

# **Wake County, North Carolina**

## ***Report on Schedule of Expenditures of Federal and State Awards and Reports on Compliance and Internal Control***

***For the fiscal year ended June 30, 2021***

# Wake County, North Carolina

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**Independent Auditor's Report 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  
Wake County, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Wake County, North Carolina (the "County") as of and for the year ended June 30, 2021 not presented here, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 3, 2021. Our report includes a reference to other auditors who audited the financial statements of the Wake County Board of Alcoholic Control (the "Board"), as described in our report on the County's financial statements. This report does not include the results of the 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 entity'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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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Raleigh, North Carolina  
December 3, 2021

**Independent Auditor's Report on Compliance Applicable for Each Major  
Federal Program; Report on Internal Control Over Compliance; In  
Accordance With OMB Uniform Guidance and the State Single Audit  
Implementation Act**

Board of County Commissioners  
Wake County, North Carolina

**Report on Compliance for Each Major Federal Program**

We have audited Wake County, North Carolina's (the "County's") compliance with the types of compliance requirements described in the 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, 2021. 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 federal and state statutes, regulations, and terms and conditions of its federal awards.

**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 requirements of Title 2 U.S. *Code of Federal Regulations* 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 of the County's compliance.

**Opinion on Each of 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, 2021.

## Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Uniform Guidance and which is described in the accompanying *Schedule of Findings and Questioned Costs* as item 2021-001. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the noncompliance findings 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 the response.

## 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 of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB 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 a 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 preceding paragraph 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 did identify certain deficiencies in internal control over compliance, as described in the accompanying *Schedule of Findings and Questioned Costs* as items 2021-001, 2021-002 and 2021-003 to be significant deficiencies.

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

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Wake County as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Wake County's basic financial statements. We issued our report thereon dated December 3, 2021, which contained an unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wake County's basic financial statements. The accompanying schedule of expenditures by 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.

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Raleigh, North Carolina  
December 6, 2021



**Independent Auditor's Report on Compliance For Each Major State  
Program and on Internal Control over Compliance in Accordance with  
the Uniform Guidance and the State Single Audit Implementation Act**

Board of County Commissioners  
Wake County, North Carolina

**Report on Compliance for Each Major State Program**

We have audited Wake County, North Carolina's (the County's) 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, 2021. 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 state statutes, regulations, and the terms and conditions of its state awards 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; and applicable sections of Title 2 U.S. *Code of Federal Regulations* 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, 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 of the County's compliance.

**Opinion on Each Major State 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 state programs for the year ended June 30, 2021.



## 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 are described in the accompanying *Schedule of Findings and Questioned Costs* as item 2021-001. Our opinion on each major state program is not modified with respect to this matter.

The County's response to the noncompliance findings 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 the response.

## 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 of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an 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 a 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 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 preceding paragraph 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 did identify certain deficiencies in internal control over compliance, as described in the accompanying *Schedule of Findings and Questioned Costs* as items 2021-001, 2021-002 and 2021-003 to be significant deficiencies.

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

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.

**Report on Schedule of Expenditures of Federal and State Awards Required by Uniform Guidance and the State Single Audit Implementation Act**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate 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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated December 3, 2021, which contained unmodified opinions on those financial statements. We did not audit the financial statements of the Wake County Board of Alcoholic Control (the "Board"). Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the County's financial statements, 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 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 the purposes of additional analysis as required by 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 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 financial statements as a whole.

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Raleigh, North Carolina  
December 6, 2021

# Wake County, North Carolina

## Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2021

Grantor/Pass-Through Grantor/Program Titles	Federal	State Pass-through	Expenditures		Total	Provided to Subrecipients
	AL # / CFDA No	Identifying #	Federal (Direct and Pass-through from)	State		
Federal Awards:						
U.S. Department of Agriculture:						
Passed-through from N.C. Department of Health and Human Services, Division of Social Services:						
Supplemental Nutrition Assistance Program (SNAP) Cluster:						
State Administrative Matching Grants for SNAP	10.561		\$ 6,528,312	\$ -	\$ 6,528,312	\$ -
Total SNAP Cluster			6,528,312	-	6,528,312	-
Passed-through from N.C. Department of Health and Human Services, Division of Public Health						
Special Supplemental Nutritional Food Program for Women, Infants, and Children	10.557	403, 404, 405, 409, 415, 416	3,261,646	-	3,261,646	-
Total U.S. Department of Agriculture			9,789,958	-	9,789,958	-
U.S. Department of Housing and Urban Development:						
Community Developmental Block Grants/Entitlement Grants	14.218		1,572,767		1,572,767	-
Community Developmental Block Grants/Entitlement Grants - COVID	14.218-COVID		911,464		911,464	
Emergency Solutions Grants Program	14.231		178,562		178,562	-
Emergency Solutions Grants Program - COVID	14.231-COVID		1,116,811		1,116,811	
Home Investment Partnership Program	14.239		595,507		595,507	-
Housing Opportunities for Persons with AIDS - HOPWA	14.241		563,027		563,027	-
Continuum of Care Program	14.267		1,952,659		1,952,659	-
Passed-through from the City of Raleigh:						
Emergency Solutions Grants Program	14.231		134,191		134,191	-
Passed-through from Court Appointed Special Advocate (CASA):						
Continuum of Care Program	14.267		152,522		152,522	
Total U.S. Department of Housing and Urban Development			7,177,510	-	7,177,510	-
U.S. Department of Justice:						
Equitable Sharing Program	16.922		373,908		373,908	
Passed-through from City of Raleigh						
Edward Byrne Memorial Justice Assistance Grant Program	16.738		131,144		131,144	-
Total U.S. Department of Justice			505,052	-	505,052	-
U.S. Department of Labor						
Passed-through from N.C. Department of Economic and Community Development, Job Training Partnership Act:						
WIOA Cluster:						
WIOA - Adult Program	17.258	4020	2,307,532		2,307,532	1,469,834
WIOA-Youth Activities	17.259	4040	1,467,534		1,467,534	1,226,580
WIOA-Dislocated Workers Formula Grants	17.278	4030	1,217,343		1,217,343	1,181,639
Total WIOA Cluster			4,992,409	-	4,992,409	3,878,053
Reentry Employment Opportunities	17.270		414,462		414,462	326,488
Youth Build	17.274		127,145		127,145	57,956
WIOA National Dislocated Worker Grants / WIA National						
Emergency Grants - COVID	17.277-COVID		411,563		411,563	381,711
			953,170	-	953,170	766,155
Total U.S. Department of Labor			5,945,579	-	5,945,579	4,644,208
Federal Highway Administration						
Passed-through from N.C. Department of Transportation:						
Formula Grants for Rural Areas (Community Transporatation Program)	20.509	36233.106.15.3 / 36233.106.16.1		877,638	877,638	
NC DOT CARES Reimbursement - COVID	20.509-COVID	49233.64.1.2	692,811		692,811	
Public Health Vaccination Trip Cost - COVID	20.509-COVID	49458.9.1.2	101,930		101,930	
Highway Planning, Research & Construction Cluster:						
Highway Planning and Construction	20.205	48778.4.2	181,366		181,366	
Total Highway Planning, Research & Construction Cluster			181,366	-	181,366	-

# Wake County, North Carolina

## Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2021

Grantor/Pass-Through Grantor/Program Titles	Federal	State Pass-through	Expenditures		Total	Provided to Subrecipients
	AL # / CFDA No	Identifying #	Federal (Direct and Pass-through from)	State		
<b>Passed-through from the City of Raleigh, NC:</b>						
<u>Transit Services Program Cluster:</u>						
Federal Transit Formula Grant (FTA 5307)	20.507		2,227,825		2,227,825	
Enhanced Mobility of Seniors & Individuals w Disabilities (FTA 5310)	20.513		9,198		9,198	
Total Transit Services Program Cluster			2,237,023	-	2,237,023	-
<b>Total Federal Highway Administration</b>			<b>3,213,130</b>	<b>877,638</b>	<b>4,090,768</b>	<b>-</b>
<b>U.S. Department of the Treasury</b>						
Coronavirus Relief Fund	21.019		159,717,842		159,717,842	52,804,503
Emergency Rental Assistance Program (ERA)	21.023		2,582,437		2,582,437	2,565,000
Coronavirus State and Local Fiscal Recovery Funds (ARPA)	21.027		1,254,161		1,254,161	
<b>Passed-through from N.C. Department of Health and Human Services, Division of Public Health</b>						
CA 115 Infection Prevention Support - COVID	21.019	115	1,187,939		1,187,939	
<b>Passed-through from the N.C. Department of Health and Human Services, Division of Social Services:</b>						
Child Protective Services and Adult Protective Services - COVID	21.019		272,129		272,129	
<b>Passed-through from N.C. State Board of Elections:</b>						
2020 Elections; N.C. Session Law 2020-17; House Bill 1169 - COVID	21.019		1,114,864		1,114,864	
<b>Passed-through from N.C. Biotechnology Center:</b>						
2020 Biotechnology Grant - COVID	21.019		53,700		53,700	49,700
<b>Total U.S. Department of Treasury</b>			<b>166,183,072</b>	<b>-</b>	<b>166,183,072</b>	<b>55,419,203</b>
<b>U.S. Department of Education:</b>						
<b>Passed-through from N.C. Department of Public Instruction</b>						
School Safety National Activities	84.184		37,838	-	37,838	-
<b>Total U.S. Department of Education</b>			<b>37,838</b>	<b>-</b>	<b>37,838</b>	<b>-</b>
<b>U.S. Election Assistance Commission</b>						
<b>Passed-through from N.C. State Board of Elections</b>						
HAVA Election Security Grants - COVID	90.404-COVID	NC20101001-092	250,000	-	250,000	-
<b>Total U.S. Election Assistance Commission</b>			<b>250,000</b>	<b>-</b>	<b>250,000</b>	<b>-</b>
<b>U.S. Department of the Health and Human Services Administration for Children and Families</b>						
<b>Passed-through from the N.C. Department of Health and Human Services, Division of Social Services:</b>						
Promoting Safe and Stable Families Program	93.556		268,955		268,955	-
Temporary Assistance for Needy Families (TANF)	93.558	151	7,026,996		7,026,996	-
Child Support Enforcement	93.563		5,547,928		5,547,928	-
Low-Income Home Energy Assistance	93.568		4,909,345		4,909,345	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645		381,388		381,388	-
Social Services Block Grant	93.667		1,673,562	163,053	1,836,615	-
Chafee Foster Care Program For Successful Transition to Adulthood	93.674		241,128	(23,765)	217,363	
Chafee Foster Care Program For Successful Transition to Adulthood - COVID	93.674-COVID			3,644	3,644	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566		15,347	-	15,347	-
<u>Foster Care and Adoption Cluster:</u>						
Foster Care - Title IV-E	93.658		5,544,515	2,884,953	8,429,468	-
Foster Care - Title IV-E - COVID	93.658-COVID			200,400	200,400	
Adoption Assistance	93.659		476,589	118,862	595,451	-
Total Foster Care and Adoption Cluster			6,021,104	3,204,215	9,225,319	-

# Wake County, North Carolina

## Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2021

Grantor/Pass-Through Grantor/Program Titles	Federal	State Pass-through	Expenditures		Total	Provided to Subrecipients
	AL # / CFDA No	Identifying #	Federal (Direct and Pass-through from)	State		
<b>Passed-through from the N.C. Department of Health and Human Services, Division of Child Development and Early Education:</b>						
<u>Subsidized Child Care Cluster</u>						
<u>Child Care Development Fund Cluster:</u>						
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Administration	93.596		1,854,479	-	1,854,479	-
Total Child Care Development Fund Cluster			1,854,479	-	1,854,479	-
Smart Start	NA			215,756	215,756	-
Total Subsidized Child Care Cluster			1,854,479	215,756	2,070,235	-
<b><u>Centers for Medicare and Medicaid Services</u></b>						
<b>Passed-through from the N.C. Department of Health and Human Services, Division of Medical Assistance:</b>						
<u>Medicaid Cluster:</u>						
Medical Assistance Program (Medicaid)	93.778		18,238,149	82,874	18,321,023	-
Total Medicaid Cluster			18,238,149	82,874	18,321,023	-
Children's Health Insurance Program - N.C. Health Choice	93.767		373,469	13,507	386,976	-
<b><u>Centers for Disease Control and Prevention</u></b>						
<b>Passed-through from the N.C. Department of Health and Human Services, Division of Public Health:</b>						
Public Health Emergency Preparedness	93.069	514	80,667		80,667	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	551	40,868	102,871	143,739	
Injury Prevention and Control Research and State and Community Based Programs	93.136	491	83,409		83,409	
Immunization Cooperative Agreements	93.268	510, 715	173,474	52,158	225,632	
COVID-19 Vaccination program - COVID	93.268-COVID	716	2,556,347		2,556,347	
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.305	451	53,005	16,588	69,593	
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) - COVID	93.323-COVID	539, 543	11,282,553		11,282,553	
National and State Tobacco Control Program	93.387	451	11,806		11,806	
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response - COVID	93.354-COVID	619	551,988		551,988	
Well Integrated Screening and Evaluation for Women Across the Nation	93.436	465	10,740		10,740	
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	583	3,363		3,363	
Cancer Prevention and Control Programs	93.898	452	71,700	52,000	123,700	
HIV Prevention Activities - Health Department Based	93.940	536, 587, 825	239,653		239,653	
Sexually Transmitted Diseases Prevention and Control Grants	93.977	534, 610	58	236,596	236,654	
Preventive Health and Health Services Block Grant	93.991	886	28,565	3,746	32,311	
<b><u>Health Resources and Services Administration</u></b>						
HIV Care Formula Grants	93.917	574, 611, 822	2,726,111		2,726,111	
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918		552,389		552,389	
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease - COVID	93.918-COVID		113,594		113,594	
Maternal and Child Health Services Block Grants to the States	93.994	101, 151, 318, 351, 352, 834	866,965	173,959	1,040,924	
<b><u>Office of Assistant Secretary for Health</u></b>						
Family Planning Services	93.217	151	244,411	117,060	361,471	
<b><u>Substance Abuse and Mental Health Services Administration</u></b>						
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		331,916	-	331,916	-
<b>Total U.S. Department of Health and Human Services</b>			<b>66,575,432</b>	<b>4,414,262</b>	<b>70,989,694</b>	<b>-</b>

## Wake County, North Carolina

### Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2021

Grantor/Pass-Through Grantor/Program Titles	Federal	State Pass-through	Expenditures		Total	Provided to Subrecipients
	AL # / CFDA No	Identifying #	Federal (Direct and Pass-through from)	State		
U.S. Department of Homeland Security:						
Federal Emergency Management Agency						
Staffing for Adequate Fire and Emergency Response	97.083		217,239		217,239	
Passed-through from N.C. Department of Public Safety						
Emergency Management Performance Grant	97.042		62,500		62,500	
Emergency Management Performance Grant - COVID	97.042-COVID		300		300	
Total U.S. Department of Homeland Security			280,039	-	280,039	-
Total Federal Awards			259,957,610	5,291,900	265,249,510	60,063,411
State Awards:						
N.C. Department of Natural and Cultural Resources:						
Division of State Library:						
State Aid to Libraries				600,416	600,416	-
Total N.C. Department of Natural and Cultural Resources				600,416	600,416	-
N.C. Department of Health and Human Services:						
Division of Public Health:						
Community Health Medical Access				108,446	108,446	
CLAS Standards Advancing Health Equity		474		16,964	16,964	
General Aid to Counties		110		181,431	181,431	
HIV Non-Traditional Test Site		536, 894		40,877	40,877	
School Nurse Funding Initiative		803		50,000	50,000	
Improving Community Outcomes for Maternal and Child Health		164		105,278	105,278	
Total Division of Public Health			-	502,996	502,996	-
Division of Social Services:						
Energy Assistance Private Grants			-	121,656	121,656	-
Division of Child Development:						
North Carolina Smart Start			-	490,038	490,038	-
Total N.C. Department of Health and Human Services			-	1,114,690	1,114,690	-
N.C. Department of Transportation						
County EMS Station Capital Improvements		72.1074	-	19,312	19,312	-
N.C. Department of Environmental Quality						
Environment Health Food & Lodging				180,409	180,409	
NC Electronic Recycling				130,800	130,800	
Scrap Tire Disposal Program				1,669,740	1,669,740	
White Goods Management Program				420,851	420,851	
Total N.C. Department of Environmental Quality			-	2,401,800	2,401,800	-
N.C. Department of Agriculture and Consumer Services						
State Farm Grant				25,500	25,500	
N.C. Department of Public Instruction						
Public School Building Capital Fund - Lottery Proceeds				18,632,860	18,632,860	
NC Department of Public Safety						
Capital Area Workforve Development Local ReEntry Council Services		19-RFP-014850-JJX		156,390	156,390	
Tier II Noncompetitive (LEPC Support and BEST Conference)		T2-2020-2070012		1,000	1,000	
Juvenile Crime Prevention Programs				1,915,688	1,915,688	1,767,118
Total NC Department of Public Safety			-	2,073,078	2,073,078	1,767,118
N.C Department of Military and Veteran Affairs						
Division of Veterans Affairs						
Veterans Service Program				2,000	2,000	
Total State Awards				24,869,656	24,869,656	1,767,118
Total Federal and State Awards			\$ 259,957,610	\$ 30,161,556	\$ 290,119,166	\$ 61,830,529

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## **Wake County, North Carolina**

### ***Notes to the Schedule of Expenditures of Federal and State Awards For the year ended June 30, 2021***

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#### **A. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal and state grant activity of the County under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Implementation Act. Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the financial statements. Also, because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

#### **B. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and the State Single Audit Implementation Act, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

#### **C. Cluster of Programs**

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes:

Subsidized Child Care and Foster Care Adoption

## Wake County, North Carolina

### Schedule of Findings and Questioned Costs For the year ended June 30, 2021

#### Section I. Summary of Auditor's Results

##### Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness identified? ☐ yes ☒ no
- Significant deficiency(s) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

##### Federal Awards

Internal control over major federal programs:

- Material weakness identified? ☐ yes ☒ no
- Significant deficiency(s) identified that are not considered to be material weaknesses? ☒ yes ☐ none reported

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 Section 200.516(a) ☒ yes ☐ no

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutritional Food Program for Women, Infants, and Children
10.561	Supplemental Nutrition Assistance Program (SNAP) Cluster
21.019	Coronavirus Relief Fund
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) - COVID
93.658, 93.659	Foster Care and Adoption Cluster
93.778	Medicaid Assistance Cluster

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

Auditee qualified as low-risk auditee? ☒ yes ☐ no



**Wake County, North Carolina**  
***Schedule of Findings and Questioned Costs***  
***For the year ended June 30, 2021***

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**Section I. Summary of Auditor's Results, Continued**

State Awards

Internal control over major State programs:

- Material weakness identified? ☐ yes ☒ no
- Significant deficiency(s) identified that are not considered to be material weaknesses? ☒ yes ☐ none reported

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 State Single Audit Implementation Act ☒ yes ☐ no

Identification of major State programs:

Program Name

Public School Building Capital Funds Lottery Proceeds  
Juvenile Crime Prevention Programs

Other major state programs for the County are Medical Assistance Program (Medicaid) and Foster Care and Adoption Cluster which are state matches of federal programs. Therefore, these programs have been included in the list of major federal programs above.

**Section II. Financial Statement Findings**

**None Reported**

**Section III. Federal Award Findings and Questioned Costs**

**Finding 2021-001, Significant Deficiency over Special Tests and Provisions and Non-Material Noncompliance**

***Information on the federal program:*** DSS Crosscutting, U.S. Department of Social Services, passed through the N.C Department of Health and Human Services, Division of Social Services, Supplemental Nutrition Assistance Program (SNAP) Cluster, CFDA 10.561 and Medicaid Cluster, CFDA 93.778.

***Criteria or specific requirement:*** Per North Carolina DSS Crosscutting compliance supplement: "Counties must maintain adequate case documentation to substantiate the claim entry into the NC Fast Enterprise Program Integrity ("EPI"). This information includes but is not limited to the dates of the overpayment period, documentary evidence to substantiate that an overpayment occurred, such as wage stubs or verification from an employer, other income verification and household composition verification, and the budgets used to compute the amount of the overpayment."

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## Wake County, North Carolina

### *Schedule of Findings and Questioned Costs*

*For the year ended June 30, 2021*

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#### Section III. Federal Award Findings and Questioned Costs, Continued

##### **Finding 2021-001, Significant Deficiency over Special Tests and Provisions and Non-Material Noncompliance, continued**

**Condition:** We noted five instances in Supplemental Nutrition Assistance Program (SNAP) Cluster and one instance in Medicaid Cluster where adequate case documentation to substantiate the claims entry into the EPI was not maintained.

**Context:** We sampled 40 SNAP files and 20 Medicaid files that were entered into the EPI system. We noted the above condition in 5 of the 40 SNAP files tested and 1 of the 20 Medicaid files tested.

**Effect:** The County does not have supporting documentation for claims entered into EPI. There is a risk that claims may not be valid.

**Cause:** Documentation to support claims entered into EPI were not retained.

**Recommendation:** County DSS staff need to ensure that all documentation is maintained and matches what is entered into EPI.

##### **Finding 2021-002, Significant Deficiency over Eligibility**

**Information on the federal program:** Medicaid Cluster (Medicaid), CFDA 93.778, U.S. Department of Health and Human Services, passed through the N.C. Department of Health and Human Services, Division of Medical Assistance.

**Criteria or specific requirement:** Per the North Carolina Medicaid Assistance Program (Medicaid; Title XIX) Compliance Supplement and the DSS manuals (Aged, Blind and Disabled manual, Family and Children Medicaid manual and the Integrated Policy manual), case files for individuals or families receiving assistance are required to retain documentation to evidence appropriate eligibility determination, including:

- accurate computation of countable income
- verification of unearned income
- verification of earned income

**Conditions:** We noted in five instances, the total countable income was not recorded accurately into NC FAST based upon documentation in the case record.

**Context:** We sampled 93 from a total population of 13,083,181 payments made to the participants during the fiscal year. We noted the above condition in 5 of the 93 case files inspected for applicable payments.

**Effect:** Case files not containing all required documentation result in a risk that the County could provide services to individuals not eligible to receive such services or that such services could be denied to eligible individuals. For all the 5 cases, subsequent to being notified that required documentation had not been retained in case files, the County was able to obtain documentation to substantiate that the applicants tested were eligible to receive benefits. For one case the individual was deemed ineligible and resulted in immaterial known and likely questioned costs.

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## Wake County, North Carolina

### *Schedule of Findings and Questioned Costs*

*For the year ended June 30, 2021*

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#### Section III. Federal Award Findings and Questioned Costs, Continued

##### **Finding 2021-002, Significant Deficiency over Eligibility, continued**

**Cause:** The County did not retain required documentation in case files at the time eligibility was determined.

**Recommendation:** We recommend that the County train and monitor employees on the eligibility determination process. We also recommend the County review and amend current policy and procedures in place to ensure that all eligibility determination documentation is completed and retained by the County.

##### **Finding 2021-003, Significant Deficiency over Eligibility**

**Information on the federal program:** Foster Care and Adoption Cluster, CFDA 93.556 and 93.658, U.S. Department of Health and Human Services, passed through the N.C Department of Health and Human Services, Division of Social Services.

**Criteria or specific requirement:** Per Form 5120 - Determination of Foster care Assistance Benefits and/or Medical Assistance Only, supervisor should sign and verify eligibility only after Income Maintenance Caseworker has verified AFDC need in Part V.

**Condition:** We noted in 17 instances, the Income Maintenance Caseworker signed to verify AFDC later than the Supervisor signed off to review.

**Context:** We sampled 40 case files of a total of 2,172 cases. We noted the above condition in 17 of the 40 inspected files.

**Effect:** Supervisors reviewing and signing off the eligibility determination prior to the Income Maintenance Caseworker results in a risk that the eligibility was determined based on incomplete AFDC need verification, that the County could provide services to individuals not eligible to receive such services or that such services could be denied to eligible individuals. Based on the cases tested there were no instances of benefits received by ineligible parties.

**Cause:** Proper internal controls are not in place to ensure the AFDC need verification is completed before the Supervisor verifies eligibility.

**Recommendation:** We recommend that the County train and monitor employees on the eligibility determination process. We also recommend the County review and amend current policy and procedures in place to ensure that all eligibility determination documentation is completed on time.

#### Section IV. State Awards Findings and Questioned Costs

Findings 2021-001, 2021-002 and 2021-003 as listed in Section III *Federal Award Findings and Questioned Costs* are also considered to be state award findings.



## Finance Department

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December 6, 2021

Wake County, North Carolina respectfully submits the following correction action plan for the year ended June 30, 2021.

Name and address of independent public accounting firm:

Elliott Davis, PLLC  
5410 Trinity Road, Suite 320  
Raleigh, NC 27607

Audit Period: June 30, 2021

The findings from the June 30, 2021 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

### FINDINGS – FEDERAL AWARD PROGRAMS AUDITS

**Finding 2021-001, Significant Deficiency over Special Tests and Provisions and Non-Material Noncompliance; DSS Crosscutting, U.S. Department of Social Services, passed through the N.C Department of Health and Human Services, Division of Social Services, Supplemental Nutrition Assistance Program (SNAP) Cluster, CFDA 10.561 and Medicaid Cluster, CFDA 93.778.**

***Recommendation:***

County DSS staff need to ensure that all documentation is maintained and matches what is entered into EPI.

***Corrective Action Plan:***

County is in the process of implementing an OnBase electronic document management system for storage and retrieval of files to ensure documents are maintained and match what is entered into EPI. Until the system goes live we will conduct quarterly random pulls from the records center to ensure documents are filed accurately and can more easily be located.

***Proposed Completion Date:***

Quarterly pulls beginning December 1, 2021; electronic document management system estimated completion date is December 31, 2022.

***Contact Person:***

Markette Hester, Department Program Integrity Manager

**Finding 2021-002, Significant Deficiency over Eligibility; Medicaid Cluster (Medicaid), CFDA 93.778, U.S. Department of Health and Human Services, passed through the N.C Department of Health and Human Services, Division of Medical Assistance.**

***Recommendation:*** We recommend that the County train and monitor employees on the eligibility determination process. We also recommend the County review and amend current policy and procedures in place to ensure that all eligibility determination documentation is completed and retained by the County.

***Corrective Action Plan:*** The county will complete a quarterly review for errors in income verification and calculation. For those staff identified by the targeted review with errors in these areas, supervisors will provide refresher training on Medicaid policy requirements. Additional targeted reviews will be completed monthly until the deficiencies are corrected.

***Proposed Completion Date:*** 12/31/2021 for the initial quarterly review  
1/31/2022 for refresher training for identified staff  
6/30/2022 for additional reviews as needed for identified staff

***Contact Person:*** Koren Harrison, Economic Benefits Assistant Division Director

**Finding 2021-003, Significant Deficiency over Eligibility; Foster Care and Adoption Cluster, CFDA 93.556 and 93.658, U.S. Department of Health and Human Services, passed through the N.C Department of Health and Human Services, Division of Social Services.**

***Recommendation:*** We recommend that the County train and monitor employees on the eligibility determination process. We also recommend the County review and amend current policy and procedures in place to ensure that all eligibility determination documentation is completed on time.

***Corrective Action Plan:***

- The county will complete targeted reviews to determine if the errors cited are widespread or limited to certain staff.
- Supervisors will receive refresher training to ensure increase knowledge base of IV-E Eligibility Determination for 5120; 5120-A; and 5120-E. Implement In Onboarding of new supervisors and as an Annual Requirement.
- Revise current workflow for 5120; 5120-A; and 5120-E to ensure timely completion and supervisor verification timeline is followed.

***Proposed Completion Date:*** 01/15/2022 and 04/15/2022 Targeted Reviews  
03/15/2022 Supervisor Training & Onboarding Implementation  
01/15/2022 Workflow Revision

***Name of Contact Person(s):*** Whitney Hill, Child Welfare Business & Fiscal Analyst  
Kimberly W. Herrington, Program Manager

Sincerely yours,



W. Patrick Flanary  
Director of Finance



## Finance Department

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### Wake County, North Carolina Summary Schedule of Prior Audit Findings For the year ended June 30, 2021

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#### **Finding 2020-001, Significant Deficiency over Special Tests and Provisions and Non-Material Noncompliance**

Condition: We noted 1 instance where adequate case documentation to substantiate the claims entry into the EPI was not maintained.

Current status: This finding has been repeated as a significant deficiency as current year finding number 2021-001.

#### **Finding 2020-002, Medicaid Cluster Significant Deficiency over Eligibility**

Condition: We noted in two instances, the case record did not contain evidence that the State Online Query OVS (SOLQ) was completed to verify the individual's date of birth. In one instance, the case record did not contain evidence that the State Online Query OVS (SOLQ) was completed to verify the individual's citizenship. In three instances, the case record did not contain evidence that the State Online Query OVS (SOLQ) was completed to verify the individual's Social Security Number (SSN). In one instance, the case file did not contain non-custodial parent information. In nine instances, the case record did not contain evidence that the household and relationship information to verify household composition. In ten instances, the total countable income was not recorded accurately into NC FAST based upon documentation in the case record. In five instances, the Employment Security Commission (ESC) OVS was not completed to verify the individual's earned income. In seven instances, SOLQ OVS/ OLV, Bendex OVS/OLV, SDX OVS, ESC OVS, and ACTS OVS were not completed to verify the individual's unearned income.

Current status: This finding has been repeated as a significant deficiency as current year finding number 2021-002.

#### **Finding 2020-003, Low Income Home Energy Assistance Significant Deficiency over Eligibility**

Condition: In two instances, the Eligibility worksheets were not retained in the file. In ten instances, the total countable income was not recorded accurately into the NC FAST system based upon documentation in the case record. We noted that in two instances the rights and responsibilities page of the application was not signed by the applicants. In one instance, the approval notice was not located in the case file.

Current status: This finding has been resolved.

**Wake County, North Carolina**

*Summary Schedule of Prior Audit Findings*

*For the year ended June 30, 2021*

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**Finding 2020-004, Low Income Home Energy Assistance Significant Deficiency over Eligibility**

Condition: We noted that in twelve instances the Approval/ Denial Notice form DSS-8107 was not marked sent in NC Fast resulting in the client not having an opportunity for a hearing.

Current status: This finding has been resolved.