report on Schedule of Expenditures of Federal and State Awards Required by Uniform Guidance

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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated December 7, 2016, 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 Uniform Guidance 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  
December 7, 2016



**Independent Auditor's Report on Compliance For Each Major State Program  
and on Internal Control over Compliance in Accordance with the Uniform  
Guidance 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, 2016. 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 Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*; and the State Single Audit Implementation Act. Those standards, Uniform Guidance, 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, 2016.

## **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 Uniform Guidance 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 2016-001, 2016-002, and 2016-003. 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 the Uniform Guidance, 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 2016-001, 2016-002, and 2016-003 that we consider to be significant deficiencies.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State Single Audit Implementation Act**

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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated December 7, 2016, 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 purposes of additional analysis as required by the Uniform Guidance 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, schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Elliott Davis Decosimo, PLLC*

Raleigh, North Carolina  
December 7, 2016

**Wake County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2016**

Grantor/Pass-Through Grantor/Program Titles	Federal CFDA #	Pass-through Identifying #	Expenditures		Total	Passed through to Subrecipients
			Federal	State		
<b>Federal Awards:</b>						
<b>U.S. Department of Health and Human Services</b>						
<b>Administration for Children and Families</b>						
<b>Passed-through the N.C. Department of Health and Human Services, Division of Social Services:</b>						
Promoting Safe and Stable Families	93.556		\$ 182,266	\$ -	\$ 182,266	\$ -
Temporary Assistance for Needy Families (TANF)	93.558		5,988,761	-	5,988,761	-
TANF - Direct Benefit Payments	93.558		2,234,976	35,938	2,270,914	-
Child Support Enforcement	93.563		3,775,403	-	3,775,403	-
Refugee and Entrant Assistance-State Administered Programs:						
Direct Benefit Payments	93.566		134,894	-	134,894	-
Low-Income Home Energy Assistance:						
Crisis Intervention Program	93.568		3,825,741	-	3,825,741	-
Administration	93.568		386,087	-	386,087	-
Child Welfare Services - Direct Benefit Payments	93.645		-	2,679,526	2,679,526	-
Child Welfare Services - State Grants	93.645		256,471	-	256,471	-
Social Services Block Grant	93.667		1,338,736	320,449	1,659,185	-
Links	93.674		129,498	32,375	161,873	-
Independent Living Transitional - Direct Benefits Payments	93.674		111,569	-	111,569	-
Family Support Payments to States - Direct Benefit Payments	93.560		(2,494)	(684)	(3,178)	-
<b>Foster Care and Adoption Cluster:</b>						
Foster Care - Title IV-E	93.658		2,724,818	1,540,972	4,265,791	-
Foster Care - Title IV-E Direct Benefit Payments	93.658		1,793,567	559,032	2,352,599	-
Adoption Assistance	93.659		99,786	-	99,786	-
Adoption Assistance-Direct Benefit Payments	93.659		2,931,418	751,225	3,682,643	-
Total Foster Care and Adoption Cluster			7,549,589	2,851,229	10,400,819	-
<b>Administration for Children and Families</b>						
<b>Passed-through the N.C. Department of Health and Human Services, Division of Child Development:</b>						
<b>Subsidized Child Care Program</b>						
<b>Child Care Development Fund Cluster</b>						
Child Care and Development Block Grant - Discretionary	93.575		18,730,660	-	18,730,660	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Administration <b>(Passed through Division of Social Services)</b>	93.596		1,260,660	-	1,260,660	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Mandatory	93.596		8,593,912	-	8,593,912	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Match	93.596		5,327,676	1,902,095	7,229,771	-
Total Child Care Development Fund Cluster			33,912,908	1,902,095	35,815,003	-
Temporary Assistance for Needy Families (TANF)	93.558		4,166,136	-	4,166,136	-
Foster Care - Title IV-E	93.658		534,443	277,003	811,446	-
Smart Start	NA		-	250,686	250,686	-
State Appropriations	NA		-	(881,066)	(881,066)	-
TANF- Maintenance-of-Effort	NA		-	(1,342,604)	(1,342,604)	-
Total Subsidized Child Care Program			38,613,487	206,114	38,819,601	-
<b>Substance Abuse and Mental Health Service Administration:</b>						
<b>Passed-through the N.C. Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services:</b>						
<b>Substance Abuse Services Cluster:</b>						
Block Grant for Prevention and Treatment of Substance Abuse	93.959	540, 541	97,510	-	97,510	-
<b>Centers for Medicare and Medicaid Services</b>						
<b>Passed-through the N.C. Department of Health and Human Services, Division of Medical Assistance:</b>						
<b>Medicaid Cluster:</b>						
Medical Assistance Program (Medicaid)	93.778		14,107,744	64,309	14,172,053	-
Medical Assistance Program (Medicaid)-Direct Benefit Payments	93.778		429,233,928	229,191,973	658,425,901	-
Total Medicaid Cluster			443,341,672	229,256,282	672,597,954	-
Children's Health Insurance Program - N.C. Health Choice	93.767		242,098	11,986	254,084	-
N.C. Health Choice Direct Benefit Payments	93.767		14,396,937	1,107,911	15,504,848	-
<b>Centers for Disease Control and Prevention</b>						
<b>Passed-through the N.C. Department of Health and Human Services, Division of Public Health:</b>						
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	451, 452	167,288	-	167,288	-
HIV Prevention Activities - Health Department Based	93.940	60, 534, 610	195,491	-	195,491	-
Preventive Health Services Sexually Transmitted Diseases Control Grants	93.977	609, 825	189,642	-	189,642	-
Refugee Health	93.987	583	19,437	-	19,437	-
Well Integrated Screening and Evaluation for Women Across the Nation	93.094	465	43,170	-	43,170	-
Statewide Health Promotion Program	93.991	886	30,991	-	30,991	-
Public Health Emergency Preparedness	93.069	514	103,270	-	103,270	-
Injury Prevention & Control Research	93.136		3,256	-	3,256	-

**Wake County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2016**

Grantor/Pass-Through Grantor/Program Titles	Federal CFDA #	Pass-through Identifying #	Expenditures		Total	Passed through to Subrecipients
			Federal	State		
<b>Health Resources and Services Administration</b>						
HIV Care Formula Grants	93.917	574, 822, 101, 318	2,485,895	-	2,485,895	-
Outpatient Early Intervention Services with Respect to HIV Disease	93.918	351, 352	567,365	-	567,365	-
Maternal and Child Health Services Block Grants to States	93.994	834, 151	1,046,794	-	1,046,794	-
<b>Administration for Children and Families</b>						
Temporary Assistance for Needy Families (TANF)	93.558	151	72,098	-	72,098	-
<b>Office of Population Affairs</b>						
Family Planning Services	93.217		1,372	-	1,372	-
<b>Substance Abuse and Mental Health Services Administration</b>						
Substance Abuse and Mental Health Services Projects	93.243		230,851	-	230,851	-
<b>Total U.S. Department of Health and Human Services</b>			<b>527,760,120</b>	<b>236,501,126</b>	<b>764,261,246</b>	<b>-</b>
<b>U.S. Department of Agriculture:</b>						
<b>Passed-through the N.C. Department of Health and Human Services, Division of Social Services:</b>						
<b>Food Stamp Cluster:</b>						
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		4,871,515	-	4,871,515	-
<b>Passed-through the N.C. Department of Health and Human Services, Division of Public Health</b>						
Special Supplemental Nutritional Food Program for Women, Infants and Children						
Administration	10.557	403, 404, 405, 409	3,431,760	-	3,431,760	-
Direct Benefit Payments	10.557	415, 416	13,048,032	-	13,048,032	-
Cooperative Extension NCSU/Together for a Better Education	10.500		26,609	-	26,609	-
Total Special Supplemental Nutrition Food Program for Women, Infants and Children			16,506,402	-	16,506,402	-
<b>Total U.S. Department of Agriculture</b>			<b>21,377,917</b>	<b>-</b>	<b>21,377,917</b>	<b>-</b>
<b>U.S. Department of Education:</b>						
<b>Passed-through the NC Department of Public Instruction</b>						
Safe and Drug-Free Schools and Communities National Programs	84.184		75,676	-	75,676	-
<b>Total U.S. Department of Education</b>			<b>75,676</b>	<b>-</b>	<b>75,676</b>	<b>-</b>
<b>U.S. Department of Justice:</b>						
<b>State Criminal Alien Assistance Program</b>						
State Criminal Alien Assistance Program	16.606		61,467	-	61,467	-
<b>Passed-through the N.C. Department of Public Safety</b>						
Edward Byrne Memorial Formula Grant Program	16.738		196,148	-	196,148	-
<b>Total U.S. Department of Justice</b>			<b>257,615</b>	<b>-</b>	<b>257,615</b>	<b>-</b>
<b>U.S. Department of Homeland Security:</b>						
<b>Office of Domestic Preparedness</b>						
<b>Passed-through the N.C. Department of Public Safety</b>						
Hazard Mitigation Grant	97.039		69,844	-	69,844	-
Homeland Security Grant Program	97.067		98,013	-	98,013	-
<b>Total U.S. Department of Homeland Security</b>			<b>167,857</b>	<b>-</b>	<b>167,857</b>	<b>-</b>
<b>U.S. Department of Housing and Urban Development:</b>						
Shelter Plus Care	14.238		990,885	-	990,885	-
Community Developmental Block Grants/Entitlement Grants	14.218		1,464,739	-	1,464,739	-
Supportive Housing Program	14.235		377,745	-	377,745	-
HOME Investment Partnership Program	14.239		449,028	-	449,028	-
Housing Opportunity for Persons with Aids - HOPWA	14.241		526,350	-	526,350	-
<b>Passed-through the City of Raleigh:</b>						
Emergency Shelter Grants Program	14.231		100,000	-	100,000	-
<b>Total U.S. Department of Housing and Urban Development</b>			<b>3,908,747</b>	<b>-</b>	<b>3,908,747</b>	<b>-</b>
<b>U.S. Department of Interior</b>						
U.S. Fish and Wildlife Grant	15.650		40,000	-	40,000	-
Conservation Grant-Private Stewardship for Imperiled Species	15.632		386,000	-	386,000	-
<b>Total U.S. Department of Interior</b>			<b>426,000</b>	<b>-</b>	<b>426,000</b>	<b>-</b>
<b>U.S. Department of Labor</b>						
<b>Passed-through the N.C. Department of Economic and Community Development, Job Training Partnership Act:</b>						
<b>Workforce Investment Act Cluster:</b>						
Workforce Investment Act - Adult	17.258	4020	2,306,296	-	2,306,296	2,067,314
Workforce Investment Act-Youth Activities	17.259	4040	1,544,780	-	1,544,780	1,512,801
Workforce Investment Act-Dislocated Workers	17.278	4030	1,661,382	-	1,661,382	1,482,563
<b>Total WIA Cluster</b>			<b>5,512,458</b>	<b>-</b>	<b>5,512,458</b>	<b>5,062,678</b>
WIA National Emergency Grants	17.277		699,744	-	699,744	644,106
Incentive Grants - WIA Section 503	17.267		724,181	-	724,181	-
<b>Total WIA Incentives and Administrative</b>			<b>724,181</b>	<b>-</b>	<b>724,181</b>	<b>-</b>
<b>Total U.S. Department of Labor</b>			<b>6,936,383</b>	<b>-</b>	<b>6,936,383</b>	<b>5,706,784</b>

**Wake County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2016**

Grantor/Pass-Through Grantor/Program Titles	Federal CFDA #	Pass-through Identifying #	Expenditures		Total	Passed through to Subrecipients
			Federal	State		
<b>Federal Highway Administration</b>						
<b>Passed-through the N.C. Department of Transportation:</b>						
Rural Area - Administration	20.509		108,063	422,241	530,304	-
Alcohol Open Container - Sheriff's Office	20.607		196,392	-	196,392	-
Alcohol Open Container - Sheriff's Office	20.616		59,402	-	59,402	-
Highway Construction and Planning	20.205		30,282	65,000	95,282	-
New Freedom for Mobility Management (TTAP)	20.521		43,202	5,400	48,602	-
Governor's Highway Safety Program	20.604		280,823	-	280,823	-
<b>Total U.S. Department of Transportation</b>			<b>718,164</b>	<b>492,641</b>	<b>1,210,805</b>	<b>-</b>
<b>U.S. Environmental Protection Agency:</b>						
<b>U.S. Corporation for National and Community Services</b>						
<b>Passed through N.C. Office of Volunteerism and Community Services</b>						
Ameri Corps	94.003		170,288	-	170,288	-
<b>Total U.S. Corporation for National and Community Services</b>			<b>170,288</b>	<b>-</b>	<b>170,288</b>	<b>-</b>
<b>Total Federal Awards</b>			<b>561,798,767</b>	<b>236,993,767</b>	<b>798,792,535</b>	<b>5,706,784</b>
<b>State Awards:</b>						
<b>N.C. Department of Cultural Resources:</b>						
<b>Division of State Library:</b>						
State Aid to Libraries			-	580,320	580,320	-
<b>N.C. Department of Health and Human Services:</b>						
<b>Division of Public Health:</b>						
General Aid to Counties		110	-	284,729	284,729	-
Communicable Disease - HIV/HBV		715, 510	-	160,513	160,513	-
Active Routes to School		892	-	113,063	113,063	-
Tuberculosis Control		551	-	145,458	145,458	-
TB Medical Service		554	-	8,005	8,005	-
Safe Space CAPUS		901	-	52,411	52,411	-
HIV Non-Traditional Test Site		536, 894	-	61,883	61,883	-
School Nurse Funding Initiative		803	-	50,669	50,669	-
Men's Health Clinic CAPUS		899	-	319,478	319,478	-
School Site Immunizations		107	-	96	96	-
Maternal Health Care			-	50,000	50,000	-
Maternal & Child Health			-	20,000	20,000	-
<b>Total Division of Health</b>			<b>-</b>	<b>1,266,305</b>	<b>1,266,305</b>	<b>-</b>
<b>Division of Social Services:</b>						
Energy Assistance Private Grants			-	289,188	289,188	-
Adult Protective Services						
Direct Benefit Payments:						
State/County Special Assistance for Adults			-	3,374,351	3,374,351	-
State Foster Home			-	642,030	642,030	-
State Foster Home Maximization			-	534,466	534,466	-
<b>Total Division of Social Services</b>			<b>-</b>	<b>4,840,035</b>	<b>4,840,035</b>	<b>-</b>
<b>Division of Child Development:</b>						
North Carolina Smart Start			-	480,432	480,432	-
<b>Total N.C. Department of Health and Human Services</b>			<b>-</b>	<b>6,586,772</b>	<b>6,586,772</b>	<b>-</b>
<b>N.C. Department of Transportation, Public Transportation Division:</b>						
<b>Rural Operating Assistance Program (ROAP) - Cluster</b>						
Elderly and Disabled Transportation Assistance Program (EDTAP)			-	241,218	241,218	89,094
Rural General Public Program (RGP)			-	86,974	86,974	-
Employment Transportation Grant			-	205,178	205,178	-
<b>Total Rural Operating Assistance Program (ROAP) Cluster</b>			<b>-</b>	<b>533,370</b>	<b>533,370</b>	<b>89,094</b>
Traveler's Aid			-	7,500	7,500	-
<b>Total N.C. Department of Transportation</b>			<b>-</b>	<b>540,870</b>	<b>540,870</b>	<b>89,094</b>
<b>N.C. Department of Environment</b>						
White Goods Management Program			-	335,180	335,180	-
Scrap Tire Program			-	1,306,745	1,306,745	-
Environment Health Food & Lodging			-	115,773	115,773	-
<b>Total N.C. Department of Environment</b>			<b>-</b>	<b>1,757,698</b>	<b>1,757,698</b>	<b>-</b>
<b>N.C. Department of Agriculture</b>						
State Farm Grant			-	89,480	89,480	-
<b>N.C. Department of Commerce</b>						
One NC Fund Grant			-	1,405,000	1,405,000	-
<b>N.C. Department of Administration:</b>						

**Wake County, North Carolina**  
*Schedule of Expenditures of Federal and State Awards*  
*For the Year Ended June 30, 2016*

Grantor/Pass-Through Grantor/Program Titles	Federal CFDA #	Pass-through Identifying #	Expenditures		Total	Passed through to Subrecipients
			Federal	State		
Veterans Services Program			-	1,525	1,525	-
<b>N.C. Department of Public Instruction</b>						
Public School Building Capital Fund - Lottery Proceeds			-	11,897,360	11,897,360	-
<b>N.C. Department of Public Safety</b>						
JCPC		692	-	1,193,907	1,193,907	1,193,907
Eckerd Youth Alternative		792	-	50,000	50,000	-
Community Detention Program		692	-	150,000	150,000	-
<b>Total N.C. Department of Public Safety</b>			-	1,393,907	1,393,907	1,193,907
<b>Total State Awards</b>			-	24,252,932	24,252,932	1,283,001
<b>Total Federal and State Awards</b>			<b>\$ 561,798,767</b>	<b>\$ 261,246,699</b>	<b>\$ 823,045,467</b>	<b>\$ 6,989,785</b>

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## **Wake County, North Carolina**

### ***Notes to the Schedule of Expenditures of Federal and State Awards For the year ended June 30, 2016***

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#### **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, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) 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 the Uniform Guidance, 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. The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

#### **C. Cluster of Programs**

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes:

Subsidized Child Care and Foster Care Adoption

**Wake County, North Carolina**  
**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2016**

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**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 2 CFR Section 200.516(a)   X   yes    \_\_\_\_\_ no

Identification of major federal programs:

<u>CFDA Number</u>	<u>Program / Cluster Name</u>
17.258/17.259/17.277/17.278	Workforce Investment Act Cluster
93.558	Temporary Assistance for Needy Families (TANF)
93.563	Child Support Enforcement
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?   X   yes    \_\_\_\_\_ no

**Wake County, North Carolina**  
**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2016**

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**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:  Modified  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

- State Aid Library
- One North Carolina Fund Grant
- Public School Building Capital Fund
- Scrap Tire Disposal Account Grant

Other major state programs for the County are Medical Assistance Program (Medicaid), the Temporary Assistance for Needy Families (TANF) 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, 2016**

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**Section II. Financial Statement Findings**

None

**Section III. Federal Award Findings and Questioned Costs**

**Finding 2016-001, 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, income verification, and state residence verification.

**Conditions:** We noted that in two 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 one instances the case record did not contain documents to evidence verification of income. In one instance the case record did not contain two sources of state residency verification.

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

**Finding 2016-002, 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:** To be eligible to receive benefits under this program the individual must be under the age of 18.

**Wake County, North Carolina**  
**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2016**

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**Section III. Federal Award Findings, continued**

**Conditions:** We noted that in one instance an individual continued to receive benefits after their eighteenth birthday.

**Context:** We sampled sixty case files and noted the conditions above were contained in one of the sixty case files inspected. The individual received benefits where considered ineligible from July 1, 2015 through September 30, 2015.

**Effect:** The known questioned cost was \$531.

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

**Recommendation:** We recommend that case workers monitor on a monthly basis those individuals that are currently receiving benefits that will reach the age of eighteen to ensure their files are appropriately closed and the child no longer receives benefits.

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

**Finding 2016-003, Significant Deficiency over Eligibility and Non-Material Noncompliance**

**Information on the federal program:** Temporary Assistance for Needy Families (TANF), CFDA 93.558, U.S. Department of Health and Human Services, passed through the N.C Department of Health and Human Services, Division of Social Services.

**Criteria or specific requirement:** Eligible families receive a calculated standard monthly benefit amount.

**Conditions:** We noted that in one instance a families monthly benefit check was larger than the calculated standard payment amount they should have received.

**Context:** We sampled sixty case files and noted the conditions above were contained in one of the sixty case files inspected. The family received benefits that where considered ineligible for a three month period.

**Effect:** The known questioned cost was \$54.

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

**Recommendation:** We recommend that case workers understand how the benefits are calculated and determined and that the appropriate standard amounts are used to pay benefits.

**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, 2016***

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**Section IV. State Awards Findings and Questioned Costs**

Findings 2016-001, 2016-002, and 2016-003, as listed in Section III Federal Award Findings and Questioned Costs are also considered to be State findings.

**Section V. Corrective Action Plans**

**Finding 2016-001**

Name of Contact Person: Antonia Pedroza, ES Director  
Sheril Evans, Program Manager  
Kristin Bogren, QA Supervisor  
Social Services ESS Division  
Wake County Human Services

Corrective Action Plan: The PSD team will send out notifications to all Medicaid staff with ways to avoid the following findings:

1. How to enter income from all sources into NC FAST.
2. Income information will be updated at review.
3. Ensure that staff is trained on the policy for state residency.
4. Ensure that searches for Register of Deeds are uploaded into the case file during the eligibility and determination process.
5. All staff will be trained to ask and look for private health insurance.

Proposed Completion Date: February 28, 2016

**Finding 2016-002**

Name of Contact Person: Antonia Pedroza, ES Director  
Sheril Evans, Program Manager  
Kristin Bogren, QA Supervisor  
Social Services ESS Division  
Wake County Human Services

Corrective Action Plan: Supervisors will monitor, generate, and manage the critical age reports to ensure that the agency will not issue benefits to individuals beyond the age of 18 for appropriate programs.

Proposed Completion Date: February 28, 2016

**Wake County, North Carolina**  
*Schedule of Findings and Questioned Costs*  
*For the year ended June 30, 2016*

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**Section V. Corrective Action Plans, continued**

**Finding 2016-003**

Name of Contact Person:        Antonia Pedroza, ES Director  
   Sheril Evans, Program Manager  
   Kristin Bogren, QA Supervisor  
   Social Services ESS Division  
   Wake County Human Services

Corrective Action Plan:        When calculating Benefit Diversion payments, workers will ensure that the amount calculated by NC FAST is correct. They will report any discrepancies in benefit amount calculation to the OSS Team by generating an internal help desk ticket (OSS will escalate to NC FAST Help Desk if necessary).

Proposed Completion Date:    February 28, 2016

**Wake County, North Carolina**  
**Summary Schedule of Prior Audit Findings**  
**For the year ended June 30, 2016**

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**2015-001**

Condition: We noted that in three instances in our testing eligibility for the Medicaid Cluster, 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.

Current status: This finding has been repeated as current-year finding number 2016-001.

**2015-002**

Condition: We noted two instances in our testing of the Children's Health Insurance Program where 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 us nor County personnel were able to recalculate the monthly income figure.

Current status: Management considers this finding to have been cleared during the year ended June 30, 2016.

**2015-003**

Condition: In our DSS crosscutting testing, we noted that certain reimbursements were requested in Part II of the DSS-1571 for the month of December 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.

Current status: Management considers this finding to have been cleared during the year ended June 30, 2016.

**2015-004**

Condition: In our DSS crosscutting testing, we noted one instance where a contract with expenditures included for reimbursement in Part IV of the DSS-1571, did not contain all required certifications and other statements.

Current status: Management considers this finding to have been cleared during the year ended June 30, 2016.