



**DURHAM COUNTY, NORTH CAROLINA**

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

*For the Year Ended June 30, 2015*

*And Report on Compliance and Internal Control*

**DURHAM COUNTY, NORTH CAROLINA**

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

*YEAR ENDED JUNE 30, 2015*

---

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 OMB Circular A-133  
and the State Single Audit Implementation Act ..... 3 – 5

Report of Independent Auditor on Compliance with Requirements  
Applicable to Each Major State Program and Internal Control Over  
Compliance in Accordance with OMB Circular A-133 and the  
State Single Audit Implementation Act ..... 6 – 8

Schedule of Findings and Questioned Costs:

    Section I – Summary of Auditor’s Results ..... 9 – 10

    Section II – Findings and Questioned Costs Related to  
            the Audit of Federal and State Awards ..... 10 – 16

    Section III – Schedule of Corrective Action Plans ..... 17 – 18

    Section IV – Summary Schedule of Prior Audit Findings ..... 19

Schedule of Expenditures of Federal and State Awards ..... 20 – 24

Notes to Schedule of Expenditures of Federal and State Awards ..... 25 – 26

**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, 2015, 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 30, 2015. 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 over financial reporting 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be a significant deficiency.

**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*.

**Durham County's Response to Finding**

The County's response to the finding identified in our audit is 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 the financial statements and accordingly, we express no opinion on it.

**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 "Cheryl Berkant CP". The signature is written in a cursive, flowing style.

Raleigh, North Carolina  
October 30, 2015

**Report of Independent Auditor on Compliance for Each Major Federal Program  
and on Internal Control Over Compliance in Accordance with  
OMB Circular A-133 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) Circular A-133 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, 2015. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, 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, 2015.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-002, 2015-003 and 2015-004. 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 OMB Circular A-133, 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 certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-005 that we consider to be a significant deficiency.

### **Durham County's Response to Finding**

The County's response to the internal control over compliance finding identified in our audit is 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 Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133**

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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated October 30, 2015, 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 OMB Circular A-133 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 OMB Circular A-133. Accordingly, this report 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  
November 23, 2015

**Report of Independent Auditor on Compliance with Requirements  
Applicable to Each Major State Program and Internal Control  
Over Compliance in Accordance with *OMB Circular A-133* 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, 2015. The County’s major State programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

**Management’s Responsibility**

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

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of the County’s major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*; and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, 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.

**Basis for Qualified Opinion on Children’s Health Insurance Program**

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding Children’s Health Insurance Program as described in finding number 2015-004 for Eligibility. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

**Qualified Opinion on Children’s Health Insurance Program**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 the Children’s Health Insurance Program for the year ended June 30, 2015.



### **Unmodified Opinion on Each of the Other Major State Programs**

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-002, 2015-003, 2015-006 and 2015-008. 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-005 and 2015-007 that we consider to be significant deficiencies.

### **Durham County's Response to Findings**

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

**Report on Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133 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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated October 30, 2015, 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 OMB Circular A-133 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Raleigh, North Carolina  
November 23, 2015

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

YEAR ENDED JUNE 30, 2015

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major federal programs:

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

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?  yes  no

Identification of major federal programs:

<u>CFDA#</u>	<u>Program/Cluster Name</u>
93.778	Medical Assistance Program (Medicaid; Title XIX)
93.767	Children's Health Insurance Program (CHIP)
93.575, 97.596	Subsidized Child Care
10.551	Food and Nutrition Services
93.994	Maternal & Child Health Services Block Grant to the States
93.568	Low-Income Home Energy Assistance

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

Auditee qualified as low-risk auditee  yes  no

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

YEAR ENDED JUNE 30, 2015

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? \_\_\_\_\_Xyes      \_\_\_\_\_no

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? \_\_\_\_\_Xyes      \_\_\_\_\_no

Identification of major State programs:

Program Name

- Medical Assistance
- Health Choice
- Subsidized Child Care
- Domiciliary Care- Direct Benefit Payment (Special Assistance)

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

**II – Financial Statement Findings**

**2015-001**  
**Significant Deficiency**

Criteria: The Finance Department is responsible for accurately recording and reporting revenues in the proper period and fiscal year.

Condition: During the current year, fiscal year 2015, the finance department discovered that the revenues collected by the Register of Deeds (“ROD”) Office and subsequently remitted to the State were not being properly recorded. The ROD had a change in computer systems in June of 2012 and an entry related to the recording of revenues had been improperly posted every month since June 2012 through the discovery of the improper journal entry in May of 2015.

Context: During the training of a new accountant in the Finance Department of the revenues collected by the ROD Office that are remitted to the State on a monthly basis it was discovered that an entry was made at the end of the month that was debiting revenue accounts. The purpose of the journal entry was to record “e-recording” activity for the month as well as the activity being paid with ROD prepaid escrow funds. After reviewing the electronic activity and prepaid escrow usage, it was determined that the journal entry being posted each month was not accurate. A reconciliation of all monthly journal entries posted from June 2012 to May 2015 to the actual monthly activity was performed and an adjusting journal entry has been made to correct the current year as well as the prior year activity.

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

*YEAR ENDED JUNE 30, 2015*

---

Effect: The prepaid escrow account was overstated and revenues were understated in fiscal years 2012, 2013 and 2014. The cumulative effect of the prior year amounts was \$1,969,493 on net position.

Cause: The ROD's daily activity was being posted in multiple transactions rather than as one. As a result, no one was reconciling the total daily activity report being produced within their system. As a result, the County Finance Department was unaware that not all daily activity was not being provided and posted to the general ledger accurately.

Recommendation: We recommend that the County review their internal controls over the recording of activity from the ROD system into the general ledger to ensure that all activity is properly recorded in the proper period and fiscal year. This will ensure that the general ledger balances are accurate and properly recorded. We also recommend that the County implement a review process of all reoccurring journal entries to ensure that the purpose of those entries is still being properly and accurately recorded.

Views of responsible officials: Management agrees with finding.

---

**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: Medical Assistance**  
**CFDA#: 93.778**

**Finding 2015-002**

**Nonmaterial Noncompliance – Eligibility**

Criteria or specific requirement: At the time of each initial application or annual redetermination of benefits for Medical Assistance, income for the participant should be verified and documented and a budget should be calculated correctly by the social worker in order to determine if the participant is eligible to receive benefits.

Condition: Out of the 60 case files selected for testing, there was one instance in which the participant's income was not verified and documented and/or the budget was not completed in the case file.

Context: Selected 60 case files for testing.

Questioned Costs: None. We were able to determine that the client was still eligible, even though evidence that income was not verified and the budget was completed was not present in the file.

Effect: By not having the required supporting documentation on file, eligibility cannot be readily substantiated and there is a risk that the County could have provided benefits to individuals who are not eligible. The participant of the Medical Assistance Program could have potentially been receiving benefits when they were ineligible.

Cause: The income verification and budget were not completed during the initial eligibility or review determination or was completed and subsequently misplaced.

Recommendation: Durham County should revise the review process to ensure proper supporting documentation of eligibility is maintained within each case file.

Views of responsible officials: Management agrees with finding.

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

*YEAR ENDED JUNE 30, 2015*

---

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

**Finding 2015-003**

**Nonmaterial Noncompliance – Eligibility**

Criteria or specific requirement: In accordance with Family and Children's Medicaid Policy Manual Chapter 3420, a redetermination should be completed every 12 months.

Condition: Out of the 60 case files selected for testing, there was one instance in which there was not a redetermination completed in a timely manner and the client received a 13<sup>th</sup> month of benefits before another redetermination was completed.

Context: Selected 60 case files for testing.

Questioned Costs: The known questioned cost amount was \$6.82. This was the amount of benefits received by the client during the ineligible period, which was obtained from the State payment history.

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

Cause: The redetermination was not completed in a timely manner.

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

Views of responsible officials: Management agrees with 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: Children's Health Insurance Program**  
**CFDA#: 93.767**

**Finding 2015-004**

**Material Noncompliance – Eligibility**

Criteria or specific requirement: In order to meet the income criteria for eligibility for Children's Health Insurance Program participants must meet the 2015 Federal Poverty Level Guidelines at the time of each redetermination.

Condition: Out of the 60 case files selected for testing, there was one instance in which the participant did not meet the Children's Health Insurance Program income limitations.

Context: Selected 60 case files for testing.

Questioned Costs: The known questioned cost amount was \$109.06. This was the amount of benefits received by the client during the ineligible period, which was obtained from the State payment history.

# **DURHAM COUNTY, NORTH CAROLINA**

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

*YEAR ENDED JUNE 30, 2015*

---

**Effect:** By not meeting the income eligibility limits at the time of redetermination, eligibility cannot be readily substantiated and therefore, the County provided funding to an individual who is not eligible. The one participant of the Children's Health Insurance Program received funding in which they were ineligible for and should have received Medical Assistance funding instead.

**Cause:** The social worker approved the participant for Children's Health Insurance Program benefits when they did not meet the Federal Poverty Level Guidelines. They should have been approved for Medical Assistance instead.

**Recommendation:** Durham County should ensure social workers are using the most recent Federal Poverty Level Guidelines at the time of redetermination.

**Views of responsible officials:** Management agrees with finding.

**U.S. Department of Health and Human Services**  
**Passed through N.C. Department of Health and Human Services, Division of Child Development**  
**Program Name: Subsidized Child Care**  
**CFDA#: 93.575, 93.596**

### **Finding 2015-005**

#### **Significant Deficiency – Eligibility**

**Criteria or specific requirement:** Durham County DSS performs a random sampling of Subsidized Child Care cases, by the Child Care Supervisor/Quality Assurance Trainer within the Compliance and Quality Assurance Unit (CQA). These cases are pulled from those processed by case managers and results in 3 cases per worker being reviewed each month.

**Condition:** Durham County did not complete CQA reviews for the Subsidized Child Care program for the entire FY15.

**Context:** Durham County did not complete the compliance reviews for the Subsidized Child Care Program for the entire year.

**Questioned Costs:** None. This is a control deficiency.

**Effect:** By not enforcing the CQA program for the entire FY15, the Subsidized Child Care Program could be servicing ineligible recipients. Durham County relies on this program to serve as an internal audit or checks and balances for their programs and without the CQA program there is minimal monitoring of their programs in place.

**Cause:** The Child Care Supervisor/Quality Assurance Trainer position within the CQA was vacant for the entirety of FY15 and Subsidized Child Care managers did not follow through with random sampling each month for additional review while the CQA position was vacant.

**Recommendation:** CB recommends that Durham County hire a new Child Care Supervisor to fill the vacant position or implement a review process within the Child Care program management to randomly sample cases each month.

**Views of responsible officials:** Management agrees with finding.

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

*YEAR ENDED JUNE 30, 2015*

---

---

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

---

---

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

**Finding 2015-006**

**Nonmaterial Noncompliance – Allowable Costs/Costs Principles and Reporting**

Criteria: The DSS Services Information System User's Manual requires that daysheets account for 100% of employee time and that program codes and activity codes are summarized correctly, that day sheet entries are supported by documentation in case record files and that daysheet summaries are transferred to the DSS-1571 accurately to an eligible fund source.

Condition: We noted one instance in which supporting documentation for the employee's time worked was not provided.

Context: Out of 60 service dates tested, we noted one instance in which the employee's time entered for a service performed was not supported by a narrative in the case file.

Questioned Costs: None. All of the employee's time was still reimbursable under Part I of the DSS-1571. There is a risk that the employee time was not accurately transferred to the correct funding source.

Effect: Program codes and activity codes of DSS employees are not allocated accurately to an eligible fund source.

Cause: Appropriate documentation was not included in the respective files.

Recommendation: Durham County should check daysheets as they are entered and follow up with supervisors of employees whose daysheets have not been received. Additionally, the County should continue to train employees on the proper procedures to ensure that documentation is obtained and included/supported in the files.

Views of responsible officials: Management agrees with finding.

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

**Finding 2015-007**

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

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

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

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

Questioned Costs: None.

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



# **DURHAM COUNTY, NORTH CAROLINA**

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

*YEAR ENDED JUNE 30, 2015*

---

Cause: There is a lack of employee and supervisor oversight over time entered for the month.

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

Views of responsible officials: The root of this finding is based on a computer systems issue as opposed to staff member error or lack of supervision. This issue originated as a result of a transition from a legacy server to a new one by County IS&T. Some of the old SIS ID numbers did not transfer over in a complete format. The impact was that staff (who key data by client name) keyed the correct client, service and time to the daysheet system. However, at the point of upload to the state system (to generate the Percentage of Time Report) there was no SIS ID match and those clients dropped off the upload. That resulted in the discrepancy between daysheets and Percentage of Time.

### **U.S. Department of Health and Human Services State/County Special Assistance**

#### **Finding 2015-008**

##### **Nonmaterial Noncompliance – Eligibility**

Criteria or specific requirement: Automated inquiry and matches should be conducted at the time of each application, redetermination, and change in situation.

Condition: Out of the 40 eligibility case files selected for testing, we noted one instance in which evidence of the OLV was not present in the file.

Context: Selected 40 case files for review.

Questioned Costs: None.

Effect: By not having the required supporting documentation on file, eligibility cannot be readily substantiated and there is a risk that the County could provide funding to individuals who are not eligible. The one participant of the Special Assistance Program could potentially be receiving benefits when they are ineligible.

Cause: The online inquiries and matches were not completed at the time of redetermination.

Recommendation: We recommend that the County implement a review process to ensure eligibility documentation is maintained within each case file.

Views of responsible officials: Management agrees with finding.

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

*YEAR ENDED JUNE 30, 2015*

---

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

---

**II – Financial Statement Findings**

---

**Finding 2015-001**  
**Significant Deficiency**

Name of contact person: Susan Tezai, Deputy Chief Financial Officer

Corrective action: The processing of the improper journal entry was terminated immediately, effective June 1st of 2015. An entry template was created to post the total ROD daily activity with the daily activity report produced by the ROD system attached as supporting documentation. The accountant in Finance and the ROD staff were debriefed and trained on the new process. The daily entry is reviewed to the ROD daily activity report prior to entry into the general ledger. Since implementation of this new entry, there have been no issues. In addition, in fiscal year 2016, Finance will assist/train the ROD staff to reconcile the ROD's financial activity monthly to their month end activity report provided by the ROD system.

Proposed completion date: Immediately

---

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

---

**Finding 2015-002**  
**Nonmaterial Noncompliance – Eligibility**

Name of contact person: Richard Stegenga, Business Officer

Corrective action: By November 9, 2015, a checklist for staff members who process Medicaid recertifications will be created and distributed to staff for implementation. This checklist will be used as a guide for caseworkers to use as a reminder for the documentation required for the recertification process. This document will be scanned into Laserfiche. This tool will be added to the quality assurance documentation review tool. Unit supervisors will review 2 cases per worker per month for adherence to policy, including the presence of the checklist. To ensure that existing staff members are adhering to policy, Quality Assurance and Training will provide ad-hoc refresher trainings to existing staff on the Medicaid recertification process; FEI Division Supervisors will be responsible for training on updated Laser Fiche process.

Proposed completion date: Immediately

**Finding 2015-003**  
**Nonmaterial Noncompliance – Eligibility**

Name of contact person: Richard Stegenga, Business Officer

Corrective action: By November 9, 2015, a checklist for staff members who process Medicaid recertifications will be created and distributed to staff for implementation. This checklist will be used as a guide for caseworkers to use as a reminder for the documentation required for the recertification process. This document will be scanned into Laserfiche. This tool will be added to the quality assurance documentation review tool. Unit supervisors will review 2 cases per-worker per-month for adherence to policy, including the presence of the checklist. To ensure that existing staff members are adhering to policy, Quality Assurance and Training will provide ad-hoc refresher trainings to existing staff on the Medicaid recertification process. FEI Division Supervisors will be responsible for training on updated Laserfiche process.

Proposed completion date: Immediately

# DURHAM COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2015

---

### **Finding 2015-004** **Nonmaterial Noncompliance – Eligibility**

Name of contact person: Richard Stegenga, Business Officer

Corrective action: By November 9, 2015, a checklist for staff members who process Medicaid recertifications will be created and distributed to staff for implementation. This checklist will be used as a guide for caseworkers to use as a reminder for the documentation required for the recertification process. This document will be scanned into Laserfiche. This tool will be added to the quality assurance documentation review tool. Unit supervisors will review 2 cases per-worker per-month for adherence to policy, including the presence of the checklist. To ensure that existing staff members are adhering to policy, Quality Assurance and Training will provide mandatory ad-hoc refresher trainings to existing staff on the Medicaid recertification process. FEI Division Supervisors will be responsible for training on updated Laserfiche process.

At least annually, all agency staff will be provided the most recent federal poverty guidelines chart when it is updated by the federal government. No later than November 2, 2015, all staff members will receive the current federal poverty guidelines and it will be made available to staff on the agency intranet site and sent via email.

Proposed completion date: Immediately

### **Finding 2015-005** **Significant Deficiency – Eligibility**

Name of contact person: Richard Stegenga, Business Officer

Corrective action: The vacant Quality Assurance team member has been hired and is in-place. The vacant supervisor position has also been filled. In addition, Quality Assurance will work with leadership to cross train an additional staff member additionally, program staff (supervisors and the program manager) will be trained to provide quality assurance reviews in the event that the Quality Assurance staff positions are vacant; they will backup and provide addition QA support.

Proposed completion date: Immediately

---

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

---

### **Finding 2015-006** **Nonmaterial Noncompliance**

Name of contact person: Richard Stegenga, Business Officer

Corrective Action Plan: Durham County revised/updated the Day Sheet protocol June 24, 2015 with an implementation date of July 2, 2015 for Child Welfare and Adult Services. A review of the current protocol will be completed to ensure its clarity, revision and distribution; this will occur no later than November 16, 2015. The expectation is to have 100% of staff members daily time recorded accurately and completely to include corresponding case documentation. The protocol incorporates Quality Assurance (QA) reviews of day sheets in Child Welfare Services on randomly pulled cases. Additionally, for each supervisor who is required to validate daysheets prior to final submission as part of the 1571, their workplan will be updated to include accuracy and completeness of daysheets. This update to the work plan will be made in accordance with County Human Resources Policy; the update to workplans will begin for these supervisors in December 2015.

Proposed completion date: Immediately

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

*YEAR ENDED JUNE 30, 2015*

---

**Finding 2015-007**  
**Significant Deficiency**

Name of contact person: Richard Stegenga, Business Officer

Corrective action: County IS&T was brought into the process, as DSS staff was unaware of the reason for the discrepancy. The error has been identified and the situation isolated. They are currently working on this issue with an expected solution by December 1, 2015. Once the update is complete, the SIS numbers for Durham County will be compared to SIS numbers in the NC DHHS Data Warehouse to ensure accuracy of all SIS numbers.

Proposed completion date: Immediately

**Finding 2015-008**  
**Nonmaterial Noncompliance**

Name of contact person: Richard Stegenga, Business Officer

Corrective action: By November 9, 2015, a checklist will be created and distributed to staff for implementation for staff to complete on Medicaid recertifications. This checklist will be used as a guide for caseworkers to use as a reminder for the documentation required for the recertification process. This document will be scanned into Laserfiche. This tool will be added to the quality assurance documentation review tool. Unit supervisors will review 2 cases per-worker per-month for adherence to policy, including the presence of the checklist. To ensure that existing staff members are adhering to the policy, Quality Assurance and Training will provide mandatory ad-hoc refresher trainings to existing staff on the Special Assistance recertification process. FEI Division Supervisors will be responsible for training on updated Laserfiche process.

Proposed completion date: Immediately

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

*YEAR ENDED JUNE 30, 2015*

---

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

---

**II – Financial Statement Findings**

---

**Material Weakness**  
**Finding 2014-001**

Status: Corrected

---

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

---

None

---

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

---

**Nonmaterial Noncompliance**  
**Finding 2014-002**

Status: Uncorrected

**Significant Deficiency**  
**Finding 2014-003**

Status: Uncorrected

DURHAM COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED JUNE 30, 2015

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES	
		FEDERAL	STATE
<b>FEDERAL AWARDS</b>			
<b><u>U.S. Dept. of Agriculture</u></b>			
<b><u>Food and Nutrition Service</u></b>			
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Social Services:			
Administration:			
<b><u>Food Stamp Cluster</u></b>			
Food Stamp Administration	10.561	\$ 2,625,084	\$
Division of Public Health:			
Administration:			
Food Nutrition Administration	10.551	410,154	
AGRI-SFP Food Program Meal	10.559	9,439	
Division of Aging:			
Special Programs for the Aging - Title III-B	93.044	129,166	
Special Programs for the Aging - Title III-C	93.045	332,382	
Nutrition Services Incentive Program(NSIP)	93.053	25,038	
Passed-through the N.C. Dept. of Agriculture			
Food Distribution Division	10.565	1,156	
Natural Resource and Conservation	10.913	228,750	
Passed-through the N.C. Agricultural and Technical State University			
Sustainable Agriculture Research and Education	10.500	13,719	
<b>Total U.S. Dept. of Agriculture</b>		<b>\$ 3,774,888</b>	<b>\$</b>
<b><u>U.S. Dept. of Justice</u></b>			
<b><u>Bureau of Justice Assistance</u></b>			
Passed-through the N.C. Dept. of Crime Control & Public Safety:			
National Asset Seizure forfeiture Program	16.000	106,246	
Office of Justice Programs	16.203	44,298	
Juvenile Diversion Program	16.54	25,679	
Bulletproof Vest Partnership Program	16.607	2,256	
State Criminal Alien Assistance Program	16.606	53,933	
Edward Byrne Memorial Justice Assistance Grant	16.738	179,326	
Second Chance Act Prisoner Reentry Initiative	16.812		
Passed-through the City of Durham			
Criminal & Juvenile Justice & Mental Health Collaboration Program	16.745		
<b>Total U.S. Dept of Justice</b>		<b>\$ 411,738</b>	<b>\$</b>
<b><u>U.S. Dept. of Homeland Security</u></b>			
Passed-through the N.C. Dept. of Homeland Security:			
Emergency Management Performance Grant	97.042	35,780	67,417
<b>Total U.S. Dept. of Homeland Security</b>		<b>\$ 35,780</b>	<b>\$ 67,417</b>
<b><u>U.S. Dept. of Housing and Urban Development</u></b>			
<b><u>Passed-through the N.C. Housing Finance Agency</u></b>			
HOME Investment Partnerships Program	14.239	\$ 89,824	
<b><u>Passed-through the Department of Commerce</u></b>			
Community Development Block Grant	14.228	155,279	
<b><u>Office of Community Planning and Development</u></b>			
Passed-through The City of Durham:			
Community Development Block Grant	14.218	25,121	
<b>Total U.S. Dept. of Housing and Urban Development</b>		<b>\$ 270,224</b>	<b>\$</b>

DURHAM COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 YEAR ENDED JUNE 30, 2015

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES	
		FEDERAL	STATE
<b>U.S. Dept of Transportation</b>			
<b>Passed- through the N.C. Dept. of Transportation</b>			
<b>Division of Public Transportation</b>			
Capital Assistance Program	20.513	287,205	
Community Transportation	20.509	74,167	42,010
Passed- through the N.C. Dept. of Crime Control & Public Safety:			
Division of Emergency Management			
Hazardous Materials Emergency Planning	20.703	4,674	
<b>Total U.S. Dept. of Transportation</b>		<b>\$ 366,046</b>	<b>\$ 42,010</b>
<b>U.S. Dept. of Health &amp; Human Services</b>			
<b>Division of Public Health:</b>			
<b>Passed-through the N.C. Dept. of Health and Human Services:</b>			
<b>Centers for Disease Control and Prevention</b>			
<b>Division of Public Health:</b>			
Medical Reserve Corps Grant	93.008	-	
Public Health Emergency Preparedness	93.069	77,527	
CDC Tuberculosis Project	93.116	31,461	100,145
CDC Immunization	93.268	52,873	-
Comprehensive Breast and Cervical Cancer Early Detection Program	93.919	9,180	9,180
HIV Prevention Activities - Health Department Based	93.940	401,088	136,263
Prevent Health Service STD Control Grant	93.977	12,503	-
		<b>\$ 584,632</b>	<b>\$ 245,588</b>
<b>Administration of Children and Families</b>			
<b>Division of Social Services:</b>			
SSBG - HIV/STD Aid	93.667	-	
Temporary Assistance for Needy Families	93.558	27,005	
Refugee Health Assessments	93.576	9,348	
		<b>\$ 36,353</b>	<b>\$ -</b>
<b>Health Resources and Service Administration</b>			
<b>Division of Public Health:</b>			
Family Planning Services	93.217	94,394	
Preventive Health Service Block Grant	93.991	-	19,984
Maternal Health	93.994	152,450	74,897
MCH Block Grant -Women's Prevention	93.994	318,410	16,456
-Child Care Coordination	93.994	46,825	35,123
-Child Health	93.994	10,444	8,151
		<b>\$ 622,523</b>	<b>\$ 154,611</b>
<b>Passed-through the National Association fo County and City Health Officials</b>			
<b>Office of Centers for Disease Control and Prevention:</b>			
National Public Health Improvement Initiative	93.292	3,375	
<b>Passed-through the Person County Health Department</b>			
<b>Office of Centers for Disease Control and Prevention:</b>			
Community Transformation Grants	93.531	1,164	
<b>Passed-through Duke University:</b>			
<b>Division of Medical Assistance:</b>			
Medical Assistance Program	93.778	844,588	325,850
<b>Centers for Medicare and Medicaid Services</b>			
Health Care Innovation Awards	93.610	486,897	
<b>Total Public Health</b>		<b>\$ 2,579,532</b>	<b>\$ 726,049</b>

DURHAM COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 YEAR ENDED JUNE 30, 2015

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES	
		FEDERAL	STATE
<b>U.S. Dept. of Health &amp; Human Services</b>			
<b>Administration for Children and Families</b>			
<b>Passed-through N.C. Dept. of Health and Human Services:</b>			
<b>Division of Social Services:</b>			
<u>Foster Care and Adoption Cluster:</u>			
CWS Adopt Subsidy - Direct Benefit Payment	93.649	\$	\$ 787,361
Title IV E Adopt Assistance - Direct Benefit Payment	93.659	904,065	237,274
IV E CPS	93.658	407,600	172,849
IV-E Optional	93.659	724,426	
IV E Foster Care	93.658	400,002	382,125
Adoption/Guardianship	93.558	81,419	
Total Foster Care and Adoption Cluster		<u>2,517,512</u>	<u>1,579,609</u>
TANF - Direct Benefit Payments	93.558	1,439,572	-
Work First Administration	93.558	688,680	
Work First Service	93.558	2,088,058	
Special Children Adoption	93.558	26,648	
Family Preservation	93.556	20,864	
Title IV D - Child Support Enforcement	93.563	3,537,039	
Refugee Assistance	93.566	32,716	
Low Income Energy Administration	93.568	197,966	
Low Income Home Energy Assistance Program	93.568	1,058,000	
Crisis Intervention	93.568	992,067	
Refugee Assistance Payments - Direct Benefit Payment	93.566	53,690	
Day Care Coordinator	93.596	622,452	
Permanency Planning - Child Welfare Services	93.645	73,361	
SSBG - Other Service and Training	93.667	1,464,805	-
Independent Living - (LINK)	93.674	59,909	3,207
<b>Division of Aging:</b>			
SSBG - In Home Service Fund	93.667	93,811	
SSBG - Adult Day Care	93.667	87,458	68,012
<b>Sub-Total</b>		<u>12,537,096</u>	<u>71,219</u>
<b>Division of Child Development:</b>			
<u>Subsidized Child Care Cluster</u>			
Child Care and Development Fund - Discretionary	93.575	7,654,252	
Child Care and Development Fund - Mandatory	93.596	2,772,517	
Child Care and Development Fund - Match	93.596	850,583	
Temporary Assistance for Needy Families	93.558	2,172,400	
State Appropriations		-	-
TANF - Maintenance of Effort			1,655,632
Total Subsidized Child Care Cluster		<u>13,449,752</u>	<u>1,655,632</u>
IV-E Foster Care	93.575	171,489	88,816
<b>Total Child Development</b>		<u>13,621,241</u>	<u>1,744,448</u>
<b>Total Administration for Children and Families</b>		<u>\$ 28,675,849</u>	<u>\$ 3,395,276</u>



**DURHAM COUNTY, NORTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED JUNE 30, 2015**

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES	
		FEDERAL	STATE
<b><u>Health Care Financing Administration</u></b>			
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Medical Assistance:			
Direct Benefit Payments:			
Medical Assistance Program	93.778	\$ 201,645,276	\$ 108,938,869
Children Health Insurance Program	93.767	5,074,089	1,594,815
Division of Social Services:			
Administration:			
Health Choice	93.767	256,090	10,062
Adult Care Home Case Management	93.778	299,487	33,479
Medical Assistance Administration	93.778	6,796,173	
Medical Assistance Transportation	93.778	5,254	2,724
State County Special Assistance	93.778	-	
Medical - At Risk Adults	93.778	216,640	
<b>Total Division of Medical Assistance</b>		<b>\$ 214,293,009</b>	<b>\$ 110,579,949</b>
<b>Total U.S. Dept. of Health and Human Services</b>		<b>\$ 245,548,390</b>	<b>\$ 114,701,274</b>
<b>Total Federal Awards</b>		<b>\$ 250,407,065</b>	<b>\$ 114,810,701</b>
<b>STATE AWARDS</b>			
<b><u>N.C. Dept. of Health and Human Services</u></b>			
Division of Social Services:			
Domiciliary Care - Direct Benefit Payment		\$	\$ 1,960,425
State Foster Home			165,217
CPS State			177,313
Program Integrity			4,285
Total Division of Social Services			2,307,240
Division of Public Health:			
State Aid to Counties			180,656
General Communicable Disease Control			24,026
Women's Health Services			21,984
Environmental Health			38,212
Children's Special Health Services			21,341
Ebola Monitoring Activities			19,711
Community Liasons for Health			63,832
School Nurse Funding Initiative			108,657
Total Division of Public Health			478,419
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:			
Medical Assistance - Medicaid			
Total N.C. Department of Health and Human Services and Substance Abuse Services			-
<b>Total N.C. Dept. of Health and Human Services</b>		<b>\$</b>	<b>\$ 2,785,659</b>
<b><u>N.C. Dept. of Cultural Resources</u></b>			
State Aid To Libraries		\$	\$ 224,792
<b><u>N.C. Dept. of Transportation</u></b>			
Elderly and Disabled Transportation Assistance (E&DTAP)		\$	\$ 208,812

**DURHAM COUNTY, NORTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED JUNE 30, 2015**

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES	
		FEDERAL	STATE
<b>N.C. Dept. of Environment, Health and Natural Resources</b>			
Division of Water Resources- UST			47,610
Storm Water Education Program			8,887
Soil and Water Conservation			60,376
			<u>116,873</u>
<b>N.C. Division of Child Development</b>			
Passed-through Durham's Partnership for Children:			
Smart Start Initiative			260,161
			<u>260,161</u>
<b>N.C. Dept of Crime Control and Public Safety</b>			
Juvenile Crime Prevention (OJJ Program)			577,497
Safe Road Funds			15,244
Total N.C. Dept. of Crime Control and Public Safety			<u>592,741</u>
<b>N.C. Dept of Public Safety</b>			
Treatment for Effective Community Supervision (TECS)			209,540
			<u>209,540</u>
<b>N.C. Dept. of Agriculture &amp; Consumer Services</b>			
NC Agriculture Development & Farmland Preservation Trust			139,500
Spay and Neuter Program			4,179
			<u>143,679</u>
<b>N.C. Dept of Public Instruction</b>			
Child Nutrition Program			9,512
			<u>9,512</u>
<b>Office of State Budget and Management</b>			
Public School Building Capital Fund			1,112,792
			<u>1,112,792</u>
Total Other State Awards		\$	<u>2,878,902</u>
<b>TOTAL FEDERAL AND STATE AWARDS</b>		\$	<u><u>250,407,065</u></u>
			<u><u>120,475,262</u></u>

**DURHAM COUNTY, NORTH CAROLINA**

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

YEAR ENDED JUNE 30, 2015

**1. GENERAL**

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

**2. BASIS OF ACCOUNTING**

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements.

**3. BENEFIT PAYMENTS ISSUED BY THE STATE**

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

**4. SUBRECIPIENTS**

During the fiscal year ended June 30, 2015, the County provided federal and State awards to subrecipients as follows:

<b>Program Titles</b>	<b>Federal CFDA #</b>	<b>Expenditures</b>	
		<b>Federal</b>	<b>State</b>
<b><u>U.S. Dept. of Justice</u></b>			
<b><u>Bureau of Justice Assistance</u></b>			
Passed-through the N.C. Dept. of Crime Control & Public Safety:			
Edward Byrne Memorial Justice Assistance Grant	16.738	\$ 81,991	\$ -
Office of Justice Programs	16.203	57,789	-
<b><u>N.C. Dept of Crime Control and Public Safety</u></b>			
Juvenile Crime Prevention (OJJ Program)		-	451,844
<b><u>N.C. Dept of Transportation</u></b>			
Rural Operating Assistance Program (ROAP)		-	208,812
<b><u>Office of State Budget and Management</u></b>			
Public School Building Capital Fund		-	<u>1,112,792</u>
		<u>\$ 139,780</u>	<u>\$ 1,773,448</u>

**DURHAM COUNTY, NORTH CAROLINA**

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

YEAR ENDED JUNE 30, 2015

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

**Scattered Site Housing Project III  
From Inception and for the Fiscal Year Ended June 30,  
2015**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Totals To Date	
Revenues:					
Federal grant					
05-C-1359 Scattered site	\$ 400,000	\$ 49,779	\$ 95,920	\$145,699	\$ (254,301)
06-D-2405 Community Development Block Grant	600,000	25,968	47,487	73,455	(526,545)
SFR-10 Single Family Rehabilitation	275,000	273,027	-	273,027	(1,973)
SFR-13 Single Family Rehabilitation	170,000	5,650	48,418	54,068	(115,932)
Interest income	-	2,411	(163)	2,248	2,248
Total revenues	1,445,000	356,835	191,662	548,497	(896,503)
Expenditures:					
05-C-1359 Scattered site Contracted services	400,000	59,631	121,440	181,071	218,929
06-D-2405 Community Development Block Grant					
Contracted services	599,430	71,828	33,839	105,667	493,763
Advertising	570	400	63	463	107
SFR-10 Single Family Rehabilitation Contracted services	275,000	273,027	-	273,027	1,973
SFR-13 Single Family Rehabilitation Contracted services	170,000	-	89,824	89,824	80,176
	1,445,000	404,886	245,166	650,052	794,948
Revenues over (under) expenditures	\$ -	<u>\$(48,051)</u>	(53,504)	<u>\$(101,555)</u>	<u>\$(101,555)</u>
Fund balance, beginning of year			(48,051)		
Fund balance, end of year			<u>\$(101,555)</u>		