

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, 2020

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, 2020 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 November 23, 2020. 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.

A handwritten signature in black ink that reads "Elliott Davis, PLLC". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
November 23, 2020

**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, 2020. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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, 2020.

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 2020-001. 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 2020-001, 2020-002, 2020-003 and 2020-004 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, 2020, and the related notes to the financial statements, which collectively comprise Wake County's basic financial statements. We issued our report thereon dated November 23, 2020, 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 21, 2020



**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, 2020. The County's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with applicable sections of the Uniform Guidance as described in the *Audit Manual for Governmental Auditors in North Carolina* and which are described in the accompanying *Schedule of Findings and*

Questioned Costs as item 2020-001. 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 2020-001, 2020-002, 2020-003 and 2020-004 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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated November 23, 2020, 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 21, 2020

Wake County, North Carolina

Schedule of Expenditures of Federal and State Awards For the Year Ended June 30, 2020

Grantor/Pass-Through Grantor/Program Titles	Federal CFDA #	State Pass-through Identifying #	Expenditures		Total	Provided to Subrecipients
			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		\$ 6,655,978	\$ -	\$ 6,655,978	\$ -
Total SNAP Cluster			6,655,978	-	6,655,978	-
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	405, 404, 403, 409, 415, 415h, 416	3,227,125	-	3,227,125	-
Total U.S. Department of Agriculture			9,883,103	-	9,883,103	-
U.S. Department of Housing and Urban Development:						
Community Developmental Block Grants/Entitlement Grar	14.218		1,708,404	-	1,708,404	-
Emergency Solutions Grants Program	14.231		316,831	-	316,831	-
Home Investment Partnership Program	14.239		417,521	-	417,521	-
Housing Opportunities for Persons with AIDS - HOPWA	14.241		675,293	-	675,293	-
Continuum of Care Program	14.267		1,762,540	-	1,762,540	-
Passed-through from the City of Raleigh:						
Emergency Solutions Grants Program	14.218		100,000	-	100,000	-
Total U.S. Department of Housing and Urban Development			4,980,589	-	4,980,589	-
U.S. Department of Interior						
Historic Preservation Fund Grant-In-Aid	15.904		11,500	-	11,500	-
Outdoor Recreation Acquisition, Development and Planning	15.916		250,000	-	250,000	-
Total U.S. Department of Interior			261,500	-	261,500	-
U.S. Department of Justice:						
Equitable Sharing Program	16.922		862,650	-	862,650	-
Passed-through from N.C. Department of Public Safety						
State Criminal Alien Assistance Program (SCAAP)	16.606		452,432	-	452,432	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738		25,080	-	25,080	-
Total U.S. Department of Justice			1,340,162	-	1,340,162	-
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	3,249,756	-	3,249,756	2,066,905
WIOA-Youth Activities	17.259	4040	1,802,686	-	1,802,686	1,471,505
WIOA-Dislocated Workers Formula Grants	17.278	4030	1,594,987	-	1,594,987	1,374,538
Total WIOA Cluster			6,647,429	-	6,647,429	4,912,948
H-1B Job Training Grants	17.268		500,094	-	500,094	414,910
Reentry Employment Opportunities	17.270		302,052	-	302,052	216,670
Youth Build	17.274		301,134	-	301,134	183,534
			1,103,280	-	1,103,280	815,114
Total U.S. Department of Labor			7,750,709	-	7,750,709	5,728,062

Wake County, North Carolina

Schedule of Expenditures of Federal and State Awards For the Year Ended June 30, 2020

Grantor/Pass-Through Grantor/Program Titles	Federal CFDA #	State Pass-through Identifying #	Expenditures		Total	Provided to Subrecipients
			Federal (Direct and Pass-through from)	State		
Federal Highway Administration						
Passed-through from N.C. Department of Transportation:						
Formula Grants for Rural Areas (Community Transporatation Program)	20.509	36233.106.14.3 / 36233.106.15.1	-	648,004	648,004	-
<u>Highway Planning, Research & Construction Cluster:</u>						
Highway Planning and Construction	20.205	48778.4.2	25,673		25,673	
Total Highway Planning, Research & Construction Cluster			25,673	-	25,673	-
<u>Highway Safety Cluster:</u>						
State and Community Highway Safety	20.600	22019.2.14 / 22019.2.15	411,656	-	411,656	-
Total Highway Safety Cluster			411,656	-	411,656	-
Passed-through from the City of Raleigh, NC:						
<u>Transit Services Program Cluster:</u>						
Enhanced Mobility of Seniors & Individuals w Disabilities	20.513		1,193	-	1,193	
Total Transit Services Program Cluster			1,193	-	1,193	-
Total Federal Highway Administration			438,522	648,004	1,086,526	-
U.S. Department of the Treasury						
Coronavirus Relief Fund	21.019		27,995,268		27,995,268	16,123,825
Total U.S. Department of Treasury			27,995,268	-	27,995,268	16,123,825
U.S. Department of Education:						
Passed-through from N.C. Department of Public Instruction						
School Safety National Activities	84.184		37,838	-	37,838	-
Total U.S. Department of Education			37,838	-	37,838	-
U.S. Department of Health and Human Services						
<u>Health Resources and Services Administration</u>						
Provider Relief Fund	93.498		640,005	-	640,005	-
<u>Administration for Children and Families</u>						
Passed-through from the N.C. Department of Health and Human Services, Division of Social Services:						
Promoting Safe and Stable Families Program	93.556		431,341	-	431,341	-
Temporary Assistance for Needy Families (TANF)	93.558	151	4,618,111	-	4,618,111	-
Child Support Enforcement	93.563		5,469,832	-	5,469,832	-
Low-Income Home Energy Assistance	93.568		4,942,262	-	4,942,262	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645		190,193	-	190,193	-
Social Services Block Grant	93.667		1,409,747	162,197	1,571,944	-
Chafee Foster Care Program For Successful Transition to Adulthood	93.674		103,579	25,895	129,473	-
<u>Foster Care and Adoption Cluster:</u>						
Foster Care - Title IV-E	93.658		4,167,264	1,082,924	5,250,188	-
Adoption Assistance	93.659		1,981,327	-	1,981,327	-
Total Foster Care and Adoption Cluster			6,148,591	1,082,924	7,231,515	-
<u>Refugee and Entrant Assistance Cluster</u>						
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566		17,158	-	17,158	-
Total Refugee and Entrant Assistance Cluster			17,158	-	17,158	-

Wake County, North Carolina

Schedule of Expenditures of Federal and State Awards For the Year Ended June 30, 2020

Grantor/Pass-Through Grantor/Program Titles	Federal CFDA #	State Pass-through Identifying #	Expenditures		Total	Provided to Subrecipients
			Federal (Direct and Pass-through from)	State		
Passed-through from the N.C. Department of Health and Human Services, Division of Child Development and Early Education:						
<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		1,636,680	-	1,636,680	-
Total Child Care Development Fund Cluster			1,636,680	-	1,636,680	-
Smart Start	NA		-	214,748	214,748	-
Total Subsidized Child Care Cluster			1,636,680	214,748	1,851,428	-
<u>Substance Abuse and Mental Health Service Administration:</u>						
Passed-through from the N.C. Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services:						
Block Grants for Prevention and Treatment of Substance Abuse	93.959	536, 540	28,000	307,761	335,761	-
<u>Centers for Medicare and Medicaid Services</u>						
Passed-through from the N.C. Department of Health and Human Services, Division of Medical Assistance:						
<u>Medicaid Cluster:</u>						
Medical Assistance Program (Medicaid)	93.778		17,932,990	72,067	18,005,058	-
Total Medicaid Cluster			17,932,990	-	18,005,058	-
Children's Health Insurance Program - N.C. Health Choice	93.767		338,784	3,184	341,969	-
<u>Centers for Disease Control and Prevention</u>						
Passed-through from the N.C. Department of Health and Human Services, Division of Public Health:						
Public Health Emergency Preparedness	93.069	514, 908	88,000	15,105	103,105	-
Food & Drug Administration - Research	93.103		6,000	-	6,000	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	551	55,262	102,871	158,133	
Injury Prevention and Control Research and State and Community Based Programs	93.136	491H	33,065	-	33,065	
Immunization Cooperative Agreements	93.268	715, 510	144,522	52,158	196,680	
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	451, 452	149,132	52,254	201,386	-
Teenage Pregnancy Prevention Program	93.297		34,566	-	34,566	-
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	490	20,815		20,815	
Well Integrated Screening and Evaluation for Women Across the Nation	93.436	465	26,134	-	26,134	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	583	5,244	-	5,244	-
HIV Prevention Activities - Health Department Based Sexually Transmitted Diseases Prevention and Control Grants	93.940	534, 610, 587	91,702	255,966	347,668	-
Preventive Health and Health Services Block Grant	93.977	825	142,058	-	142,058	-
	93.991	886	30,921	3,785	34,706	-
<u>Health Resources and Services Administration</u>						
HIV Care Formula Grants	93.917	574, 583, 822, 611	2,602,556	100,000	2,702,556	-
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918		531,212	-	531,212	-
Special Projects of National Significance	93.928		7,125	-	7,125	-
Maternal and Child Health Services Block Grants to the States	93.994	352, 101, 834, 318. 351. 151	999,582	123.808	1,123.390	-

Wake County, North Carolina

Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2020

Grantor/Pass-Through Grantor/Program Titles	Federal CFDA #	State Pass-through Identifying #	Expenditures		Total	Provided to Subrecipients
			Federal (Direct and Pass-through from)	State		
Office of Assistant Secretary for Health						
Family Planning Services	93.217	151	272,926	-	272,926	-
Substance Abuse and Mental Health Services Administration						
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		290,371	-	290,371	-
Total U.S. Department of Health and Human Services			49,438,466	2,574,723	52,013,189	-
U.S. Department of Homeland Security:						
Federal Emergency Management Agency						
Passed-through from N.C. Department of Public Safety						
Emergency Management Performance Grant	97.042		80,779	-	80,779	-
Total U.S. Department of Homeland Security			80,779	-	80,779	-
Total Federal Awards			102,206,936	3,222,727	105,429,663	21,851,887
State Awards:						
N.C. Department of Natural and Cultural Resources:						
Division of Parks and Recreation						
Parks and Recreation Trust Fund			-	251,097	251,097	-
Division of State Library:						
State Aid to Libraries			-	596,449	596,449	-
Total N.C. Department of Natural and Cultural Resources				847,546	847,546	-
N.C. Department of Health and Human Services:						
Division of Public Health:						
Community Health Medical Access			-	125,355	125,355	-
General Aid to Counties		110	-	166,518	166,518	-
HIV Non-Traditional Test Site		536, 894	-	32,689	32,689	-
School Nurse Funding Initiative		803	-	50,000	50,000	-
Total Division of Public Health			-	374,562	374,562	-
Division of Social Services:						
Energy Assistance Private Grants			-	153,592	153,592	-
Division of Child Development:						
North Carolina Smart Start			-	529,847	529,847	-
Total N.C. Department of Health and Human Services			-	1,058,001	1,058,001	-
N.C. Department of Transportation, Public Transportation Division:						
Rural Operating Assistance Program (ROAP) - Cluster						
Elderly and Disabled Transportation Assistance Program (EDTAP)		36220.10.9.1	-	320,868	320,868	35,574
Employment Transportation Assistance Program		36236.11.8.1	-	233,500	233,500	-
Rural General Public Program (RGP)		36228.22.9.1	-	114,856	114,856	-
Total Rural Operating Assistance Program (ROAP) Cluster			-	669,224	669,224	35,574
Total N.C. Department of Transportation			-	669,224	669,224	35,574
N.C. Department of Environmental Quality						
Community Waste Reduction and Recycling			-	11,966	11,966	-
Environment Health Food & Lodging			-	152,591	152,591	-
NC Electronic Recycling			-	63,131	63,131	-
Scrap Tire Disposal Program			-	1,575,367	1,575,367	-
White Goods Management Program			-	484,816	484,816	-
Total N.C. Department of Environmental Quality			-	2,287,871	2,287,871	-
N.C. Department of Agriculture and Consumer Services						
State Farm Grant			-	26,500	26,500	-

Wake County, North Carolina

Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2020

Grantor/Pass-Through Grantor/Program Titles	Federal CFDA #	State Pass- through Identifying #	Expenditures		Total	Provided to Subrecipients
			Federal (Direct and Pass- through from)	State		
N.C. Department of Public Instruction						
Public School Building Capital Fund - Lottery Proceeds				12,061,403	12,061,403	
NC Department of Public Safety						
Capital Area Workforce Development Local ReEntry						
Council Services		19-RFP-014850-JJX	-	36,100	36,100	-
Community Detention Program			-	173,200	173,200	-
Juvenile Crime Prevention Programs			-	1,512,156	1,512,156	1,363,720
Total NC Department of Public Safety			-	1,721,456	1,721,456	1,363,720
N.C. Department of Military and Veteran Affairs						
Division of Veterans Affairs						
Veterans Service Program				2,000	2,000	
Total State Awards			-	18,674,000	18,674,000	1,399,294
Total Federal and State Awards			\$ 102,206,936	\$ 21,896,727	\$ 124,103,663	\$ 23,251,181

Wake County, North Carolina

Schedule of Findings and Questioned Costs

For the year ended June 30, 2020

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, 2020. 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

D. Coronavirus Relief Funds

The County received \$194 million of direct federal funding from the Coronavirus Relief Fund (21.019). The County presented a funding plan to the Board of Commissioners in May 2020, which included the following categories: (1) Public Health Emergency Response, (2) Community Response & Resiliency, (3) Continuity of Operations, and (4) Economic Recovery. The County also passed through funds to its eleven municipalities for costs related to COVID-19 that were not eligible for reimbursement through other programs. Municipalities are considered subrecipients of the County. CRF must be spent during the period March 1, 2020 to December 30, 2020.

Wake County, North Carolina
Schedule of Findings and Questioned Costs
For the year ended June 30, 2020

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>
21.019	Coronavirus Relief Fund
93.568	Low Income Home Energy Assistance Program (LIHEAP)
93.778	Medicaid Assistance Cluster

Dollar threshold used to distinguish between Type A and Type B Programs \$8,045,063

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

Wake County, North Carolina
Schedule of Findings and Questioned Costs
For the year ended June 30, 2020

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
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
Community Transportation Program

Other major state programs for the County are Medical Assistance Program (Medicaid) which is 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 2020-001, 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, Low Income Energy Assistance, CFDA 93.568 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."

Wake County, North Carolina

Schedule of Findings and Questioned Costs

For the year ended June 30, 2020

Section III. Federal Award Findings and Questioned Costs, Continued

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

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

Context: We sampled 93 files that were entered into the EPI system. We noted the above condition in 1 of the 93 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 2020-002, 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:

- verification of date of birth
- verification of United States citizenship
- verification of Social Security Number (SSN)
- accurate record of non-custodial parent
- accurate record of household members and relationships
- accurate computation of countable income
- verification of unearned income
- verification of earned income

Section III. Federal Award Findings and Questioned Costs, Continued

Finding 2020-002, Significant Deficiency over Eligibility, continued

Conditions: 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.

Context: We sampled 93 from a total population of 10,960,686 payments made to the participants during the fiscal year. We noted the above condition in 20 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 19 cases, subsequent to being notified that required documentation had not been retained in case files, the County was able 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.

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 2020-003, Significant Deficiency over Eligibility

Information on the federal program: Low Income Home Energy Assistance, CFDA 93.568, 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 the North Carolina Low-Income Energy Assistance Program Compliance Supplement, local agencies must accurately record the household's income.

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.

Section III. Federal Award Findings and Questioned Costs, Continued

Finding 2020-003, Significant Deficiency over Eligibility, continued

Context: We sampled 60 cases out of 17,287 cases in total. We noted the above condition in 12 cases out of the 60 inspected files.

Effect: Ineligible individuals could have received benefits due to insufficient verification of information by a caseworker. Subsequent to being notified that income verification documentation had not been retained in case files, the County was able to obtain documentation to substantiate that the applications tested were eligible to receive benefits.

Cause: Internal controls are not in place to ensure the proper documentation and verification is completed and a DSS caseworker reviews the documentation.

Recommendation: We recommend that the County continue to train and monitor employees on the eligibility application process to ensure eligibility procedures are completed appropriately and are reviewed by the DSS caseworker and retained by the County.

Finding 2020-004, Significant Deficiency over Eligibility

Information on the federal program: Low Income Home Energy Assistance, CFDA 93.568, 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 the North Carolina Low-Income Home Energy Assistance Compliance Supplement and Energy Programs Manual published by the Division of Social Services, households denied assistance or not receiving reasonably prompt assistance must have an opportunity for a hearing.

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.

Context: We sampled 40 of 2,001 total denied applications. We noted the above condition in 12 of the 40 inspected files.

Effect: Case files containing an Approval/ Denial Notice form 8107 that is not sent to applicants results in a risk that the denied or approved applicants are not receiving timely communication or an opportunity for a hearing.

Cause: Internal controls were not in place to ensure the Approval/ Denial Notice for DSS 8107 is sent in NC FAST.

Recommendation: We recommend that the County continue to train and monitor employees on the eligibility/denial application process to ensure eligibility worksheets are completed appropriately, reviewed by the DSS caseworker and retained by the County.

Wake County, North Carolina

Schedule of Findings and Questioned Costs

For the year ended June 30, 2020

Section IV. State Awards Findings and Questioned Costs

Findings 2019-001, 2019-002 and 2019-003 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 21, 2020

Wake County, North Carolina respectfully submits the following correction action plan for the year ended June 30, 2020.

Name and address of independent public accounting firm:

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

Audit Period: June 30, 2020

The findings from the June 30, 2020 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 2020-001, 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, Low Income Energy Assistance, CFDA 93.568 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:

- Implement OnBase electronic document management system for storage and retrieval of files.
- Program Integrity will separate and distinguish claims files from the eligibility file when forwarding to HS Records Department.

Proposed Completion Date: December 31, 2022 (OnBase)
November 2, 2020 (Commence separation of files)

Name of Contact Person: Markette Hester, Program Manager
Lorena Sabathie, Records Supervisor

Finding 2020-002, 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 one-time targeted review to determine if the errors cited are widespread or limited to certain staff. For those staff identified by the targeted review with errors in system verifications and/or income documentation, calculation, or keying, additional targeted reviews will be completed monthly until the deficiencies are corrected. Additionally, supervisors will provide refresher training to these staff on Medicaid policy requirements.

Proposed Completion Date: 12/31/2020 for one-time targeted review; 6/30/2020 for additional reviews as needed for identified staff; 01/31/2021 for refresher training

Name of Contact Person: Koren Harrison

Finding 2020-003, Significant Deficiency over Eligibility; Low Income Home Energy Assistance, CFDA 93.568, 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 continue to train and monitor employees on the eligibility application process to ensure eligibility procedures are completed appropriately and are reviewed by the DSS caseworker and retained by the County.

Corrective Action Plan:

- Enhance training of temporary staff and refresher training for existing staff to reinforce the income and documentation requirements, spending some additional time on these topics.
- Revise application checklist to incorporate changing letters/notices to "sent" in NCF and confirming Rights & Responsibilities are signed.
- Develop an income calculation tip sheet to include base periods, location links for integrated income manual and income training in the learning gateway and other useful reminders.
- Income calculation is included on the current QA tool being used and quarterly newsletters and trainings are developed based on errors found. Income is a highlighted area and will continue to receive attention.

Proposed Completion Date: 12/01/2020

Name of Contact Person: Janny Mealor, Program Manager

Finding 2020-004, Significant Deficiency over Eligibility; Low Income Home Energy Assistance, CFDA 93.568, 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 continue to train and monitor employees on the eligibility application process to ensure eligibility procedures are completed appropriately and are reviewed by the DSS caseworker and retained by the County.

Corrective Action Plan:

- Revise application checklist to incorporate changing letters/notices to "sent" in NCF and confirming Rights & Responsibilities are signed.
- QA documentation includes "Were the correct approval/denial notices sent to client?" add and notices set to "sent" in NCF.

Proposed Completion Date: 12/01/2020

Name of Contact Person: Janny Mealor, Program Manager

Sincerely,



Emily Lucas
Chief Financial Officer



Finance Department

TEL 919 856 6120
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Wake County, North Carolina

Summary Schedule of Prior Audit Findings

For the year ended June 30, 2020

Finding 2019-001, Significant Deficiency over Special Tests and Provisions and Non-Material Noncompliance

Condition: We noted 2 instances where adequate case documentation to substantiate the claims entry into the NCFAS Enterprise Program Integrity ("EPI") was not maintained.

Current status: This finding has been repeated as a significant deficiency as current year finding number 2020-001.

Finding 2019-002, Medicaid Cluster Significant Deficiency over Eligibility

Condition: We noted in two instances, SOLQ OVS/ OLV, Bendex OVS/OLV, SDX OVS, ESC OVS, and ACTS OVS were not completed to verify the individual's unearned income. In seven instances, the total countable income was not recorded accurately into NC FAST based upon documentation in the case record. In four instances, the case record did not contain an appropriate income conversion and computation in accordance with policy manuals. In four instances, the case file did not contain an accurate and complete amount of total resources. In three instances the case record did not contain documentation evidencing that tax and Register of Deeds' records were checked to verify whether the individual owns property. In two instances, casefile did not contain a completed DMV OVS. In one instance, Asset Verification System (AVS) was not completed in NC FAST for the recertification period. In

five instances, the case record did not contain evidence of household and relationship information to verify household composition.

Current status: This finding has been repeated as a significant deficiency as current year finding number 2020-002.

Finding 2019-003, Temporary Assistance for Needy Families (TANF) Significant Deficiency over Eligibility

Condition: We noted in one instance the cap document or any other verification of family cap was missing from the file.

Current status: This finding has been resolved.