

DURHAM COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2020

And Report on Compliance and Internal Control

DURHAM COUNTY, NORTH CAROLINA

TABLE OF CONTENTS

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*..... 1-2

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.....3-5

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.....6-8

Schedule of Findings and Questioned Costs:

- Section I – Summary of Auditor’s Results9-10
- Section II – Findings and Questioned Costs Related to the Audit of Federal and State Awards 11-12
- Section III – Schedule of Corrective Action Plans 13
- Section IV – Summary Schedule of Prior Audit Findings..... 14

Schedule of Expenditures of Federal and State Awards 15-17

Notes to the Schedule of Expenditures of Federal and State Awards..... 18-19

**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
Durham, 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, 2020, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements, and have issued our report thereon dated January 13, 2021. 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”) as a basis for designing 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Raleigh, North Carolina
January 13, 2021

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
Durham, 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, 2020. 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, 2020.

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 is described in the accompanying schedule of findings and questioned costs as item 2020-001 and 2020-002. Our opinion on each major federal program is not modified with respect to this matter.

Durham County's Response to Findings

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

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 a deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be significant deficiency.

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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated January 13, 2021, which contained an unmodified opinion on those financial statements. We did not audit the financial statements of the Durham County ABC Board (the "Board"). Those financial statements were audited by other auditors whose reports thereon have been furnished to us and our opinion, insofar as it relates to the amounts for the Board, is based solely on the reports of the other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal and State awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Purpose of this Report

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

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

Raleigh, North Carolina
January 13, 2021

**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
Durham, 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, 2020. 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, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with applicable sections of the Uniform Guidance as described in the *Audit Manual for Governmental Auditors in North Carolina* and which is described in the accompanying schedule of findings and questioned costs as item 2020-001 and 2020-002. Our opinion on each major state program is not modified with respect to this matter.

Durham County's Response to Finding

The County's response 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 response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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 one deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

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, 2020 and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated January 13, 2021, 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.

A handwritten signature in black ink that reads "Cheryl Bokant CP". The signature is written in a cursive style with a large, looped initial "C".

Raleigh, North Carolina
January 13, 2021

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2020

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)? X yes _____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:

<u>CFDA#</u>	<u>Program/Cluster Name</u>
93.563	Child Support Enforcement
93.778	Medicaid Cluster

Dollar threshold used to distinguish between Type A and Type B Programs \$906,169

Auditee qualified as low-risk auditee X yes _____no

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

YEAR ENDED JUNE 30, 2020

SECTION I—SUMMARY OF AUDITOR’S RESULTS (CONTINUED)

State Awards

Internal control over major State programs:

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

Type of auditor’s report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? yes no

Identification of major State programs:

Program Name

- Medicaid Cluster
- Public School Building Capital Fund
- Juvenile Crime Prevention Programs

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

YEAR ENDED JUNE 30, 2020

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

II – Financial Statement Findings

None

III – Federal Award Finding and Questioned Cost

U.S. Department of Health and Human Services
Passed through N.C. Department of Health and Human Services, Division of Social Services
Program Name: Medical Assistance Program (Medicaid; Title XIX)
CFDA#: 93.778

Finding: 2020-001 (Repeat Quality Control Finding)
Significant Deficiency Nonmaterial Noncompliance – Eligibility (Federal and State)

Criteria or Specific Requirement: In accordance with Section 200.303 of the Uniform Grant Guidance, each non-federal entity 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 in which corrective action on an eligibility case selected by the County's Quality Assurance Department was not remediated during the fiscal year.

Context: Out of 60 cases tested for eligibility, two cases had case files that did not meet the County's documentation and process standards. Corrections to this case were made approximately 16 months after the date of review.

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

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

Cause: The County did not follow their policy on when remediation must occur.

Recommendation: We recommend 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.

Corrective Action Plan: See Corrective Action Plan prepared by the County.

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

YEAR ENDED JUNE 30, 2020

**SECTION II—FINDINGS AND QUESTIONED COSTS RELATED TO THE
AUDIT OF FEDERAL AND STATE AWARDS (CONTINUED)**

Finding: 2020-002
Nonmaterial Noncompliance – Eligibility

Criteria or Specific Requirement: The County should have adequate controls to ensure all information is updated appropriately in recipient's files and in the NCFast system, and to ensure all required physical documentation is located in the file to properly document eligibility with program requirements.

Condition: There were 6 out of 60 participants tested with technical errors noted below. All participants were determined to have properly been eligible.

- a) There was one instance where the case population noted the client was under MIC/N, and the file documentation noted the client was under program MAF/C.
- b) There was one instance where the household count improperly included an additional member of the household that should not have been included during the period tested.
- c) There was one instance where only one piece of evidence was provided for the proof of residency for an initial application.
- d) There were two instances where the DMV in OVS/OLV returned "inconclusive" results that were not cleared.
- e) There were two instances noted where OVS was ran and the results noted an "error" and "inconclusive" results that were not cleared.
- f) There was one instance where the FL2 form was not provided for review, however, it was noted within the case file it was obtained.
- g) One instance was noted where the applicant used self-declaration for the State residency verification, however, the form was not provided during review.
- h) One instance was noted where the household and relationship status entered into NC FAST did not agree to supporting documentation. The individual was married and this was not included in NC FAST. The spouse's income was not included in the budget calculation.

Context: There were 6 out of 93 participants tested with the errors noted above.

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

Effect: By not having the required documentation in the files or information being incorrectly documented, eligibility cannot be readily substantiated and there is a risk that the County could provide funding to individuals who are not eligible.

Cause: The County oversight when performing reviews over applications.

Recommendation: Although these issues will occur from time to time considering the volume of case files the County processes and maintains, we recommend procedures be reinforced in order to ensure all proper documentation is kept and maintained in the case file in an attempt to prevent loose filings resulting in missing documentation.

Views of Responsible Officials: Management agrees with the finding.

Corrective Action Plan: See Corrective Action Plan prepared by the County.

IV – State Award Findings and Questioned Costs

Findings 2020-001 and 2020-002, as noted in Part III Federal Award Finding and Questioned Cost.



FINANCE DEPARTMENT

SECTION III – SCHEDULE OF CORRECTIVE ACTION PLANS

II – Financial Statement Findings

None

III – Federal Award Findings and Questioned Costs & IV State Award Findings and Questioned Costs

Finding 2020-001

Significant Deficiency Nonmaterial Noncompliance – Eligibility (Federal and State)

Name of contact person: Linda Thomas

Supervisor refresher training will be conducted in the interim to determine best practices and timeliness expectations. Due to malware DSS systems including the Quality Assurance module were not accessible for several months of 2020 which contributed to this oversight in which the supervisor was unable to monitor outstanding corrections. The agency is researching a web-based monitoring tool to track and monitor the quality control process.

Proposed completion date: **March 2021**

Finding 2020-002

Nonmaterial Noncompliance – Eligibility (Federal and State)

Name of contact person: Rhonda Stevens

Due to growing caseloads the department have been approved in the FY20 budget to add additional staff and quality assurance to address the growth in Medicaid and complexity of cases. Refresher training will provide a focus on household composition and appropriate storage of documentation within NC FAST and electronic filing methodology for electronic documentation.

Proposed completion date: **March 2021**

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

YEAR ENDED JUNE 30, 2020

SECTION IV—SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

II – Financial Statement Findings

None

III – Federal Award Findings and Questioned Costs

Finding 2019-001
Significant Deficiency - Eligibility (Federal and State)

Status: Uncorrected (Quality Control Finding 2020-001)

IV – State Award Findings and Questioned Costs

Finding: 2019-001 as noted in Part III Federal Award Finding and Questioned Cost

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

YEAR ENDED JUNE 30, 2020

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH SUBRECIPIENT'S NUMBER	FEDERAL (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES
FEDERAL AWARDS				
<u>U.S. Dept. of Agriculture</u>				
Food and Nutrition Service				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
Administration:				
Food Stamp Administration	10.561	175NC406S2514	\$ 3,537,910	\$ -
Food and Nutrition Service				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Administration:				
Food Nutrition Administration	10.551	NONE	380,923	-
Total Food Stamp Cluster			3,918,833	-
Division of Aging:				
Special Programs for the Aging - Title III-C (MOW)	93.045	NONE	676,290	-
			676,290	-
Passed-through the N.C. Dept. of Agriculture:				
Food Distribution Division	10.565	NONE	-	19,301
Total U.S. Dept. of Agriculture			4,595,123	19,301
<u>U.S. Dept. of Justice</u>				
Bureau of Justice Assistance				
Passed-through the N.C. Dept. of Public Safety:				
National Asset Seizure Forfeiture Program	16.000	NONE	152,691	-
Youth Gang Prevention (Cure Violence)	16.544	NONE	13,729	-
State Criminal Alien Assistance Program (SCAAP)	16.606	NONE	273,983	-
Total U.S. Dept of Justice			440,402	-
<u>U.S. Dept. of Homeland Security</u>				
Federal Emergency Management Agency (CCTA)	97.133	EMW-2016-GR-00205	276,992	-
Total U.S. Dept of Homeland Security			276,992	-
<u>U.S. Dept. of Housing and Urban Development</u>				
Passed-through the City of Durham				
Housing Opportunities for Persons with Aids (HOWPA) Program	14.241	1460577CBE	10,473	-
Total U.S. Dept. of Housing and Urban Development			10,473	-
<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	50,028	-
Community Transportation	20.509	36233.36.12.1	-	6,571
Total U.S. Dept. of Transportation			50,028	6,571
<u>U.S. Dept. of Health & Human Services</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Public Health Emergency Preparedness	93.069	12642680EX 1460272CNF	80,000	-
CDC Tuberculosis Project	93.116	1460455400	117,638	-
Prescription Drug Overdose	93.136	1175B837DH	-	90,733
CDC Immunization	93.268	1331627DVP	54,811	-
Comprehensive Breast and Cervical Cancer Early Detection Program	93.919	1320559900	26,000	-
			278,448	90,733

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

YEAR ENDED JUNE 30, 2020

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH SUBRECIPIENT'S NUMBER	FEDERAL (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES
		13A157000		
		13114541BN		
HIV Prevention Activities - Health Department Based	93.940	1311981FHV	\$ 218,459	\$ 429,993
		13114536BN		
Preventive Health Service STD Control Grant	93.977	13114601RR	-	5,072
HIV Cluster			<u>218,459</u>	<u>435,065</u>
Administration of Children and Families				
Division of Social Services				
		1370811C7J		
Refugee Health Assessments	93.576	1370810C7J	6,954	-
			<u>6,954</u>	<u>-</u>
Health Resources and Service Administration				
Division of Public Health:				
		13A1592BFP		
Family Planning Services	93.217	13A15735AP	244,659	420,113
Preventive Health Services Block Grant (Healthy Communities)	93.991	13A15107AP	-	8,944
Maternal Health	93.994	13A15740AP	152,494	-
MCH Block Grant -Women's Prevention	93.994	12715021AP	372,232	-
-Child Care Coordination	93.994	12715318AP	74,829	-
			<u>844,215</u>	<u>429,057</u>
Total Public Health			<u>1,348,076</u>	<u>954,856</u>
<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:				
Foster Care and Adoption Cluster:				
IV-E CPS	93.658	1701NCFOST	410,027	208,787
IV-E ADMIN Foster Care (Medicaid)	93.658	1701NCFOST	657	-
IV-E Foster Care TRN	93.658	1701NCFOST	31,857	-
IV-E Foster Care/OFF TRN	93.658	1701NCFOST	-	-
IV-E Optional Adopt	93.659	1701NCADPT	669	-
IV E Foster Care	93.658	1701NCFOST	3,161,631	-
Total Foster Care and Adoption Cluster			<u>3,604,841</u>	<u>208,787</u>
Community Response Program - ADMIN	93.556	G1601NCFPSS	30,012	-
Family Preservation	93.556	G1601NCFPSS	126,088	-
Work First Administration	93.558	1701NCTANF	589,778	-
Work First Service	93.558	1701NCTANF	1,718,592	-
Special Children Adoption	93.558	1701NCTANF	35,979	-
Title IV D - Child Support Enforcement	93.563	1704NC4005	3,672,083	-
Refugee Assistance	93.566	1701NCRMA	9,878	-
Low Income Energy Administration	93.568	G17B1NCLIEA	198,842	-
Low Income Home Energy Assistance Program	93.568	G17B1NCLIEA	934,800	-
Crisis Intervention	93.568	G17B1NCLIEA	736,719	-
Child Care Development Fund (CCDF)	93.596	NONE	888,484	-
Perm Plan SVC & ADMIN	93.645	G1701NCCWSS	76,885	-
SSBG - Other Service and Training	93.667	G1701NCSOSR	1,593,166	-
Independent Living - (LINK)	93.674	1701NC1420	71,618	11,321
Division of Aging:				
SSBG - In Home Service Fund	93.667	G1701NCSOSR	59,460	-
SSBG - Adult Protective Service	93.667	G1701NCSOSR	21,932	-
SSBG - Adult Day Care	93.667	G1701NCSOSR	59,847	21,425
Total Division of Aging			<u>141,239</u>	<u>21,425</u>
Division of Child Development:				
Temporary Assistance for Needy Families	93.558	1701NCTANF	70,167	-
Total Administration for Children and Families			<u>14,499,170</u>	<u>230,212</u>

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

YEAR ENDED JUNE 30, 2020

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH SUBRECEIPIENT'S NUMBER	FEDERAL (DIRECT & PASS- THROUGH) EXPENDITURES	STATE EXPENDITURES
Health Care Financing Administration				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
Administration:				
Health Choice	93.767	CHIP17	\$ 447,816	\$ -
Total of Social Services:			<u>447,816</u>	<u>-</u>
Adult Care Home Case Management	93.778	XIX-MAP17	198,434	36,780
Medical Assistance Administration	93.778	XIX-MAP17	7,647,023	-
Medical Transportation Administration	93.778	XIX-MAP17	346,467	-
State County Special Assistance	93.778	XIX-MAP17	150,827	-
Medical -MAC	93.778	XIX-MAP17	175,264	-
Total Division of Medical Assistance			<u>8,518,014</u>	<u>36,780</u>
Total U.S. Dept. of Health and Human Services			<u>23,017,184</u>	<u>266,992</u>
Total Federal Awards			<u>\$ 30,186,094</u>	<u>\$ 1,247,720</u>
STATE AWARDS				
<u>N.C. Dept. of Health and Human Services</u>				
Division of Social Services:				
State Foster Home		NONE	-	8,076
CPS / CWS - State		NONE	-	176,086
Energy Assistance Private Grant			-	2,287
Total Division of Social Services			<u>-</u>	<u>186,449</u>
Division of Public Health:				
State Aid to Counties		1161411000	-	169,484
General Communicable Diseases Control		1175451000	-	18,568
School Nurse Funding Initiative		1332535800	-	83,854
Long Acting Reversible Contraception			-	1,763
Minority Diabetes Prevention		1262417900	-	6,754
Total Division of Public Health			<u>-</u>	<u>280,422</u>
N.C. Dept. of Cultural and Natural Resources				
State Aid to Libraries		NONE	-	235,474
N.C. Dept. of Transportation				
Elderly and Disabled Transportation Assistance (E&DTAP)		WBS 36220.10.7.1	-	241,220
N.C. Department of Environmental Quality				
Soil and Water Conservation		NONE	-	27,217
N.C. Division of Child Development				
Passed-through Durham's Partnership for Children:				
Smart Start Initiative		NONE	-	172,381
N.C. Dept of Public Safety				
Juvenile Crime Prevention (OJJ Program)		NONE	-	525,852
Children, Youth, & Family At Risk			-	15,500
Safe Road Funds		NONE	-	9,301
TECS		NONE	-	112,320
Total N.C. Dept. of Public Safety			<u>-</u>	<u>662,973</u>
N.C. Dept of Public Instruction				
Child Nutrition Program		1332530100	-	16,966
Office of State Budget and Management				
Public School Building Capital Fund		NONE	-	1,130,189
Total Other State Awards			<u>-</u>	<u>2,953,289</u>
TOTAL FEDERAL AND STATE AWARDS			<u>\$ 30,186,094</u>	<u>\$ 4,201,009</u>

DURHAM COUNTY, NORTH CAROLINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2020

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. Because the Schedule presents only a selected portion of the operations of Durham County, it is not intended to present the financial position, changes in net assets or cash flows of Durham County.

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—Cluster of programs

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

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
(CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 4—Schedule of revenues, expenditures, and changes in fund balance for the CDBG Program

From inception and for the fiscal year ended June 30, 2020:

	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	167,585	-	167,585	(2,415)
Interest income	-	1,906	-	1,906	1,906
Total revenues	1,464,800	1,442,518	-	1,442,518	(22,282)
Expenditures:					
11-C-2309 Scattered site					
Contracted services	400,000	400,000	-	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	167,585	-	167,585	2,415
	1,464,800	1,440,612	-	1,440,612	24,188
Revenues over (under) expenditures	\$ -	\$ 1,906	-	\$ 1,906	\$ 1,906
Fund balance, beginning of year			5,440		
Fund balance, end of year			\$ 5,440		

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.