

# **DURHAM COUNTY, NORTH CAROLINA**

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

*For the Year Ended June 30, 2017*

*And Report on Compliance and Internal Control*

# DURHAM COUNTY, NORTH CAROLINA

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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, 2017, 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, 2017. 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, appearing to read "Cherry Bokant" followed by a stylized flourish or initials.

Raleigh, North Carolina  
October 31, 2017

**Report of Independent Auditor on Compliance for Each Major Federal Program  
and on Internal Control over Compliance In Accordance with the  
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, 2017. 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, 2017.

**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 item 2017-001. 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 or 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, 2017, 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, 2017, 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.



Raleigh, North Carolina  
October 31, 2017

**Report of Independent Auditor on Compliance with Requirements Applicable to Each Major State Program and on Internal Control over Compliance in Accordance with the 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, 2017. 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, 2017.

**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 2017-001, 2017-002, 2017-003, and 2017-004. 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 item 2017-003 that we consider to be a significant deficiency.

### **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, 2017 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, 2017, 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, 2017

**DURHAM COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED JUNE 30, 2017

**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        X  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_yes        X  no
- Noncompliance material to Financial Statements noted? \_\_\_\_\_yes        X  no

Federal Awards

Internal control over major federal programs:

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

Identification of major federal programs:

<b><u>CFDA#</u></b>	<b><u>Program/Cluster Name</u></b>
93.778	Medical Assistance Program (Medicaid; Title XIX)
93.658	Foster Care and Adoption Cluster
93.563	Child Support Enforcement

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

Auditee qualified as low-risk auditee   X  yes      \_\_\_\_\_no

**DURHAM COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED JUNE 30, 2017

State Awards

Internal control over major State programs:

- Material weakness(es) identified? \_\_\_\_\_yes        X  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_Xyes      \_\_\_\_\_no
- Noncompliance material to State awards? \_\_\_\_\_yes        X  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? \_\_\_\_\_Xyes      \_\_\_\_\_no

Identification of major State programs:

Program Name

- Medical Assistance Program (Medicaid; Title XIX)
- Public School Building Capital Fund
- Foster Care and Adoption Cluster
- Child Support Enforcement

**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: Foster Care and Adoption Cluster**  
**CFDA#: 93.658 and 93.659**

**Finding: 2017-001**  
**Non-material Noncompliance – Eligibility (Federal and State)**

Criteria or Specific Requirement: According to the *North Carolina Division of Social Services, Child Welfare Services, Child Welfare Funding Manual, Section 1500 - Foster Care Funding, Section B, Title IV-E*, eligibility for IV-E must be explored first in that a child is only TEA or State Foster Home Fund ("SFHF") eligible when it has been determined that he is not eligible for IV-E foster care. TEA or SFHF foster care payments may be made while IV-E eligibility is being determined and established, since IV-E is not available until all of the eligibility requirements have been met.

Condition: We noted one instance in which a child was found eligible for Title IV-E funding; however, their funding source was incorrectly coded in the system as SFHF.

# DURHAM COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2017

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Context: Out of 41 cases tested for eligibility, one was found to have an incorrect funding source entered into the system.

Known Questioned Costs: \$2,612.50, which is calculated as the monthly allotment of \$237.50 multiplied by 11 months of services provided.

Effect: Funding for this case was paid from SFHF when it should have been paid from Title IV-E funding.

Cause: Cases are initially coded to SFHF funding in the system and then updated as Title IV-E eligibility is determined. The coding change was overlooked in this instance and not updated within the system.

Recommendation: We recommend that the County implement a process to ensure that funding sources are updated as necessary and properly reviewed.

Views of responsible officials: Management agrees with the finding.

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### IV – State Award Findings and Questioned Costs

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#### N.C. Department of Public Instruction

Program Name: Public School Building Capital Fund

#### Finding 2017-002

#### Non-material Noncompliance –Cash Management

Criteria: The NC Administrative Code (20 NCAC 1C.0402) requires each agency to reconcile its monthly bank statement on the Core Banking System within 15 days of the statement being generated.

Condition: Out of two months selected for testing, one monthly statement which was not reconciled within 15 days of the statement being generated. The September 2016 statement was reconciled 29 days after the statement was generated rather than within the 15 days, 14 days past the due date.

Context: Selected two monthly reconciliations for testing; September 2016 and March 2017.

Known Questioned Costs: None. Finding relates to reporting criteria.

Effect: The County was not in compliance with the NC Administrative Code requirement to reconcile the statement within 15 days.

Cause: This error occurred as a result of inadequate training. The employee previously responsible for this task retired effective June 30, 2016. Before retiring, this employee trained the employee currently in the position for this task. In the training, the employee was not informed of the due date being within 15 days of the statement being generated. The retiring employee also did not provide the Public School Building Capital Fund State Program narrative for program process and controls to the new employee which states the 15 day submission requirement included.

Recommendation: We recommend that the County implement a process to ensure that all reconciliations are completed timely and that responsible parties are identified during times of transition.

Views of responsible officials: Management agrees with the finding.

# **DURHAM COUNTY, NORTH CAROLINA**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

*YEAR ENDED JUNE 30, 2017*

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### **N.C. Department of Health and Human Services DSS Crosscutting**

#### **Finding 2017-003 (Repeat Finding) Significant Deficiency – Allowable Costs/Costs Principles and Reporting**

Criteria: Employee daysheets should be completed timely so all time is included in 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 was not submitted timely and therefore the total time was not reported on the Percentage of Time Report submitted for that month.

Context: Out of 40 daysheets tested, we noted one instance in which the employee's daysheets did not agree to the Percentage of Time Report.

Known Questioned Costs: None. Finding relates to reporting criteria.

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

Cause: At the point of uploading the daysheet information to the State system, the employee's time was not fully entered causing the information uploaded to be incomplete.

Recommendation: We recommend that Durham County adhere to policies in place to ensure that time is entered timely into daysheets for the Percentage of Time Report submitted to the State to be accurate.

Views of responsible officials: Management agrees with the finding.

### **N.C. Department of Health and Human Services DSS Crosscutting**

#### **Finding 2017-004 (Repeat Finding) Non-material Noncompliance – Special Tests and Provisions**

Criteria: As noted in the DSS Services Information System User's Manual, each file for contracts and EPICS claims should contain the proper documentation and be free from errors.

Condition: We noted the following exceptions:

- One instance in which the EPICS claim supporting documentation was incorrect.
- One instance in which a contract did not have a notarized Over Due Tax statement included in the documentation.
- One instance in which a contract did not have a notarized Over Due Tax statement or notarized Conflict of Interest form included in the documentation.

Context: We examined four contracts across all major programs to verify that costs are properly supported on the 1571 as detailed in the DSS Services Information System User's Manual and 25 EPICS claims to ensure that proper supporting documentation was kept on file to support each claim.

Known Questioned Costs: None. Each exception relates to record retention criteria.

Effect: We noted the following effects to the 1571 reporting:

- EPICS claim cannot be readily substantiated and there is a risk that the County could be requesting funding from individuals who were truly eligible.
- Improper documentation within contracts can cause litigation matters and incorrect allocation of costs.

**DURHAM COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

*YEAR ENDED JUNE 30, 2017*

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**Cause:**

- The County agrees that the documentation error was due to human error in typing in the referral date.
- The County agrees that the documentation was unable to be found. The County does have several processes and controls in place which includes a detailed review of all contracts prior to their execution. One contract's executors was not in the county during the time of execution so the Overdue Tax Statement was signed but not notarized, which is required per State guidelines. The documentation could not be found because it was either misplaced or not completed during the time of execution.

**Recommendation:** We recommend the County to continue to train employees to ensure the following:

- Maintain accurate case documentation necessary to substantiate the claim entry into EPICS and review procedures should be reinforced to ensure that information agrees with the case file.
- All contracts include accurate documentation necessary to substantiate the costs associated with the contract and review procedures should be reinforced to ensure that all pertinent information is included.

**Views of responsible officials:** Management agrees with the findings.



**SECTION III – SCHEDULE OF CORRECTIVE ACTION PLANS**

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**II – Financial Statement Findings**

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None

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**III – Federal Award Findings and Questioned Costs**

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**Finding 2017-001**

**Non-material Noncompliance – Eligibility (Federal and State)**

Name of contact person: Jovetta Whitfield

Corrective action: The Department will produce an internal control worksheet for this finding. The department will add an additional internal control that will reconcile the coding of children in care twice a year. The Business Operations Division will provide the PQA 020 report to the program twice a year to do a reconciliation of all children in care and their funding source. This person will review the report with the coding, documentation, and state system to ensure all children are receiving the proper funding source.

Proposed completion date: December 2017. The internal control bi-annual reconciliation process will be done effectively in December and June of each fiscal year.

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**IV – State Award Findings and Questioned Costs**

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**Finding 2017-002**

**Non-material Noncompliance –Cash Management**

Name of contact person: Jessica Brown-Linton

Corrective action: The Compliance Manager will work with the employee responsible for this task and their supervisor educating them on the Public School Building Capital Fund (“PSBCF”) end to end processes and procedures and controls, retraining them on the tasks that are the responsibility of the County and revisiting the PSBCF narrative and updating accordingly.

Proposed completion date: December 31, 2017

**Finding 2017-003**

**Significant Deficiency – Allowable Costs/Costs Principles and Reporting**

Name of contact person: William B. Rose

Corrective action: Due to the repeating nature of this finding, the Department has updated the Day-Sheet program to prevent entries to the Day-Sheet after upload as well as generating a report that will show potential incomplete Day-Sheets. In addition, the Department will produce an internal control worksheet for this finding. The Department will develop an enhanced agency-wide Day-Sheet protocol that will provide written policies regarding completion of the Day-Sheet by the worker as well as

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Equal Employment/Affirmative Action Employer





expectations regarding completion of the Day-Sheet when employee is on leave. This protocol will also address timely certification of Day-Sheet entries and common errors experienced when entering and submitting Day-Sheets. The Department will add an internal control of a weekly supervisor review of the Day-Sheet for each direct report and the supervisor will be required to report their findings in writing to the Program Management. Training regarding enhanced Day-Sheet program was started October, 2017 and will be ongoing.

Proposed completion date: December 31, 2017

**Finding 2017-004**  
**Non-material Noncompliance – Special Tests and Provisions**

Name of contact person: Lynn Thomas and John Kenion

Corrective action: The Department will develop an internal control worksheet for this finding. Due to the incorrect data-entry into the EPICS system, the Department will conduct some additional training regarding data-entry into EPICS to ensure that information agrees with the case file. Regarding the processing of contracts, the Department will develop a thorough review of all forms required for a contract and complete a checklist for each contract to ensure proper documentation is accompanying the contract for processing.

Proposed completion date: January 30, 2018

**DURHAM COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

*YEAR ENDED JUNE 30, 2017*

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**SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

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**II – Financial Statement Findings**

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None

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**III – Federal Award Findings and Questioned Costs**

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**Significant Deficiency / Nonmaterial Noncompliance**  
**Finding 2016-001**

Status: Corrected

**Significant Deficiency / Nonmaterial Noncompliance**  
**Finding 2016-002**

Status: Corrected

**Nonmaterial Noncompliance**  
**Finding 2016-003**

Status: Corrected

**Nonmaterial Noncompliance**  
**Finding 2016-004**

Status: Corrected

**Nonmaterial Noncompliance**  
**Finding 2016-005**

Status: Corrected

**Nonmaterial Noncompliance**  
**Finding 2016-006**

Status: Corrected

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**IV – State Award Findings and Questioned Costs**

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**Significant Deficiency**  
**Finding 2016-007**

Status: Uncorrected

**DURHAM COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

YEAR ENDED JUNE 30, 2017

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH SUBRECIPIENT'S NUMBER	FEDERAL (DIRECT & PASS-THROUGH) EXPENDITURES	STATE EXPENDITURES	PASS THROUGH TO SUBRECIPIENTS
FEDERAL AWARDS					
<b><u>U.S. Dept. of Agriculture</u></b>					
Food and Nutrition Service					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Administration:					
<u>Food Stamp Cluster</u>					
Food Stamp Administration	10.561	175NC406S2514	\$ 2,981,105	\$ -	\$ -
Food and Nutrition Service					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Administration:					
Food Nuturition Administration	10.551	NONE	642,326	-	-
Total Food Stamp Cluster			3,623,431	-	-
Division of Aging:					
Special Programs for the Aging - Title III-C	93.045	NONE	469,755	-	-
Nutrition Services Incentive Program(NSIP)	93.053	NONE	101,677	-	-
Passed-through the N.C. Dept. of Agriculture					
Food Distribution Division	10.565	NONE	12,492	-	-
			12,492	-	-
<b>Total U.S. Dept. of Agriculture</b>			<b>4,207,355</b>	<b>-</b>	<b>-</b>

**DURHAM COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)**

YEAR ENDED JUNE 30, 2017

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
<b>U.S. Dept. of Justice</b>					
Bureau of Justice Assistance					
Passed-through the N.C. Dept. of Public Safety:					
National Asset Seizure Forfeiture Program	16.000	NONE	34,963	-	
Office of Justice Programs	16.203	NONE	42,970	-	42,970
Juvenile Diversion Program	16.540	NONE	-	50,703	
State Criminal Alien Assistance Program (SCAAP)	16.606	NONE	60,811	-	
<b>Edward Byrne Memorial Justice Assistance Grant</b>	16.738	2015-DJ-BX-2632	160,260	-	
<b>Total U.S. Dept of Justice</b>			<b>299,004</b>	<b>50,703</b>	
<b>U.S. Dept. of Housing and Urban Development</b>					
Passed-through the N.C. Housing Finance Agency					
HOME Investment Partnerships Program	14.239	NONE	27,680	2,749	
Passed-through the Department of Commerce					
Community Development Block Grant	14.228	NONE	226,354	-	
Passed-through the City of Durham					
Housing Opportunities for Persons with Aids (HOWPA) Program	14.241	1460577CBE 1460577ABE	5,293	-	
<b>Total U.S. Dept. of Housing and Urban Development</b>			<b>259,326</b>	<b>2,749</b>	
<b>U.S. Dept of Transportation</b>					
Passed- through the N.C. Dept. of Transportation					
Division of Public Transportation					
Capital Assistance Program	20.513	NONE	63,841	-	
Community Transportation	20.509	36233.36.12.1	43,612	85,473	
Division of Emergency Management					
Hazardous Materials Emergency Planning	20.703				
<b>Total U.S. Dept. of Transportation</b>			<b>107,453</b>	<b>85,473</b>	

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, 2017

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
<b>U.S. Dept. of Health &amp; Human Services</b>					
<b>Passed-through the N.C. Dept. of Health and Human Services:</b>					
<b>Division of Public Health:</b>					
Public Health Emergency Preparedness	93.069	12642680EX 1460272CNF	78,682	-	
CDC Tuberculosis Project	93.116	1460455400	-	118,060	
Prescription Drug Overdose	93.136	1175B837DH	2,824	-	
CDC Immunization	93.268	1331627DVP	59,005	-	
Comprehensive Breast and Cervical Cancer Early Detection Program	93.919	1320559900 13A1570000 13114541BN	21,632	-	
HIV Prevention Activities - Health Department Based	93.940	1311981FHV 13114536BN	250,586	161,727	
Preventive Health Service STD Control Grant	93.977	13114601RR	3,988	6,087	
			<u>416,716</u>	<u>285,874</u>	
<b>Administration of Children and Families</b>					
<b>Division of Social Services</b>					
Temporary Assistance for Needy Families	93.558	13A15151T2 1370811C7J	45,321	-	
Refugee Health Assessments	93.576	1370810C7J	28,044	-	
			<u>73,365</u>	<u>-</u>	
<b>Health Resources and Service Administration</b>					
<b>Division of Public Health:</b>					
Family Planning Services	93.217	13A1592BFP 13A15735AP	116,224	417,058	
Preventive Health Services Block Grant	93.991	13A15107AP	-	18,957	
Maternal Health	93.994	13A15740AP	179,254	-	
MCH Block Grant -Women's Prevention	93.994	12715021AP	419,274	35,473	
-Child Care Coordination	93.994	12715318AP	74,371	-	
		1271574500			
-Child Health	93.994	12715351AP	20,176	-	
			<u>809,299</u>	<u>471,488</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, 2017

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
<b>Passed-through the National Association of County and City Health Officials</b>					
<b>Office of Centers for Disease Control and Prevention:</b>					
National Public Health Improvement Initiative	93.292	NONE	-	-	
<b>Passed-through Duke University:</b>					
<b>Division of Medical Assistance:</b>					
Medical Assistance Program	93.778	XIX-MAP17	818,906	315,942	
<b>Centers for Medicare and Medicaid Services</b>					
Health Care Innovation Awards	93.610	NONE	72,250	-	<u>72,250</u>
<b>Total Public Health</b>			<b><u>2,190,537</u></b>	<b><u>1,073,304</u></b>	
<b><u>U.S. Dept. of Health and Human Services</u></b>					
<b><u>Administration for Children and Families</u></b>					
<b>Passed-through N.C. Dept. of Health and Human Services:</b>					
<b>Division of Social Services:</b>					
<b><u>Foster Care and Adoption Cluster:</u></b>					
CWS Adopt Subsidy - Direct Benefit Payment	93.659	1701NCADPT	-	673,102	
Title IV E Adopt Assistance - Direct Benefit Payment	93.659	1701NCADPT	985,033	231,514	
IV-E CPS	93.658	1701NCFOST	277,445	210,333	
IV-E Optional Adopt	93.659	1701NCADPT	856,886	-	
IV E Foster Care	93.658	1701NCFOST	700,638	624,833	
Adoption/Guardianship	93.558	1701NCTANF	-	-	
Total Foster Care and Adoption Cluster			<u>2,820,002</u>	<u>1,739,783</u>	
Promoting Safe and Stable Families - CRP	93.556	G1601NCFPSS	172,309	-	
TANF - Direct Benefit Payments	93.558	1701NCTANF	1,298,555	-	
Work First Administration	93.558	1701NCTANF	540,833	-	
Work First Service	93.558	1701NCTANF	2,046,863	-	

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, 2017

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
Special Children Adoption	93.558	1701NCTANF	74,400	-	
Title IV D - Child Support Enforcement	93.563	1704NC4005	3,233,110	-	
Low Income Home Energy Assistance Program	93.568	G17B1NCLIEA	781,300	-	
Crisis Intervention	93.568	G17B1NCLIEA	1,046,994	-	
Energy Assistance Payments - Direct Benefit Payment	93.568	G17B1NCLIEA	171,951	-	
Refugee Assistance Payments - Direct Benefit Payment	93.566	1701NCRRCMA	35,771	-	
Day Care Coordinator	93.596	NONE	670,310	-	
Permanency Planning - Child Welfare Services	93.645	G1701NCCWSS	78,434	-	
SSBG - Other Service and Training	93.667	G1701NCSOSR	1,309,035	154,344	
Independent Living - (LINK)	93.674	1701NC1420	46,091	10,608	
<b>Division of Aging:</b>					
SSBG - In Home Service Fund	93.667	G1701NCSOSR	54,944	-	
SSBG - Adult Day Care	93.667	G1701NCSOSR	91,787	71,114	
<b>Sub-Total Aging Division</b>			<u>11,652,686</u>	<u>236,066</u>	
<b>Division of Child Development:</b>					
<u>Subsidized Child Care Cluster</u>					
Child Care and Development Fund - Discretionary	93.575	G1701NCCCDF	5,446,347	-	
Child Care and Development Fund - Mandatory	93.596	NONE	1,959,408	-	
Child Care and Development Fund - Match	93.596	NONE	210,885	-	
Total Subsidized Child Care Cluster			<u>7,616,640</u>	<u>-</u>	
Temporary Assistance for Needy Families	93.558	1701NCTANF	1,786,127	-	
TANF - State		1701NCTANF	-	824,793	
TANF-MOE			-	1,548,013	
Total Subsidized Child Care Cluster			<u>9,402,767</u>	<u>2,372,806</u>	
IV-E Foster Care	93.575	G1701NCCCDF	144,260	72,525	
<b>Total Child Development</b>			<u>9,547,027</u>	<u>2,445,331</u>	
<b>Total Administration for Children and Families</b>			<u>24,019,715</u>	<u>4,421,180</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, 2017

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH SUBRECEIPT'S NUMBER	FEDERAL (DIRECT & PASS-THROUGH) EXPENDITURES	STATE EXPENDITURES	PASS THROUGH TO SUBRECEIPTS
<b><u>Health Care Financing Administration</u></b>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Medical Assistance:					
Direct Benefit Payments:					
Medical Assistance Program	93.778	XIX-MAP17	216,640,273	113,428,272	
Children Health Insurance Program (CHIPS)	93.767	CHIP17	5,988,772	20,070	
Division of Social Services:					
Administration:					
Health Choice	93.767	CHIP17	191,058	974	
Adult Care Home Case Management	93.778	XIX-MAP17	200,079	33,672	
Medical Assistance Administration	93.778	XIX-MAP17	6,867,475	-	
Medical Assistance Transportation	93.778	XIX-MAP17	1,165,746	4,063	
Medical Transportation Administration	93.778	XIX-MAP17	502,017	-	
Medical - At Risk Adults	93.778	XIX-MAP17	57,409	-	
<b>Total Division of Medical Assistance</b>			<b><u>231,612,830</u></b>	<b><u>113,487,051</u></b>	
<b>Total U.S. Dept. of Health and Human Services</b>			<b><u>255,632,545</u></b>	<b><u>117,908,231</u></b>	
<b>Total Federal Awards</b>			<b><u>262,696,221</u></b>	<b><u>119,120,460</u></b>	



**DURHAM COUNTY, NORTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)**

YEAR ENDED JUNE 30, 2017

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
<b>STATE AWARDS</b>					
<b><u>N.C. Dept. of Health and Human Services</u></b>					
Division of Social Services:					
Domiciliary Care - Direct Benefit Payment		NONE	-	1,948,373	
State Foster Home		NONE	-	6,500	
CPS - State		NONE	-	35,826	
Child Welfare State in Home Service		NONE	-	102,949	
Program Integrity		NONE	-	-	
Total Division of Social Services			-	2,093,648	
Division of Public Health:					
State Aid to Counties		1161411000	-	156,796	
General Communicable Diseases Control		1175451000	-	20,266	
Ebola Monitoring Activities		12642680M8	-	11,550	
Community Liaisons for Health		1332685DPC	-	90,946	
School Nurse Funding Initiative		1332535800	-	90,058	
Minority Diabetes Prevention		1262417900	-	14,310	
Total Division of Public Health			-	383,926	
<b>STATE AWARDS</b>					
<b><u>N.C. Dept. of Cultural and Natural Resources</u></b>					
State Aid To Libraries		NONE	-	235,086	
<b><u>N.C. Dept. of Transportation</u></b>					
Elderly and Disabled Transportation Assistance (E&DTAP)		WBS 36220.10.7.1	-	243,976	243,976
<b><u>N.C. Department of Environmental Quality</u></b>					
Soil and Water Conservation		NONE	-	26,730	
			-	26,730	

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, 2017

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
<b>N.C. Division of Child Development</b>					
Passed-through Durham's Partnership for Children: Smart Start Initiative		NONE	-	243,667	
<b>N.C. Dept of Public Safety</b>					
Juvenile Crime Prevention (OJJ Program)		NONE	-	439,632	439,632
Safe Road Funds		NONE	-	11,700	
TECS		NONE	-	91,557	
Total N.C. Dept. of Public Safety			-	542,889	
<b>N.C. Depart. Of Agriculture &amp; Consumer Services</b>					
NC Agriculture Development & Farmland Preservation Trust Spray and Neuter Program		NONE	-	50,000	
			-	50,000	
<b>N.C. Dept of Public Instruction</b>					
Child Nutrition Program		1332530100	-	11,150	
<b>Office of State Budget and Management</b>					
Public School Building Capital Fund		NONE	-	1,821,738	1,821,738
Total Other State Awards			-	5,652,811	
<b>TOTAL FEDERAL AND STATE AWARDS</b>			<b>\$ 262,696,221</b>	<b>\$ 124,773,270</b>	<b>\$ 2,620,566</b>

## **DURHAM COUNTY, NORTH CAROLINA**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

*YEAR ENDED JUNE 30, 2017*

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#### **Note 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.

#### **Note 2—Basis of accounting**

The accompanying Schedule 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.

#### **Note 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.

#### **Note 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, 2017

**Note 5—Schedule of revenues, expenditures, and changes in fund balance for the CDBG Program**  
**From Inception and for the Fiscal Year Ended June 30, 2017**

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Totals to Date	
Revenues:					
Federal grant					
11-C-2309 Scattered site	\$ 400,000	\$ 294,748	\$ <b>105,252</b>	\$ 400,000	\$ -
06-D-2405 Community Development Block Grant	600,000	478,899	<b>121,101</b>	600,000	-
SFR-10 Single Family Rehabilitation	294,800	273,027	-	273,027	(21,773)
SFR-13 Single Family Rehabilitation	170,000	135,209	<b>27,680</b>	162,889	(7,111)
Interest income	-	1,920	<b>(68)</b>	1,852	1,852
Total Revenues	<u>1,464,800</u>	<u>1,183,803</u>	<u><b>253,965</b></u>	<u>1,437,768</u>	<u>(27,032)</u>
Expenditures:					
11-C-2309 Scattered site					
Contracted services	400,000	302,684	<b>97,194</b>	399,878	122
06-D-2405 Community Development Block Grant					
Contracted services	599,430	494,453	<b>104,977</b>	599,430	-
Advertising	570	463	<b>107</b>	570	-
SFR-10 Single Family Rehabilitation					
Contracted services	294,800	273,027	-	273,027	21,773
SFR-13 Single Family Rehabilitation					
Contracted services	170,000	135,893	<b>27,606</b>	163,499	6,501
	<u>1,464,800</u>	<u>1,206,520</u>	<u><b>229,884</b></u>	<u>1,436,404</u>	<u>28,396</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (22,717)</u>	<u><b>24,081</b></u>	<u>\$ 1,364</u>	<u>\$ 1,364</u>
Fund balance, beginning of year			<u><b>(18,903)</b></u>		
Fund balance, end of year			<u><b>\$ 5,178</b></u>		

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.