

# **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, 2018***

# Wake County, North Carolina

## Contents

---

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 <i>Government Auditing Standard</i> .....	1-2
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.....	3-5
Independent Auditor’s Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act.....	6-8
Schedule of Expenditures of Federal and State Awards.....	9-11
Notes to the Schedule of Expenditures of Federal and State Awards.....	12
Schedule of Findings and Questioned Costs.....	13-15
Corrective Action Plan.....	16
Summary Schedule of Prior Audit Findings .....	17-18



**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, 2018 not presented here, 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 28, 2018. 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 cursive script that reads "Elliott Davis P.L.L.C."

Raleigh, North Carolina  
November 28, 2018



**Independent Auditor’s Report on Compliance Applicable for Each Major  
Federal Program; Report on Internal Control Over Compliance; In  
Accordance With 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, 2018. 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, OMB 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 of 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 other major federal programs identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2018.

## **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001. Our opinion on each major federal program is not modified with respect to this matter.

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

## **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 a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our 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 a 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 a deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001, that we consider to be a significant deficiency.

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

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 units, each major fund, and the aggregate remaining fund information of Wake County as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Wake County's basic financial statements. We issued our report thereon dated November 28, 2018, which contained an unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wake County's basic financial statements. The accompanying schedule of expenditures 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, 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.



Raleigh, North Carolina

December 14, 2018 (except for our report on the Schedule of Expenditures of Federal Awards, for which the date is November 28, 2018)



**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, 2018. 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 state statutes, regulations, and the terms and conditions of its state awards 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, 2018.



## **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 significant deficiencies or material weaknesses 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 did identify a deficiency in internal control over compliance as described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001 that we consider to be a significant deficiency.

The County's response 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 response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 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, 2018, 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 28, 2018, 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.

A handwritten signature in cursive script that reads "Elliott Davis P.L.L.C."

Raleigh, North Carolina

December 14, 2018 (except for our report on the Schedule of Expenditures of Federal Awards, for which the date is November 28, 2018)

**Wake County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2018**

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		\$ 462,570	\$ -	\$ 462,570	\$ -
Temporary Assistance for Needy Families (TANF) Cluster	93.558		5,763,299	-	5,763,299	-
Child Support Enforcement	93.563		5,457,307	-	5,457,307	-
Low-Income Home Energy Assistance	93.568		4,687,695	-	4,687,695	-
Stephanie Tubbs Jones Child Welfare Services - State Grants	93.645		361,816	-	361,816	-
Social Services Block Grant	93.667		1,692,326	189,342	1,881,668	-
Chafee Foster Care Independence Program	93.674		119,746	25,667	145,413	-
<b>Foster Care and Adoption Cluster:</b>						
(a) Foster Care - Title IV-E	93.658		3,804,893	1,432,192	5,237,085	-
(a) Adoption Assistance	93.659		861,690	-	861,690	-
Total Foster Care and Adoption Cluster			4,666,583	1,432,192	6,098,775	-
<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 Cluster</b>						
<b>Child Care Development Fund Cluster:</b>						
(a) Child Care and Development Block Grant	93.575		4,340,037	-	4,340,037	-
(a) Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Administration (Passed through Division of Social Services)	93.596		1,516,806	-	1,516,806	-
(a) Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Mandatory	93.596		481,813	-	481,813	-
(a) Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Match	93.596		483,150	486,239	969,389	-
(a) Total Child Care Development Fund Cluster			6,821,806	486,239	7,308,045	-
(a) Temporary Assistance for Needy Families (TANF) Cluster	93.558		(1,230,767)	-	(1,230,767)	-
(a) Smart Start	NA		-	14,509	14,509	-
(a) State Appropriations	NA		-	2,220	2,220	-
(a) TANF- Maintenance-of-Effort	NA		-	(34,432)	(34,432)	-
Total Subsidized Child Care Cluster			5,591,039	468,536	6,059,575	-
<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>						
Block Grants for Prevention and Treatment of Substance Abuse	93.959	540, 541	350,011	-	350,011	-
<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>						
(a) Medical Assistance Program (Medicaid)	93.778		17,123,455	45,093	17,168,548	-
Children's Health Insurance Program - N.C. Health Choice	93.767		297,085	(26,697)	270,388	-
<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	233,698	-	233,698	-
Refugee and Entrant Assistance Discretionary Grants	93.576	583	7,296	-	7,296	-
Teenage Pregnancy Prevention Program	93.297		28,550	-	28,550	-
Food & Drug Administration - Research	93.103		12,249	-	12,249	-
Well Integrated Screening and Evaluation for Women Across the Nation	93.094	465	39,615	-	39,615	-
Preventive Health and Health Services Block Grant	93.991	886	40,060	-	40,060	-
Public Health Emergency Preparedness	93.069	514	92,113	-	92,113	-
Injury Prevention & Control Research and State and Community Based Programs	93.136		3,777	-	3,777	-
<b>HIV Cluster:</b>						
HIV Prevention Activities - Health Department Based	93.940	60, 534, 610	218,508	-	218,508	-
Sexually Transmitted Diseases Prevention and Control Grants	93.977	609, 825	156,563	-	156,563	-
Total HIV Cluster			375,071	-	375,071	-
<b>Health Resources and Services Administration</b>						
(a) HIV Care Formula Grants	93.917	574, 822, 101, 318	2,418,596	-	2,418,596	-
Grants to Provide Outpatient Early Intervention Services with Respect to HIV						
Disease	93.918	351, 352	510,414	-	510,414	-
Special Projects of National Significance	93.928		120,574	-	120,574	-
Maternal and Child Health Services Block Grants to the States	93.994	834, 151	1,049,680	-	1,049,680	-

**Wake County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2018**

Grantor/Pass-Through Grantor/Program Titles	Federal CFDA #	Pass-through Identifying #	Expenditures		Total	Passed through to Subrecipients
			Federal	State		
<b>Office of Population Affairs</b>						
Family Planning Services	93.217		169,139	-	169,139	-
<b>Substance Abuse and Mental Health Services Administration</b>						
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		261,698	-	261,698	-
<b>Total U.S. Department of Health and Human Services</b>			<b>51,935,462</b>	<b>2,134,133</b>	<b>54,069,595</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>Supplemental Nutrition Assistance Program (SNAP) Cluster:</b>						
(a) State Administrative Matching Grants for SNAP	10.561		6,143,792	-	6,143,792	-
<b>Passed-through the N.C. Department of Health and Human Services, Division of Public Health</b>						
(a) Special Supplemental Nutritional Food Program for Women, Infants, and Children	10.557	403, 404, 405, 409	3,363,030	-	3,363,030	-
Cooperative Extension Service	10.500		47,442	-	47,442	-
Total Special Supplemental Nutrition Food Program for Women, Infants and Children			3,410,472	-	3,410,472	-
<b>Total U.S. Department of Agriculture</b>			<b>9,554,264</b>	<b>-</b>	<b>9,554,264</b>	<b>-</b>
<b>U.S. Department of Education:</b>						
<b>Passed-through the NC Department of Public Instruction</b>						
School Safety National Activities	84.184		37,838	-	37,838	-
<b>Total U.S. Department of Education</b>			<b>37,838</b>	<b>-</b>	<b>37,838</b>	<b>-</b>
<b>U.S. Department of Justice:</b>						
<b>Passed-through the N.C. Department of Public Safety</b>						
Edward Byrne Memorial Justice Assistance Grant Program	16.738		78,755	-	78,755	-
<b>Total U.S. Department of Justice</b>			<b>78,755</b>	<b>-</b>	<b>78,755</b>	<b>-</b>
<b>U.S. Department of Homeland Security:</b>						
<b>Passed-through the N.C. Department of Public Safety</b>						
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		151,111	-	151,111	-
State and Local Assistance EMPG Homeland Security Grant	97.042	83.534	63,500	-	63,500	-
Emergency Management Performance Grant	97.042		18,017	-	18,017	-
Homeland Security Grant Program	97.067		72,187	-	72,187	-
<b>Total U.S. Department of Homeland Security</b>			<b>304,815</b>	<b>-</b>	<b>304,815</b>	<b>-</b>
<b>U.S. Department of Housing and Urban Development:</b>						
Continuum of Care Program	14.267		1,729,268	-	1,729,268	-
Community Developmental Block Grants/Entitlement Grants	14.218		2,214,382	-	2,214,382	-
Supportive Housing Program	14.235		381,713	-	381,713	-
HOME Investment Partnership Program	14.239		229,891	-	229,891	-
Emergency Solutions Grants Program	14.231		60,356	-	60,356	-
Housing Opportunity for Persons with Aids - HOPWA	14.241		580,406	-	580,406	-
<b>Passed-through the City of Raleigh:</b>						
Emergency Solutions Grants Program	14.231		100,000	-	100,000	-
<b>Total U.S. Department of Housing and Urban Development</b>			<b>5,296,016</b>	<b>-</b>	<b>5,296,016</b>	<b>-</b>
<b>U.S. Department of Interior</b>						
Historic Preservation Fund Grant-In-Aid	15.904		13,500	-	13,500	-
<b>Total U.S. Department of Interior</b>			<b>13,500</b>	<b>-</b>	<b>13,500</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>WIOA Cluster:</b>						
WIOA - Adult Program	17.258	4020	2,580,080	-	2,580,080	1,864,534
WIOA-Youth Activities	17.259	4040	1,783,133	-	1,783,133	1,637,060
WIOA-Dislocated Workers Formula Grants	17.278	4030	1,335,293	-	1,335,293	1,462,494
Total WIOA Cluster			5,698,506	-	5,698,506	4,964,088
Workforce Investment Act (WIA) National Emergency Grants	17.277		180,564	-	180,564	2,337
YouthBuild	17.274		241,566	-	241,566	128,591
			422,130	-	422,130	130,928
<b>Total U.S. Department of Labor</b>			<b>6,120,636</b>	<b>-</b>	<b>6,120,636</b>	<b>5,095,017</b>

**Wake County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2018**

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>						
Statewide Capital	20.526		262,008	32,751	294,759	-
Alcohol Open Container Requirements	20.607		42,890	-	42,890	-
National Priority Safety Programs	20.616		33,181	-	33,181	-
Formula Grants for Rural Areas	20.509		-	378,148	378,148	-
Highway Planning and Construction	20.205		91,236	-	91,236	-
Total Highway Planning, Research & Construction Cluster			91,236	-	91,236	-
<b>Highway Safety Cluster:</b>						
State and Community Highway Safety	20.600		208,674	-	208,674	-
Total Highway Safety Cluster			208,674	-	208,674	-
<b>Total U.S. Department of Transportation</b>			<b>637,989</b>	<b>410,899</b>	<b>1,048,888</b>	<b>-</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	94.006		28,725	-	28,725	-
<b>Total U.S. Corporation for National and Community Services</b>			<b>28,725</b>	<b>-</b>	<b>28,725</b>	<b>-</b>
<b>Total Federal Awards</b>			<b>74,008,000</b>	<b>2,545,032</b>	<b>76,553,032</b>	<b>5,095,017</b>
<b>State Awards:</b>						
<b>N.C. Department of Cultural and Natural Resources:</b>						
<b>Division of State Library:</b>						
State Aid to Libraries			-	606,997	606,997	-
<b>N.C. Department of Health and Human Services:</b>						
<b>Division of Public Health:</b>						
General Aid to Counties		110	-	183,825	183,825	-
Communicable Disease - HIV/HBV		715, 510	-	196,680	196,680	-
Tuberculosis Control		551	-	163,657	163,657	-
Community Health Medical Access			-	71,900	71,900	-
HIV Non-Traditional Test Site		536, 894	-	55,191	55,191	-
School Nurse Funding Initiative		803	-	43,441	43,441	-
Safe Space			-	21,199	21,199	-
Maternal Health Care			-	50,000	50,000	-
HMHC Health (HMHC)			-	82,932	82,932	-
Total Division of Public Health			-	868,825	868,825	-
<b>Division of Social Services:</b>						
Energy Assistance Private Grants			-	177,346	177,346	-
<b>Division of Child Development:</b>						
(a) North Carolina Smart Start			-	500,372	500,372	-
<b>Total N.C. Department of Health and Human Services</b>			<b>-</b>	<b>1,546,543</b>	<b>1,546,543</b>	<b>-</b>
<b>N.C. Department of Transportation, Public Transportation Division</b>						
<b>Rural Operating Assistance Program (ROAP) - Cluster</b>						
(a) Elderly and Disabled Transportation Assistance Program (EDTAP)		827T	-	274,346	274,346	9,676
(a) Rural General Public Program (RGP)		829T	-	97,891	97,891	-
(a) Employment Transportation Assistance Program		828T	-	202,643	202,643	-
Total Rural Operating Assistance Program (ROAP) Cluster			-	574,880	574,880	9,676
Traveler's Aid			-	(3,709)	(3,709)	-
<b>Total N.C. Department of Transportation</b>			<b>-</b>	<b>571,171</b>	<b>571,171</b>	<b>9,676</b>
<b>N.C. Department of Environmental Quality</b>						
(a) White Goods Management Program			-	657,316	657,316	-
NC Electronic Recycling			-	82,308	82,308	-
Scrap Tire Disposal Program			-	1,518,211	1,518,211	-
NC DEQ CWRAR Grant			-	5,369	5,369	-
Environment Health Childhood Lead Poisoning			-	1,312	1,312	-
Environment Health Food & Lodging			-	121,465	121,465	-
<b>Total N.C. Department of Environmental Quality</b>			<b>-</b>	<b>2,385,981</b>	<b>2,385,981</b>	<b>-</b>
<b>N.C. Department of Agriculture and Consumer Services</b>						
State Farm Grant			-	104,008	104,008	-
<b>N.C. Department of Public Instruction</b>						
(a) Public School Building Capital Fund - Lottery Proceeds				10,870,372	10,870,372	-
<b>N.C. Department of Public Safety</b>						
(a) Juvenile Crime Prevention Programs		692	-	1,171,637	1,171,637	1,242,229
Community Detention Program		692	-	173,200	173,200	-
<b>Total N.C. Department of Public Safety</b>			<b>-</b>	<b>1,344,837</b>	<b>1,344,837</b>	<b>1,242,229</b>
<b>Total State Awards</b>			<b>-</b>	<b>17,429,909</b>	<b>17,429,909</b>	<b>1,251,905</b>
<b>Total Federal and State Awards</b>			<b>\$ 74,008,000</b>	<b>\$ 19,974,941</b>	<b>\$ 93,982,941</b>	<b>\$ 6,346,922</b>

---

## **Wake County, North Carolina**

### ***Notes to the Schedule of Expenditures of Federal and State Awards For the year ended June 30, 2018***

---

#### **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, 2018. 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. 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 and the State Single Audit Implementation Act, 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, 2018**

---

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

Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal control over major federal 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 federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)  yes  no

Identification of major federal programs:

CFDA Number	Program / Cluster Name
10.561	SNAP Cluster
10.557	Women Infants and Children
93.917	HIV Ryan White
93.659, 93.658	Foster Care and Adoption Cluster
93.558, 93.575, 93.596	Subsidized Child Care Cluster
93.778	Medical Assistance Program (Medicaid)

Dollar threshold used to distinguish between Type A and Type B Programs \$2,223,666

Auditee qualified as low-risk auditee?  yes  no

**Wake County, North Carolina**  
**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2018**

---

**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
- North Carolina Smart Start
  - Rural Operating Assistance Program (ROAP) Cluster
  - White Goods Management Program
  - Public School Building Capital Funds – Lottery Proceeds
  - Juvenile Crime Prevention Programs

Other major state programs for the County are Medical Assistance Program (Medicaid), Foster Care and Adoption Cluster, Subsidized Child Care Cluster, which are state matches of federal programs. Therefore, these programs have been included in the list of major federal programs above.

**Section II. Financial Statement Findings**

**None Reported**



## Wake County, North Carolina

### Schedule of Findings and Questioned Costs

For the year ended June 30, 2018

---

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

##### Finding 2018-001, Significant Deficiency over Eligibility

**Information on the federal program:** Foster Care – Title IV-E, CFDA 93.596, , passed through the N.C Department of Health and Human Services, Division of Social Services.

**Criteria or specific requirement:** Per the Federal and State Compliance Supplement and the North Carolina Child Welfare Funding Manual, the case file should contain a completed, signed and dated Determination of Foster Care Assistance Benefits and/or Medical Assistance Only, form DSS -5120. The form must be signed and dated by the DSS caseworker and Supervisor to show eligibility has been reviewed by the County.

**Condition:** We noted that in two instances the Foster Care application form DSS-5120 was not signed by the County's DSS caseworker and in one instance the County's DSS caseworker's signature was not dated.

**Context:** We sampled 90 case files of a total of 935 cases. We noted the above condition in 3 of the 90 inspected files.

**Effect:** Ineligible individuals could receive benefits due to insufficient review of applications by a caseworker.

**Cause:** Proper internal controls are not in place to ensure a DSS caseworker signs and dates the application.

**Recommendation:** We recommend that the County continue to train and monitor employees on the eligibility application process to ensure applications are appropriately signed and dated by the DSS caseworker.

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

Findings 2018-001 as listed in Section III Federal Award Findings and Questioned Costs are also considered to be State findings.



**Finance  
Department**

TEL 919 856 6120  
FAX 919 856 6880

301 S. McDowell Street, Suite 2900 • P.O. Box 550 • Raleigh, NC 27602  
www.wakegov.com

December 17, 2018

Wake County, North Carolina respectfully submits the following correction action plan for the year ended June 30, 2018.

Name and address of independent public accounting firm:

Elliott Davis, PLLC  
5410 Trinity Road, Suite 320  
Raleigh, NC 27607

Audit Period: June 30, 2018

The findings from the June 30, 2018 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

**FINDINGS – FEDERAL AWARD PROGRAMS AUDITS**

**Finding 2018-001: Significant Deficiency Over Eligibility – Foster Care – Title IV-E – CFDA 93.778, passed through the N.C. Department of Health and Human Services, Division of Social Services**

***Recommendation:*** We recommend that the County continue to train and monitor employees on the eligibility application process to ensure applications are appropriately signed and dated by the DSS caseworker.

***Corrective Action Plan:*** Eligibility training has been established for all current staff and will be a part of new staff orientation training. Training to include eligibility Caseworker signing (initials) and dating 5120 Part V forms once AFDC need is determined. Social Workers and Supervisors will be trained to sign 5120 Part VI after part V is completed by eligibility worker.

***Proposed Completion Date:*** November 2018

***Name of Contact Person:*** Pamela Bell, Eligibility Supervisor  
Josephine Rutledge, Foster Care Program Manager

Sincerely yours,

Emily Lucas  
Chief Financial Officer



## Finance Department

TEL 919 856 6120  
FAX 919 856 6880

301 S. McDowell Street, Suite 2900 • P.O. Box 550 • Raleigh, NC 27602  
www.wakegov.com

---

### Wake County, North Carolina

*Summary Schedule of Prior Audit Findings  
For the year ended June 30, 2018*

---

#### 2017-001

Condition: Transactions recorded in the County's financial system (*Advantage*) were based upon bank deposit amounts instead of the actual transactions, which occurred within the respective department.

Current status: Management considers this finding to have been cleared during the year ended June 30, 2018.

#### 2017-002

Condition: The code developer for changes in the Billing & Collections system is the same individual who is in charge of moving the code to production environment.

Current status: Management considers this finding to have been cleared during the year ended June 30, 2018.

#### 2017-003

Condition: 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 five instances the case record did not contain evidence that the DMV Online Verification System (OVS) was checked to verify whether the individual owns vehicles. In three instances the case record did not contain evidence that the Asset Verification System (AVS) was completed to verify the individual's countable resources. In one instance the case record did not contain evidence that the State Online Query OVS (SOLQ) was completed to verify the individual's Social Security Number (SSN). In three instances, the case record did not contain eligibility reviews for individuals who no longer receive SSI.

Current status: Medicaid eligibility is no longer considered a direct and material compliance requirement, as a result of direct benefit payments no longer being reported on the County's Schedule of Expenditures of Federal and State Awards.

#### 2017-004

Condition: Two individuals received benefits when their countable resources exceeded \$2,000.

Current status: Medicaid eligibility is no longer considered a direct and material compliance requirement, as a result of direct benefit payments no longer being reported on the County's Schedule of Expenditures of Federal and State Awards.

**2017-005**

Condition: We noted that in two instances an individual continued to receive benefits after their SSI was terminated and did not meet eligibility requirements for other Medicaid Programs.

Current status: Medicaid eligibility is no longer considered a direct and material compliance requirement, as a result of direct benefit payments no longer being reported on the County's Schedule of Expenditures of Federal and State Awards.

**2017-006**

Condition: We noted that in thirty instances the Food and Nutrition Services application form DSS-8207 was not signed or dated by the County's DSS caseworker.

Current status: Management considers this finding to have been cleared during the year ended June 30, 2018.

**2017-007**

Condition: We noted that in one instance the Adoption Assistance Agreement was not signed and dated by all parties to the agreement (adoptive parent(s) and State Agency Representative) prior to the court order.

Current status: Management considers this finding to have been cleared during the year ended June 30, 2018.