

**CATAWBA COUNTY  
NORTH CAROLINA**

**COMPLIANCE LETTERS  
FOR THE YEAR ENDED JUNE 30, 2016**

# CATAWBA COUNTY, NORTH CAROLINA

## COMPLIANCE LETTERS FOR THE YEAR ENDED JUNE 30, 2016

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# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **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**

### **Independent Auditor's Report**

To the Board of County Commissioners  
Catawba County  
Newton, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Catawba County, North Carolina, as of and for the year ended June 30, 2016, 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 21, 2016. Our report includes a reference to other auditors who audited the financial statements of the Catawba Valley Medical Center and Catawba County ABC Board, as described in our report on Catawba County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Catawba Valley Medical Center and Catawba County ABC 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 Catawba 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 Catawba County's internal control. Accordingly, we do not express an opinion on the effectiveness of Catawba 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2016-001 that we consider to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Catawba 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, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Response to Finding**

Catawba County's response to the finding identified in our audit is described in the accompanying Schedule of Findings, Responses, and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements; and accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or 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.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, NC  
November 21, 2016

# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; Report On The Schedule Of Expenditures Of Federal And State Awards Required By OMB Uniform Guidance; And The State Single Audit Implementation Act**

### **Independent Auditor's Report**

To the Board of Commissioners  
Catawba County  
Newton, North Carolina

### **Report On Compliance for Each Major Federal Program**

We have audited Catawba County, North Carolina'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 Catawba County's major federal programs for the year ended June 30, 2016. Catawba County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Catawba County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, OMB Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 Catawba 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 Catawba County's compliance.

### **Opinion On Each Major Federal Program**

In our opinion, Catawba 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, 2016.

### **Other Matters**

The results of our auditing procedures disclosed an instance of non-compliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2016-006. Our opinion on each major federal program is not modified with respect to these matters.

Catawba County's response to the non-compliance finding identified in our audit is described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Catawba 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 Catawba 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 Catawba 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 Catawba County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*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, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2016-003, 2016-004, 2016-005, and 2016-006 to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or a 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2016-002 and 2016-007 to be significant deficiencies.

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

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 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 units, each major fund, and the aggregate remaining fund information of Catawba County, North Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Catawba County's basic financial statements. We issued our report thereon dated November 21, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Catawba County's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to November 21, 2016. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the Uniform Guidance, and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other 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.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.

Hickory, NC

November 29, 2016 (except as related to the Report on the Schedule of Expenditures of Federal and State Awards, as to which the date is November 21, 2016).



# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance; Report On The Schedule Of Expenditures Of Federal And State Awards Required By OMB Uniform Guidance; And The State Single Audit Implementation Act**

### **Independent Auditor's Report**

To the Board of Commissioners  
Catawba County  
Newton, North Carolina

### **Report On Compliance for Each Major State Program**

We have audited Catawba County, North Carolina'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 Catawba County's major State programs for the year ended June 30, 2016. Catawba County's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Catawba County's major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; applicable sections of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 Catawba 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 Catawba County's compliance.

730 13th Avenue Drive SE ♦ Hickory, North Carolina 28602 ♦ Phone 828-327-2727 ♦ Fax 828-328-2324  
13 South Center Street ♦ Taylorsville, North Carolina 28681 ♦ Phone 828-632-9025 ♦ Fax 828-632-9085  
Toll Free Both Locations 1-800-948-0585 ♦ Website: [www.martinstarnes.com](http://www.martinstarnes.com)

## **Opinion On Each Major State Program**

In our opinion, Catawba 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, 2016.

## **Other Matters**

The results of our auditing procedures disclosed an instance of non-compliance, which is required to be reported in accordance with applicable sections of the Uniform Guidance, as described in the *Audit Manual for Governmental Auditors in North Carolina* and which is described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2016-006. Our opinion on each major State program is not modified with respect to this matter.

Catawba County's response to the non-compliance finding identified in our audit is described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Catawba 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 Catawba 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 Catawba County's internal control over compliance with the requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Catawba County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*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, non-compliance with a type of compliance requirement of a State program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material non-compliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2016-005 and 2016-006 to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal

control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2016-002 and 2016-007 to be significant deficiencies.

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

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 the Uniform Guidance and the State Single Audit Implementation Act**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Catawba County, North Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Catawba County's basic financial statements. We issued our report thereon dated November 21, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Catawba County's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to November 21, 2016. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the Uniform Guidance, and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to 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.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, NC

November 29, 2016 (except as related to the Report on the Schedule of Expenditures of Federal and State Awards, as to which the date is November 21, 2016)

# CATAWBA COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

### 1. Summary of Auditor's Results

#### Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? Yes
- Significant deficiency (s) identified? None reported

Non-compliance material to financial statements noted? No

#### Federal Awards

Internal control over major Federal programs:

- Material weakness (es) identified? Yes
- Significant deficiency (s) identified? Yes

Type of auditor's report issued on compliance for major Federal programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes

Identification of major Federal programs:

<u>Program Name</u>	<u>CFDA #</u>
Medicaid Cluster	93.778, 93.777, 93.775
Temporary Assistance for Needy Families (TANF) Cluster	93.558, 93.714
Children's Health Insurance Program	93.767
Foster Care Title IV-E	93.658
Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$3,000,000</u>
Auditee qualified as low-risk auditee?	No

# CATAWBA COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

### 1. Summary of Auditor's Results (continued)

#### State Awards

Internal control over major State programs:

- Material weakness(es) identified? Yes
- Significant deficiency (s) identified? Yes

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

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

Identification of major State programs:

#### Program Name

Medicaid Cluster  
Foster Care and Adoption Cluster  
CWS Adoption Subsidy and Vendor Payments  
Children's Health Insurance Program

# CATAWBA COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

### 2. Findings Related to the Audit of the Basic Financial Statements

#### MATERIAL WEAKNESS

##### **2016-001- Prior Period Adjustment**

**Criteria:** Management should have a system in place to reduce the likelihood of errors in financial reporting.

**Condition:** The General Fund has been restated for sinking fund balances that should not have been included as restricted liabilities.

**Effect:** For the statements affected, the prior year financial statements were misstated.

**Cause:** Inadequate monitoring of sinking fund balances and liabilities.

**Context:** For the statements affected, the prior year financial statements were misstated.

**Recommendation:** Additional review of debt agreements should be implemented to prevent prior period adjustments in the future.

**Views of Responsible Officials and Planned Corrective Actions:** Management concurs with the finding and will continue to review debt agreements to record required payments in their proper category.

## **CATAWBA COUNTY, NORTH CAROLINA**

### **SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016**

#### **3. Federal Award Findings and Questioned Costs**

##### **US Department of Health and Human Services**

Passed through the NC Dept. of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

CFDA # 93.778

Grant Number: DMA 2016

##### **Finding: 2016-002**

##### **SIGNIFICANT DEFICIENCY**

**Criteria:** Management should have an adequate system of internal control procedures in place to ensure budgets are properly calculated for applicants during eligibility review process and such documentation is retained in the applicants' case file.

**Condition:** Two applicants had budgets improperly calculated in their case file during the fiscal year. Upon further review and recalculation both participants were still eligible for benefits.

**Context:** Of the 11,402 casefiles, we examined 60 and determined that budgets had not been properly calculated for two participants. Upon further review and recalculation both participants were still eligible for benefits.

**Effect:** Casefiles could contain incorrect budget calculations thus making a participant eligible, when they should not be, or causing a participant to be denied when they should be eligible.

**Cause:** Caseworker failed to calculate budget properly based on supporting documentation.

**Questioned Costs:** The finding represents an internal control issue; therefore, no questioned costs are applicable.

**Recommendation:** Caseworkers should look over their eligibility determinations and go back through their checklist of items required before approving benefits.

**Views of Responsible Officials and Planned Corrective Actions:** Management is aware of this issue. This will be corrected through our second party review process. A robust case file review procedure was implemented for all Medicaid programs in June 2016 which was prior to this recommendation.

## CATAWBA COUNTY, NORTH CAROLINA

### SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

#### 3. Federal Award Findings and Questioned Costs (continued)

##### US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services  
Program Name: Temporary Assistance for Needy Families (TANF)  
CFDA # 93.558  
Grant Number: WC302

##### Finding: 2016-003

##### MATERIAL WEAKNESS

**Criteria:** Management should have an adequate system of internal control procedures in place to properly review and assess the eligibility of individuals to ensure the accuracy of the benefits being provided is within program requirements. Verification of accuracy of information used in determining eligibility should be performed by management. Evidence of the review should be documented and include authorized signatures.

**Condition:** The County Department of Social Services did not have adequate review controls in place to ensure the proper eligibility determinations were being made and documented. The County did not have evidence of reviews performed over the program tested for the entire period under audit.

**Context:** The County did not have evidence of reviews performed over the program for the entire period under audit.

**Effect:** Casefiles could be missing the required eligibility determination documentation which would allow benefits to be provided to individuals who are not eligible.

**Cause:** Weakness in implementation of controls over second party review procedures performed by management.

**Questioned Costs:** The finding represents an internal control issue; therefore, no questioned costs are applicable.

**Recommendation:** Management should adhere to the County's policy in implementing second party reviews. Evidence of documentation of reviews should be retained and include electronic signatures of reviewer. Any deficiencies noted during the review should be corrected within a timely manner and documented as such.

**Views of Responsible Officials and Planned Corrective Actions:** Management is aware and this will be corrected. See Corrective Action Plan.



## **CATAWBA COUNTY, NORTH CAROLINA**

### **SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016**

#### **3. Federal Award Findings and Questioned Costs (continued)**

##### **US Department of Health and Human Services**

Passed through the NC Dept. of Health and Human Services  
Program Name: Temporary Assistance for Needy Families (TANF)  
CFDA # 93.558  
Grant Number: WC302

##### **Finding: 2016-004**

##### **MATERIAL WEAKNESS**

**Criteria:** Management should have an adequate system of internal control procedures in place to ensure an applicant is not considered verified as eligible for approval or recertification unless the caseworker performs an automated income and resources match verification for the applicant, which retrieves and verifies applicant information from several federal and State benefit and reporting systems.

**Condition:** The County Department of Social Services failed to provide evidence of documentation of caseworker performing the automated income and resource match verification for six applicants.

**Context:** Of the 260 casefiles, we examined 60 and determined that six applicants received benefits during the fiscal year without their information verified using the automated income and resources match verification systems. The County was able to substantiate that the applicants were eligible to receive benefits.

**Effect:** Casefiles were missing the required documentation of verification of automated income and resource match verification which would allow benefits to be provided to individuals who are not eligible.

**Cause:** Caseworker failed to perform the required verification procedures.

**Questioned Costs:** None. The County was able to substantiate that the applicants were eligible to receive benefits.

**Recommendation:** Caseworkers should process all new and recertifying applicants through the automated income and resource match verification systems as required by program requirements and retain documentation of such in the applicant's casefile.

**Views of Responsible Officials and Planned Corrective Actions:** Management is aware of this finding. Please refer to the Corrective Action Plan.

## CATAWBA COUNTY, NORTH CAROLINA

### SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

#### 3. Federal Award Findings and Questioned Costs (continued)

##### **US Department of Health and Human Services**

Passed through the NC Dept. of Health and Human Services

Program Name: Children's Health Insurance Program

CFDA # 93.767

Grant Number: DMA 2016

##### **Finding: 2016-005**

##### **MATERIAL WEAKNESS**

**Criteria:** Management should have an adequate system of internal control procedures in place to properly review and assess the eligibility of individuals to ensure the accuracy of the benefits being provided is within program requirements. Verification of accuracy of information used in determining eligibility should be performed by management. Evidence of the review should be documented and include authorized signatures.

**Condition:** The County Department of Social Services did not have adequate review controls in place to ensure the proper eligibility determinations were being made and documented. The County did not have evidence of reviews performed over the program tested for the entire period under audit.

**Context:** The County did not have evidence of reviews performed over the program for the entire period under audit.

**Effect:** Casefiles could be missing the required eligibility determination documentation which would allow benefits to be provided to individuals who are not eligible.

**Cause:** Weakness in implementation of controls over second party review procedures performed by management.

**Questioned Costs:** The finding represents an internal control issue; therefore, no questioned costs are applicable.

**Recommendation:** Evidence of documentation of reviews should be retained and include electronic signatures of reviewer. Any deficiencies noted during the review should be corrected within a timely manner and documented as such.

**Views of Responsible Officials and Planned Corrective Actions:** Management is aware of this finding. A formal review policy was implemented in June 2016. A formal tracking tool for case file reviews was implemented in June 2016.

## CATAWBA COUNTY, NORTH CAROLINA

### SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

#### 3. Federal Award Findings and Questioned Costs (continued)

##### **US Department of Health and Human Services**

Passed through the NC Dept. of Health and Human Services

Program Name: Children's Health Insurance Program

CFDA # 93.767

Grant Number: DMA 2016

##### **Finding: 2016-006**

##### **NONMATERIAL NON-COMPLIANCE**

##### **MATERIAL WEAKNESS**

**Criteria:** Management should have an adequate system of internal control procedures in place to ensure budgets are properly calculated for applicants during eligibility review process and such documentation is retained in the applicants' case file.

**Condition:** One applicant had a budget improperly calculated in their case file during the fiscal year due to incorrect income being included. Upon further review and recalculation the participant was deemed ineligible for benefits.

**Context:** Of the 423 casefiles, we examined 60 and determined that the budget had not been properly calculated for one participant. Upon further review and recalculation, one participant was deemed ineligible for benefits.

**Effect:** Casefiles could contain incorrect budget calculations thus making a participant eligible, when they should not be, or causing a participant to be denied when they should be eligible.

**Cause:** Caseworker failed to calculate budget properly based on supporting documentation.

**Questioned Costs:** \$498

**Recommendation:** Caseworkers should look over their eligibility determinations and go back through their checklist of items required before approving benefits.

**Views of Responsible Officials and Planned Corrective Actions:** Management is aware of this finding. The formal case file review process will continue to monitor this and other areas. Additional training will be offered if these reviews reveal deficiencies in this area.

## CATAWBA COUNTY, NORTH CAROLINA

### SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

#### 3. Federal Award Findings and Questioned Costs (continued)

##### **US Department of Health and Human Services**

Passed through the NC Dept. of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

CFDA # 93.778

Grant Number: DMA 2016

Program Name: Temporary Assistance for Needy Families (TANF)

CFDA # 93.558

Grant Number: WC302

Program Name: Children's Health Insurance Program

CFDA # 93.767

Grant Number: DMA 2016

Program Name: Foster Care

CFDA # 93.658

Grant Number: WC 302

##### **Finding: 2016-007**

##### **SIGNIFICANT DEFICIENCY**

**Criteria:** In accordance with the Division of Social Services Fiscal Manual, DSS employees should control physical access to the State network terminals or personal computers that are connected to the State mainframe.

**Condition:** Upon surprise inspection, one unattended work station of a DSS employee was logged onto the State network without anyone attending to the work station.

**Context:** While performing testing of internal control over compliance related to the Division of Social Services, we noted the above condition.

**Effect:** Unauthorized access to the State system could be obtained due to the unattended logon to the system throughout the DSS building.

**Cause:** Lack of proper internal controls over data security.

**Questioned Costs:** None. The finding represents an internal control issue; therefore, no questioned costs are applicable.

**Recommendation:** Require the County Data Processing Department to implement procedures to require logout of workstations where access to the State DSS system is granted. The control procedures should include random verification of logout in instances where offices are unattended.

**Views of Responsible Officials and Planned Corrective Action:** Management is aware of this finding. Please refer to the Corrective Action Plan.

## **CATAWBA COUNTY, NORTH CAROLINA**

### **SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016**

#### **4. State Award Findings and Questioned Costs**

##### **N.C. Department of Health and Human Services**

Program Name: Medical Assistance Program (Medicaid; Title XIX)

**Finding: 2016-002** – Management should have an adequate system of internal control procedures in place to ensure budgets are properly calculated for applicants during eligibility review process and such documentation is retained in the applicants' case file. See more details at Finding 2016-002 in Section III – Federal Award Findings and Questioned Costs.

##### **N.C. Department of Health and Human Services**

Program Name: Children's Health Insurance Program

**Finding: 2016-005**– Management should have an adequate system of internal control procedures in place to properly review and assess the eligibility of individuals to ensure the accuracy of the benefits being provided is within program requirements. Verification of accuracy of information used in determining eligibility should be performed by management. Evidence of the review should be documented and include authorized signatures. See more details at Finding 2016-005 in Section III – Federal Award Findings and Questioned Costs.

##### **N.C. Department of Health and Human Services**

Program Name: Children's Health Insurance Program

**Finding: 2016-006** – Management should have an adequate system of internal control procedures in place to ensure budgets are properly calculated for applicants during eligibility review process and such documentation is retained in the applicants' case file. See more details at Finding 2016-006 in Section III – Federal Award Findings and Questioned Costs.

##### **N.C. Department of Health and Human Services**

Program Name: Medical Assistance Program (Medicaid; Title XIX)

Program Name: Children's Health Insurance Program

Program Name: Foster Care and Adoption Cluster

Program Name: CWS Adoption Subsidy and Vendor Payments

**Finding: 2016-007** – Management should have an adequate system of internal control procedures in place to ensure control over physical access to the State network terminals or personal computers that are connected to the State mainframe. See more details at Finding 2016-007 in Section III – Federal Award Findings and Questioned Costs.

## **CATAWBA COUNTY, NORTH CAROLINA**

### **CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2016**

#### **2. Findings Related to the Audit of the Basic Financial Statements**

##### **Finding: 2016-001**

**Name of Contact Person:** Bob Miracle, CFO

**Corrective Action/Management's Response:** Management concurs with the finding and will continue to review debt agreements to record required payments in their proper category.

**Proposed Completion Date:** Management will implement the above procedure immediately.

#### **3. Federal Award Findings and Questioned Costs**

##### **Finding: 2016-002**

**Name of Contact Person:** John Eller, DSS Director

**Corrective Action/Management's Response:** Management is aware of this issue. This will be corrected through our second party review process. A robust case file review procedure was implemented for all Medicaid programs in June 2016 which was prior to this recommendation.

**Proposed Completion Date:** Immediately and ongoing

##### **Finding: 2016-003**

**Name of Contact Person:** John Eller, DSS Director

**Corrective Action/Management's Response:** County will put a formal tracking process in place to review a sampling of all TANF records.

**Proposed Completion Date:** Will begin by the end of the first quarter of 2017

##### **Finding: 2016-004**

**Name of Contact Person:** John Eller, DSS Director

**Corrective Action/Management's Response:** Workers have participated in a training concerning the use of OVS/OLV and the importance of having one of them recorded in the record.

**Proposed Completion Date:** Our case file review process will monitor compliance in this area.

## **CATAWBA COUNTY, NORTH CAROLINA**

### **CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2016**

#### **3. Federal Award Findings and Questioned Costs (continued)**

##### **Finding: 2016-005**

**Name of Contact Person:** John Eller, DSS Director

**Corrective Action/Management's Response:** Will continue to random sample cases of all workers regardless of longevity.

**Proposed Completion Date:** Immediately and ongoing

##### **Finding: 2016-006**

**Name of Contact Person:** John Eller, DSS Director

**Corrective Action/Management's Response:** The formal case file review process will continue to monitor this and other areas. Additional training will be offered if these reviews reveal deficiencies in this area.

**Proposed Completion Date:** Immediate and ongoing

##### **Finding: 2016-007**

**Name of Contact Person:** John Eller, DSS Director

**Corrective Action/Management's Response:** Random reviews of work stations will be completed quarterly. County will continue the annual training to review of computer security. Computer security will be covered in new employee orientation for new employees.

**Proposed Completion Date:** Effective 1/31/2017

#### **4. State Award Findings and Questioned Costs**

##### **Finding: 2016-002**

See Finding 2016-002 in Section III – Federal Award Findings and Questioned Costs of the Corrective Action Plan.

##### **Finding: 2016-005**

See Finding 2016-005 in Section III – Federal Award Findings and Questioned Costs of the Corrective Action Plan.

##### **Finding: 2016-006**

See Finding 2016-006 in Section III – Federal Award Findings and Questioned Costs of the Corrective Action Plan.

# **CATAWBA COUNTY, NORTH CAROLINA**

## **CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2016**

### **4. State Award Findings and Questioned Costs (continued)**

#### **Finding: 2016-007**

See Finding 2016-007 in Section III – Federal Award Findings and Questioned Costs of the Corrective Action Plan.



**CATAWBA COUNTY, NORTH CAROLINA**

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2016**

None reported.

**CATAWBA COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2016**

<b>Federal Awards:</b> <b>Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>State Pass-through Grantor's Number</b>	<b>Federal (Direct &amp; Pass-through) Expenditures</b>	<b>State Expenditures</b>
<u>U.S. Department of Agriculture</u>				
Passed through N.C. Department of Health and Human Services				
<u>Division of Public Health</u>				
Special Supplemental Nutrition Program for Women Infant and Children	10.557	13A25403GG18	\$ 825,239	\$ -
Direct Benefit Payments	10.557	5NC700705	3,207,244	-
<u>Division of Social Services</u>				
<u>Supplemental Nutrition Assistance Program (SNAP) Cluster:</u>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	WC 302	964,709	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	WC 302	99,607	-
Total SNAP Cluster			1,064,316	-
<u>U.S. Department of Health and Human Services</u>				
Administration of Children and Families				
Passed through N.C. Department of Health and Human Services				
Subsidized Child Care				
<u>Child Care Development Fund Cluster</u>				
<u>Division of Social Services</u>				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	WC 302	263,304	-
<u>Division of Child Development</u>				
Child Care and Development Block Grant - Discretionary	93.575	536147	1,972,826	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	536145	599,700	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	536149	1,338,671	583,008
Total Child Care Fund Cluster			4,174,501	583,008
Temporary Assistance for Needy Families State Program	93.558	13A15151T218	525,697	-
Title IV-E Foster Care	93.658	536153/536154	32,294	16,519
State Appropriations	n/a	536142	-	317,797
TANF - Maintenance of Effort	n/a	536142/536146	-	415,348
Total Subsidized Child Care Cluster (Note 3)			4,732,492	1,332,672
<u>Foster Care and Adoption Cluster</u>				
Foster Care Title IV-E Administration	93.658	WC 302	127,133	-
Title IV-E Administration	93.658	WC 302	971	-
Title IV-E Foster Care Training	93.658	WC 302	12,286	-
Title IV-E Foster Care Offsite Training	93.658	WC 302	816,927	-
Title IV-E Child Protective Services	93.658	WC 302	248,512	122,644
Title IV-E Administration County Paid	93.658	WC 302	130,087	65,044
Title IV-E Family Foster Max	93.658	WC 302	14,613	-
Title IV-E Foster Care	93.658	WC 302	452,170	115,553
Title IV-E Foster Care in Excess	93.658	WC 302	838,078	214,225
<u>Adoption Assistance</u>				
Title IV-E Adoption Training	93.659	WC 302	4,986	-
Title IV-E Adoption Offsite Training	93.659	WC 302	104,896	-
Title IV-E Optional Adoption Training 5	93.659	WC 302	54,360	-
Direct Benefit Payments - Title IV-E Adoption Subsidy	93.659	WC 302	1,917,767	498,815
Title IV-E Vendor Payments	93.659	WC 302	55,045	-
Title IV-E Adoption	93.659	WC 302	3,534	-
Total Foster Care and Adoption Cluster (Note 3)			4,781,365	1,016,281

**CATAWBA COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2016**

<b>Federal Awards:</b> <b>Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>State Pass-through Grantor's Number</b>	<b>Federal (Direct &amp; Pass-through) Expenditures</b>	<b>State Expenditures</b>
<u>Division of Aging</u>				
Social Services Block Grant	93.667	WC 302	40,851	31,623
Social Services Block Grant	93.667	WC 302	44,888	38,489
Social Services Block Grant	93.667	WC 302	28,295	-
Social Services Block Grant	93.667	WC 302	42,301	-
Social Services Block Grant	93.667	WC 302	478,772	38,794
Social Services Block Grant	93.667	WC 302	18,940	-
Chafee Foster Care Independence Program	93.674	WC 302	41,782	10,445
Chafee Foster Care Independence Program	93.674	WC 302	12,492	-
<u>Administration</u>				
<u>Temporary Assistance for Needy Families Cluster</u>				
Temporary Assistance for Needy Families State Program	93.558	WC 302	(150)	-
Temporary Assistance for Needy Families State Program	93.558	WC 302	(2,375)	-
Temporary Assistance for Needy Families State Program	93.558	WC 302	252,983	-
Temporary Assistance for Needy Families State Program	93.558	WC 302	1,863,249	-
Temporary Assistance for Needy Families State Program	93.558	WC 302	411,757	-
Temporary Assistance for Needy Families State Program	93.558	WC 302	93,000	231,600
Total TANF Cluster			2,618,464	231,600
Social Services Block Grant	93.667	WC 302	214,223	-
Promoting Safe and Stable Families	93.556	WC 302	50,871	-
Family Support Payments to States - Assitance Payments	93.560	WC 302	(437)	(120)
Child Support Enforcement	93.563	WC 302	1,036,759	-
Child Support Enforcement	93.563	WC 302	126	-
Child Support Enforcement	93.563	WC 302	4,968	-
Child Support Enforcement	93.563	WC 302	214,539	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	WC 302	53,402	-
Adoption Opportunities	93.652	10-68.61-80720	10,613	-
Community Services Block Grant	93.569	32179	219,854	-
Low Income Home Energy Assistance				
Crisis Intervention Payments	93.568	WC 302	538,302	-
Administration	93.568	WC 302	101,961	-
Allocation	93.568	WC 302	282,600	-
<u>Centers for Medicare and Medicaid Services</u>				
Passed through N.C. Department of Health and Human Services				
<u>Medicaid Cluster:</u>				
<u>Division of Medical Assistance</u>				
Medical Assistance Program	93.778	WC 302	31,730	11,570
Medical Assistance Program	93.778	WC 302	45,764	23,392
Medical Assistance Program	93.778	WC 302	281,596	-
Medical Assistance Program	93.778	WC 302	2,964,846	-
Medical Assistance Program	93.778	WC 302	127,709	-
Medical Assistance Program	93.778	WC 302	691,528	353,341
Medical Assistance Program	93.778	WC 302	44,672	-
Medical Assistance Program	93.778	WC 302	704,397	-
Medical Assistance Program	93.778	WC 302	24,516	-
Medical Assistance Program	93.778	WC 302	76,622	-
Medical Assistance Program	93.778	WC 302	339,010	-
Medical Assistance Program - Direct Benefit Payments	93.778	DMA 2016	119,819,705	64,236,412
Total Medicaid Cluster			125,152,095	64,624,715
<u>Children's Health Insurance Program</u>				
North Carolina Health Choice	93.767	WC302	106,859	3,276
Direct Benefit Payments - North Carolina Health Choice	93.767	DMA 2016	3,515,847	158,973

**CATAWBA COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2016**

<b>Federal Awards:</b> <b>Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>State Pass-through Grantor's Number</b>	<b>Federal (Direct &amp; Pass-through) Expenditures</b>	<b>State Expenditures</b>
<u>Centers for Disease Control and Prevention</u>				
Passed through N.C. Department of Health and Human Services				
<u>Division of Public Health</u>				
Public Health Emergency Preparedness	93.069	12642680EW18	40,965	-
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	12642680M818	15,000	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	1460272ANF18	43	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	117583CFKD18	3,284	-
Immunization Cooperative Agreements	93.268	1331631CEJ18	26,103	-
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	12615503PF18	30,991	-
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	1320310DJ818	25,186	-
HIV Prevention Activities - Health Department Based	93.940	1311981DHFV18	2,000	-
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	1311462BNB18	510	-
<u>Administration of Children and Families</u>				
Passed through N.C. Department of Health and Human Services				
<u>Division of Social Services</u>				
Temporary Assistance for Needy Families State Program	93.558	13A15151T218	19,732	-
<u>Health Resources and Service Administration</u>				
Passed through N.C. Department of Health and Human Services				
<u>Division of Public Health</u>				
Maternal and Child Health Services Block Grant to the States	93.994	13A15700018	123,634	53,670
<u>Office of Population Affairs</u>				
Passed through N.C. Department of Health and Human Services				
<u>Office of Population Affairs</u>				
Family Planning Services	93.217	13A1592AFP18	45,933	-
Total N.C. Department of Health and Human Services			149,773,404	67,540,418
<u>U.S. Department of Housing and Urban Development</u>				
Passed through N.C. Department of Commerce				
<u>Division of Community Assistance</u>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				
CDBG - NC Tomorrow Initiative	14.228	11-C-2273		-
CDBG - NC Scattered Site Housing	14.228	12-C-2412	24,636	-
CDBG - Old Shelby Road	14.228	12-C-2512	223,191	-
CDBG - Community Fellows Training	14.228	02-D-2681	25,217	-
<u>U.S. Department of Justice</u>				
<u>Office of Justice Programs</u>				
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	n/a	12,900	-
State Criminal Alien Assistance Program	16.606	n/a	16,904	-
<u>Department of Homeland Security</u>				
Passed through N.C. Department of Public Safety				
<u>Federal Emergency Management Agency</u>				
<u>Division of Crime Control and Public Safety</u>				
Emergency Management Performance Grant	97.042	1500-8016-35HD	52,917	-

**CATAWBA COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2016**

<b>Federal Awards:</b> <b>Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>State Pass-through Grantor's Number</b>	<b>Federal (Direct &amp; Pass-through) Expenditures</b>	<b>State Expenditures</b>
<u>Administration on Aging</u>				
Passed through Western Piedmont Council of Governments				
<u>Aging Cluster</u>				
<u>Division of Social Services</u>				
Title III B				
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	15-16 AANCT3SS	7,923	-
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	15-16 AANCT3SS	273,130	-
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	15-16 AANCT3HD	43,041	-
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	15-16 AANCT3HD	229,343	-
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	15-16 AANCT3HD	17,353	-
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	15-16 AANCT3HD	15,551	-
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	15-16 AANCT3SS	18,587	-
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	15-16 AANCT3SS	42,678	-
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	15-16 AANCT3CM	138,184	-
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	15-16 AANCT3CM	22,915	-
Total Aging cluster			808,705	-
<u>Federal Transit Administration</u>				
Passed through N.C. Department of Transportation				
<u>Transit Services Programs Cluster</u>				
Enhanced Mobility of Seniors & Individuals with Disabilities	20.513	51001.68.1.1/51001.68.2.3	222,074	-
<u>National Endowment for the Arts</u>				
Passed through Arts Midwest MN				
Promotion of the Arts (Big Read) - Grants to Organizations and Individuals	45.024	DCA-2015-06	16,800	-
Total Federal Awards and State Matches			151,176,748	67,540,418
<b>State Awards:</b>				
<u>N.C. Department of Health and Human Services</u>				
<u>Division of Public Health</u>				
Other Receipts/State Supported Expenditures				
Food and Lodging Fees	n/a	1153 4752 SZ	-	52,342
General Aid to Counties	n/a	1161 4110 00	-	102,710
Public Health Nursing	n/a	1161 4301 00	-	600
General Communicable Disease Control	n/a	1175 4510 00	-	8,197
Breast and Cervical Cancer Program	n/a	1320 9402 EK	-	10,396
Child Health	n/a	1271 5745 00	-	4,126
High Risk Maternity Clinic	n/a	13A1 5746 00	-	75,869
HMHC - Family Planning	n/a	13A1 5735 00	-	1,868
Maternal Health (HMHC)	n/a	13A1 5740 00	-	6,818
Women's Health Service Fund	n/a	13A1 6016 FR	-	15,365
HIV/STD SSBG Aid	n/a	1311 4536 RQ/RR	-	12,500
Sexually Transmitted Diseases	n/a	1311 4601 RQ	-	797
School Nursing Funding Initiative	n/a	1332 5358 00	-	200,000
Tuberculosis	n/a	1460 4551 00	-	24,139
Tuberculosis Medical Services	n/a	1460 4554 00	-	787

**CATAWBA COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2016**

<b>Federal Awards:</b> <b>Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>State Pass-through Grantor's Number</b>	<b>Federal (Direct &amp; Pass-through) Expenditures</b>	<b>State Expenditures</b>
<u>Division of Social Services</u>				
Child Protective Services Caseload Reduction	n/a	WC 302	-	307,416
Energy Assistance Private Grant	n/a	WC 302	-	5,621
AFDC Incentive Program Integrity	n/a	WC 302	-	631
F.S. County Incentive	n/a	WC 302	-	(1,461)
F.S. DOR Incentive	n/a	WC 302	-	(47)
Child Welfare Services Adoption Subsidy and Vendor Payments	n/a	WC 302	-	910,660
Foster Care at Risk Maximization	n/a	WC 302	-	2,547
State-County Special Assistance Certain Disabled Payments	n/a	WC 302	-	4,185
Direct Benefit Payment - State-County Special Assistance Domiciliary Care	n/a	WC 302	-	957,718
SFHF Maximization	n/a	WC 302	-	483,015
State Foster Home	n/a	WC 302	-	186,602
Community Response	n/a	WC 302	-	99,482
Post Adoption Grant	n/a	32169-16	-	178,333
<u>NC Partnership for Children</u>				
Smart Start - public health	n/a	1711174040	-	152,593
Smart Start - early childhood development	n/a	1711174040	-	32,499
Smart Start - early childhood support team	n/a	1711174040	-	394,789
Smart Start - day care	n/a	WC 302	-	129,644
<u>N.C. Department of Public Safety</u>				
<u>Division of Juvenile Justice</u>				
Peace Pipeline Conflict Resolution	n/a	1901-536301	-	50,500
Project Challenge	n/a	1901-536301	-	60,000
Family Net	n/a	1901-536301	-	133,503
Planning	n/a	1901-536301	-	13,735
Catawba Parenting Network	n/a	1901-536301	-	20,954
Alexander Youth Network	n/a	1901-536301	-	10,400
Phoenix Group Homes	n/a	1901-536301	-	7,500
<u>N.C. Department of Environment and Natural Resources</u>				
<u>Division of Water Resources</u>				
Shuford Mill Dam Removal	n/a	16PT0002500408	-	56,377
<u>N.C. Department of Agriculture and Consumer Services</u>				
Soil and Water Technical Assistance	n/a	10PN0003604959	-	26,832
Soil and Water Conservation Matching Fund	n/a	G401002890155	-	3,600
<u>N.C. Department of Cultural Resources</u>				
<u>Library Department</u>				
Library State Aid Grant	n/a	46PT0006550034	-	150,133
Library Services & Technology Act (LSTA) Access Digitization Grant	n/a	NC-15-44	-	74,524
Library Services & Technology Act (LSTA) Literacy Lifelong Learn Grant	n/a	NC-15-11	-	20,495
Library Services & Technology Act (LSTA) EZ Edge Grant	n/a	46PT0006551910	-	4,941
<u>N.C. Department of Administration</u>				
<u>Division of Veterans Affairs</u>				
Veterans Service Community Grant	n/a	13PT0011467165	-	1,907
<u>N.C. Department of Public Instruction</u>				
Public School Building Capital Fund - Lottery Funds	n/a	LEA 180,181,182	-	1,833,335
<u>N.C. Department of Transportation</u>				
Safe Roads Act	n/a	51001.68.1.1 51001.68.2.3	-	27,759

**CATAWBA COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2016**

<b>Federal Awards:</b> <b>Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>State Pass-through Grantor's Number</b>	<b>Federal (Direct &amp; Pass-through) Expenditures</b>	<b>State Expenditures</b>
<u>N.C. Housing Trust Fund</u>				
Passes through NC Housing Finance Agency				
Urgent Repair	n/a	URP1403	-	37,500
Urgent Repair	n/a	URP1504	-	25,701
Total State Awards			-	6,920,437
Total Federal and State Awards			\$ 151,176,748	\$ 74,460,855

**CATAWBA COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2016**

Notes to the Schedule of Expenditures of Federal and State Financial Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and State grant activity of Catawba County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2016. The information in this SEFSA 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* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Catawba County, it is not intended to and does not present the financial position, changes in net position or cash flows of Catawba County.

2. Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Catawba County has elected not to use the 10-percent de minimis cost rate as allowed under the Uniform Guidance.

3. 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 and Adoption