

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, 2019

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, 2019 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 25, 2019. 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Elliott Davis, PLLC". The signature is written in a cursive style with a long, sweeping underline.

Raleigh, North Carolina
November 25, 2019



**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, 2019. 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, 2019.

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 2019-001. 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 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 preceding paragraph 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 did identify certain deficiencies in internal control over compliance, as described in the accompanying *Schedule of Findings and Questioned Costs* as items 2019-001, 2019-002 and 2019-003 to be significant deficiencies.

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, 2019, and the related notes to the financial statements, which collectively comprise Wake County's basic financial statements. We issued our report thereon dated November 25, 2019, 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.

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

Raleigh, North Carolina
November 25, 2019

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, 2019. 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; and 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, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with applicable sections of section the 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 item 2019-001. Our opinion on each major state 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 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 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 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 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 preceding paragraph 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 did identify certain deficiencies in internal control over compliance, as described in the accompanying *Schedule of Findings and Questioned Costs* as items 2019-001, 2019-002 and 2019-003 to be significant deficiencies.

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, 2019, 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 25, 2019, 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.



Raleigh, North Carolina
November 25, 2019

Wake County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019

Grantor/Pass-Through Grantor/Program Titles	Federal CFDA #	Pass-through Identifying #	Expenditures		Total	Passed through to Subrecipients
			Federal	State		
Federal Awards:						
U.S. Department of Health and Human Services						
<u>Administration for Children and Families</u>						
Passed-through the N.C. Department of Health and Human Services, Division of Social Services:						
Promoting Safe and Stable Families	93.556		\$ 324,828	\$ -	\$ 324,828	\$ -
Temporary Assistance for Needy Families (TANF) Cluster	93.558	151	4,898,141	-	4,898,141	-
Child Support Enforcement	93.563		5,429,939	-	5,429,939	-
Low-Income Home Energy Assistance	93.568		4,484,817	-	4,484,817	-
Stephanie Tubbs Jones Child Welfare Services	93.645		213,113	-	213,113	-
Social Services Block Grant	93.667		2,055,647	176,868	2,232,515	-
Chafee Foster Care Independence Program	93.674		89,070	22,268	111,338	-
<u>Foster Care and Adoption Cluster:</u>						
Foster Care - Title IV-E	93.658		4,360,017	1,414,736	5,774,753	-
Adoption Assistance	93.659		840,564	-	840,564	-
Total Foster Care and Adoption Cluster			5,200,581	1,414,736	6,615,317	-
<u>Administration for Children and Families</u>						
Passed-through the N.C. Department of Health and Human Services, Division of Child Development and Early Education:						
<u>Subsidized Child Care Cluster</u>						
<u>Child Care Development Fund Cluster:</u>						
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Administration (Passed through Division of Social Services)	93.596		1,722,187	-	1,722,187	-
Total Child Care Development Fund Cluster			1,722,187	-	1,722,187	-
Smart Start	NA		-	214,655	214,655	-
Total Subsidized Child Care Cluster			1,722,187	214,655	1,936,842	-
<u>Substance Abuse and Mental Health Service Administration:</u>						
Passed-through the N.C. Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services:						
Block Grants for Prevention and Treatment of Substance Abuse	93.959	536, 540	339,277	-	339,277	-
<u>Centers for Medicare and Medicaid Services</u>						
Passed-through the N.C. Department of Health and Human Services, Division of Medical Assistance:						
<u>Medicaid Cluster:</u>						
Medical Assistance Program (Medicaid)	93.778		18,122,205	56,187	18,178,392	-
Children's Health Insurance Program - N.C. Health Choice	93.767		588,065	(243,560)	344,505	-
<u>Centers for Disease Control and Prevention</u>						
Passed-through the N.C. Department of Health and Human Services, Division of Public Health:						
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	451, 452	253,431	-	253,431	-
HIV Prevention Activities - Health Department Based Sexually Transmitted Diseases Prevention and Control	93.940	534, 610, 587	277,308	-	277,308	-
Grants	93.977	825	122,396	-	122,396	-
Refugee and Entrant Assistance Discretionary Grants	93.576	583	9,177	-	9,177	-
Teenage Pregnancy Prevention Program	93.297		35,000	-	35,000	-
Food & Drug Administration - Research	93.103		3,000	-	3,000	-
Well Integrated Screening and Evaluation for Women Across the Nation	93.094	465	11,315	-	11,315	-
Preventive Health and Health Services Block Grant	93.991	886	39,438	-	39,438	-
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	490	64,320	-	64,320	-
Public Health Emergency Preparedness	93.069	514, 908	96,134	-	96,134	-

Wake County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019

Grantor/Pass-Through Grantor/Program Titles	Federal CFDA #	Pass-through Identifying #	Expenditures		Total	Passed through to Subrecipients
			Federal	State		
Health Resources and Services Administration						
HIV Care Formula Grants	93.917	674, 822, 611	2,488,462	-	2,488,462	-
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918		516,880	-	516,880	-
Special Projects of National Significance	93.928		102,980	-	102,980	-
Maternal and Child Health Services Block Grants to the States	93.994	352, 167, 101, 834, 318, 351, 101, 151	1,067,003		1,067,003	-
Office of Population Affairs						
Family Planning Services	93.217	151	165,020	-	165,020	-
Substance Abuse and Mental Health Services Administration						
Substance Abuse and Mental Health Services Projects of Reg Significance	93.243		305,690	-	305,690	-
Total U.S. Department of Health and Human Services			49,025,424	1,641,154	50,666,578	-
U.S. Department of Agriculture:						
Passed-through the N.C. Department of Health and Human Services, Division of Social Services:						
Supplemental Nutrition Assistance Program (SNAP) Cluster:						
State Administrative Matching Grants for SNAP	10.561		5,846,352	-	5,846,352	-
Passed-through the N.C. Department of Health and Human Services, Division of Public Health						
Special Supplemental Nutritional Food Program for Women, Total Special Supplemental Nutrition Food Program for Women, Infants and Children	10.557	405, 404, 403, 409, 415, 416	3,264,080	-	3,264,080	-
Total U.S. Department of Agriculture			9,110,432	-	9,110,432	-
U.S. Department of Education:						
Passed-through the NC Department of Public Instruction						
School Safety National Activities	84.184		37,838	-	37,838	-
Total U.S. Department of Education			37,838	-	37,838	-
U.S. Department of Justice:						
Equitable Sharing Program	16.922		304,453	-	304,453	-
Passed-through the N.C. Department of Public Safety						
State Criminal Alien Assistance Program (SCAAP)	16.606		155,562	-	155,562	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738		56,059	-	56,059	-
Total U.S. Department of Justice			516,074	-	516,074	-
U.S. Department of Homeland Security:						
Passed-through the N.C. Department of Public Safety						
State and Local Assistance EMPG Homeland Security Grant	97.042		62,500	-	62,500	-
Emergency Management Performance Grant	97.042		15,795	-	15,795	-
Total U.S. Department of Homeland Security			78,295	-	78,295	-
U.S. Department of Housing and Urban Development:						
Continuum of Care Program	14.267		1,642,790	-	1,642,790	-
Community Developmental Block Grants/Entitlement Grants	14.218		1,017,447	-	1,017,447	-
Supportive Housing Program	14.235		297,141	-	297,141	-
Home Investment Partnership Program	14.239		776,891	-	776,891	-
Emergency Solutions Grants Program	14.231		132,514	-	132,514	-
Housing Opportunities for Persons with AIDS - HOPWA	14.241		620,536	-	620,536	-
Passed-through the City of Raleigh:						
Emergency Solutions Grants Program	14.231		100,000	-	100,000	-
Total U.S. Department of Housing and Urban Development			4,587,319	-	4,587,319	-
U.S. Department of Interior						
Historic Preservation Fund Grant-In-Aid	15.904		13,500	-	13,500	-
Total U.S. Department of Interior			13,500	-	13,500	-

Wake County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019

Grantor/Pass-Through Grantor/Program Titles	Federal CFDA #	Pass-through Identifying #	Expenditures		Total	Passed through to Subrecipients
			Federal	State		
U.S. Department of Labor						
Passed-through the N.C. Department of Economic and Community Development, Job Training Partnership Act:						
<u>WIOA Cluster:</u>						
WIOA - Adult Program	17.258	4020	3,196,362	-	3,196,362	2,314,923
WIOA-Youth Activities	17.259	4040	1,493,603	-	1,493,603	1,479,556
WIOA-Dislocated Workers Formula Grants	17.278	4030	1,592,714	-	1,592,714	1,555,555
					-	
Total WIOA Cluster			6,282,679	-	6,282,679	5,350,034
Youth Build	17.274		355,738		355,738	246,553
			355,738	-	355,738	246,553
Total U.S. Department of Labor			6,638,417	-	6,638,417	5,596,587
Federal Highway Administration						
Passed-through the N.C. Department of Transportation:						
Formula Grants for Rural Areas	20.509		-	235,559	235,559	
<u>Highway Planning & Construction Cluster:</u>						
Highway Planning and Construction	20.205	892	344,127		344,127	
Total Highway Planning, Research & Construction Cluster			344,127	-	344,127	-
<u>Highway Safety Cluster:</u>						
State and Community Highway Safety	20.600	22019.2.15	25,759	-	25,759	-
National Priority Safety Programs	20.616	22018.15.5	57,377		57,377	
Total Highway Safety Cluster			83,136	-	83,136	-
Passed-through the City of Raleigh, NC:						
Federal Transit Formula Grant, Section 5307	20.507		1,226,188		1,226,188	
Enhanced Mobility of Seniors & Individuals w Disabilities, Section 5310	20.513		280,846		280,846	
Total U.S. Department of Transportation			1,934,297	235,559	2,169,856	-
Total Federal Awards			71,941,596	1,876,713	73,818,309	5,596,587
State Awards:						
N.C. Department of Cultural and Natural Resources:						
Division of State Library:						
State Aid to Libraries			-	586,682	586,682	-
N.C. Department of Health and Human Services:						
Division of Public Health:						
General Aid to Counties		110	-	190,548	190,548	-
Communicable Disease - HIV/HBV		715, 510	-	196,680	196,680	-
Tuberculosis Control		551	-	149,773	149,773	-
Community Health Medical Access			-	120,716	120,716	-
HIV Non-Traditional Test Site		536, 894	-	53,513	53,513	-
School Nurse Funding Initiative		803	-	50,000	50,000	-
HMHC Health (HMHC)		899	-	80,788	80,788	-
Total Division of Public Health			-	842,018	842,018	-
Division of Social Services:						
Energy Assistance Private Grants			-	236,585	236,585	-
Division of Child Development:						
North Carolina Smart Start			-	459,501	459,501	-
Total N.C. Department of Health and Human Services			-	1,538,104	1,538,104	-

Wake County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019

Grantor/Pass-Through Grantor/Program Titles	Federal CFDA #	Pass-through Identifying #	Expenditures		Total	Passed through to Subrecipients
			Federal	State		
N.C. Department of Transportation, Public Transportation Division:						
<u>Rural Operating Assistance Program (ROAP) - Cluster</u>						
Elderly and Disabled Transportation Assistance Program (EDTAP)		36220.10.8.1	-	274,346	274,346	33,351
Rural General Public Program (RGP)		36228.22.8.1	-	97,335	97,335	-
Employment Transportation Assistance Program		36236.11.7.1	-	202,573	202,573	-
Total Rural Operating Assistance Program (ROAP) Cluster			-	574,254	574,254	33,351
Total N.C. Department of Transportation			-	574,254	574,254	33,351
N.C. Department of Environmental Quality						
White Goods Management Program			-	432,035	432,035	-
NC Electronic Recycling			-	65,981	65,981	-
Scrap Tire Disposal Program			-	1,588,187	1,588,187	-
Environment Health Childhood Lead Poisoning				1,749	1,749	-
Environment Health Food & Lodging			-	137,594	137,594	-
Total N.C. Department of Environmental Quality			-	2,225,546	2,225,546	-
N.C. Department of Agriculture and Consumer Services						
State Farm Grant			-	82,008	82,008	-
N.C. Department of Public Instruction						
Public School Building Capital Fund - Lottery Proceeds				8,469,888	8,469,888	
N.C. Department of Public Safety						
Juvenile Crime Prevention Programs				1,203,877	1,203,877	1,096,928
Community Detention Program			-	173,200	173,200	-
Total N.C. Department of Public Safety			-	1,377,077	1,377,077	1,096,928
N.C. Department of Military and Veteran Affairs						
Division of Veterans Affairs Veterans Service Program				2,216	2,216	
Total State Awards			-	14,855,775	14,855,775	1,130,279
Total Federal and State Awards			\$ 71,941,596	\$ 16,732,488	\$ 88,674,084	\$ 6,726,866

Wake County, North Carolina

Notes to the Schedule of Expenditures of Federal and State Awards For the year ended June 30, 2019

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, 2019. 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, 2019

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: 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:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
17.258, 17.259, 17.278	Workforce Innovation and Opportunity Act (WIOA) Cluster
93.558	Temporary Assistance for Needy Families (TANF) Cluster
93.563	Child Support Enforcement
93.778	Medicaid Assistance Cluster

Dollar threshold used to distinguish between Type A and Type B Programs \$2,158,248

Auditee qualified as low-risk auditee? yes no

Wake County, North Carolina
Schedule of Findings and Questioned Costs
For the year ended June 30, 2019

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
 State Aid to Libraries
 Scrap Tire Disposal Program
 Public School Building Capital Funds Lottery Proceeds

Other major state programs for the County are Medical Assistance Program (Medicaid) which is 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

Section III. Federal Award Findings and Questioned Costs

Finding 2019-001, Significant Deficiency over Special Tests and Provisions and Non-Material Noncompliance

Information on the federal program: DSS Crosscutting, U.S. Department of Social Services, passed through the N.C Department of Health and Human Services, Division of Social Services, Temporary Assistance for Needy Families (TANF) Cluster, CFDA 93.558, Child Support Enforcement, CFDA 93.563, and Medicaid Cluster, CFDA 93.778.

Criteria or specific requirement: Per North Carolina DSS Crosscutting compliance supplement: “Counties must maintain adequate case documentation to substantiate the claim entry into EPI. This information includes but is not limited to the dates of the overpayment period, documentary evidence to substantiate that an overpayment occurred, such as wage stubs or verification from an employer, other income verification and household composition verification, and the budgets used to compute the amount of the overpayment.”

Wake County, North Carolina
Schedule of Findings and Questioned Costs
For the year ended June 30, 2019

Section III. Federal Award Findings and Questioned Costs, Continued

Finding 2019-001, Significant Deficiency over Special Tests and Provisions and Non-Material Noncompliance, continued

Condition: We noted 2 instances where adequate case documentation to substantiate the claims entry into the NCFAST Enterprise Program Integrity (“EPI”) was not maintained.

Context: We sampled 76 files that were entered into the EPI system during the year. We noted the above condition in 2 of the 76 files tested.

Effect: The County does not have supporting documentation for claims entered into EPI. There is a risk that claims may not be valid.

Cause: Internal Controls surrounding the submittal of cases to EPI are not in place.

Recommendation: County DSS staff need to ensure that all documentation is maintained and matches what is entered into EPI.

Finding 2019-002, Significant Deficiency over Eligibility

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: Per the North Carolina Medicaid Assistance Program (Medicaid; Title XIX) Compliance Supplement and the DSS manuals (Aged, Blind and Disabled manual, Family and Children Medicaid manual and the Integrated Policy manual), case files for individuals or families receiving assistance are required to retain documentation to evidence appropriate eligibility determination, including:

- verifications of United States citizenship
- verifications of North Carolina State Residency
- accurate record of household members and relationships
- verification of social security number
- verification of real property ownership
- accurate computation of countable income
- verification of earned income
- verification of unearned income/countable resources

Wake County, North Carolina

Schedule of Findings and Questioned Costs

For the year ended June 30, 2019

Section III. Federal Award Findings and Questioned Costs, Continued

Finding 2019-002, Significant Deficiency over Eligibility, continued

Conditions: We noted in two instances, SOLQ OVS/ OLV, Bendex OVS/OLV, SDX OVS, ESC OVS, and ACTS OVS were not completed to verify the individual's unearned income. In seven instances, the total countable income was not recorded accurately into NC FAST based upon documentation in the case record. In four instances, the case record did not contain an appropriate income conversion and computation in accordance with policy manuals. In four instances, the case file did not contain an accurate and complete amount of total resources. In three instances the case record did not contain documentation evidencing that tax and Register of Deeds' records were checked to verify whether the individual owns property. In two instances, casefile did not contain a completed DMV OVS. In one instance, Asset Verification System (AVS) was not completed in NC FAST for the recertification period. In five instances, the case record did not contain evidence of household and relationship information to verify household composition.

Context: We sampled 93 from a total population of 10,499,659 payments made to the participants during the fiscal year. We noted the above condition in 16 of the 93 case files inspected for applicable payments.

Effect: Case files not containing all required documentation result in a risk that the County could provide services to individuals not eligible to receive such services or that such services could be denied to eligible individuals. Subsequent to being notified that required documentation had not been retained in case files, the County was able obtain documentation to substantiate that the applicants tested were eligible to receive benefits.

Cause: The County did not retain required documentation in case files at the time eligibility was determined.

Recommendation: We recommend that the County train and monitor employees on the eligibility determination process. We also recommend the County review and amend current policy and procedures in place to ensure that all eligibility determination documentation is completed and retained by the County.

Finding 2019-003, Significant Deficiency over Eligibility

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: Per the North Carolina TANF Program (Work First Program) Compliance Supplement and the DSS manuals, to be eligible a family cap is applied when a child is born 10 months after a month in which a parent received cash assistance which does not allow the family's TANF Family Assistance payment to increase. Family cap documentation should be present in the file at the time the child is born.

Conditions: We noted in one instance the cap document or any other verification of family cap was missing from the file.

Wake County, North Carolina

Schedule of Findings and Questioned Costs

For the year ended June 30, 2019

Section III. Federal Award Findings and Questioned Costs, Continued

Finding 2019-003, Significant Deficiency over Eligibility, continued

Context: We sampled 93 from a total population of 6,690 payments made to the participants during the fiscal year. We noted the above condition in 1 of the 93 case files inspected for applicable payments.

Effect: Individuals could have received larger monthly benefit payments than allowed.

Cause: Insufficient review of the individuals file by caseworker to ensure all appropriate forms are complete and updated as needed.

Recommendation: We recommend that the County train and monitor employees on the eligibility determination process and appropriate cap documentation.

Section IV. State Awards Findings and Questioned Costs

Findings 2019-001, 2019-002 and 2019-003 as listed in Section III *Federal Award Findings and Questioned Costs* are also considered to be state award findings.



**Finance
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November 25, 2019

Wake County, North Carolina respectfully submits the following correction action plan for the year ended June 30, 2019.

Name and address of independent public accounting firm:

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

Audit Period: June 30, 2019

The findings from the June 30, 2019 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 2019-001, Significant Deficiency over Special Tests and Provisions and Non-Material Noncompliance; DSS Crosscutting, U.S. Department of Social Services, passed through the N.C. Department of Health and Human Services, Division of Social Services, Temporary Assistance for Needy Families (TANF) Cluster, CFDA 93.558, Child Support Enforcement, CFDA 93.563, and Medicaid Cluster, CFDA 93.778

Recommendation: County DSS staff need to ensure that all documentation is maintained and matches what is entered into EPI.

Corrective Action Plan: Supporting documentation training has been established for current staff and is a part of new staff training. Supervisors will conduct 2nd party reviews on supporting documents for substantiated claims. Program Manager will implement random 2nd party reviews on substantiated claims.

Proposed Completion Date: December 2019

Name of Contact Person: Markette Hester, Program Manager

Finding 2019-002, Significant Deficiency over Eligibility; 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.

Recommendation: We recommend that the County train and monitor employees on the eligibility determination process. We also recommend the County review and amend current policy and procedures in place to ensure

that all eligibility determination documentation is completed and retained by the County.

Corrective Action Plan: In addition to conducting regular Quality Assurance reviews, the County will begin reviewing a random sample of cases prior to authorization to prevent these types of errors (entry of income and assets, calculation of income, running OVS and AVS matches) from occurring. The County will revise Medicaid training curriculum to include activities designed to reduce commonly cited errors in this and other Medicaid audits.

Proposed Completion Date: March 1, 2020

Name of Contact Person: Koren Harrison, Assistant Director
Liz Scott, Division

Finding 2019-003, Significant Deficiency over Eligibility; 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.

Recommendation: We recommend that the County train and monitor employees on the eligibility determination process and appropriate cap documentation.

Corrective Action Plan: Supervisors will instruct case managers to check the record upon receipt of the case to ensure that all required documents are included. The family cap policy is also monitored during monthly Quality Assurance reviews.

Proposed Completion Date: January 1, 2020

Name of Contact Person: Linda Bauer, Program Manager

Sincerely yours,



Emily Lucas
Chief Financial Officer



**Finance
Department**

TEL 919 856 6120
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Wake County, North Carolina
Summary Schedule of Prior Audit Findings
For the year ended June 30, 2019

Finding 2018-001, Significant Deficiency over Eligibility

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.

Current status: Eligibility training has been established for all current staff and is part of new staff orientation training. Finding has been corrected.