DAVIDSON COUNTY
NORTH CAROLINA

COMPLIANCE LETTERS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

DAVIDSON COUNTY, NORTH CAROLINA

COMPLIANCE LETTERS
FOR THE YEAR ENDED JUNE 30, 2017

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MARTIN ♦ STARNES
& ASSOCIATES, CPAs, P.A.
"A Professional Association of Certified Public Accountants and Management Consultants"

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*

Independent Auditor's Report

To the Board of Commissioners
Davidson County
Lexington, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Davidson County, North Carolina, as of and for the year ended June 30, 2017, not presented here, and the related notes to the financial statements, which collectively comprise Davidson County's basic financial statements, and have issued our report thereon dated November 28, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Davidson 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 Davidson 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 Davidson 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, non-compliance 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 non-compliance 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 County's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 28, 2017

Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; Report on the Schedule of Expenditures of Federal and State Awards Required by the OMB Uniform Guidance And The State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Davidson County
Lexington, North Carolina

Report On Compliance for Each Major Federal Program

We have audited Davidson County, North Carolina'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 Davidson County's major federal programs for the year ended June 30, 2017. Davidson County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, 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 Davidson County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 Davidson 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 Davidson County's compliance.

Opinion On Each Major Federal Program

In our opinion, Davidson County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report On Internal Control Over Compliance

Management of Davidson 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 Davidson County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our 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 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 Davidson County's internal control over compliance.

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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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, non-compliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2017-002 and 2017-003 to be material weaknesses.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2017-001 to be a significant deficiency.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Davidson County as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Davidson County's basic financial statements. We issued our report thereon dated November 28, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Davidson County's basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by 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 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 taken as a whole.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
November 28, 2017

Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; Report on the Schedule of Expenditures of Federal and State Awards Required by OMB Circular the Uniform Guidance And The State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Davidson County
Lexington, North Carolina

Report On Compliance for Each Major State Program

We have audited the compliance of Davidson County, North Carolina, 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 Davidson County's major State programs for the year ended June 30, 2017. Davidson County's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Davidson 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 U.S. *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, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 Davidson 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 Davidson County's compliance.

Opinion On Each Major State Program

In our opinion, Davidson 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, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of non-compliance, which is required to be reported in accordance with applicable sections of the Uniform Guidance as described in the *Audit Manual for Governmental Auditors in North Carolina* and which is described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2017-005. Our opinion on each major State program is not modified with respect to this matter.

Davidson County's response to the non-compliance finding identified in our audit is described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Davidson 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 Davidson 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 Davidson County's internal control over compliance with the requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our 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 Davidson County's internal control over compliance.

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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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, non-compliance 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 reasonable possibility that material non-compliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2017-002, 2017-003, 2017-004, and 2017-005 to be material weaknesses.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2017-001 to be a significant deficiency.

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Davidson County as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Davidson County's basic financial statements. We issued our report thereon dated November 28, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Davidson County's basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and, certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
November 28, 2017

DAVIDSON COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

1. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness identified?	No
• Significant deficiency identified?	None reported
Non-compliance material to financial statements noted	No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	Yes
• Significant deficiency(s) identified?	Yes
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 200.516 (a)?	Yes

Identification of major federal programs:

Federal Program	CFDA Number
Medicaid Cluster	93.778, 93.777, 93.775
Temporary Assistance for Needy Families Cluster	93.558, 93.714
Children's Health Insurance Program-N.C. Health Choice	93.767

Dollar threshold used to distinguish between Type A and Type B Programs	$3,000,000
Auditee qualified as low-risk auditee?	No

DAVIDSON COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

1. Summary of Auditor's Results (continued)

<u>State Awards</u>

Internal control over major state programs:

• Material weakness(es) identified?	Yes
• Significant deficiency(s) identified?	Yes
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 the State Single Audit Implementation Act?	Yes

Identification of major State programs:

Medicaid Cluster
Children's Health Insurance Program
SC/SA Domiciliary Care (Special Assistance for Adults)
CWS Adopt Subsidy
Temporary Assistance for Needy Families Cluster

2. Financial Statement Findings

None reported

3. Federal Award Findings, Responses, and Questioned Costs

US Department of Health and Human Services
Passed through the NC Dept. of Health and Human Services
Program Name: Temporary Assistance For Needy Families
CFDA# 93.558
Grant Number G1701NCTANF
Program Name: Medical Assistance Program (Medicaid; Title XIX)
CFDA# 93.778
Grant Number XIX-MAP17
Program Name: Children's Health Insurance Program
CFDA# 93.767
Grant Number CHIP17

Finding 2017-001

SIGNIFICANT DEFICIENCY

Criteria: In accordance with the Division of Social Services Fiscal Manual, management should have an adequate system of internal control procedures in place to ensure that DSS employees submit completed daysheets to supervisors for approval.

Condition: Of the 40 daysheets examined, we noted one (2%) daysheet not being signed by a supervisor as reviewed.

Context: We determined that one daysheet lacked evidence of supervisor review and approval.

Questioned Costs: The finding represents an internal control issue; therefore, no questioned costs are applicable.

Effect: Caseworker time entry could be charged to the wrong program/grant causing administrative costs to be misallocated.

Cause: Supervisor failed to sign daysheet documenting approval and review.

Recommendation: Require the County Program Directors to implement procedures to ensure that daysheets are timely reviewed and approved by supervisors. Stated review ensures programs are being properly charged based on caseworker's time.

View of Responsible Officials and Planned Corrective Action: Management concurs with this finding. Please refer to the Corrective Action Plan.

3. Federal Award Findings, Responses, and Questioned Costs (continued)

US Department of Health and Human Services
Passed through the NC Dept. of Health and Human Services
Program Name: Medical Assistance Program (Medicaid; Title XIX)
CFDA# 93.778
Grant Number XIX-MAP17

Finding 2017-002

MATERIAL WEAKNESS
Eligibility

Criteria: Per NC DHHS, Division of Aging and Adult Services requirements, management should have an adequate system of internal control procedures in place to ensure a standardized process is used by caseworkers when making eligibility determinations to ensure accuracy and that casefiles are complete for determining eligibility. Federal Regulations 42 CFR 435 require documentation be obtained as needed to determine if a recipient meets specific income standards and management should ensure that such documentation is retained in the applicants' case files to support eligibility determinations.

Condition: Seven applicants did not have proper documentation of real property verification. One applicant did not have timely verification of liquid resources via AVS. One applicant did not have timely IV-D referral. Upon further review, all nine applicants were ultimately eligible.

Context: Of the 9,140 casefiles, we examined 79 and determined that the above condition applied. Seven applicants (9%) did not have proper documentation of real property verification. One applicant (1%) did not have timely verification of liquid resources via AVS. One applicant (1%) did not have timely IV-D referral. Upon further review, all nine applicants were ultimately eligible.

Effect: Ineligible participants could be deemed eligible and casefiles could be missing the required eligibility determination documentation which could allow benefits to be provided to individuals who are not eligible.

Questioned Costs: The findings represent internal control issues; therefore, no questioned costs are applicable.

Cause: Caseworker failed to properly retain eligibility determination documentation in participant casefiles.

Recommendation: Ensure that all caseworkers understand the importance of and follow standard procedures when making eligibility determinations.

View of Responsible Officials and Planned Corrective Action: Management concurs with the finding. Please refer to the Corrective Action Plan.

3. Federal Award Findings, Responses, and Questioned Costs (continued)

US Department of Health and Human Services
Passed through the NC Dept. of Health and Human Services
Program Name: Temporary Assistance For Needy Families
CFDA# 93.558
Grant Number G1701NCTANF

Finding 2017-003

MATERIAL WEAKNESS
Eligibility

Criteria: In accordance with 2 CFR 200, management must have an adequate system of internal control procedures in place to properly review and assess the eligibility of individuals to ensure the accuracy of the benefits being provided is within program requirements. Management must monitor activities under federal awards to assure compliance with federal requirements.

Condition: The County Department of Social Services did not have a system in place to perform second party reviews for the TANF program regularly during the entire fiscal year and to monitor corrective actions for deficiencies found during reviews that were performed.

Context: While performing tests of internal control over compliance on the TANF program, we noted the above condition. The County only performed second party reviews for the TANF program starting January of 2017.

Questioned Costs: The finding represents an internal control issue; therefore, no questioned costs are applicable.

Effect: Casefiles could be missing the required eligibility determination documentation, which could allow benefits to be provided to individuals who are not eligible.

Cause: Second party review procedures were not being performed by management for this program for the entire period under audit. Errors are not being corrected in a timely manner.

Identification of a Repeat Finding: This is a repeat finding from the immediate previous audit, 2016-003.

Recommendation: Management should strengthen the County's policy for performing second party reviews more frequently and to include all DHHS programs individually. Evidence of documentation of reviews should be retained and include signatures of all parties involved during the review. Any deficiencies noted during the review should be corrected within a timely manner and documented as such.

View of Responsible Officials and Planned Corrective Action: Management concurs with the finding. Please refer to the Corrective Action Plan.

DAVIDSON COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

4. State Award Findings, Reponses, and Questioned Costs

N.C. Department of Health and Human Services

Program Name: Temporary Assistance For Needy Families
Program Name: Medical Assistance Program (Medicaid; Title XIX)
Program Name: Children's Health Insurance Program

Finding: 2017-001–See more details at Finding 2017-001 in Section 3 – Federal Award Findings, Responses, and Questioned Costs.

US Department of Health and Human Services
Passed through the NC Dept. of Health and Human Services
Program Name: Medical Assistance Program (Medicaid; Title XIX)
CFDA # 93.778
Grant Number: XIX-MAP17

Finding: 2017-002– See more details at Finding 2017-002 in Section 3– Federal Award Findings, Responses, and Questioned Costs.

US Department of Health and Human Services
Passed through the NC Dept. of Health and Human Services
Program Name: Temporary Assistance For Needy Families
CFDA# 93.558
Grant Number G1701NCTANF

Finding: 2017-003– See more details at Finding 2017-003 in Section 3– Federal Award Findings, Responses, and Questioned Costs.

4. State Award Findings, Responses, and Questioned Costs (continued)

N.C. Department of Health and Human Services

Program Name: State/County Special Assistance Domiciliary Care

Finding 2017-004

MATERIAL WEAKNESS
Eligibility

Criteria: Per NC DHHS, Division of Aging and Adult Services requirements, management should have an adequate system of internal control procedures in place to ensure a standardized process is used by caseworkers when making eligibility determinations to ensure compliance with program requirements.

Condition: Eleven applicants' casefiles did not have notice of eligibility or benefits sent as required. Upon further review, all eleven applicants were ultimately eligible.

Context: Of the 527 casefiles, we examined 60 and determined eleven applicants (18%) did not have notice of eligibility or benefits sent as required. Upon further review, all applicants were ultimately eligible.

Effect: Casefiles could be missing the required eligibility determination documentation, which could allow benefits to be provided to individuals who are not eligible.

Questioned Costs: The findings represent internal control issues; therefore, no questioned costs are applicable.

Cause: Caseworker failed to follow standard procedures to send timely notice of eligibility.

Recommendation: Ensure that all caseworkers understand the importance of and follow standard procedures when making eligibility determinations.

View of Responsible Officials and Planned Corrective Action: Management concurs with the finding and will adhere to the Corrective Action Plan following this report.

4. State Award Findings, Responses, and Questioned Costs (continued)

N.C. Department of Health and Human Services

Program Name: State/County Special Assistance Domiciliary Care

Finding 2017-005

NONMATERIAL NON-COMPLIANCE
MATERIAL WEAKNESS

Criteria: Per NC DHHS, Division of Aging and Adult Services requirements, management should have an adequate system of internal control procedures in place to ensure a standardized process is used by caseworkers when making eligibility determinations to ensure compliance with program requirements. Per SA-3320, a signed SA redetermination form, DAAS-8191, must be completed at every redetermination/recertification.

Condition: One applicant did not comply to complete redetermination by the end of the eligibility period. The County did not terminate benefits until 9 months after the end of the period.

Context: Of the 527 casefiles, we examined 40 and determined that one applicant (2%) received benefits after the end of the eligibility period without proper redetermination being completed.

Effect: Benefit payments could be made for ineligible recipients.

Questioned Costs: $477 is the amount shown in NCFAST as the total amount of benefits paid during the ineligible period. In accordance with 2 CFR 200, auditors must report known questioned costs when likely questioned costs are greater than $25,000. Therefore, the overpayments of $477 are being questioned.

Cause: Caseworkers did not timely terminate benefits after the end of the eligibility period.

Recommendation: Caseworkers should follow procedures for timely termination of cases when the recipient does not comply with redetermination requests.

View of Responsible Officials and Planned Corrective Action: Management concurs with the finding and will adhere to the Corrective Action Plan following this report.

DAVIDSON COUNTY
DEPARTMENT OF SOCIAL SERVICES
Dale Moorefield, Director

Lexington DSS Office
P.O. Box 788
913 Greensboro Street
Lexington, North Carolina 27293
336-242-2500
FAX: 336-249-7588

Thomasville DSS Office
211 W. Colonial Drive
Thomasville, North Carolina 27360
P.O. Box 788
Lexington, North Carolina 27293
336-474-2760
FAX: 336-472-6635

Lexington Child Support Office
P.O. Box 788
913 Greensboro Street
Lexington, North Carolina 27293
336-242-2242
FAX: 336-242-1236

Thomasville Child Support Office
211 W. Colonial Drive
Thomasville, North Carolina 27360
P.O. Box 788
Lexington, North Carolina 27293
336-474-2609
FAX: 336-474-2620

CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

3. Federal Award Findings, Responses, and Questioned Costs

Finding: **2017-001**

Name of Contact Person: Caroline Hedrick, Account Specialist II

Corrective Action/Management's Response:
Daysheets are keyed and authenticated through an electronic system. When a paper daysheet is necessary, it will be signed by the employee and reviewed/signed by the supervisor. The Account Tech II will monitor for signatures when the paper copy is received for filing.

Proposed Completion Date: November 2017

Finding: **2017-002**

Name of Contact Person: Elizabeth Huff, IM Program Administrator

Corrective Action/Management's Response:
Davidson County will conduct training during unit meeting to address the importance of proper documentation of all verifications. Workers will be reminded that documentation should be included on all eligibility factors even if the inquiry returns no results or if the results of the inquiry do not affect the action being taken.

Proposed Completion Date: Training will be completed by January 31, 2018.

Finding: **2017-003**

Name of Contact Person: Elizabeth Huff, IM Program Administrator

Corrective Action/Management's Response:
The Income Maintenance Program Administrator will discuss with the TANF Supervisor the importance of conducting second party reviews on a regular basis as well as documented that any deficiencies identified are corrected in a timely manner. In addition to discussing with the Supervisor, follow up will be completed by the Program Administrator to ensure that second party reviews are being completed, errors corrected, and signatures documented.

Proposed Completion Date: January 2018 and ongoing

CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

4. State Award Findings, Responses, and Questioned Costs

Finding: 2017-001

See finding 2017-001 in Section 3 – Federal Award Finding and Questioned Costs of the Corrective Action Plan.

Finding: 2017-002

See finding 2017-002 in Section 3 – Federal Award Finding and Questioned Costs of the Corrective Action Plan.

Finding: 2017-003

See finding 2017-003 in Section 3 – Federal Award Finding and Questioned Costs of the Corrective Action Plan.

Finding: 2017-004

Name of Contact Person: Elizabeth Huff, IM Program Administrator

Corrective Action/Management's Response:
Davidson County will conduct training during unit meeting to address the importance ensuring that the proper notice is sent. It was identified by the Supervisor the situations in which this deficiency occurred. Workers will be instructed on steps to follow in order to meet this requirement.

Proposed Completion Date: January 2018.

Finding: 2017-005

Name of Contact Person: Elizabeth Huff, IM Program Administrator

Corrective Action/Management's Response:
Davidson County will conduct training during unit meeting to address the importance ensuring that cases are terminated in a timely manner after the recipient's failure to comply with redetermination policy so as not to authorize payment on an ineligible case. Additionally, they will be reminded to make referrals to Program Integrity staff to recoup funds to which the recipient was not eligible.

Proposed Completion Date: January 31, 2018

DAVIDSON COUNTY, NORTH CAROLINA

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

Finding: 2016-001
Status: Resolved.

Finding: 2016-002
Status: Resolved.

Finding: 2016-003
Status: Repeated and modified as 2017-003.

Finding: 2016-004
Status: Resolved.

Finding: 2016-005
Status: Resolved.

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2017

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Pass-Through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Passed -Through To Subrecipients
FEDERAL AWARDS:					
U.S. DEPT. OF TRANSPORTATION					
FEDERAL HIGHWAY ADMINISTRATION					
PASSED THROUGH N.C. DEPT. OF TRANSPORTATION:					
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER					
HIGHWAY PLANNING AND CONSTRUCTION	20.205	34156.3.GV2	$ 36,090	$ -	$ -
HIGHWAY PLANNING AND CONSTRUCTION	20.205	50066.3.F1	42,803	-	-
TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			78,893	-	-
FEDERAL TRANSIT ADMINISTRATION					
PASSED THROUGH N.C. DEPT. OF TRANSPORTATION:					
FEDERAL TRANSIT CLUSTER					
FEDERAL TRANSIT FORMULA GRANT	20.507	36231.24.2.2	37,150	-	-
FEDERAL TRANSIT FORMULA GRANT	20.507	36231.24.1.2	30,815	-	-
TOTAL FEDERAL TRANSIT CLUSTER			67,965	-	-
PASSED THROUGH N.C. DEPT. OF TRANSPORTATION:					
FORMULA GRANTS FOR RURAL AREAS	20.509	36233.34.18.1	77,607	67,372	-
TRANSIT SERVICES PROGRAMS CLUSTER					
ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES	20.513	51001.58.3.3	97,549	6,501	-
ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES	20.513	51001.58.4.3	108,288	13,536	-
TOTAL TRANSIT SERVICES PROGRAMS CLUSTER			205,837	20,037	-
TOTAL U.S DEPT. OF TRANSPORTATION			430,302	87,409	-
U.S. DEPT. OF AGRICULTURE					
PASSED THROUGH N.C. DEPT. OF HEALTH AND HUMAN SERVICES					
DIVISION OF SOCIAL SERVICES:					
SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP) CLUSTER					
STATE ADMINISTRATIVE MATCHING GRANTS FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM - ADMINISTRATION	10.561	14440-1110	1,051,947	-	-
STATE ADMINISTRATIVE MATCHING GRANTS FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM - FRAUD ADMINISTRATION	10.561	14440-1110	76,260	-	-
TOTAL SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM CLUSTER			1,128,207	-	-
PASSED THROUGH N.C. DEPT. OF HEALTH AND HUMAN SERVICES:					
DIVISION OF PUBLIC HEALTH:					
WIC-SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS AND CHILDREN	10.557	13A250	701,833	-	-
DIRECT BENEFIT PAYMENTS:					
WIC-SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS AND CHILDREN	10.557	13A250	2,841,043	-	-
TOTAL U.S DEPT. OF AGRICULTURE			4,671,083	-	-
U.S. DEPT. OF HOUSING AND URBAN DEVELOPMENT					
PASSED THROUGH OFFICE OF COMMUNITY PLANNING AND DEVELOPMENT:					
CDBG-ENTITLEMENT GRANTS CLUSTER:					
COMMUNITY DEVEOLPMENT BLOCK GRANTS/ ENTITLEMENT GRANTS - THOMSON PLASTICS	14.218	13-E-2646	352,587	-	-
TOTAL CDBG-ENTITLEMENT GRANTS CLUSTER:			352,587		
TOTAL U.S DEPT. OF HOUSING AND URBAN DEVELOPMENT			352,587	-	-
U.S. DEPT. OF HOMELAND SECURITY					
PASSED THROUGH N.C DEPT OF PUBLIC SAFETY:					
EMERGENCY MANAGEMENT PERFORMANCE GRANT	97.042	EMA-2016-EP-0002-S01	52,959	-	-
TOTAL U.S. DEPT. OF HOMELAND SECURITY			52,959	-	-
U. S. DEPT. OF LABOR					
EMPLOYMENT TRAINING ADMINISTRATION					
PASSED THROUGH N.C. DEPT. OF COMMERCE:					
DIVISION OF EMPLOYMENT AND TRAINING:					
WORKFORCE INVESTMENT ACT CLUSTER:					
WIA / WIOA ADULT PROGRAM	17.258	15-2020	39,111	-	-
WIA / WIOA ADULT PROGRAM	17.258	16-2020	319,760	-	-
WIA / WIOA YOUTH ACTIVITIES	17.259	15-2040	255,879	-	-
WIA / WIOA YOUTH ACTIVITIES	17.259	16-2040	151,554	-	-
WIA / WIOA ADULT PROGRAM	17.258	15-2010	24,807	-	-
WIA / WIOA YOUTH ACTIVITIES	17.259	15-2010	22,195	-	-
WIA / WIOA ADULT PROGRAM	17.258	16-2010	13,772	-	-
WIA / WIOA YOUTH ACTIVITIES	17.259	16-2010	13,308	-	-
TOTAL WORKFORCE INVESTMENT ACT CLUSTER			840,386	-	-

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE AWARDS
Year Ended June 30, 2017

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Pass-Through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Passed -Through To Subrecipients
FEDERAL AWARDS (CONTINUED):					
WIA / WIOA DISLOCATED WORKERS FORMULA GRANTS	17.260	16-2050	29,726	-	-
WIA / WIOA DISLOCATED WORKERS FORMULA GRANTS	17.260	15-2030	37,788	-	-
WIA / WIOA DISLOCATED WORKERS FORMULA GRANTS	17.260	16-2030	214,386	-	-
WIA / WIOA DISLOCATED WORKERS FORMULA GRANTS	17.260	15-2010	18,279	-	-
WIA / WIOA DISLOCATED WORKERS FORMULA GRANTS	17.260	16-2010	12,556	-	-
TOTAL U.S. DEPT. OF LABOR			1,153,121	-	-
U. S. DEPT. OF HEALTH AND HUMAN SERVICES					
ADMINISTRATION FOR CHILDREN AND FAMILIES					
PASSED THROUGH N.C. DEPT. OF HEALTH AND HUMAN SERVICES:					
DIVISION OF SOCIAL SERVICES:					
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES CLUSTER:					
ADMINISTRATION					
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES STATE PROGRAMS	93.558	G1702NCTANF	1,003,688	-	-
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES -FAMILY PLANNING	93.558	13A15151	20,735		
DIRECT BENEFIT PAYMENTS				-	-
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	93.558	G1702NCTANF	627,011	-	-
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES-SPECIAL CHILDREN ADOPTION	93.558		-	56,400	-
TOTAL TANF CLUSTER			1,651,434	56,400	-
SPECIAL CHILDREN ADOPTION FUND CLUSTER:					
PROMOTING SAFE AND STABLE FAMILIES	93.556	G1611NCFPCV	74,298	-	-
TOTAL SPECIAL CHILDREN ADOPTION FUND CLISTER			74,298	-	-
LOW INCOME ENERGY ASSISTANCE:					
ADMINISTRATION	93.568	G76B1NCLIEA	104,782	-	-
HOME ENERGY ASSISTANCE ADMIN	93.568	G17B1NCLIEA	530,500	-	-
CRISIS INTERVENTION PAYMENTS	93.568	G17B1NCLIEA	283,777	-	-
TOTAL LOW INCOME ENERGY ASSISTANCE			919,059	-	-
ADOPTION ASSISTANCE PROGRAM IV-B CLUSTER:					
STEPHANIE TUBBS JONES CHILD WELFARE SERVICES PROGRAM	93.645	G1701NCCWSS	32,040	-	-
TOTAL ADOPTION ASSISTANCE PROGRAM IV-B CLUSTER			32,040	-	-
FOSTER CARE AND ADOPTION CLUSTER (NOTE 3):					
FOSTER CARE TITLE IV-E - DIRECT BENEFIT PAYMENTS	93.658	1701NCFOST	638,637	207,575	-
FOSTER CARE TITLE IV-E - CPS	93.658	1701NCFOST	122,863	99,360	-
FOSTER CARE TITLE IV-E - ADMIN	93.658	1701NCFOST	460,155	57,644	-
ADOPTION ASSISTANCE - OPTIONAL TRAINING	93.659	1701NCFOST	17,922	-	-
ADOPTION ASSISTANCE - DIRECT BENEFIT	93.659	1701NCFOST	424,435	108,196	-
ADOPTION ASSISTANCE - VENDOR PAYMENTS	93.659	1701NCFOST	11,954	2,568	-
ADOPTION ASSISTANCE - VENDOR PAYMENTS		1701NCFOST	-	4,576	-
TOTAL FOSTER CARE AND ADOPTION CLUSTER (NOTE 3)			1,675,966	479,919	-
SOCIAL SERVICES BLOCK GRANT - OTHER SVCS & TRNG	93.667	G1701NCSOSR	382,853	35,019	-
SOCIAL SERVICES BLOCK GRANT-IN HOME SERVICES	93.667	G1701NCSOSR	57,886	-	-
SOCIAL SERVICES BLOCK GRANT-ADULT DAY CARE	93.667	G1701NCSOSR	49,775	43,420	-
CHAFEE FOSTER CARE INDEPENDENCE PROGRAM - ADMIN	93.674	G1701NCCILP	16,506	4,126	-
CHAFEE FOSTER CARE INDEPENDENCE PROGRAM -DIRECT BENEFITS	93.674	G1701NCCILP	12,414	-	-
CHILD SUPPORT ENFORCEMENT - IV-D ADMINISTRATION	93.563	14440-1180	862,756	1	-
REFUGEE AND ENTRANT ASSISTANCE PROGRAM - STATE/ REPLACEMENT DESIGNEE ADMINISTERED PROGRAMS:					
ADMINISTRATION	93.566	14440-1170	216	-	-
DIRECT BENEFIT	93.566	14440-1170	3,982	-	-
TOTAL SOCIAL SERVICES			1,386,388	82,566	-
U. S. DEPT. OF HEALTH AND HUMAN SERVICES (CONTINUED)					
ADMINISTRATION FOR CHILDREN AND FAMILIES (CONTINUED)					
DIVISION OF CHILD DEVELOPMENT AND EARLY EDUCATION:					
SUBSIDIZED CHILD CARE (NOTE 3):					
CHILD CARE DEVELOPMENT FUND CLUSTER:					
DIVISION OF SOCIAL SERVICES:					
CHILD CARE MANDATORY AND MATCHING FUNDS OF THE CHILD CARE AND DEVELOPMENT FUND - ADMIN	93.596	G1701NCCCDF	251,564	-	-
DIVISION OF CHILD DEVELOPMENT:					
CHILD CARE AND DEVELOPMENT BLOCK GRANT	93.575	G1701NCCCDF	2,556,104	-	-
CHILD CARE MANDATORY AND MATCHING FUNDS OF THE CHILD CARE AND DEVELOPMENT FUND - MANDATORY	93.596	G1701NCCCDF	1,110,322	-	-
CHILD CARE MANDATORY AND MATCHING FUNDS OF THE CHILD CARE AND DEVELOPMENT FUND - MATCHING	93.596	G1701NCCCDF	350,986	-	-
TOTAL CHILD CARE DEVELOPMENT FUND CLUSTER			4,268,976	-	-
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES STATE PROGRAM	93.558	G1702NCTANF	863,818	-	-
FOSTER CARE TITLE IV-E	93.658	536154	84,307	42,096	-
STATE APPROPRIATIONS	N/A		-	182,575	-
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES - MOE	N/A		-	471,613	-
TOTAL SUBSIDIZED CHILD CARE CLUSTER (NOTE 3)			5,217,101	696,284	-

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2017

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Pass-Through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Passed -Through To Subrecipients
FEDERAL AWARDS (CONTINUED):					
CENTERS FOR DISEASE CONTROL AND PREVENTION					
PASSED THROUGH N.C. DEPT OF HEALTH AND HUMAN SERVICES:					
DIVISION OF PUBLIC HEALTH:					
HOSPITAL PREPAREDNESS PROGRAM (HPP) AND PUBLIC HEALTH EMERGENCY PREPAREDNESS (PHEP) ALIGNED COOPERATIVE AGREEMENTS	93.074	1264268	22,599	-	-
PROJECT GRANTS AND COOPERATIVE AGREEMENTS FOR TUBERCULOSIS CONTROL PROGRAMS	93.116	1460272	50	-	-
IMMUNIZATION COOPERATIVE AGREEMENTS	93.268	1331631	17,129	-	-
PPHF CAPACITY BUILDING ASSISTANCE TO STRENGTHEN PUBLIC HEALTH IMMUNIZATION INFRASTRUCTURE AND PERFORMANCE FINANCED IN PART BY PREVENTION AND PUBLIC HEALTH FUNDS	93.539	1331627	24,257	-	-
ASSISTANCE PROGRAMS FOR CHRONIC DISEASE PREVENTION AND CONTROL	93.945	1332685	82,030	-	-
INJURY PREVENTION AND CONTROL RESEARCH AND STATE AND COMMUNITY BASED PROGRAMS	93.136	1175837	9,000	-	-
CANCER PREVENTION AND CONTROL PROGRAMS FOR STATE, TERRITORIAL, AND TRIBAL ORGANIZATIONS FINANCED IN PART BY PREVENTION AND PUBLIC HEALTH FUNDS	93.752	1320310	33,405	-	-
PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT FUNDED SOLELY WITH PREVENTION AND PUBLIC HEALTH FUNDS (PPHF)	93.758	1261550	26,707	-	-
HIV CLUSTER:					
HIV PREVENTION ACTIVITIES - HEALTH DEPARTMENT BASED	93.940	1311981	2,225	-	-
PREVENTIVE HEALTH SERVICES (STD) CONTROL GRANTS	93.977	1311462	967	-	-
TOTAL HIV CLUSTER			3,192	-	-
HEALTH RESOURCES AND SERVICE ADMINISTRATION					
PASSED THROUGH N.C. DEPT OF HEALTH AND HUMAN SERVICES:					
DIVISION OF PUBLIC HEALTH:					
MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT TO THE STATES	93.994	1271574	90,007	67,513	-
OFFICE OF POPULATION AFFAIRS					
PASSED THROUGH N.C. DEPT OF HEALTH AND HUMAN SERVICES:					
OFFICE OF POPULATION AFFAIRS:					
FAMILY PLANNING SERVICES	93.217	13A1592	71,020	-	-
ADMINISTRATION ON AGING					
PASSED THROUGH PIEDMONT TRIAD REGIONAL COUNCIL:					
AGING CLUSTER:					
SPECIAL PROGRAMS FOR AGING, TITLE III, PART B, GRANTS FOR SUPPORTIVE SERVICES AND SENIOR CENTERS	93.044	GO35	45,328	39,940	-
SPECIAL PROGRAMS FOR AGING, TITLE III, PART C, NUTRITION SERVICES CONGREGATE MEALS	93.045	GO35	140,377	8,264	-
SPECIAL PROGRAMS FOR AGING, TITLE III, PART C, NUTRITION SERVICES					-
HOME DELIVERED MEALS	93.045	GO35	131,403	55,834	-
NUTTRITION SERVICES INCENTIVE PROGRAM	93.053	GO35	64,748	-	-
TOTAL AGING CLUSTER			381,856	104,038	-
SOCIAL SERVICES BLOCK GRANT - IN HOME SERVICES	93.667	GO35	39,480	1,122	9,300
U. S. DEPT. OF HEALTH AND HUMAN SERVICES (CONTINUED)					
CENTERS FOR MEDICARE AND MEDICAID SERVICES					
PASSED THROUGH N.C. DEPT. OF HEALTH AND HUMAN SERVICES:					
DIVISION OF MEDICAL ASSISTANCE:					
MEDICAID CLUSTER:					
DIRECT BENEFIT PAYMENTS:					
MEDICAL ASSISTANCE PROGRAM	93.778	XIX-MAP17	136,940,850	71,997,839	-
ADMINISTRATION:					
MEDICAL ASSISTANCE PROGRAM - ADMIN	93.778	XIX-MAP17	2,099,362	-	-
MEDICAL ASSISTANCE PROGRAM - ADMIN	93.778	XIX-MAP17	38,469	-	-
MEDICAL ASSISTANCE PROGRAM	93.778	XIX-MAP17	34,294	-	-
MEDICAL ASSISTANCE PROGRAM- TRANSPORTATION ADMIN	93.778	XIX-MAP17	38,079	-	-
MEDICAL ASSISTANCE PROGRAM	93.778	XIX-MAP17	13,507	6,749	-
TOTAL MEDICAID CLUSTER			139,164,561	72,004,588	-
CHILDREN'S HEALTH INSURANCE PROGRAM - ADMINISTRATION	93.767	CHIP17	67,313	114	-
CHILDREN'S HEALTH INSURANCE PROGRAM - DIRECT BENEFIT PAYMENTS	93.767	CHIP17	3,873,886	22,909	-
TOTAL U.S. DEPT. OF HEALTH AND HUMAN SERVICES			154,862,778	73,515,453	9,300
U.S DEPT. OF JUSTICE					
CRIMINAL DIVISION:					
DIRECT PROGRAM					
EQUITABLE SHARING PROGRAM	16.922		86,073	-	-
INSTITUTE OF MUSEUM AND LIBRARY SERVICES					
PASSED THROUGH STATE LIBRARY ADMINISTRATIVE AGENCIES				-	-
GRANTS TO STATES	45.310	LS-00-15-0034-15	1,203	-	-
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SCIENCES			1,203	-	-
TOTAL FEDERAL AWARDS			161,610,106	73,602,862	9,300

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE AWARDS
Year Ended June 30, 2017

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Pass-Through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Passed -Through To Subrecipients
STATE AWARDS:					
N.C. DEPT. OF HEALTH AND HUMAN SERVICES					
DIVISION OF PUBLIC HEALTH:					
OTHER RECEIPTS / STATE SUPPORTED EXPENDITURES					
GENERAL COMMUNICABLE DISEASE CONTROL				3,806	-
FOOD AND LODGING FEES				25,810	-
GENERAL AID TO COUNTIES				233,614	-
SCHOOL NURSE FUNDING INTIATIVE				400,000	-
TUBERCULOSIS				29,899	-
WOMEN'S HEALTH SERVICE FUND				30,503	-
SPAY/NEUTER PROGRAM				8,188	-
TB MEDICAL SERVICE				787	-
CHILD HEALTH				872	-
HMHC - FAMILY PLANNING				4,881	-
MATERNAL HEALTH (HMHC)				14,931	-
HIV/STD SSBG AID				10,000	-
SEXUALLY TRANSMITTED DISEASES				1,157	-
BREAST AND CERVICAL CANCER PROGRAM				17,595	-
HIV/STD STATE				2,500	-
COMMUNITY LIASONS FOR HEALTH				20,819	-
DIVISION OF SOCIAL SERVICES:					
DIRECT BENEFIT PAYMENTS:					
SC/SA DOMICILIARY CARE				935,414	-
CWS ADOPT SUBSIDY				801,356	-
SFHF MAXIMIZATION				183,570	-
STATE FOSTER HOME				104,909	-
ADMIN:					
ENERGY ASSIST PRIVATE GRANT - SHARE THE WARMTH				8,648	-
AFDC INCENT/PROGRAM INTEGRITY				1,445	-
ST CHILD WELFARE/CPS/CS LD				370,188	-
DIVISION OF AGING AND ADULT SERVICES:					
PASSED THROUGH PIEDMONT TRIAD					
REGIONAL COUNCIL:					
IN-HOME SERVICES - STATE FUNDS 90%				482,463	110,509
IN-HOME SERVICES - CAREGIVER MATCH				11,165	2,557
SENIOR CENTER GENERAL PURPOSE				21,756	-
TOTAL N.C. DEPT. OF HEALTH AND HUMAN SERVICES				3,726,276	113,066
N.C. DEPT. OF CULTURAL AND NATURAL RESOURCES					
DIVISION OF STATE LIBRARY:					
AID TO PUBLIC LIBRARIES				191,786	-
N.C. DEPT. OF PUBLIC SAFETY:					
HAZARDOUS MATERIALS EMERGENCY PREPAREDNESS GRANT				9,800	-
DIVISION OF JUVENILE JUSTICE:					
JUVENILE JUSTICE AND DELINQUENCY PREVENTION				488,740	473,240
TOTAL N.C. DEPT. OF PUBLIC SAFETY				498,540	473,240
N.C. DEPT. OF ENVIRONMENTAL QUALITY					
TECHNICAL ASSISTANCE				26,730	-
N.C. DEPT. OF MILITARY AND VETERAN AFFAIRS					
COMMUNITY GRANT PROGRAM				2,000	-
N.C. DEPT. OF TRANSPORTATION					
PUBLIC TRANSPORTATION DIVISION:					
RURAL OPERATING ASSISTANCE PROGRAM (ROAP) CLUSTER:					
ROAP ELDERLY AND DISABLED TRANSPORTATION				115,191	-
ROAP RURAL GENERAL PUBLIC TRANSPORTATION				106,174	-
ROAP WORKFIRST				37,603	-
TOTAL ROAP CLUSTER				258,968	-
TOTAL N.C. DEPT. OF TRANSPORTATION				258,968	-
N.C. DEPT. OF PUBLIC INSTRUCTION					
PUBLIC SCHOOL BUILDING CAPITAL FUND- LOTTERY FUND				1,649,552	92
TOTAL STATE AWARDS				6,353,852	586,398
TOTAL FEDERAL AND STATE AWARDS			$ 161,610,106	$ 79,956,714	$ 595,698

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and State grant activity of Davidson County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2017. The information in this SEFSA 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* and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operations of Davidson County, it is not intended to and does not present the finanicial postion, changes in net position or cash flows of Davidson County.

2. Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Davidson County has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Unifrom Guidance.

3. Clusters

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, Foster Care and Adoption, Special Children Adoption Fund, Adoption Assistance Program IV-B, and HIV.