



DURHAM COUNTY, NORTH CAROLINA

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

For the Year Ended June 30, 2018

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, 2018, 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, 2018. 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 Bolant" followed by a stylized flourish.

Raleigh, North Carolina
October 31, 2018

**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, 2018. 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.

Our audit, described below, did not include the operations of the Durham County Board of Alcoholic Control (the “ABC Board”), a discretely presented component unit. Our audit, described below, did not include the operations of the component unit since it was audited by other auditors.

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, 2018.

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 2018-001 and 2018-002. 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 described in the accompanying schedule of findings and questioned costs as items 2018-001, 2018-002, 2018-003 and 2018-004 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, 2018, 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, 2018, 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, 2018

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, 2018. 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.

Our audit, described below, did not include the operations of the Durham County Board of Alcoholic Control (the “ABC Board”), a discretely presented component unit. Our audit, described below, did not include the operations of the component unit since it was audited by other auditors.

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, 2018.

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 2018-001 and 2018-002. 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 *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 state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a 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 2018-001, 2018-002, 2018-003 and 2018-004 that we consider to be a 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, 2018 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, 2018, 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, 2018

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2018

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 Xno
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ___yes Xno

Noncompliance material to Financial Statements noted? ___yes Xno

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___yes Xno
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Xyes ___no

Noncompliance material to federal awards? ___yes Xno

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)? Xyes ___no

Identification of major federal programs:

<u>CFDA#</u>	<u>Program/Cluster Name</u>
10.551	SNAP Cluster
93.575	CCDF/Subsidized Child Care Cluster
93.658	Foster Care and Adoption Cluster
93.667	Social Services Block Grant
93.778	Medicaid Cluster
93.940	HIV Cluster

Dollar threshold used to distinguish between Type A and Type B Programs \$812,907

Auditee qualified as low-risk auditee Xyes ___no

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2018

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

- Medicaid Cluster
- CCDF/Subsidized Child Care Cluster
- Public School Building Capital Fund
- Foster Care and Adoption Cluster
- HIV Cluster
- Social Services Block Grant

**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: 2018-001 (Repeat Finding)
Significant Deficiency – 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 determined first that a child is only TEA or State Foster Home Fund ("SFHF") eligible when it has been determined that they are 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.

DURHAM COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2018

According to Durham County's (the "County") modified manual with the North Carolina Department of Social Services ("NC DSS"), family service agreements must be completed within 30 calendar days of placement, and then within 90 calendar days of placement, and every 3 months thereafter throughout the life of foster cases.

According to the *North Carolina Division of Social Services, Child Welfare Services, Foster Home Licensing*, a foster family must have satisfactorily met a child abuse and neglect registry check and the safety considerations must be documented. The safety considerations are documented on the Foster Home Fire Inspection Report ("DSS-1515") and the Foster Home Environmental Conditions Report ("DSS-5150").

According to federal law 42 U.S. Code Section 673, adoption agreements entered into during FY2010 or thereafter must be for an applicable child who is a US citizen.

Condition: We noted one instance in which a child was found eligible for SFHF funding; however, their funding source should have been Title IV-E.

We noted 16 instances in which the family service agreements were not completed within the timeframe set by the modified NC DSS manual.

We noted one instance in which the DSS-1515, DSS-5150, and review of the child and abuse registry could not be located in relation to the foster parent's eligibility.

We noted three instances in which the County could not locate proof of citizenship for adoption cases.

Context: Out of 62 cases tested for eligibility, one was found to have an incorrect funding source determination.

Out of 18 foster cases tested, 16 cases did not have family service agreements completed within the timeframe of 30 calendar days of placement, 90 calendar days of placement, and every three months thereafter.

Out of the 18 foster cases tested, one case file did not contain the DSS-1515, DSS-5150 or proof of review of the child and abuse registry.

Out of the 43 adoption cases tested, three case files did not contain documentation of proof of citizenship.

Known Questioned Costs: \$154.94, which is calculated as the monthly allotment of \$842.08 of which \$687.14 is the County's share and \$154.94 was paid out of SFHF funding. Projected questioned costs over the population tested are \$15,277.50.

There are no questioned costs related to completion of the family service agreements or missing file documentation as the children were determined to be eligible for the services provided.

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

The County was not in compliance with the NC DSS manuals or federal law.

Cause: Cases were determined to be eligible under SFHF funding but the child was eligible under Title IV-E funding.

The County was unaware of the modified NC DSS manual requirements to complete family service agreements within a specified timeframe.

File documentation was unable to be located during the audit.

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2018

Recommendation: We recommend that the County implement a process to ensure that funding sources are correct, family services agreements are completed within the required time frame and case files include all of the required elements as required by NC DSS and federal laws.

Views of responsible officials: Management agrees with the finding.

U.S. Department of Health and Human Services
Passed through N.C. Department of Health and Human Services, Division of Social Services
Program Name: Subsidized Child Care Cluster
CFDA#: 93.575 and 93.558

Finding: 2018-002

Significant Deficiency - Non-material Noncompliance – Allowable Costs/Activities, Eligibility, and Special Tests and Provisions (Federal and State)

Criteria or Specific Requirement: As noted in the Subsidized Child Care Service Manual, Chapter 4, the DCD-0456, Application for Child Care Services must be signed by the parent, responsible adult, or designated staff person (if the child is in county custody or services are needed to support Child Protective Services) at the time of initial determination of eligibility. As noted in the Subsidized Child Care Service Manual, Chapter 9, DCD-0446, Child Care Vouchers are to be printed for parental signature. As noted in the Subsidized Child Care Service Manual, Chapter 11, the DCD-0450, Child Care Action Notices are to be sent to inform a family when change is about to take place related to provisions of subsidy services. The DCD-0450 should correctly document changes, such as redetermination of eligibility, fee changes, or termination of services.

Condition: We noted four instances out of 60 cases tested in which the case files were missing required signatures on forms or the forms were not completed correctly.

Context: We noted one instance in which a case file did not include DCD-0456, Application for Child Care Services signed by the applicant.

We noted two instances in which case files were missing the DCD-0446, Child Care Voucher signed by the applicant. In these two cases, we were unable to determine if the DCD-0446, Child Care Voucher were completed within 30 days of issuance.

We noted an additional case where the DCD-0450, Child Care Action Notices did not correctly document changes in the child's care. The form indicated a parent fee of \$83 per month but the fee was \$87 per month according to case notes.

Known Questioned Costs: \$36, which was calculated as \$4 per month for nine months. Projected questioned costs over the population tested are \$3,336.82.

Effect: The County was not in compliance with the Subsidized Child Care Service Manual.

Cause: The County's review control was not operating effectively.

Recommendation: We recommend that the County implement a process to ensure all forms are adequately signed and include the correct information.

Views of responsible officials: Management agrees with the finding.

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2018

U.S. Department of Health and Human Services
Passed through N.C. Department of Health and Human Services, Division of Social Services
Program Name: Subsidized Child Care Cluster
CFDA#: 93.575 and 93.558

U.S. Department of Agriculture
Passed through N.C. Department of Health and Human Services, Division of Social Services
Program Name: Supplemental Nutrition Assistance Program Cluster
CFDA#: 10.551 and 10.561

Finding: 2018-003
Significant Deficiency – Eligibility (Federal and State)

Criteria or Specific Requirement: In accordance with Section 200.303 of the Uniform Grant Guidance, each non-federal entry must establish and maintain effective internal controls over the Federal award that provides assurance that the non-federal entity is managing the federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition: We noted three instances in which corrective action on eligibility cases selected by the County's Quality Assurance Department were not remediated during the fiscal year.

Context: Out of 60 cases tested for eligibility, three cases had case files that did not meet the County's documentation and process standards. Corrections to these cases were made 4 to 10 months after date of review.

Known Questioned Costs: There are no questioned costs as the children were eligible for services being provided and there were no improper payments.

Effect: Case files were incomplete or did not adhere to the County's policies or procedures.

Cause: The County does not have a policy on when remediation must occur.

Recommendation: We recommend that the County implement a policy to ensure cases selected for quality review are remediated in a timely manner. Best practices in this regard are within 30 days.

Views of responsible officials: Management agrees with the finding.

U.S. Department of Health and Human Services
Passed through N.C. Department of Health and Human Services, Division of Public Health
Program Name: HIV Cluster
CFDA#: 93.940 and 93.977

Finding: 2018-004
Significant Deficiency – Reporting (Federal and State)

Criteria or Specific Requirement: According to the County's grant agreement with the Division of Public Health, the County must submit quarterly reports for Integrated Targeted Testing Services. In accordance with Section 200.303 of the Uniform Grant Guidance, each non-federal entry must establish and maintain effective internal controls over the Federal award that provides assurance that the non-federal entity is managing the federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition: We noted two instances where the County was unable to provide evidence of segregation of duties in the preparation and review of the quarterly reports.

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2018

Context: Out of two quarterly reports tested, the County was unable to provide evidence of segregation of duties for either reports.

Known Questioned Costs: None.

Effect: The County's controls were not operating effectively.

Cause: The County does not have a process in place to provide audit documentation to support review of the quarterly reports.

Recommendation: We recommend that the County implement a process to ensure that there is evidence of segregation of duties when preparing and reviewing quarterly reports.

Views of responsible officials: Management agrees with the finding.

IV – State Award Findings and Questioned Costs

None



SECTION III – SCHEDULE OF CORRECTIVE ACTION PLANS

II – Financial Statement Findings

None

III – Federal Award Findings and Questioned Costs

Finding 2018-001 (Foster and Adoption)

Significant Deficiency – Non-material Noncompliance - Eligibility (Federal and State)

Name of contact person:

- Sharyn Flood – Program Manager Child Placement & Permanency Services (CPPS)
- Jovetta Whitfield – Assistant Director – Children & Family Services (C&FS)

Corrective action: **Process to ensure funding sources are correct:**

The Procedures for Completion of the 5120 Form Upon Children Entering Foster Care document has been revised and updated and will be reissued to all social workers, supervisors and program managers in CPS and CPS In-Home, IMCW, processing assistant and administrative support supervisor. This document must be referenced every time a 5120 form is completed to ensure accuracy.

Internal control measures to ensure funding sources are correct:

All 5120s and 5120As will be reviewed weekly by the business office for the purposes of comparing the funding source noted on the 5120 to the PQA020 report; Foster Care Reimbursement Report.

The IMCW will review the PQA020 report twice per year (June and December) checking for errors in coding of funding source. The IMCW will make any corrections needed for the funding source and will report any discrepancies found to the CPPS program manager and to the business office and the business office will inform program manager of whether to complete a PAR form or not.

QAT will review IV-E foster care records two quarters per year (Jan-March and July-Sept). Record review results will be sent immediately from QAT to the worker, their supervisor and the Program Manager. Supervisors are to discuss the results of the record reviews with the worker and document that discussion and any instructions for correction that are given to the worker in their conference notes.

The IMCW and all Child Welfare Supervisors (CPS, CPS In-Home & CPPS) will attend the state IV-E: An Overview training annually. CPPS staff participated in day sheet training presented by a DHHS CPR accompanied by our Local Business Liaison (LBL) on the various funding sources available to staff and the proper use of those funding/codes (September 2018). Additional training will be requested as deemed necessary.

Proposed completion date: October 2018

Corrective Action: **Process to ensure family services agreements are completed within the required timeframes:**

A structured Permanency Planning Review (PPR) process was developed and implemented in January 2018.



Finance

The agency CFT Facilitators will continue to schedule and facilitate all CFTs with the assigned PP social worker and supervisor for the purposes of developing and completing the 30-day family services agreement. The CFT Facilitators will ensure that the family services agreement is signed and dated by all parties that participated in the completion of the agreement to include both the social worker and supervisor. It is the responsibility of the social worker to ensure the family services agreement is filed in the record and scanned into Laserfiche (agency's document management system).

Subsequent PPRs are held every 90 days. The Administrative Support Supervisor is responsible for creating the monthly schedule for PPRs, which is sent out to social workers, supervisors, program manager, Guardian Ad Litem (GAL) and the family partner/community representative. Social workers are to have PPR paperwork completed prior to the scheduled PPR for each case.

A refresher training to include a review of the PIP Modified Manual policies for completing the Family Services Agreements will be provided to all Permanency Planning social workers, supervisors and facilitators during a CPPS section meeting in November 2018.

Internal Control measures to ensure family services agreements are completed within the required timeframes:

Supervisors must attend all 30-day CFTs and subsequent PPRs along with the social worker for the case. During these meetings, the supervisor will ensure that family services agreements are signed and dated.

Supervisors will review with social worker all family services agreements during monthly individual conferences to ensure accuracy in content and that all timeframes have been met.

Proposed completion date: November 30, 2018

Foster Parents Eligibility: Although not present at the time of the review the DSS-1515, and 5150 have been located and will be provided to Cherry Beckaert with this report. In reference to the Child and Abuse registry please see the policy document included with the 2 forms mentioned above. Per the Foster Care Application instructions this registry check is to be completed if the individuals lived anywhere outside NC within the past 5 years. We have indicated on the policy document this specific statement.

Corrective Action: Process to ensure case files include all the required elements as required by NC DSS and federal laws:

Adoption Assistance:

The process for transferring foster care cases with required documents to the Adoption unit is outlined in Part III of the DCDSS Child Welfare Transfer Policy and is being followed by Permanency Planning and Adoptions staff.

The Adoptions social workers in conjunction with the post-adoption social worker adhere to the guidelines set by the state for documents required to maintain the adoption assistance case file and is outlined in Chapter VI, Section IX of the Child Welfare Services manual.

There currently is an internal checklist for the organization of Adoption Assistance records with required documents to be maintained in the adoption assistance record. Signature lines, date, and proof of



citizenship will be added to the checklist for the adoption social workers and supervisor. The completed checklist is to be maintained in the adoption assistance record along with other adoption assistance documents. The adoption assistance checklist will be updated by October 31, 2018 to be implemented on November 1, 2018. A training refresher will be provided by the program manager to the adoption unit during the October 2018 adoption unit meeting.

The social worker or post-adoption social worker will sign and date the checklist prior to submitting to supervisor for review. The supervisor will review the records, sign and date the checklist confirming that all required documents are contained. The checklist shall be maintained in Laserfiche with the adoption assistance records.

Internal control to ensure adoption assistance case files include all the required elements as required by NCDSS and federal laws:

Adoption assistance records will be reviewed quarterly beginning in January 2019 by a review team to include minimally the post-adoption social worker, adoptions supervisor and program manager with the ability to add other reviewers if deemed necessary. 62 records will be reviewed per quarter.

The review team will use the adoption assistance record checklist as a review tool noting that all required documents are in the record with appropriate signatures and dates.

Proposed completion date: January 2019

Proposed completion date:

- See completion dates indicated in corrective action section above.

Finding 2018-002 (Child Care)

Significant Deficiency - Non-material Noncompliance – Allowable Costs/Activities, Eligibility, and Special Tests and Provisions (Federal and State)

Name of contact person:

- Rhonda Stevens, Assistant Director for Family Economic Independence
- Candice Leathers, Program Manager for Child Care Subsidy

Corrective action:

- QAT to provide refresher training to existing staff on the Child Care Subsidy application to include signatures as outlined in the Subsidized Child Care Service Manual. **Proposed completion date: November 2018**
- QAT to provide refresher training to existing staff on Child Care Subsidy policies related to voucher signatures needed by the applicant as outlined in the Subsidized Child Care Service Manual. **Proposed completion date: November 2018**
- QAT to provide refresher training to existing staff on Child Care policies related to Action Notices and documentation as outlined in the Subsidized Child Care Service Manual. **Proposed completion date: November 2018**
- Child Care Supervisors and QAT staff to create a checklist for staff to complete when processing Child Care Subsidy applications and/or recertification's. **Proposed completion date: November 2018**



Finance

- QAT will provide checklist training to child care staff for use by Child care staff. **Proposed completion date: November 2018**
- Supervisors to review 4 cases per worker per month for completed checklist and accuracy. QAT and Child Care Social Work Supervisors will begin reviewing checklists in Laserfische. **Proposed completion date: January 2019**

Proposed completion date:

- See completion dates indicated in corrective action section above.

Finding 2018-003 (Quality Control)

Significant Deficiency- Eligibility (Federal and State)

Name of contact person:

- Krystal Harris, Assistant Director – CATD (Customer Accountability & Talent Development)
- Lynn Thomas, Program Manager for QAT (Quality Assurance & Training)

Corrective action:

- Child Care Supervisors are to review the results of the Quality Assurance (QA) tool and take appropriate action. Correction dates on cases in which errors are cited will be entered in the QA tool within 10 business days of the QA review. **Proposed completion date: December 2018**
- Training will be conducted by QA Team by the end of November 2018. The training conducted will be to show Child Care Social Work Supervisors how to enter correction dates in the QA tool. Training will also be completed with the Child Care Social Workers explaining the new QAT monitoring process. **Proposed completion date: November 2018**
- County IT will program the automated QA tool so that it is unable to be finalized by a QAT monitor until a “Date Due” for corrections has been entered when the case has a score less than 100%. **Proposed completion date: September 2018 (Completed)**

Proposed completion date:

- See completion dates indicated in corrective action section above.

Finding 2018-004 (HIV Cluster)

Significant Deficiency – Reporting (Federal and State)

Name of contact person:

- Melissa Downey-Piper, Division Director - Public Health Education
- Annetta Carrington, Program Manager – Public Health Education

Corrective action:

1. The Program Manager will email the Division Director the completed report 48 hours prior to report due date with a statement indicating “needing review and approval”
2. The Division Director will review the quarterly report and respond by email need editing or approved forward to the State.
3. If edits are needed, the Program Manager will resend quarterly report indicating all edits are made, approval needed.
4. The Division Director will respond by email after review of all edits, approved forward to the State.
5. Program Manager will make a PDF of the approval email and save it with the report on the share drive.

Proposed completion date:

- **November 30, 2018**

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IV – State Award Findings and Questioned Costs

None.

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2018

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

II – Financial Statement Findings

None

III – Federal Award Findings and Questioned Costs

Finding 2017-001
Nonmaterial Noncompliance – Eligibility (Federal and State)

Status: Uncorrected (Finding 2018-001)

IV – State Award Findings and Questioned Costs

Finding 2017-002
Non-material Noncompliance –Cash Management

Status: Corrected

Finding 2017-003
Significant Deficiency – Allowable Costs/Costs Principles and Reporting

Status: Corrected

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

Status: Corrected

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

YEAR ENDED JUNE 30, 2018

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH SUBRECEIPT'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:					
<u>Supplemental Nutrition Assistance Program (SNAP) Cluster</u>					
State Administrative Matching Grants for the SNAP	10.561	175NC406S2514	\$ 3,101,234	\$ -	\$ -
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Administration:					
Supplemental Nutritional Assistance Program	10.551	NONE	648,861	-	-
Total SNAP Cluster			3,750,095	-	-
Division of Aging:					
Special Programs for the Aging - Title III-C	93.045	NONE	562,671	-	-
Nutrition Services Incentive Program(NSIP)	93.053	NONE	62,519	-	-
			625,190	-	-
Passed-through the N.C. Dept. of Agriculture:					
Food Distribution Division	10.565	NONE	2,662	15,950	-
			2,662	15,950	-
Total U.S. Dept. of Agriculture			4,377,947	15,950	-

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

YEAR ENDED JUNE 30, 2018

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>U.S. Dept. of Justice</u>					
<u>Bureau of Justice Assistance</u>					
Passed-through the N.C. Dept. of Public Safety:					
National Asset Seizure Forfeiture Program	16.000	NONE	93,556	-	-
Office of Justice Programs	16.203	NONE	-	-	35,109
Juvenile Diversion Program	16.540	NONE	-	-	-
State Criminal Alien Assistance Program (SCAAP)	16.606	NONE	22,400	-	-
Edward Byrne Memorial Justice Assistance Grant	16.738	2015-DJ-BX-2632	-	-	-
Total U.S. Dept of Justice			115,956	-	35,109
<u>U.S. Dept. of Housing and Urban Development</u>					
Passed-through the N.C. Housing Finance Agency:					
HOME Investment Partnerships Program	14.239	NONE	-	-	
Passed-through the Department of Commerce:					
Community Development Block Grant	14.228	NONE	-	-	
Passed-through the City of Durham:					
Housing Opportunities for Persons with Aids (HOWPA) Program	14.241	1460577CBE 1460577ABE	65,841	-	
Total U.S. Dept. of Housing and Urban Development			65,841	-	
<u>U.S. Dept of Transportation</u>					
Passed-through the N.C. Dept. of Transportation:					
Division of Public Transportation:					
Capital Assistance Program	20.513	NONE	-	-	
Community Transportation	20.509	36233.36.12.1	32,469	23,893	
Division of Emergency Management:					
Hazardous Materials Emergency Planning	20.703		-	-	
Total U.S. Dept. of Transportation			32,469	23,893	

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

YEAR ENDED JUNE 30, 2018

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	12642680EX 1460272CNF	74,497	-	
CDC Tuberculosis Project	93.116	1460455400	-	125,292	
Prescription Drug Overdose	93.136	1175B837DH	36,500	-	
CDC Immunization	93.268	1331627DVP	58,156	-	
Comprehensive Breast and Cervical Cancer Early Detection Program	93.919	1320559900 13A1570000 13114541BN	20,094	-	
HIV Prevention Activities - Health Department Based	93.940	1311981FHV 13114536BN	246,822	488,076	
Preventive Health Service STD Control Grant	93.977	13114601RR	650	7,750	
			<u>436,719</u>	<u>621,118</u>	
Administration of Children and Families:					
Division of Social Services:					
Temporary Assistance for Needy Families	93.558	13A15151T2 1370811C7J	44,365	-	
Refugee Health Assessments	93.576	1370810C7J	12,882	-	
			<u>57,247</u>	<u>-</u>	
Health Resources and Service Administration					
Division of Public Health:					
Family Planning Services	93.217	13A1592BFP 13A15735AP	186,358	480,316	
Preventive Health Services Block Grant	93.991	13A15107AP	-	66,142	
Maternal Health	93.994	13A15740AP	140,122	-	
MCH Block Grant - Women's Prevention	93.994	12715021AP	281,248	-	
- Child Care Coordination	93.994	12715318AP	74,882	-	
- Child Health	93.994	1271574500 12715351AP	22,697	-	
			<u>705,307</u>	<u>546,458</u>	

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

YEAR ENDED JUNE 30, 2018

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
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	-	-	
Passed-through Duke University:					
Division of Medical Assistance:					
Centers for Medicare and Medicaid Services Health Care Innovation Awards	93.610	NONE	-	-	
Total Public Health			1,199,273	1,167,576	
<u>U.S. Dept. of Health and Human Services</u>					
<u>Administration for Children and Families</u>					
Passed-through N.C. Dept. of Health and Human Services:					
Division of Social Services:					
<u>Foster Care and Adoption Cluster:</u>					
IV-E CPS	93.658	1701NCFOST	91,852	91,852	
IV-E Optional Adopt	93.659	1701NCADPT	-	-	
IV E Foster Care	93.658	1701NCFOST	2,258,662	689,279	
Adoption/Guardianship	93.558	1701NCTANF	-	-	
Total Foster Care and Adoption Cluster			2,350,514	781,131	
<u>Child Care Development Fund Cluster</u>					
Child Care Development Fund - Administration	93.596	NONE	774,622	-	
Total Child Care Development Fund Cluster			774,622	-	
Promoting Safe and Stable Families - CRP	93.556	G1601NCFPSS	178,666	-	
Work First Administration	93.558	1701NCTANF	505,419	-	
Work First Service	93.558	1701NCTANF	2,082,258	-	
Special Children Adoption	93.558	1701NCTANF	-	111,000	
Title IV D - Child Support Enforcement	93.563	1704NC4005	3,508,905	-	
Refugee Assistance	93.566	1701NCRMA	16,040	-	
Low Income Home Energy Assistance Program	93.568	G17B1NCLIEA	990,975	-	
Crisis Intervention	93.568	G17B1NCLIEA	1,001,415	-	
Permanency Planning - Child Welfare Services	93.645	G1701NCCWSS	65,881	-	
SSBG - Other Service and Training	93.667	G1701NCSOSR	1,610,967	-	
Independent Living - (LINK)	93.674	1701NC1420	49,749	22,505	

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, 2018

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
Division of Aging:					
SSBG - In Home Service Fund	93.667	G1701NCSOSR	69,524	-	
SSBG - Adult Day Care	93.667	G1701NCSOSR	86,574	56,847	
Sub-Total Aging Division			<u>10,166,373</u>	<u>190,352</u>	
Total Administration for Children and Families			<u>13,291,509</u>	<u>971,483</u>	
<u>Health Care Financing Administration</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Medical Assistance:					
Division of Social Services:					
Administration:					
Health Choice	93.767	CHIP17	423,125	209	
Adult Care Home Case Management	93.778	XIX-MAP17	193,062	34,868	
Medical Assistance Administration	93.778	XIX-MAP17	6,876,854	-	
Medical Transportation Administration	93.778	XIX-MAP17	520,875	-	
Total Division of Medical Assistance			<u>8,013,916</u>	<u>35,077</u>	
Total U.S. Dept. of Health and Human Services			<u>21,305,425</u>	<u>1,006,560</u>	
Total Federal Awards			<u>27,096,911</u>	<u>2,213,979</u>	<u>35,109</u>

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

YEAR ENDED JUNE 30, 2018

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:					
State Foster Home		NONE		13,509	
CPS - State		NONE		<u>171,419</u>	
Total Division of Social Services				<u>184,928</u>	
Division of Public Health:					
State Aid to Counties		1161411000		173,857	
General Communicable Diseases Control		1175451000		19,080	
Community Liaisons for Health		1332685DPC		92,055	
School Nurse Funding Initiative		1332535800		100,323	
Minority Diabetes Prevention		1262417900		<u>10,532</u>	
Total Division of Public Health				<u>395,847</u>	
<u>N.C. Dept. of Cultural and Natural Resources</u>					
State Aid To Libraries		NONE		<u>222,637</u>	
<u>N.C. Dept. of Transportation</u>					
Elderly and Disabled Transportation Assistance (E&DTAP)		WBS 36220.10.7.1		<u>244,278</u>	<u>224,278</u>
<u>N.C. Department of Environmental Quality</u>					
Soil and Water Conservation		NONE		<u>26,550</u>	
<u>N.C. Division of Child Development</u>					
Passed-through Durham's Partnership for Children: Smart Start Initiative		NONE		<u>189,317</u>	

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

YEAR ENDED JUNE 30, 2018

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>N.C. Dept of Public Safety</u>					
Juvenile Crime Prevention (OJJ Program)		NONE		405,990	405,990
Safe Road Funds		NONE		11,560	-
TECS		NONE		120,940	-
Total N.C. Dept. of Public Safety				<u>538,490</u>	<u>405,990</u>
<u>N.C. Depart. Of Agriculture & Consumer Services</u>					
NC Agriculture Development & Farmland Preservation Trust				-	
Spray and Neuter Program		NONE		<u>-</u>	
				<u>-</u>	
<u>N.C. Dept of Public Instruction</u>					
Child Nutrition Program		1332530100		<u>12,161</u>	
<u>Office of State Budget and Management</u>					
Public School Building Capital Fund		NONE		<u>1,088,886</u>	<u>1,088,886</u>
Total Other State Awards				<u>2,903,094</u>	<u>1,719,154</u>
TOTAL FEDERAL AND STATE AWARDS			<u>\$ 27,096,911</u>	<u>\$ 5,117,073</u>	<u>\$ 1,754,263</u>

DURHAM COUNTY, NORTH CAROLINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2018

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 the 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. The 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, 2018

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, 2018

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Totals to Date	
Revenues:					
Federal grant					
11-C-2309 Scattered site	\$ 400,000	\$ 400,000	\$ -	\$ 400,000	\$ -
06-D-2405 Community Development Block Grant	600,000	600,000	-	600,000	-
SFR-10 Single Family Rehabilitation	294,800	273,027	-	273,027	(21,773)
SFR-13 Single Family Rehabilitation	170,000	162,889	-	162,889	(7,111)
Interest income	-	1,852	(77)	1,775	1,775
Total revenues	1,464,800	1,437,768	(77)	1,437,691	(27,109)
Expenditures:					
11-C-2309 Scattered site					
Contracted services	400,000	399,878	122	400,000	-
06-D-2405 Community Development Block Grant					
Contracted services	599,430	599,430	-	599,430	-
Advertising	570	570	-	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	163,499	-	163,499	6,501
	1,464,800	1,436,404	122	1,436,526	28,274
Revenues over (under) expenditures	\$ -	\$ 1,364	(199)	\$ 1,165	\$ 1,165
Fund balance, beginning of year			5,178		
Fund balance, end of year			\$ 4,979		

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.