

**DAVIDSON COUNTY
NORTH CAROLINA**

COMPLIANCE LETTERS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

DAVIDSON COUNTY, NORTH CAROLINA

COMPLIANCE LETTERS FOR THE YEAR ENDED JUNE 30, 2016

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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 County 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, 2016, and the related notes to the financial statements, not presented here, which collectively comprises the County's basic financial statements, and have issued our report thereon dated November 23, 2016.

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 Davidson 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 County's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or 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 of 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County'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 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, NC
November 23, 2016

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Report On Compliance With Requirements Applicable To Each Major Federal Program; Report On Internal Control Over Compliance; Report On The Schedule Of Expenditures Of Federal And State Awards Required By OMB Uniform Guidance; And The State Single Audit Implementation Act

Independent Auditor's Report

To the Board of County 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, which could have a direct and material effect on each of Davidson County's major federal programs for the year ended June 30, 2016. Davidson 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 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, OMB 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, 2016.

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 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 an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Davidson County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 and Questioned Costs as items 2016-002 and 2016-003 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 deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2016-001, 2016-004, and 2016-005 to be significant deficiencies.

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

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

Report On Schedule of Expenditures of Federal and State Awards Required by Uniform Guidance 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, 2016, 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 23, 2016, 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 other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to 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.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
November 23, 2016

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Report On Compliance With Requirements Applicable To Each Major State Program; Report On Internal Control Over Compliance; Report On The Schedule Of Expenditures Of Federal And State Awards Required By OMB Uniform Guidance; And The State Single Audit Implementation Act

Independent Auditor's Report

To the Board of County Commissioners
Davidson County
Lexington, North Carolina

Report On Compliance for Each Major State Program

We have audited Davidson County, North Carolina'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, which could have a direct and material effect on each of Davidson County's major State programs for the year ended June 30, 2016. Davidson County's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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, 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, 2016.

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 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 Davidson County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2016-002 to be a material weakness.

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 and Questioned Costs as item 2016-001 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 Corrective Action Plan. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

Report on Schedule of Expenditures of Federal and State Awards Required by 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, 2016, and the related Notes to the Financial Statements, which collectively comprise Davidson County's basic financial statements. We have issued our report thereon dated November 23, 2016, which contained unmodified opinions on those financial statements. Our audit was performed 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 other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to 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 basic financial statements taken as a whole.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
November 23, 2016

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

1. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) 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(ies) 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:

<u>Program Name</u>	<u>CFDA#</u>
TANF Cluster	93.558, 93.714
Medicaid Cluster	93.775, 93.777, 93.778
Children's Health Insurance Program	93.767

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

Auditee qualified as low-risk auditee? Yes

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

1. Summary of Auditor’s Results (continued):

State Awards

Internal control over major State programs:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) 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:

Program Name:

Medicaid Cluster
 Children’s Health Insurance Program
 Public School Building Capital Fund – Lottery Proceeds

2. Financial Statement Findings

None reported

DAVIDSON COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

3. Federal Awards Findings 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 G1602NCTANF

Program Name: Medical Assistance Program (Medicaid; Title XIX)

CFDA# 93.778

Grant Number 14445-1310

Program Name: Children's Health Insurance Program

CFDA# 93.767

Grant Number 14446-1101

Finding 2016-001

SIGNIFICANT DEFICIENCY

Criteria: In accordance with the Division of Social Services Fiscal Manual, DSS employees should control physical access to the State network terminals or personal computers that are connected to the State mainframe.

Condition: Upon surprise inspection, two unattended work stations of DSS employees were logged on to the State network without anyone attending to the work stations.

Context: While performing testing of internal control over compliance related to the Division of Social Services, we noted the above condition.

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

Effect: Unauthorized access to the State system could be obtained due to the unattended terminals logged on to the system within the DSS building.

Cause: Lack of proper internal controls over data security.

Recommendation: Require the County Data Processing Department to implement procedures to require logout of workstations where access to the State DSS system is granted. The control procedures should include random verification of logout in instances where work stations are unattended.

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, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

3. Federal Awards Findings 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 G1602NCTANF

Program Name: Medical Assistance Program (Medicaid; Title XIX)

CFDA# 93.778

Grant Number 14445-1310

Program Name: Children's Health Insurance Program

CFDA# 93.767

Grant Number 14446-1101

Finding 2016-002

MATERIAL WEAKNESS

Eligibility

Criteria: 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.

Condition: The County Department of Social Services has standard procedures for caseworkers when determining eligibility to ensure accuracy. There were several instances where the caseworker did not follow standard control procedures as noted in the context.

Context: Of the 685 casefiles for TANF, we examined 60 and determined that two applicants were missing applications, which is one of the first steps to the eligibility review process. Of the 12,794 casefiles for Medicaid, we examined 60 and determined that nine applicants did not have form 5007/5075, which is required under County procedures for the program. Of the 473 casefiles for CHIP, we examined 60 and determined that five did not have County ex parte forms signed by the caseworker showing they had reviewed the casefile.

Questioned Costs: The findings represent internal control issues; therefore, no questioned costs are applicable. The County was able to substantiate that the applicants were eligible to receive benefits.

Effect: Internal controls over compliance are not functioning as designed.

Cause: Caseworker failed to follow standard procedures to obtain the required documentation.

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.

DAVIDSON COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

3. Federal Awards Findings 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 G1602NCTANF

Finding 2016-003

MATERIAL WEAKNESS

Eligibility

Criteria: Management should have an adequate system of internal control procedures in place to properly review and assess the eligibility of individuals to ensure the accuracy and completeness of data used to determine benefits being provided is within program requirements. Verification of accuracy of information used in determining eligibility should be performed by management. Evidence of the review should be documented and include authorized signatures.

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 during May 2016, of which one review performed had deficiencies noted and were not corrected in a timely manner.

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 are not being performed by management for this program. Errors are not being corrected in a timely manner.

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 and will adhere to the Corrective Action Plan following this report.

DAVIDSON COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

3. Federal Awards Findings 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 G1602NCTANF

Finding 2016-004

SIGNIFICANT DEFICIENCY

Eligibility

Criteria: Management should have an adequate system of internal control procedures in place to ensure a signed application is obtained from applicants during eligibility review process and such documentation is retained in the applicants' case file, and to ensure applicants understand and agree to program requirements by initialing where applicable and signing the Mutual Responsibility Agreement (MRA) form.

Condition: One applicant received benefits during the fiscal year without the proper documentation of a signed application. Three applicants received benefits during the fiscal year without the proper documentation of a fully initialed and signed MRA form.

Context: Of the 685 casefiles, we examined 60 and determined that evidence of documentation for one applicant of a signed application was not obtained and determined that an additional three applicant's MRA forms were not initialed by the applicants.

Questioned Costs: The finding represents an internal control issue. Applicant was still eligible for benefits as a result of other documentation for current period; 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. Applicants may not fully understand the requirements of the program and could violate requirements they did not agree to.

Cause: Caseworker failed to obtain the required documentation.

Recommendation: Caseworkers should look over their eligibility determinations and go back through their checklist of items required for the program to double check that they have all the required documentation before approving benefits.

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, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

3. Federal Awards Findings 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 G1602NCTANF

Finding 2016-005

SIGNIFICANT DEFICIENCY

Eligibility

Criteria: Management should have an adequate system of internal control procedures in place to ensure eligibility redetermination is performed timely.

Condition: One applicant received benefits during the fiscal year that extended beyond the certification period.

Context: Of the 685 casefiles, we examined 60 and determined that evidence of documentation of eligibility for one applicant was not obtained when certification period was up. However, the applicant was still eligible when they returned to recertify their eligibility.

Questioned Costs: The finding represents an internal control issue. Applicant was still eligible for benefits as a result of other documentation for current and subsequent period; therefore, no questioned costs are applicable.

Effect: Benefits are given to an applicant beyond the timeframe allowed. Had applicant not been eligible, those benefits could have been questioned costs to the County.

Cause: Benefits were not received by applicant at some point during their certification period and when caseworker was notified, a new PDC was created for the applicant; however, the PDC profile was created with new certification dates that extended four months out from the original certification period. The applicant received 16 months of benefits under eligibility documentation that only covers 12 months. Caseworker failed to obtain the required documentation for the additional four months. Caseworker failed to review certification period under the new PDC to ensure it aligned with the previous period.

Recommendation: Caseworkers should look over their eligibility determinations and go back through their checklist of items required for the program to double check that they have all the required documentation before approving benefits.

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, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

4. State Awards Findings and Questioned Costs

N.C. Department of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

Program Name: N.C. Health Choice

Finding: 2016-001 – DSS employees should control physical access to the State network terminals or personal computers that are connected to the State mainframe. See more details at Finding 2016-001 in Section 3 – Federal Award Findings and Questioned Costs.

Finding: 2016-002 – 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. See more details at Finding 2016-002 in Section 3 – Federal Award Findings and Questioned Costs.

DAVIDSON COUNTY, NORTH CAROLINA

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2016

3. Federal Awards Findings and Questioned Costs

Finding: 2016-001

Name of Contact Person: Lynn Meeks, Account Specialist II

Corrective Action/Management's Response: Currently IT has set up automatic shutdown of computers after 10 mins. of no activity. This will be reviewed again. IT will do random checks to make sure computers left unattended are shut down/locked. Director, during one on one, meeting with new employees will address the seriousness of computers left unlocked while unattended. Staff are aware that unattended computers left available/unlocked for anyone could lead to a written warning and/or dismissal.

Proposed Completion Date: Immediately

Finding: 2016-002

Name of Contact Person: Elizabeth Huff, IM Program Administrator

Corrective Action/Management's Response: Nine cases were found to be missing the DMA-5007 or DMA-5075. However, as of June 2016, these forms are no longer a policy requirement. Additionally there were 2 TANF cases that did not have an application on file. This occurred during the time of TANF case conversion from paper applications to NCFAST. Since the date of application, the cases have either closed or a redetermination and subsequent application for ongoing benefits has been signed. As for the ex-parte forms not signed by the caseworker for CHIP cases, additionally training will be completed in unit meetings and added as a criterion on 2nd party reviews.

Proposed Completion Date: With December unit meeting and ongoing

Finding: 2016-003

Name of Contact Person: Elizabeth Huff, IM Program Administrator

Corrective Action/Management's Response: Lead worker and/or supervisor will complete 3 second party reviews per worker for the TANF Program per month. Any errors cited will be corrected immediately, reviewed by the lead worker or supervisor, and documented as corrected.

Proposed Completion Date: Three second party reviews per worker will begin with November work, reviewed in December and ongoing.

DAVIDSON COUNTY, NORTH CAROLINA

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2016**

Finding: 2016-004

Name of Contact Person: Elizabeth Huff, IM Program Administrator

Corrective Action/Management's Response: No application on file in Compass. After review of the application, it is unknown why all other forms saved; however, the DSS-8228 did not. This is now a closed case and since all applications are now in NCFAST, no corrections made. With all applications being entered directly into NCFAST now, this error will not occur again. Three cases were cited with MRA's errors. The MRA is signed by the recipient but not initialed in the correct place.

Proposed Completion Date: No County action required. Case with missing DSS-8228 documented for future reference. Corrections will be made to the referenced cases with updated MRA's by December 15, 2016 as well as worker education on the correct procedures for completing recipient MRA's.

Finding: 2016-005

Name of Contact Person: Elizabeth Huff, IM Program Administrator

Corrective Action/Management's Response: This error happened during a time that TANF cases were being converted to NCFAST from the old Legacy (EIS) System. Upon closing out the case in EIS and opening in NCFAST, the worker gave an additional four months of eligibility beyond the allowed 12 months.

Proposed Completion Date: No action taken on this case as case has been recertified and the certification period is now correct for 12 months of ongoing eligibility.

DAVIDSON COUNTY, NORTH CAROLINA

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2016**

4. State Awards Findings and Questioned Costs

Finding: 2016-001

See Finding 2016-001 in Section 3 – Federal Award Findings and Questioned Costs of the Corrective Action Plan.

Finding: 2016-002

See Finding 2016-002 in Section 3 – Federal Award Findings and Questioned Costs of the Corrective Action Plan.

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

None reported.

**DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE AWARDS
Year Ended June 30, 2016**

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>U.S. DEPT. OF TRANSPORTATION</u>					
<u>FEDERAL AVIATION ADMINISTRATION</u>					
PASSED THROUGH N.C. DEPT. OF TRANSPORTATION:					
AIRPORT IMPROVEMENT PROGRAM	20.106	36237.19.15.1	\$ 100,146	\$ -	\$ -
AIRPORT IMPROVEMENT PROGRAM	20.106	36237.19.16.1	185,326	-	-
AIRPORT IMPROVEMENT PROGRAM	20.106	36237.19.15.2	24,844	-	-
GRANT OF STATE AIRPORT AID FUNDS	XXX	46343.1.1	-	202,078	-
<u>FEDERAL HIGHWAY ADMINISTRATION</u>					
PASSED THROUGH N.C. DEPT. OF TRANSPORTATION:					
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER					
HIGHWAY PLANNING AND CONSTRUCTION	20.205	50066.3.F1	62,023	-	-
TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			<u>62,023</u>	<u>-</u>	<u>-</u>
<u>FEDERAL TRANSIT ADMINISTRATION</u>					
PASSED THROUGH N.C. DEPT. OF TRANSPORTATION:					
FEDERAL TRANSIT CLUSTER					
FEDERAL TRANSIT FORMULA GRANT	20.507	36231.24.1.2	58,985	-	-
TOTAL FEDERAL TRANSIT CLUSTER			<u>58,985</u>	<u>-</u>	<u>-</u>
PASSED THROUGH N.C. DEPT. OF TRANSPORTATION:					
FORMULA GRANTS FOR RURAL AREAS					
	20.509	36233.34.17.1	75,407	63,932	-
TRANSIT SERVICES PROGRAMS CLUSTER					
ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS					
WITH DISABILITIES	20.513	51001.58.2.3	60,754	7,594	-
ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS	20.513	51001.58.3.3	73,229	15,099	-
WITH DISABILITIES			<u>133,983</u>	<u>22,693</u>	<u>-</u>
TOTAL TRANSIT SERVICES PROGRAMS CLUSTER					
TOTAL U.S. DEPT. OF TRANSPORTATION			<u>640,714</u>	<u>288,703</u>	<u>-</u>
<u>U.S. DEPT. OF AGRICULTURE</u>					
PASSED THROUGH N.C. DEPT. OF HEALTH					
AND HUMAN SERVICES					
DIVISION OF SOCIAL SERVICES:					
SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM CLUSTER					
STATE ADMINISTRATIVE MATCHING GRANTS FOR THE					
SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM - ADMIN	10.561	14440-1110	944,365	-	-
STATE ADMINISTRATIVE MATCHING GRANTS FOR THE					
SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM - FRAUD ADMINISTRATION	10.561	14440-1110	102,559	-	-
TOTAL SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM CLUSTER			<u>1,046,924</u>	<u>-</u>	<u>-</u>
PASSED THROUGH N.C. DEPT. OF HEALTH					
AND HUMAN SERVICES:					
DIVISION OF PUBLIC HEALTH:					
SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR					
WOMEN, INFANTS AND CHILDREN	10.557	13A250	769,026	-	-
DIRECT BENEFIT PAYMENTS:					
SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR					
WOMEN, INFANTS AND CHILDREN	10.557	13A250	2,882,085	-	-
TOTAL U.S. DEPT. OF AGRICULTURE			<u>4,698,035</u>	<u>-</u>	<u>-</u>
<u>U.S. DEPT. OF COMMERCE</u>					
PASSED THROUGH N.C. DEPT. OF COMMERCE:					
DIVISION OF COMMUNITY DEVELOPMENT:					
COMMUNITY DEVELOPMENT BLOCK GRANTS/					
ENTITLEMENT GRANTS - SURFACE SOURCE	14.218	14-E-2650	106,628	-	-
ENTITLEMENT GRANTS - THOMSON PLASTICS	14.218	13-E-2646	94,721	-	-
TOTAL U.S. DEPT. OF COMMERCE			<u>201,349</u>	<u>-</u>	<u>-</u>
<u>U.S. DEPT. OF HOMELAND SECURITY</u>					
PASSED THROUGH N.C. DEPT OF CRIME CONTROL AND					
PUBLIC SAFETY:					
EMERGENCY MANAGEMENT PERFORMANCE GRANTS					
	97.042	EMA-2016-ED-0002-S01	52,917	-	-
TOTAL U.S. DEPT. OF HOMELAND SECURITY			<u>52,917</u>	<u>-</u>	<u>-</u>
<u>U. S. DEPT. OF LABOR</u>					
<u>EMPLOYMENT AND TRAINING ADMINISTRATION</u>					
PASSED THROUGH N.C. DEPT. OF COMMERCE:					
DIVISION OF EMPLOYMENT AND TRAINING:					
WORKFORCE INVESTMENT ACT CLUSTER:					
WIA / WIOA ADULT PROGRAM	17.258	14-2020	32,723	-	-

**DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE AWARDS
Year Ended June 30, 2016**

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 ADULT PROGRAM	17.258	15-2020	427,268	-	-
WIA / WIOA YOUTH ACTIVITIES	17.259	14-2040	224,696	-	-
WIA / WIOA YOUTH ACTIVITIES	17.259	15-2040	93,889	-	-
WIA / WIOA ADULT PROGRAM	17.258	14-2010	22,379	-	-
WIA / WIOA YOUTH ACTIVITIES	17.259	14-2010	21,700	-	-
WIA / WIOA ADULT PROGRAM	17.258	15-2010	18,628	-	-
WIA / WIOA YOUTH ACTIVITIES	17.259	15-2010	16,667	-	-
TOTAL WORKFORCE INVESTMENT ACT CLUSTER			857,950	-	-
WIA / WIOA DISLOCATED WORKERS FORMULA GRANTS	17.260	14-2030	146,039	-	-
WIA / WIOA DISLOCATED WORKERS FORMULA GRANTS	17.260	15-2030	174,781	-	-
WIA / WIOA DISLOCATED WORKERS FORMULA GRANTS	17.260	14-2010	23,735	-	-
WIA / WIOA DISLOCATED WORKERS FORMULA GRANTS	17.260	15-2010	13,725	-	-
TOTAL U.S. DEPT. OF LABOR			1,216,230	-	-
<u>U. S. DEPT. OF HEALTH AND HUMAN SERVICES</u>					
<u>ADMINISTRATION FOR CHILDREN AND FAMILIES</u>					
PASSED THROUGH N.C. DEPT. OF HEALTH AND HUMAN SERVICES:					
DIVISION OF SOCIAL SERVICES:					
TANF CLUSTER:					
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) STATE PROGRAMS: ADMINISTRATION	93.558	G1602NCTANF	851,516	-	-
DIRECT BENEFIT PAYMENTS	93.558	G1602NCTANF	684,210	-	-
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	93.558	13A1515	20,735	-	-
TOTAL TANF CLUSTER			1,556,461	-	-
PROMOTING SAFE AND STABLE FAMILIES	93.556	G1511NCFPCV	34,478	-	-
CHILD SUPPORT ENFORCEMENT - IV-D ADMINISTRATION	93.563	14440-1180	832,016	(6)	-
LOW INCOME ENERGY ASSISTANCE: ADMINISTRATION	93.568	G16B1NCLIEA	115,811	-	-
HOME ENERGY ASSISTANCE ADMIN	93.568	G16B1NCLIEA	584,830	-	-
CRISIS INTERVENTION PAYMENTS	93.568	G16B1NCLIEA	340,053	-	-
STEPHANIE TUBBS JONES CHILD WELFARE SERVICES PROGRAM - PERM PLANNING	93.645	G1601NCCWSS	51,468	-	-
FOSTER CARE AND ADOPTION CLUSTER (NOTE 3):					
FOSTER CARE TITLE IV-E	93.658	1601NCFOST	541,962	197,853	-
FOSTER CARE TITLE IV-E TRN/OFF TRN	93.658	1601NCFOST	284,828	-	-
FOSTER CARE TITLE IV-E CPS	93.658	1601NCFOST	110,901	439,331	-
FOSTER CARE TITLE IV-E - ADMIN	93.658	1601NCFOST	393,581	55,558	-
ADOPTION ASSISTANCE - IV-E OPTIONAL TRAINING	93.659	1601NCFOST	11,885	-	-
ADOPTION ASSISTANCE - DIRECT BENEFIT	93.659	1601NCFOST	375,097	96,744	-
ADOPTION ASSISTANCE IV-E- VENDOR PAYMENTS	93.659	1601NCFOST	1,814	-	-
ADOPTION ASSISTANCE IV-B- VENDOR PAYMENTS		1601NCFOST	-	12,306	-
TOTAL FOSTER CARE AND ADOPTION CLUSTER (NOTE 3)			1,720,068	801,792	-
SOCIAL SERVICES BLOCK GRANT - OTHER SVCS & TRNG	93.667	G1601NCSOSR	347,896	41,626	-
SOCIAL SERVICES BLOCK GRANT-IN HOME SERVICES	93.667	G1601NCSOSR	73,019	-	-
SOCIAL SERVICES BLOCK GRANT-ADULT DAY CARE	93.667	G1601NCSOSR	48,485	44,686	-
CHAFEE FOSTER CARE INDEPENDENCE PROGRAM - ADMIN	93.674	G1601NCCILP	18,159	4,540	-
CHAFEE FOSTER CARE INDEPENDENCE PROGRAM - LIVING TRANSITIONAL	93.674	G1601NCCILP	12,042	-	-
REFUGEE AND ENTRANT ASSISTANCE - STATE ADMINISTERED PROGRAMS	93.566	14440-1170	88	-	-
<u>U. S. DEPT. OF HEALTH AND HUMAN SERVICES (CONTINUED)</u>					
<u>ADMINISTRATION FOR CHILDREN AND FAMILIES (CONTINUED)</u>					
<u>DIVISION OF CHILD DEVELOPMENT AND EARLY EDUCATION:</u>					
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 - ADMINISTRATION	93.596	G1601NCCCDF	229,947	-	-
DIVISION OF CHILD DEVELOPMENT:					
CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	93.575	G1601NCCCDF	2,687,735	-	-
CHILD CARE MANDATORY AND MATCHING FUNDS OF THE CHILD CARE AND DEVELOPMENT FUND - MANDATORY	93.596	G1601NCCCDF	856,392	-	-
CHILD CARE MANDATORY AND MATCHING FUNDS OF THE CHILD CARE AND DEVELOPMENT FUND - MATCH	93.596	G1601NCCCDF	341,370	-	-
TOTAL CHILD CARE DEVELOPMENT FUND CLUSTER			4,115,444	-	-
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	93.558	G1602NCTANF	766,657	-	-
FOSTER CARE TITLE IV-E	93.658	536154	53,668	27,510	-
STATE APPROPRIATIONS		536142	-	360,838	-
TANF - MOE		536146	-	263,453	-
TOTAL SUBSIDIZED CHILD CARE CLUSTER (NOTE 3)			4,935,769	651,801	-
<u>CENTERS FOR DISEASE CONTROL AND PREVENTION</u>					
PASSED THROUGH N.C. DEPT. OF HEALTH AND HUMAN SERVICES:					
DIVISION OF PUBLIC HEALTH:					
PUBLIC HEALTH EMERGENCY PREPAREDNESS	93.069	1264268	42,887	-	-

**DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE AWARDS
Year Ended June 30, 2016**

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):					
PROJECT GRANTS AND COOPERATIVE AGREEMENTS FOR TUBERCULOSIS CONTROL PROGRAMS	93.116	1460272	43	-	-
IMMUNIZATION COOPERATIVE AGREEMENTS	93.268	1331631	31,659	-	-
COOPERATIVE AGREEMENTS FOR STATE-BASED COMPREHENSIVE BREAST AND CERVICAL CANCER EARLY DETECTION PROGRAMS	93.919	1320559	33,660	17,340	-
ASSISTANCE PROGRAMS FOR CHRONIC DISEASE PREVENTION AND CONTROL INJURY PREVENTION AND CONTROL RESEARCH AND STATE AND COMMUNITY BASED PROGRAMS	93.945	1261671	71,962	-	-
HIV PREVENTION ACTIVITIES - HEALTH DEPARTMENT BASED	93.136	117583C	3,284	-	-
STATE AND LOCAL PUBLIC HEALTH ACTIONS TO PREVENT OBESITY, DIABETES, HEART DISEASE, AND STROKE (PPHF)	93.940	1311981	2,000	-	-
PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT FUNDED SOLELY WITH PREVENTION AND PUBLIC HEALTH FUNDS (PPHF)	93.757	1332685	32,551	-	-
PREVENTIVE HEALTH SERVICES - SEXUALLY TRANSMITTED DISEASES CONTROL GRANTS	93.758	1261550	30,991	-	-
	93.977	1311462	510	-	-
<u>HEALTH RESOURCES AND SERVICE ADMINISTRATION</u>					
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	86,413	64,818	-
<u>OFFICE OF POPULATION AFFAIRS</u>					
PASSED THROUGH N.C. DEPT OF HEALTH AND HUMAN SERVICES:					
OFFICE OF POPULATION AFFAIRS:					
FAMILY PLANNING SERVICES	93.217	13A1592	71,020	-	-
<u>ADMINISTRATION ON AGING</u>					
PASSED THROUGH PIEDMONT TRIAD REGIONAL COUNCIL:					
AGING CLUSTER:					
SPECIAL PROGRAMS FOR AGING, TITLE III-B					
GRANTS FOR SUPPORTIVE SERVICES AND SENIOR CENTERS	93.044	GO35	127,697	67,876	19,747
SPECIAL PROGRAMS FOR AGING, TITLE III, PART C, NUTRITION SERVICES CONGREGATE MEALS	93.045	GO35	154,543	9,098	-
SPECIAL PROGRAMS FOR AGING, TITLE III, PART C, NUTRITION SERVICES HOME DELIVERED MEALS	93.045	GO35	61,885	110,352	-
NUTRITION SERVICES INCENTIVE PROGRAM	93.053	GO35	67,523	-	-
TOTAL AGING CLUSTER			411,648	187,326	19,747
SOCIAL SERVICES BLOCK GRANT - IN HOME SERVICES	93.667	GO35	36,993	1,035	9,272
<u>U. S. DEPT. OF HEALTH AND HUMAN SERVICES (CONTINUED)</u>					
<u>CENTERS OF MEDICARE AND MEDICAID SERVICES</u>					
PASSED THROUGH N.C. DEPT. OF HEALTH AND HUMAN SERVICES:					
DIVISION OF MEDICAL ASSISTANCE:					
MEDICAID CLUSTER:					
DIRECT BENEFIT PAYMENTS:					
MEDICAL ASSISTANCE PROGRAM	93.778	14445-1310	131,854,557	70,758,441	-
ADMINISTRATION:					
MEDICAL ASSISTANCE PROGRAM - ADMIN	93.778	14445-1310	1,999,379	-	-
MEDICAL ASSISTANCE PROGRAM - ADMIN	93.778	14445-1310	51,815	-	-
MEDICAL ASSISTANCE PROGRAM	93.778	14445-1310	41,177	-	-
MEDICAL ASSISTANCE PROGRAM	93.778	14445-1310	15,949	7,610	-
TOTAL MEDICAID CLUSTER			133,962,877	70,766,051	-
CHILDREN'S HEALTH INSURANCE PROGRAM - ADMIN	93.767	14446-1101	48,522	1,161	-
CHILDREN'S HEALTH INSURANCE PROGRAM - DIRECT BENEFIT	93.767	14446-1101	3,532,914	173,627	-
TOTAL U.S. DEPT. OF HEALTH AND HUMAN SERVICES			149,070,577	72,755,797	29,019
<u>U.S. DEPT. OF JUSTICE</u>					
DIRECT PROGRAM:					
EQUITABLE SHARING PROGRAM	16.922	NC029000	51,815	-	-
<u>INSTITUTE OF MUSEUM AND LIBRARY SCIENCES</u>					
PASSED THROUGH N.C. DEPT OF CULTURAL AND NATURAL RESOURCES					
DIVISION OF STATE LIBRARY:					
GRANTS TO STATES - EZ EDGE TECHNOLOGY GRANT	45.310	LS-00-15-0034-15	5,000	-	-
GRANTS TO STATES - EVERGREEN CONFERENCE GRANT	45.310	LS-00-15-0034-15	750	-	-
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SCIENCES			5,750	-	-
TOTAL FEDERAL AWARDS			155,937,387	73,044,500	29,019
STATE AWARDS:					
<u>N.C. DEPT. OF HEALTH AND HUMAN SERVICES</u>					
DIVISION OF PUBLIC HEALTH:					
OTHER RECEIPTS / STATE SUPPORTED EXPENDITURES					
PUBLIC HEALTH NURSING	N/A	1161430		800	-
GENERAL COMMUNICABLE DISEASE CONTROL	N/A	1175451		3,806	-

**DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE AWARDS
Year Ended June 30, 2016**

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 (CONTINUED):					
FOOD AND LODGING FEES	N/A	1153475		35,605	-
GENERAL AID TO COUNTIES	N/A	1161411		147,485	-
SCHOOL NURSE FUNDING INITIATIVE	N/A	1332535		400,000	-
TUBERCULOSIS	N/A	1460455		29,899	-
WOMEN'S HEALTH SERVICE FUND	N/A	13A1601		30,503	-
SPAY/NEUTER PROGRAM	N/A	2015-2016		6,956	-
TB MEDICAL SERVICE	N/A	1460455		787	-
CHILD HEALTH	N/A	1271574		872	-
HMHC - FAMILY PLANNING	N/A	13A5735		5,708	-
MATERNAL HEALTH (HMHC)	N/A	13A1574		21,284	-
HIV/STD SSBG AID	N/A	1311453		12,500	-
SEXUALLY TRANSMITTED DISEASES	N/A	1311460		1,908	-
DIVISION OF SOCIAL SERVICES:					
DIRECT BENEFIT PAYMENTS:					
SC/SA DOMICILIARY CARE	N/A	2016		937,961	-
CWS ADOPT SUBSIDY	N/A	14440-1140		817,879	-
SFHF MAXIMIZATION	N/A	14440-1140		213,418	-
STATE FOSTER HOME	N/A	14440-1140		116,155	-
ADMIN:					
ENERGY ASSIST PRIVATE GRANT - SHARE THE WARMTH	N/A	2016		5,663	-
AFDC INCENT/PROGRAM INTEGRITY	N/A	2016		(2,635)	-
DIVISION OF AGING AND ADULT SERVICES:					
PASSED THROUGH PIEDMONT TRIAD					
REGIONAL COUNCIL:					
IN-HOME SERVICES - STATE FUNDS 90%	N/A	GO35		352,958	86,061
IN-HOME SERVICES - CAREGIVER MATCH	N/A	GO35		21,258	5,183
SENIOR CENTER GENERAL PURPOSE	N/A	GO35		22,800	-
TOTAL N.C. DEPT. OF HEALTH AND HUMAN SERVICES				3,183,570	91,244
<u>N.C. DEPT. OF CULTURAL AND NATURAL RESOURCES</u>					
DIVISION OF STATE LIBRARY:					
AID TO PUBLIC LIBRARIES	N/A	14800-1480		186,015	-
<u>N.C. DEPT. OF COMMERCE:</u>					
DIVISION OF RURAL DEVELOPMENT:					
BUILDING REUSE GRANT	N/A	2015-003-3201-2538		245,462	-
<u>N.C. DEPT. OF ENVIRONMENTAL QUALITY</u>					
TECHNICAL ASSISTANCE	N/A	G40100289915SWC		26,629	-
CWRAR GRANT	N/A	5944		25,183	-
TOTAL N.C. DEPT. OF ENVIRONMENTAL QUALITY				51,812	-
<u>N.C. DEPT. OF MILITARY AND VETERAN AFFAIRS</u>					
COMMUNITY GRANT PROGRAM	N/A	23050-2228		1,907	-
<u>N.C. DEPT. OF TRANSPORTATION</u>					
PUBLIC TRANSPORTATION DIVISION:					
RURAL OPERATING ASSISTANCE PROGRAM (ROAP) CLUSTER:					
ROAP ELDERLY AND DISABLED TRANSPORTATION	N/A	36220.10.6.1		102,567	-
ROAP RURAL GENERAL PUBLIC TRANSPORTATION	N/A	36228.22.6.1		94,334	-
ROAP WORKFIRST	N/A	36236.11.5.1		39,296	-
TOTAL ROAP CLUSTER				236,197	-
TOTAL N.C. DEPT. OF TRANSPORTATION				236,197	-
<u>N.C. DEPT. OF PUBLIC INSTRUCTION</u>					
PUBLIC SCHOOL BUILDING CAPITAL FUND- LOTTERY FUND	N/A	290		2,110,142	460,682
<u>N.C. OFFICE OF JUVENILE JUSTICE</u>					
JUVENILE JUSTICE AND DELINQUENCY PREVENTION	N/A	429		478,202	462,702
TOTAL STATE AWARDS				6,493,307	1,014,628
TOTAL FEDERAL AND STATE AWARDS				\$ 155,937,387	\$ 79,537,807
					\$ 1,043,647

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Note 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, 2016. 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 financial position, changes in net position or cash flows of Davidson County.

Note 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 minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: 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 and Adoption