



DURHAM COUNTY, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL
AND STATE AWARDS**

For the Year Ended June 30, 2016

And Report on Compliance and Internal Control

DURHAM COUNTY, NORTH CAROLINA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2016

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**Report of Independent Auditor on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Board of County Commissioners
Durham County, 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 Durham County, North Carolina (the "County"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 31, 2016. Our report includes a reference to other auditors, who audited the financial statements of the Durham County ABC Board (the "Board"), as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Board were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County'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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the 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.

A handwritten signature in black ink that reads "Cherry Bokant CP". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
October 31, 2016

**Report of Independent Auditor on Compliance for Each Major Federal Program
and on Internal Control over Compliance In Accordance with
OMB Uniform Guidance and the State Single Audit Implementation Act**

Board of County Commissioners
Durham County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Durham County, North Carolina (the "County"), compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2016. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-001, 2016-0002, 2016-003, 2016-004, 2016-005, and 2016-006. Our opinion on each major federal program is not modified with respect to these matters.

Durham County's Response to Findings

The County's responses to the noncompliance findings identified in our audit are described in the accompanying, schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002 that we consider to be significant deficiencies.

Durham County's Response to Findings

The County's responses to the internal control over compliance finding identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on them.

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

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 the County as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated October 31, 2016, which contained an unmodified opinion on those financial statements. We did not audit the financial statements of the Durham County ABC Board (the "Board"). Those financial statements were audited by other auditors whose reports thereon have been furnished to us and our opinion, insofar as it relates to the amounts for the Board, is based solely on the reports of the other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal and State awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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 basic financial statements taken as a whole.

Purpose of this Report

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

A handwritten signature in black ink that reads "Cheryl Berkant CP". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
October 31, 2016

**Report of Independent Auditor on Compliance with Requirements Applicable to Each
Major State Program and Internal Control over Compliance in Accordance
with OMB Uniform Guidance and the State Single Audit Implementation Act**

Board of County Commissioners
Durham County, North Carolina

Report on Compliance for Each Major State Program

We have audited Durham County, North Carolina (the “County”), compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the County’s major State programs for the year ended June 30, 2016. The County’s major State programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the County’s major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of Title 2 U.S. Code of Federal Regulations (“CFR”) 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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the County’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State program. However, our audit does not provide a legal determination on the County’s compliance.

Opinion on Each Major State Programs

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with applicable sections of the Uniform Guidance as described in the *Audit Manual for Governmental Auditors in North Carolina* and which are described in the accompanying schedule of findings and questioned costs as items 2016-001, 2016-002, 2016-003, 2016-004, 2016-005, and 2016-006. Our opinion on each major State program is not modified with respect to these matters.

Durham County's Response to Findings

The County's responses to the noncompliance findings identified in our audit are described in the accompanying, schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major State program to determine the 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 the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2016-001, 2016-002, and 2016-007 that we consider to be significant deficiencies.

Durham County's Response to Findings

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

Report on 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 the County as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated October 31, 2016, which contained an unmodified opinion on those financial statements. We did not audit the financial statements of the Durham County ABC Board (the "Board"). Those financial statements were audited by other auditors whose reports thereon have been furnished to us and our opinion, insofar as it relates to the amounts for the Board, is based solely on the reports of the other auditors. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal and State awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the 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 basic financial statements taken as a whole.

Purpose of this Report

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



Raleigh, North Carolina
October 31, 2016

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes no
- Noncompliance material to Financial Statements noted? yes no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes no
- Noncompliance material to federal awards? yes no

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 no

Identification of major federal programs:

<u>CFDA#</u>	<u>Program/Cluster Name</u>
93.778	Medical Assistance Program (Medicaid; Title XIX)
93.767	Children’s Health Insurance Program (CHIP)
93.568	Low-Income Home Energy Assistance
93.558	Temporary Assistance for Needy Families (TANF)

Dollar threshold used to distinguish between Type A and Type B Programs yes no
\$ 3,000,000

Auditee qualified as low-risk auditee yes no

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

State Awards

Internal control over major State programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes no
- Noncompliance material to State awards? yes no

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 no

Identification of major State programs:

Program Name

- Medical Assistance
- Health Choice

**SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO THE
AUDIT OF FEDERAL AND STATE AWARDS**

II – Financial Statement Findings

None

III – Federal Award Findings and Questioned Costs

U.S. Department of Health and Human Services
Passed through N.C. Department of Health and Human Services, Division of Social Services
Program Name: Children's Health Insurance Program (CHIP)
CFDA#: 93.767

Finding 2016-001
Significant Deficiency / Nonmaterial Noncompliance – Eligibility (Federal and State)

Criteria or specific requirement: An applicant must always meet the criteria as listed in MA-3230, Eligibility of Individuals under Age 21 in order to be eligible for the Children's Health Insurance Program.

Condition: Out of the 60 case files selected for testing, there was one instance in which there was not a redetermination completed or documented in the file.

Context: Selected 60 case files for testing.

Questioned Costs: \$2,592 which includes all claims during the current year for the case noted above.

DURHAM COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

Effect: By not completing the required redetermination, eligibility cannot be readily substantiated and there is a risk that the County could have provided benefits to individuals who are not eligible. The participant of the Children's Health Insurance Program could have potentially been receiving benefits when they were ineligible.

Cause: The redetermination was not completed in a timely manner and kept in the case file.

Recommendation: Durham County should revise the review process to ensure redeterminations are completed in a timely manner and properly documented and maintained in the case file.

Views of responsible officials: Management agrees with the findings.

U.S. Department of Health and Human Services
Passed through N.C. Department of Health and Human Services, Division of Social Services
Program Name: Children's Health Insurance Program (CHIP)
CFDA#: 93.767

Finding 2016-002

Significant Deficiency / Nonmaterial Noncompliance – Eligibility (Federal and State)

Criteria or specific requirement: In accordance with Family and Children's Medicaid Policy Manual Chapter 3255, with the exception of federally recognized Indian tribes and Alaskan natives, families with countable income greater than 159%, but less than 211% of the federal poverty level, must pay an annual enrollment fee of \$50.00 per child, not to exceed \$100.00 per family.

Condition: Out of the 60 case files selected for testing, there were 36 cases where participants were placed into a program that required an enrollment fee to be paid. Durham County has elected to waive the applicable enrollment fees on behalf of the participants and pay the fees from County funds. In order to cover the applicable enrollment fees Durham County should have made adjustments to their 1571 reports throughout the year. However, during the current year these adjustments were not made and the enrollment fees were not paid.

Context: Selected 60 case files for testing.

Questioned Costs: Questioned costs could not be determined as of the date of the report.

Effect: By not adjusting the 1571 reports, the applicable enrollment fees have not been covered by the County.

Cause: Durham County has chosen to waive the Children's Health Insurance Program enrollment fees on behalf of the participant and cover the fees themselves. These enrollment fees should then be adjusted on the 1571 reports; however, during the current year that adjustment was not made.

Recommendation: Durham County should revise their review processes to ensure any applicable enrollment fees are properly adjusted on the 1571 reports and that payment is documented for each applicable case.

Views of responsible officials: Management agrees with the findings.

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

U.S. Department of Health and Human Services
Passed-through N.C. Department of Health and Human Services, Division of Social Services
Program Name: Temporary Assistance for Needy Families (TANF)
CFDA # 93.558

Finding 2016-003
Nonmaterial Noncompliance (Federal) – Special Tests and Provisions
Nonmaterial Noncompliance (State) – Special Tests and Provisions

Criteria: The ongoing assessment process as outlined in Section 117 in the Work First Manual will continue throughout the life of the employment case, and the DSS-5298 form should be reviewed and/or updated at least every three months in coordination with the quarterly update to the Mutual Responsibility Agreement-Plan of Action/ Outcome Plan.

Condition: Out of the 40 case files selected for testing, there were eight instances in which an updated DSS-5298 Family Assessment of Strengths and Needs could not be located in the case file.

Context: Selected 40 case files for testing.

Questioned costs: None. The County was able to be substantiated that all were eligible to receive TANF benefits.

Effect: The County does not have the information necessary to correctly assess the skills and employability of the individual.

Cause: Case worker oversight.

Recommendation: Although these issues will occur from time to time considering the volume of case files that the County processes and maintains, it is recommended that procedures are in place to verify that all required documentation is obtained, recorded, and updated appropriately.

Views of responsible officials: Management agrees with the findings.

U.S. Department of Health and Human Services
Passed-through the N.C. Dept. of Health and Human Services
Division of Social Services:
Program Name: Temporary Assistance for Needy Families (TANF)
CFDA # 93.558

Finding 2016-004 (Repeat Finding)

Nonmaterial Noncompliance (Federal) – Special Tests and Provisions
Nonmaterial Noncompliance (State) – Special Tests and Provisions

Criteria: In accordance with the State's Work Verification Plan, work activity hours are entered in the NC FAST System by County workers.

Condition: Out of the 40 case files selected for testing, there were sixteen instances in which participation hours were not keyed into the NC FAST system.

Context: Selected 40 case files for testing.

DURHAM COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

Questioned costs: None. The County was able to be substantiated that all were eligible to receive TANF benefits.

Effect: The actual participation hours per the case file notes do not agree to the hours keyed into the NC FAST System. As a result, the time reported to the State is inaccurate.

Cause: Case worker oversight.

Recommendation: We recommend that Durham County adhere to policies in place to ensure that participation hours per the notes in the case file are keyed into the NC FAST System.

Views of responsible officials: Management agrees with the findings.

U.S. Department of Health and Human Services
Passed-through the N.C. Dept. of Health and Human Services
Division of Social Services:
Program Name: Temporary Assistance for Needy Families (TANF)
CFDA # 93.558

Finding 2016-005
Nonmaterial Noncompliance (Federal) – Special Tests and Provisions
Nonmaterial Noncompliance (State) – Special Tests and Provisions

Criteria: Work Eligible Individuals must sign the Mutual Responsibility Agreement Plan of Action (“MRA”) also known as an Outcome Plan. In accordance with Section 117 in the Work First Manual, at a minimum, the MRA Plan of Action should be updated every 12 weeks, although more frequent ongoing contact, evaluation of progress, assistance with any family issues, and communication with families is encouraged. Case workers should update MRA’s on a case-by-case basis depending on each family’s individual circumstances. The caseworker will update the MRA at different times and frequencies with different families.

Condition: Out of 40 case files selected for testing, there were three instances in which an updated MRA Plan of Action was not included in the case file that covered the time period sampled.

Context: 40 case files were selected for testing.

Questioned costs: None. The County was able to be substantiated that all were eligible to receive TANF benefits.

Effect: Failed to update MRA’s at frequencies based on the individual family circumstances.

Cause: Case worker oversight.

Recommendation: Although these issues will occur from time to time considering the volume of case files that the County processes and maintains, it is recommended that procedures are in place to verify that all required documentation is obtained, recorded, and updated appropriately.

Views of responsible officials: Management agrees with the findings.

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

U.S. Department of Health and Human Services
Passed-through the N.C. Dept. of Health and Human Services
Division of Social Services:
Program Name: Temporary Assistance for Needy Families (TANF)
CFDA # 93.558

Finding 2016-006
Nonmaterial Noncompliance (Federal) – Special Tests and Provisions
Nonmaterial Noncompliance (State) – Special Tests and Provisions

Criteria: When parents do not comply with their MRA and/or Outcome Plan during a month, their cash benefits will not be released for that month.

Condition: Out of 40 case files selected for testing, there were two instances in which the participant failed to meet their required hours of work activities and the benefit payment was not withheld. Upon examination of each of the case files, the County was not able to substantiate that these clients were eligible to receive TANF benefits.

Context: 40 case files were selected for testing.

Questioned costs: \$291 which is the sum of the benefits paid in the applicable month for the two instances noted above.

Effect: The clients failed to meet the participation hour requirements and therefore, the County provided funding to individuals who were not eligible.

Cause: Worker oversight.

Recommendation: We recommend that Durham County adhere to policies in place to ensure that participation hours are adequately supported in the case files.

Views of responsible officials: Management agrees with the findings.

IV – State Award Findings and Questioned Costs

U.S. Department of Health and Human Services
DSS Crosscutting

Finding 2016-007 (Repeat Finding)
Significant Deficiency – Allowable Costs/Costs Principles and Reporting

Criteria: Employee daysheets should agree to the monthly Percentage of Time Report submitted to the State.

Condition: We noted one instance in which the employee's daysheet for a month chosen did not agree to the Percentage of Time Report submitted for that month.

Context: Out of 60 daysheets tested, we noted one instance in which the employee's daysheet did not agree to the Percentage of Time Report.

Effect: By the daysheets not agreeing to the Percentage of Time Report, the time reported to the State is inaccurate.

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

Cause: At the point of uploading the daysheet information to the state system there was an error causing some information to not be uploaded correctly.

Recommendation: We recommend that Durham County adhere to policies in place to ensure that daysheets agree to the Percentage of Time Report submitted to the State.

Views of responsible officials: Management agrees with the findings.

SECTION III – SCHEDULE OF CORRECTIVE ACTION PLANS

II – Financial Statement Findings

None

III – Federal Award Findings and Questioned Costs

Finding 2016-001

Significant Deficiency / Nonmaterial Noncompliance – Eligibility (Federal and State)

Name of contact person: Rhonda Stevens.

Corrective action: Durham County Department of Social Services will ensure that all staff members who process recertifications for Work First benefits receive a refresher training on completion time frames. In addition, Durham County will review our business processes on redeterminations and incorporate revisions/additional internal controls deemed necessary to ensure redeterminations are completed in a timely manner and properly documented and maintained in the case file.

Proposed completion date: December 1, 2016

Finding 2016-002

Significant Deficiency / Nonmaterial Noncompliance – Eligibility (Federal and State)

Name of contact person: Richard Stegenga

Corrective action: Durham County is reevaluating our review processes and will include business processes/additional internal controls where appropriate to ensure any applicable enrollment fees are properly adjusted on the 1571 reports and that payment is documented for each applicable case. Durham County is currently working with the State agency to determine if a new report can be generated that will allow for NC FAST to provide the necessary data to generate fee information and develop a report in a State data warehouse.

Proposed completion date: Reevaluating our review processes, November 2016; Conclude process with the state; January 3, 2017; If the State is unable to provide data/new report, implementation of additional controls – on or about February 1, 2016.

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

Finding 2016-003

Nonmaterial Noncompliance (Federal) – Special Tests and Provisions

Nonmaterial Noncompliance (State) – Special Tests and Provisions

Name of contact person: Rhonda Stevens

Corrective action: Durham County Department of Social Services will ensure that all staff members who process recertifications for Work First benefits receive a refresher training on completion time frames. Although these issues will occur from time to time considering the volume of case files that the County processes and maintains, Durham County will reassess our business process/internal controls and amend accordingly to strengthen the procedures that are in place to verify that all required documentation is obtained, recorded, and updated appropriately.

Proposed completion date: December 1, 2016

Finding 2016-004

Nonmaterial Noncompliance (Federal) – Special Tests and Provisions

Nonmaterial Noncompliance (State) – Special Tests and Provisions

Name of contact person: Rhonda Stevens

Corrective action: Durham County Department of Social Services will ensure that all staff members who process Work First benefits will be retrained on the appropriate location to key information related to participation hours. Durham County was tracking these hours; however, they were in a system other than NC FAST. Going forward, Durham County will adhere to policies in place to ensure that participation hours per the notes in the case file are keyed into the NC FAST System as per State requirements.

Proposed completion date: December 1, 2016

Finding 2016-005

Nonmaterial Noncompliance (Federal) – Special Tests and Provisions

Nonmaterial Noncompliance (State) – Special Tests and Provisions

Name of contact person: Rhonda Stevens

Corrective action: Durham County Department of Social Services will ensure that all staff members who process recertifications for Work First benefits receive a refresher training on completion time frames. In addition, Durham County will reassess the business processes/internal controls and amend accordingly to ensure that sufficient procedures are in place to verify that all required documentation is obtained, recorded, and updated appropriately.

Proposed completion date: December 1, 2016

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

Finding 2016-006

Nonmaterial Noncompliance (Federal) – Special Tests and Provisions

Nonmaterial Noncompliance (State) – Special Tests and Provisions

Name of contact person: Rhonda Stevens

Corrective action: Durham County Department of Social Services will ensure that all staff members who process recertifications for Work First benefits receive a refresher training on completion time frames. Durham County will adhere to policies in place to ensure that participation hours are adequately supported in the case files. Durham County will also reassess our business processes/internal controls and amend where possible to further strengthen our policies in place.

Proposed completion date: December 1, 2016

IV – State Award Findings and Questioned Costs

Finding 2016-007

Significant Deficiency – Allowable Costs/Costs Principles and Reporting

Name of contact person: Richard Stegenga, Business Officer

Corrective action: Supervisory staff will be provided with a tool that will remind them of all the elements that should be reviewed when approving daysheets. This tool will be provided once to supervisors in hardcopy, posted on the Department's intranet site and provided monthly in the existing email that reminds staff about the Daysheet completion deadlines. In addition, Durham County will reassess our business processes/internal controls and amend where appropriate to further ensure adherence to policies in place that daysheets agree to the Percentage of Time Report submitted to the State.

Supervisors who have a pattern of noncompliance with Daysheet protocols may be subject to disciplinary action in accordance with the County's progressive discipline policy.

Proposed completion date: December 1, 2016.

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

II – Financial Statement Findings

Significant Deficiency
Finding 2015-001

Status: Corrected

III – Federal Award Findings and Questioned Costs

Nonmaterial Noncompliance
Finding 2015-002

Status: Corrected

Nonmaterial Noncompliance
Finding 2015-003

Status: Corrected

Nonmaterial Noncompliance
Finding 2015-004

Status: Corrected

Significant Deficiency
Finding 2015-005

Status: Corrected

IV – State Award Findings and Questioned Costs

Nonmaterial Noncompliance
Finding 2015-006

Status: Uncorrected

Significant Deficiency
Finding 2015-007

Status: Uncorrected

Nonmaterial Noncompliance
Finding 2015-008

Status: Corrected

DURHAM 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	PASS-THROUGH SUBRECEIPIENT'S NUMBER	FEDERAL (DIRECT & PASS-THROUGH) EXPENDITURES	STATE EXPENDITURES	PASS-THROUGH TO SUBRECEIPIENTS
FEDERAL AWARDS					
<u>U.S. Dept. of Agriculture</u>					
<u>Food and Nutrition Service</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Administration:					
Food Stamp Cluster					
Food Stamp Administration	10.561	NONE	\$ 2,916,560	-	-
<u>Food and Nutrition Service</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Administration:					
Food Nutrition Administration	10.551	NONE	671,610	-	-
Total Food Stamp Cluster			<u>3,588,170</u>		
Summer Food Service Program for Children	10.559		9,631	-	-
Total Nutrition Cluster			<u>9,631</u>		
Division of Aging:					
Special Programs for the Aging - Title III-C	93.045	NONE	52,534	-	-
Nutrition Services Incentive Program(NSIP)	93.053	NONE	497,146	-	-
Passed-through the N.C. Dept. of Agriculture					
Food Distribution Division	10.565	NONE	16,646	-	-
			<u>16,646</u>	-	-
Total U.S. Dept. of Agriculture			<u>4,164,127</u>	-	-

DURHAM COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2016

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH SUBRECIPIENT'S NUMBER	FEDERAL (DIRECT & PASS-THROUGH) EXPENDITURES	STATE EXPENDITURES	PASS-THROUGH TO SUBRECIPIENTS
U.S. Dept. of Justice					
<u>Bureau of Justice Assistance</u>					
Passed-through the N.C. Dept. of Public Safety:					
National Asset Seizure Forfeiture Program	16.000	NONE	\$ 27,741	\$ -	\$ -
Office of Justice Programs:	16.203	NONE	42,102	-	-
Juvenile Diversion Program	16.540		-	-	-
Bulletproof Vest Partnership Program	16.607		-	-	-
Sex Offender Smart	16.203	2012-AW-BX-	-	-	31,998
ReEntry Partnership	16.203	2015-DJ-BX-1076	-	-	28,113
State Criminal Alien Assistance Program	16.606	NONE	58,285	-	60,111
Edward Byrne Memorial Justice Assistance Grant	16.738	2015-DJ-BX-2632	142,255	-	74,640
Total U.S. Dept. of Justice			270,383	-	134,751
U.S. Dept. of Housing and Urban Development					
Passed-through the N.C. Housing Finance Agency:					
HOME Investment Partnerships Program	14.239	NONE	84,955	-	-
Passed-through the Department of Commerce:					
Community Development Block Grant	14.228	NONE	554,493	-	-
Total U.S. Dept. of Housing and Urban Development			639,448	-	-
U.S. Dept. of Transportation					
Passed-through the N.C. Dept. of Transportation					
Division of Public Transportation					
Capital Assistance Program	20.513	NONE	116,581	-	-
Community Transportation	20.509	NONE	32,608	132,248	-
Total U.S. Dept. of Transportation			149,189	132,248	-

DURHAM COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2016

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH SUBRECIPIENT'S NUMBER	FEDERAL (DIRECT & PASS-THROUGH) EXPENDITURES	STATE EXPENDITURES	PASS-THROUGH TO SUBRECIPIENTS
U.S. Dept. of Health & Human Services					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Public Health Emergency Preparedness	93.069	12642680EW32 1460272ANF32 1460272BNF32	\$ 77,834	\$ -	\$ -
CDC Tuberculosis Project	93.116	146045510032 1331623CVJ32 1331623DVJ32 1331625CVL32 1331625DVL32	-	125,217	-
CDC Immunization	93.268	1331631CEJ32 1320310DEK32	45,346	-	-
Comprehensive Breast and Cervical Cancer Early Detection Program	93.919	132055990032 13114541RQ32 13114541RR32 13114536RQ32 13114536RR32 1311981DHV32	26,520	-	-
HIV Prevention Activities - Health Department Based	93.940	1311981EHV32 1311462BNB32	208,203	96,574	-
Preventive Health Service STD Control Grant	93.977	1311462CNB32	4,787	47,230	-
			<u>362,690</u>	<u>269,021</u>	<u>-</u>
Administration of Children and Families:					
Division of Social Services:					
Temporary Assistance for Needy Families	93.558	13A15151T232	32,902	-	-
Refugee Health Assessments	93.576		21,375	-	-
			<u>54,277</u>	<u>-</u>	<u>-</u>

See notes to Schedule of Expenditures of Federal and State Awards.

DURHAM COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2016

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH SUBRECIPIENT'S NUMBER	FEDERAL (DIRECT & PASS-THROUGH) EXPENDITURES	STATE EXPENDITURES	PASS-THROUGH TO SUBRECIPIENTS
Health Resources and Service Administration:					
Division of Public Health:					
		13A15735AP32			
		13A157350032			
Family Planning Services	93.217	13A1592DFP32	\$ 152,029	\$ 4,463	\$ -
Preventive Health Services Block Grant	93.991	12615503PF32	969	19,046	-
		13A15740AP32			
Maternal Health	93.994	13A151070032	156,652	-	-
MCH Block Gr	93.994	13A15740AP32	283,641	-	-
		12715318AP32			
	93.994	12715351AP32	78,432	-	-
		12715745AP32			
	93.994	1271574500032	19,771	-	-
			691,494	23,509	-
Passed-through the National Association of County and City Health Officials					
Office of Centers for Disease Control and Prevention:					
National Public Health Improvement Initiative	93.292	NONE	3,375	-	-
Passed-through Duke University:					
Division of Medical Assistance:					
Medical Assistance Program	93.778	NONE	786,774	303,545	-
Centers for Medicare and Medicaid Services					
Health Care Innovation Awards	93.610	NONE	606,715	-	-
Total Public Health			2,505,325	596,075	-

DURHAM COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2016

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH SUBRECIPIENT'S NUMBER	FEDERAL (DIRECT & PASS-THROUGH) EXPENDITURES	STATE EXPENDITURES	PASS-THROUGH TO SUBRECIPIENTS
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:					
<u>Foster Care and Adoption Cluster:</u>					
CWS Adopt Subsidy - Direct Benefit Payment	93.659	NONE	\$ -	\$ 661,824	\$ -
Title IV E Adopt Assistance - Direct Benefit Payment	93.659	NONE	947,998	226,179	-
IV-E CPS	93.658	NONE	434,014	208,897	-
IV-E Optional	93.659	NONE	1,138	-	-
IV E Foster Care	93.658	NONE	534,999	-	-
Adoption/Guardianship	93.558	G1602NCTANF	108,000	-	-
Total Foster Care and Adoption Cluster			2,026,149	1,096,899	-
TANF - Direct Benefit Payments	93.558	G1602NCTANF	947,230	-	-
Work First Administration	93.558	G1602NCTANF	577,559	-	-
Work First Service	93.558	G1602NCTANF	2,139,090	-	-
Special Children Adoption	93.558	G1602NCTANF	37,183	-	-
Title IV D - Child Support Enforcement	93.563	NONE	2,919,742	-	-
Refugee Assistance	93.566	1370810B7J32	21,323	-	-
Low Income Energy Administration	93.568	G16B1NCLIEA	177,876	-	-
Low Income Home Energy Assistance Program	93.568	G16B1NCLIEA	808,400	-	-
Crisis Intervention	93.568	G16B1NCLIEA	1,048,608	-	-
Refugee Assistance Payments - Direct Benefit Payment	93.566	NONE			
Day Care Coordinator	93.596	NONE	669,358	-	-
Permanency Planning - Child Welfare Services	93.645	G1501NCCWSS	76,221	-	-
SSBG - Other Service and Training	93.667	G1601NCSOSR	1,245,592	138,098	-
Independent Living - (LINK)	93.674	G1501NCCILP	47,504	9,591	-

DURHAM COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2016

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH SUBRECEIPIENT'S NUMBER	FEDERAL (DIRECT & PASS-THROUGH) EXPENDITURES	STATE EXPENDITURES	PASS-THROUGH TO SUBRECEIPIENTS
Division of Aging:					
SSBG - In Home Service Fund	93.667	G1601NCSOSR	\$ 104,845	\$ -	\$ -
SSBG - Adult Day Care	93.667	G1601NCSOSR	92,638	85,931	-
Sub-Total Aging Division			10,913,171	233,620	-
Division of Child Development:					
<u>Subsidized Child Care Cluster</u>					
Child Care and Development Fund - Discretionary	93.575	NONE	7,593,798	-	-
Child Care and Development Fund - Mandatory	93.596	NONE	2,590,995	-	-
Child Care and Development Fund - Match	93.596	NONE	912,254	-	-
Total Subsidized Child Care Cluster			11,097,047	-	-
Temporary Assistance for Needy Families TANF - State	93.558	G1602NCTANF G1602NCTANF	2,288,778 -	- 2,221,138	- -
Total Subsidized Child Care Cluster			13,385,825	2,221,138	-
IV-E Foster Care	93.575	NONE	158,810	81,339	-
Total Child Development			13,544,635	2,302,477	-
Total Administration for Children and Families			26,483,955	3,632,996	-

DURHAM COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2016

<u>GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH SUBRECIPIENT'S NUMBER</u>	<u>FEDERAL (DIRECT & PASS-THROUGH) EXPENDITURES</u>	<u>STATE EXPENDITURES</u>	<u>PASS-THROUGH TO SUBRECIPIENTS</u>
<u>Health Care Financing Administration</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Medical Assistance:					
Direct Benefit Payments:					
Medical Assistance Program	93.778	NONE	\$ 208,218,332	\$ 111,195,397	\$ -
Children Health Insurance Program (CHIPS)	93.767	NONE	5,901,104	280,999	-
Division of Social Services:					
Administration:					
Health Choice	93.767	NONE	371,035	21,842	-
Adult Care Home Case Management	93.778	NONE	187,880	36,260	-
Medical Assistance Administration	93.778	NONE	6,560,308	-	-
Medical Assistance Transportation	93.778	NONE	779,577	4,217	-
Medical Transportation Administration	93.778	NONE	521,114	-	-
State County Special Assistance	93.778	NONE	-	-	-
Medical - At Risk Adults	93.778	NONE	1,087	-	-
Total Division of Medical Assistance			<u>222,540,437</u>	<u>111,538,715</u>	<u>-</u>
Total U.S. Dept. of Health and Human Services			<u>249,024,391</u>	<u>115,171,711</u>	<u>-</u>
Total Federal Awards			<u>256,752,863</u>	<u>115,900,034</u>	<u>-</u>

DURHAM COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2016

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH SUBRECIPIENT'S NUMBER	FEDERAL (DIRECT & PASS-THROUGH) EXPENDITURES	STATE EXPENDITURES	PASS-THROUGH TO SUBRECIPIENTS
STATE AWARDS					
<u>N.C. Dept. of Health and Human Services</u>					
Division of Social Services:					
Domiciliary Care - Direct Benefit Payment		NONE	\$ -	\$ 1,991,272	\$ -
State Foster Home		NONE	-	2,475	-
CPS - State		NONE	-	68,998	-
Child Welfare State in Home Service		NONE	-	104,342	-
Program Integrity		NONE	-	4,100	-
Total Division of Social Services			-	2,171,187	-
Division of Public Health:					
State Aid to Counties		116141100032	-	171,116	-
Women's Health Service		13A16016FR32	-	21,984	-
General Communicable Diseases Control		117545100032	-	22,658	-
Environmental Health		1153475SZ	-	52,536	-
Ebola Monitoring Activities		12642680M832	-	27,312	-
		1261671CPK32			
		1271494BPZ32			
		1332685CPC32			
Community Liaisons for Health		1261671CPK32	-	98,832	-
School Nurse Funding Initiative		133253580032	-	74,181	-
Total Division of Public Health			-	468,620	-

DURHAM COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2016

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH SUBRECIPIENT'S NUMBER	FEDERAL (DIRECT & PASS-THROUGH) EXPENDITURES	STATE EXPENDITURES	PASS-THROUGH TO SUBRECIPIENTS
STATE AWARDS					
N.C. Dept. of Cultural and Natural Resources					
State Aid To Libraries		NONE	\$ -	\$ 240,306	\$ -
N.C. Dept. of Transportation					
Elderly and Disabled Transportation Assistance (E & DTAP)		WBS 36220.10.6.1	-	212,761	224,135
N.C. Dept. of Environmental Quality					
Division of Water Resources-UST:					
Storm Water Education Program		NONE	-	47,610	-
Soil and Water Conservation		NONE	-	25,000	-
		NONE	-	26,629	-
			-	99,239	-
N.C. Division of Child Development					
Passed-through Durham's Partnership for Children:					
Smart Start Initiative		NONE	-	245,047	-
N.C. Dept. of Public Safety					
Juvenile Crime Prevention (OJJ Program)		NONE	-	537,856	535,432
Safe Road Funds		NONE	-	13,864	-
TECS		NONE	-	81,558	-
Total N.C. Dept. of Public Safety			-	633,278	-

DURHAM COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2016

N.C. Dept. of Agriculture & Consumer Services

NC Agriculture Development & Farmland Preservation Trust
 Spray and Neuter Program

	\$	-	\$	-	\$	-
NONE		-	5,990		-	-
		-	5,990		-	-

N.C. Dept. of Public Instruction

Child Nutrition Program

NONE		-	608		-	-
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Office of State Budget and Management

Public School Building Capital Fund

		-	1,978,837		1,978,837	
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Total Other State Awards

		-	6,055,873		-	
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TOTAL FEDERAL AND STATE AWARDS

	\$	256,752,863	\$	121,955,907	\$	2,873,155
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DURHAM COUNTY, NORTH CAROLINA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2016

1. GENERAL

The Schedule of Expenditures and Federal and State Awards (the "Schedule") presents the activities of all Federal and State financial award programs of Durham County, North Carolina (i.e. primary government only). The Durham County, North Carolina (the "County") reporting entity is defined in Note 1 to the County's basic financial statements. All federal and State awards received directly from federal and State agencies as well as Federal and State financial awards passed through other government agencies are included in the Schedule.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal and State Awards is presented using the modified accrual basis of accounting, which is described in the notes to Durham County's basic financial statements. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Durham County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. BENEFIT PAYMENTS ISSUED BY THE STATE

Benefit payment amounts, which were paid directly by the State from Federal and State monies on behalf of the County, have been separately identified and quantified on the Schedule. These direct payments do not appear within the financial statements of the County because these amounts are not revenues and expenditures of the County. County personnel are involved in certain functions, primarily with eligibility determinations that cause benefit payments to be issued by the State.

4. CLUSTER OF PROGRAMS

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care and Foster Care Adoption.

DURHAM COUNTY, NORTH CAROLINA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2016

5. SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE FOR THE CDBG PROGRAM

From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Totals To Date	
Revenues:					
Federal grant					
11-C-2309 Scattered site	\$ 400,000	\$ 145,699	\$ 149,049	\$ 294,748	\$ (105,252)
06-D-2405 Community Development Block Grant	600,000	73,455	405,444	478,899	(121,101)
SFR-10 Single Family Rehabilitation (1)	294,800	273,027	-	273,027	(21,773)
SFR-13 Single Family Rehabilitation	170,000	53,798	84,955	138,753	(31,247)
Interest income	-	2,248	(328)	1,920	1,920
Total revenues	1,464,800	548,227	639,120	1,187,347	(277,453)
Expenditures:					
11-C-2309 Scattered site					
Contracted services	400,000	181,071	121,613	302,684	97,316
06-D-2405 Community Development Block Grant (2)					
Contracted services	599,430	105,667	388,786	494,453	104,977
Advertising	570	463	-	463	107
SFR-10 Single Family Rehabilitation					
Contracted services	294,800	273,027	-	273,027	21,773
SFR-13 Single Family Rehabilitation					
Contracted services	170,000	89,824	46,069	135,893	34,107
	1,464,800	650,052	556,468	1,206,520	258,280
Revenues over (under) expenditures	\$ _____ -	\$ (101,825)	82,652	\$ (19,173)	\$ (19,173)
Fund balance, beginning of year			(48,051)		
Fund balance, end of year			\$ (34,601)		

Notes:

(1)The SFR-10 Single Family Rehabilitation has more than one funding source. This schedule includes the authorization and financial activity for the SFR-10 Single Family Rehabilitation funding only.

(2) The Rougemont Community Water System Project has more than one funding source. This schedule includes the authorization and financial activity for the 06-D-2405 Community Development Block Grant (CDBG) funding only.