

**CATAWBA COUNTY  
NORTH CAROLINA**

**COMPLIANCE LETTERS**

**FOR THE YEAR ENDED JUNE 30, 2023**

# CATAWBA COUNTY, NORTH CAROLINA

## COMPLIANCE LETTERS FOR THE YEAR ENDED JUNE 30, 2023

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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 (*Government Auditing Standards*), 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, 2023, 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 30, 2023. 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. The financial statements of the Catawba Valley Medical Center and Catawba County ABC Board were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable non-compliance associated with the Catawba Valley Medical Center or Catawba County ABC Board.

### **Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 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 or significant deficiencies may exist that were not identified.

### **Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance 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.

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
November 30, 2023

# 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 the 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**

#### ***Opinion on Each Major Federal Program***

We have audited Catawba County, North Carolina's compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

In our opinion, Catawba County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Catawba County and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Catawba County's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Catawba County's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Catawba County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Catawba County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Catawba County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Catawba County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of Catawba County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance 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, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be 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 a combination of deficiencies, in internal control over compliance, such that there is a 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. 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 2023-001 and 2023-002 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on Catawba County's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Catawba County's responses were not subjected to the other 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 the 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, 2023, and the related notes to the financial statements, which collectively comprise Catawba County's basic financial statements. We issued our report thereon dated November 30, 2023, 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 the basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic 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 as a whole.

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
November 30, 2023

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

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## **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 the 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**

##### ***Opinion on Each Major State Program***

We have audited Catawba County, North Carolina's compliance with the types of compliance requirements identified as subject to audit 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 state programs for the year ended June 30, 2023. 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.

In our opinion, Catawba County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

##### ***Basis for Opinion on Each Major State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Catawba County and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of Catawba County's compliance with the compliance requirements referred to above.



### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Catawba County's state programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Catawba County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Catawba County's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Catawba County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Catawba County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of Catawba County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance 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, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be 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 a 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. *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 2023-001 and 2023-002 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the County's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings, Responses, and Questioned Costs. The County's responses were not subjected to the other 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 the 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, 2023, and the related notes to the financial statements, which collectively comprise Catawba County's basic financial statements. We issued our report thereon dated November 30, 2023, 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 the basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic 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 as a whole.

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
November 30, 2023

# CATAWBA COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023

### 1. Summary of Auditor's Results

#### Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? No
- 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? No
- 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>AL #</u>
Medicaid Cluster	93.778
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027
Child Support Enforcement	93.563
Child Care Development Fund/Subsidized Child Care Cluster	93.596
Immunization Cooperative Agreements	93.268

Dollar threshold used to distinguish between Type A and Type B programs

\$874,535

Auditee qualified as low-risk auditee?

Yes

# CATAWBA COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023

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

#### State Awards

Internal control over major state programs:

- |  |     |
|--|-----|
| • Material weakness(es) identified?      | No  |
| • Significant deficiency (s) identified? | Yes |

Type of auditor's report issued on compliance for major state programs	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?	Yes
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Auditee qualified as low-risk auditee?	Yes
--	-----

Identification of major state programs:

#### Program Name

Medicaid Cluster

Public School Building Capital Fund- Lottery Funds

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

None reported.

## CATAWBA COUNTY, NORTH CAROLINA

### SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023

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

##### **Finding: 2023-001**

##### **U.S. Department of Health & Human Services**

Passed through the N.C. Dept. of Health and Human Services

Program Name: Medicaid Cluster

AL # 93.778

Grant Number: XIX-MAP23

##### **Significant Deficiency**

**Criteria:** In accordance with 2 CFR 200, management should have an adequate system of internal control procedures in place to ensure that casefiles include properly reviewed income calculations. In accordance with 45 CFR 435, documentation must be maintained to support eligibility determinations.

**Condition:** The County Department of Social Services failed to properly include documentation of income in the casefile for one applicant. Upon further review, the applicant was ultimately eligible.

**Context:** Of the 1,204,842 benefit payments valued at \$377,476,138, we examined 60 payment records (\$18,111 value) and determined that in one casefile (2%) proper income documentation was not retained to support the eligibility determination. Upon further review and recalculation, the applicant was deemed eligible.

**Effect:** Casefile did not have proper income documentation, which could allow benefits to be provided to individuals who are not eligible.

**Cause:** Caseworker failed to retain income documentation in the casefile.

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

**Recommendation:** Casefiles should be reviewed to verify that all required documentation has been obtained before approving benefits.

**Views of Responsible Officials and Planned Corrective Action:** Management concurs with the finding. See Corrective Action Plan.

## CATAWBA COUNTY, NORTH CAROLINA

### SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023

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

##### **Finding: 2023-002**

##### **U.S. Department of Health & Human Services**

Passed through the N.C. Dept. of Health and Human Services

Program Name: Medicaid Cluster

AL # 93.778

Grant Number: XIX-MAP23

##### **Significant Deficiency**

**Criteria:** In accordance with 2 CFR 200, management should have an adequate system of internal control procedures in place to ensure that standardized forms are used and maintained. In accordance with 45 CFR 303, child support referrals must be provided to applicable cases.

**Condition:** The County Department of Social Services failed to properly include IV-D child support referrals in the casefiles for three applicants. Upon further review, the applicants were ultimately eligible.

**Context:** Of the 1,204,842 benefit payments valued at \$377,476,138, we examined 60 payment records (\$18,111 value) and determined that in three casefiles (5%) proper IV-D child support referrals were not provided to the applicants. Upon further review and recalculation, the applicants were deemed eligible.

**Effect:** Casefiles did not have proper IV-D child support referrals, which could allow applicants to be excluded from benefits for which they are eligible.

**Cause:** Caseworker failed to provide IV-D child support referrals.

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

**Recommendation:** Casefiles should be reviewed to verify that all required referrals have been made before approving benefits.

**Views of Responsible Officials and Planned Corrective Action:** Management concurs with the finding. See Corrective Action Plan.

## **CATAWBA COUNTY, NORTH CAROLINA**

### **SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023**

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

**Finding: 2023-001** - In accordance with 2 CFR 200, management should have an adequate system of internal control procedures in place to ensure that casefiles include properly reviewed income calculations. In accordance with 45 CFR 435, documentation must be maintained to support eligibility determinations. See more at Finding 2023-001 in Section 3 - Federal Award Findings, Responses, and Questioned Costs.

**Finding: 2023-002** - In accordance with 2 CFR 200, management should have an adequate system of internal control procedures in place to ensure that standardized forms are used and maintained. In accordance with 45 CFR 303, child support referrals must be provided to applicable cases. See more at Finding 2023-002 in Section 3 - Federal Award Findings, Responses, and Questioned Costs.



## catawba county finance

### Corrective Action Plan for the Year Ended June 30, 2023

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

**Finding: 2023-001**

**Name of Contact Person:** Karen Harrington, DSS Director

**Corrective Action/Management's Response:** The Medicaid Program Manager reviewed the verification process and the requirement to upload all information into NCFAST with the Medicaid staff. The formal case file review process will continue to monitor this and other areas. Additional training will be offered if the case file reviews reveal deficiencies in this area.

**Proposed Completion Date:** Immediately and ongoing.

**Finding: 2023-002**

**Name of Contact Person:** Karen Harrington, DSS Director

**Corrective Action/Management's Response:** Currently, DHB Administrative Letter 13-23 prohibits caseworkers from sending IV-D referrals for the remainder of the CCU period. Once this restriction is removed, the Medicaid Program Manager will review the requirement to send IV-D referrals with staff. The formal case file review process will continue to monitor this and other areas. Additional training will be offered if the case file reviews reveal deficiencies in this area.

**Proposed Completion Date:** Immediately and ongoing.

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

See Findings 2023-001 and 2023-002 in Section 3- Federal Award Findings and Questioned Costs of the Corrective Action Plan

[catawbacountync.gov](http://catawbacountync.gov)

Catawba County Government Center

25 Government Drive | PO Box 389 | Newton NC 28658 | 828.465.8210

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# **CATAWBA COUNTY, NORTH CAROLINA**

## **SCHEDULE OF PRIOR YEAR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2023**

### **Finding 2022-001**

**Status:** Corrected.

### **Finding 2022-002**

**Status:** Two Class C felony charges have been dismissed and the remaining charges do not impact the financial condition of Catawba County.

### **Finding 2022-003**

**Status:** Corrected.

**CATAWBA COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2023**

<u>Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State Grantor's Number</u>	<u>Federal (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Pass-through to Subrecipient</u>
<u>U.S. Department of Agriculture</u>					
Passed through N.C. Department of Health and Human Services					
<u>Division of Public Health</u>					
WIC Special Supplemental Nutrition Program for Women Infant and Children	10.557	13A218	\$ 757,916	\$ -	\$ -
<u>Division of Social Services</u>					
<u>Supplemental Nutrition Assistance Program (SNAP) Cluster:</u>					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program ARPA	10.561	175NC406S2514	247,614	-	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program CAA	10.561	175NC406S2514		-	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	175NC406S2514	1,119,097	-	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	175NC406S2514	185,707	-	-
Total SNAP Cluster			1,552,418	-	-
<u>U.S. Department of Treasury</u>					
Direct Program: Coronavirus State and Local Fiscal Recovery Funds	21.027	n/a	6,392,406	-	2,555,302
<u>U.S. Department of Treasury</u>					
Direct Program: Equitable Sharing Program	21.016	n/a	66,033	-	-
<u>U.S. Department of Health and Human Services</u>					
<u>Administration of Children and Families</u>					
Passed through N.C. Department of Health and Human Services					
<u>Child Care Development Fund/Subsidized Child Care Cluster (Note 3)</u>					
<u>Division of Social Services</u>					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G1701NCCCDF	239,902	-	-
Total Child Care Development Fund/Subsidized Child Care Cluster (Note 3)			239,902	-	-
<u>Foster Care, Adoption, and Guardianship Assistance Cluster (Note 3)</u>					
<u>Foster Care Title IV-E</u>					
Title IV-E Administration Foster Care	93.658	1701NCFOST	853	-	-
Title IV-E Administration	93.658	1701NCFOST	167,631	-	-
Title IV-E Foster Care Training	93.658	1701NCFOST	7,290	-	-
Title IV-E Foster Care Offsite Training	93.658	1701NCFOST	1,238,254	-	-
Title IV-E Child Protective Services	93.658	1701NCFOST	176,419	126,353	-
Title IV-E Administration County Paid- Direct Benefit Payments	93.658	1701NCFOST	110,860	46,531	-
Title IV-E Family Foster Max- Direct Benefit Payments	93.658	1701NCFOST	34,427	-	-
Title IV-E Foster Care Extend Max- Direct Benefit Payments	93.658	1701NCFOST	180,538	26,045	-
Title IV-E Foster Care Extend Regular- Direct Benefit Payments	93.658	1701NCFOST	472,714	81,744	-
Title IV-E Max Level III- Direct Benefit Payments	93.658	1701NCFOST	204	-	-
<u>Adoption Assistance</u>					
Title IV-E Adoption	93.659	WC-302	665	-	-
Title IV-E Adoption Training	93.659	1701NCADPT	4,176	-	-
Title IV-E Adoption Offsite Training	93.659	1701NCADPT	49,598	-	-
Title IV-E Optional Adoption Training 5	93.659	1701NCADPT	145,550	-	-
Total Foster Care, Adoption, and Guardianship Assistance Cluster (Note 3)			2,589,179	280,673	-
Social Services Block Grant - Adult Day Care	93.667	G1701NCSOSR	24,667	24,625	-
Social Services Block Grant - Adult Day Care Over 60	93.667	G1701NCSOSR	50,165	49,585	-
Social Services Block Grant - Adult Protective Services	93.667	G1701NCSOSR	53,900	-	-
Social Services Block Grant - Adult Protective Services Essential	93.667	G1701NCSOSR	16,902	-	-
Social Services Block Grant - Child Protective Services	93.667	G1701NCSOSR	223,890	-	-
Social Services Block Grant - In Home Services	93.667	G1701NCSOSR	11,575	-	-
Social Services Block Grant - In Home Services Over 60	93.667	G1701NCSOSR	42,288	-	-
Social Services Block Grant - Other Services and Training	93.667	G1701NCSOSR	794,634	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	1701NC1420	37,013	9,253	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood - Direct Benefit Payments	93.674	1701NC1420	72,369	-	-

**CATAWBA COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2023**

<u>Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State Grantor's Number</u>	<u>Federal (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Pass-through to Subrecipient</u>
<u>Temporary Assistance for Needy Families</u>					
Temporary Assistance for Needy Families	93.558	1701NCTANF	158,851	-	-
Temporary Assistance for Needy Families	93.558	1701NCTANF	2,032,449	-	-
Temporary Assistance for Needy Families State Program	93.558	13A1515118	19,582	-	-
Total TANF			<u>2,210,882</u>	<u>-</u>	<u>-</u>
Social Services Block Grant	93.667	G1701NCSOSR	17,997	-	-
Special Children Adoption Fund Cluster (Note 3)					
Mary Lee Allen Promoting Safe and Stable Families -					
Community Response - Administration	93.556	1701NCFPSS	84,977	-	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G1701NCCWSS	74,499	-	-
Mary Lee Allen Promoting Safe and Stable Families	93.556	1701NCFPSS	67,131	-	-
Total Special Children Adoption Fund Cluster (Note 3)			<u>226,607</u>	<u>-</u>	<u>-</u>
Child Support Enforcement	93.563	1704NC4005	1,363,337	-	-
Child Support Enforcement	93.563	1704NC4005	215,709	-	-
Child Support Enforcement - IV-D Offset Fees-ESC	93.563	WC-302	13	-	-
Child Support Enforcement - IV-D Offset Fees Administration	93.563	WC-302	8	-	-
Child Support Enforcement - IV-D Offset Fees Federal	93.563	WC-302	4,910	-	-
Community Services Block Grant	93.569	32179	325,275	-	-
Low Income Home Energy Assistance					
Crisis Intervention Payments	93.568	G17B1NCLIEA	371,043	-	-
ARPA Low Income Home Energy Assistance Payments	93.568	G17B1NCLIEA	361	-	-
LIHWAP ARPA	93.568	G17B1NCLIEA	88,001	-	-
LIHWAP ARPA Administration	93.568	G17B1NCLIEA	36,715	-	-
LIHWAP CAA	93.568	G17B1NCLIEA	84,845	-	-
Administration	93.568	G17B1NCLIEA	92,862	-	-
Allocation	93.568	G17B1NCLIEA	125,880	-	-
<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 - Adult Care Case Management Specific	93.778	XIX-MAP23	41,280	15,358	-
Medical Assistance Program - MAC	93.778	XIX-MAP23	437,181	-	-
Medical Assistance Program - Medical Assistance Administration	93.778	XIX-MAP23	4,120,987	541,409	-
Medical Assistance Program - Medical Transportation Administration	93.778	XIX-MAP23	223,016	-	-
Medical Assistance Program - State County Special Assistance	93.778	XIX-MAP23	46,098	4,578	-
Medical Assistance Program	93.778	XIX-MAP23	897,713	-	-
Medical Assistance Program	93.778	XIX-MAP23	724,749	-	-
Medical Assistance Program	93.778	XIX-MAP23	34,506	-	-
Total Medicaid Cluster			<u>6,525,530</u>	<u>561,345</u>	<u>-</u>
<u>Children's Health Insurance Program</u>					
Children's Health Insurance Program	93.767	CHIP23	188,994	13,684	-
<u>Centers for Disease Control and Prevention</u>					
Passed through N.C. Department of Health and Human Services					
<u>Division of Public Health</u>					
Covid 19 - Public Health Emergency Preparedness Affordable Care Act (ACA)					
Personal Responsibility Education Program	93.069	12642680	40,965	-	-
		1175870A 1175871A			
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	1175878A 1175883A	100,821	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	1332892AL5	1,882,786	-	-
Covid 19 - Public Health Emergency Response: Cooperative Agreement for					
Emergency Response Public Health Crisis Response	93.354	1332535AYM	83,150	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	146027218	50	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	1460UK77NF	3,666	-	-
Covid 19 - Immunization Cooperative Agreements	93.268	13316315LD	187,427	-	-
Immunization Cooperative Agreements	93.268	1331631DEJ	34,122	-	-
Covid 19 - Immunization Cooperative Agreements	93.268	1331639BP7	34,221	-	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	11758380DH18	100,000	-	-

**CATAWBA COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2023**

<u>Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State Grantor's Number</u>	<u>Federal (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Pass-through to Subrecipient</u>
Preventive Health and Health Services Block Grant	93.991	126155030018 12615503PH18	30,607	-	-
COVID-19 Activities to Support State, Tribal, Local and Territorial Health Department Response to Public Health or Healthcare Crises	93.391	11617955 132031018 13203100D7	63,000	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	132031109W	33,085	-	-
Sexually transmitted diseases (STD) Prevention and control grants	93.977	131146218	42	-	-
<u>Office of Assistant Secretary for Health</u>					
Family Planning Services	93.217	13A159218	82,032	-	-
<u>Health Resources and Service Administration</u>					
Passed through N.C. Department of Health and Human Services					
<u>Division of Public Health</u>					
		12715318AR18 12715351AR18 12715745AR18 13A15735AP18			
Maternal and Child Health Services Block Grant to the States	93.994	13A15146AR18	6,663	52,429	-
<u>Administration for Community Living</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 CARES Act for Supportive Services Under Title III-B of the Older Americans Act, and American Rescue Plan for Supportive Services Under Title III-B of the Older Americans Act	93.044	15-16 AANCT3HD	59,382	-	-
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers CARES Act for Supportive Services Under Title III-B of the Older Americans Act, and American Rescue Plan for Supportive Services Under Title III-B of the Older Americans Act	93.044	15-16 AANCT3HD	281,478	-	-
COVID-19 Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers CARES Act for Supportive Services Under Title III-B of the Older Americans Act, and American Rescue Plan for Supportive Services Under Title III- B of the Older Americans Act	93.044	15-16 AANCT3HD	21,925	-	-
Nutrition Services and CARES Act for Nutrition Services Under Title III-C of the Older Americans Act, CARES Act for Nutrition Services Under Title III-C of the Older Americans Act, and American Rescue Plan for Nutrition Services Under Title-III-C of the Older Americans Act.	93.045	15-16 AANCT3CM	107,962	-	-
Nutrition Services and CARES Act for Nutrition Services Under Title III-C of the Older Americans Act, CARES Act for Nutrition Services Under Title III-C of the Older Americans Act, and American Rescue Plan for Nutrition Services Under Title-III-C of the Older Americans Act.	93.045	15-16 AANCT3CM	9,350	-	-
Total Aging cluster			480,097	-	-
<u>Center for Disease Control and Prevention</u>					
Passed through National Association of County and City Health Officials					
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	6NU380T000306-03- 06	82,303	-	-
Total U.S. Department of Health and Human Services			28,049,263	991,594	-
<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	53,407	-	-

**CATAWBA COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2023**

<u>Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State Grantor's Number</u>	<u>Federal (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Pass-through to Subrecipient</u>
<u>Department of Justice</u>					
<u>Office of Justice Programs</u>					
Direct Program: Comprehensive Opioid, Stimulant, and other Substance use Program	16.838	2020-17023	294,893	-	-
Direct Program: Treatment Court Discretionary Grant Program	16.585	2020-17098	61,571	-	-
Direct Program: Treatment Court Discretionary Grant Program	16.585	2019-DC-BX-0049	46,839	-	-
		15PBJA-22-GG-			
Direct Program: Treatment Court Discretionary Grant Program	16.585	03965-DGCT	106,513	-	-
Direct Program: Public Safety Partnership and Community Policing Grants	16.710	2020umwx0121	139,468	-	-
		15PBJA-20-RR-00557-			
Direct Program: State Criminal Alien Assistance Program	16.606	SCAA	21,729	-	-
		15PBJA-21-RR-05044-			
Direct Program: State Criminal Alien Assistance Program	16.606	SCAA	31,013	-	-
Direct Program: Equitable Sharing Program	16.922	1123-0011	70,524	-	-
Passed through N.C. Department of Public Safety					
		15PJDP-21-GK-03793-			
Delinquency Prevention Program	16.548	MECP	54,236	-	-
<u>U.S. Department of Transportation</u>					
<u>Federal Transit Administration</u>					
Passed through N.C. Department of Transportation					
<u>Transit Services Programs Cluster</u>					
		51001.68.6.3/51001.			
Enhanced Mobility of Seniors & Individuals with Disabilities	20.513	68.7.3	172,908	-	-
Total Transit Services Program Cluster			172,908	-	-
<u>The Institute of Museum and Library Services</u>					
Passed through N.C. Department of Natural and Cultural Resources					
Library Department					
Grants to States	45.310	nc-21-04	48,824	-	-
Total Federal Awards and State Matches			29,151,188	991,594	2,555,302
<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	11534752SZ18	-	62,989	-
Public Health Capacity Building	n/a	1161411018	-	102,745	-
General Communicable Disease Control	n/a	117545100018	-	8,197	-
Breast and Cervical Cancer Program	n/a	132055990018	-	16,250	-
Child Health	n/a	127157450018	-	88,656	-
Health Community Activities	n/a	126155030018	-	3,747	-
High Risk Maternity Clinic	n/a	13A157460018	-	75,869	-
Maternal Health	n/a	13A157400018	-	34,538	-
Women's Health Service Fund	n/a	13A16019FR18	-	14,662	-
		13114536RQ18			
		13114536RR18			
HIV/STD State	n/a	13114536BN18	-	12,500	-
		13114601RQ18			
		13114601RR18			
STD Drugs	n/a	13114601BN18	-	13,196	-
School Nursing Funding Initiative	n/a	133253580018	-	200,000	-
Evidence - based strategies for MCH	n/a	13A1570018AR	-	24,139	-
		146045510018			
TB Control	n/a	146045540018	-	787	-
Family Planning - State	n/a	13A157350018	-	4,622	-
COVID-19 Coronavirus Relief Fund - Community Health Workers Grant	n/a	30-21002-ORH-01	-	6,439	-
<u>Division of Mental Health/Developmental Disabilities and Substance Abuse Services</u>					
Opioid Abatement	n/a	23-PA-41	-	91,514	-

**CATAWBA COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2023**

<u>Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State Grantor's Number</u>	<u>Federal (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Pass-through to Subrecipient</u>
<u>Division of Social Services</u>					
Child Protective Services Caseload Reduction	n/a	WC 302	-	315,773	-
Extended Foster Care Maximization Non Title IV-E- Direct Benefit Payments	n/a	WC 302	-	98,496	-
Foster Care at Risk Maximization- Direct Benefit Payments	n/a	WC 302	-	1,380	-
SFHF Maximization- Direct Benefit Payments	n/a	WC 302	-	383,200	-
State Foster Home- Direct Benefit Payments	n/a	WC 302	-	145,190	-
Post Adoption Grant	n/a	32169-16	-	450,557	-
<u>NC Partnership for Children</u>					
Smart Start - public health	n/a	1711174040	-	175,000	-
Smart Start - early childhood support team	n/a	1711174040	-	616,114	-
Smart Start - day care	n/a	WC 302	-	65,054	-
<u>N.C. Department of Public Safety</u>					
<u>Division of Juvenile Justice</u>					
Peace Pipeline Conflict Resolution	n/a	1901-536301	-	86,952	-
Planning	n/a	1901-536301	-	14,000	-
Catawba Parenting Network	n/a	1901-536301	-	46,775	-
Cognitive Connections	n/a	1901-536301	-	71,725	-
Repay	n/a	1901-536301	-	50,597	-
Repay Just Girls	n/a	1901-536301	-	26,652	-
Justice Assistance Grant	n/a	1901-536301	-	4,600	-
Aspire Vocational Direction	n/a	1901-536301	-	66,554	-
Aspire Kids at Work	n/a	1901-536301	-	67,970	-
<u>N.C. Department of Agriculture and Consumer Services</u>					
Soil and Water Technical Assistance	n/a	10PN0003604959	-	23,319	-
Soil and Water Conservation Matching Fund	n/a	G401002890155	-	3,600	-
Streamflow Rehabilitation Assistance Program	n/a	22-080-0158	-	82,967	-
<u>N.C. Department of Natural and Cultural Resources</u>					
<u>Library Department</u>					
Library State Aid Grant	n/a	46PT0006550034	-	157,080	-
Library State Aid Grant-ARPA	n/a	2000057929	-	89,471	-
<u>N.C. Department of Administration</u>					
<u>Division of Veterans Affairs</u>					
Veterans Service Community Grant	n/a	13PT0011467165	-	2,083	-
<u>N.C. Department of Commerce</u>					
Community Development Block Grant - Scattered Site Housing	n/a	19-c-3125	-	41,124	-
Building Reuse Program	n/a	2018-155-3201-2587	-	162,000	-
<u>N.C. Department of Public Instruction</u>					
Public School Building Capital Fund - Lottery Funds	n/a	LEA 180,181,182	-	1,556,460	-
<u>N.C. Office of State Budget and Management</u>					
Register of Deeds Preservation Grant	n/a	2027RD1	-	2,000	-
Register of Deeds Preservation Grant	n/a	2027RD2	-	2,166	-
<u>N.C. Housing Trust Fund</u>					
Passes through NC Housing Finance Agency					
Urgent Repair	n/a	URP2202	-	66,569	66,569
Total State Awards			-	5,636,278	66,569
Total Federal and State Awards			\$ 29,151,188	\$ 6,627,872	\$ 2,621,871

**CATAWBA COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2023**

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, 2023. 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, Special Children Adoption Fund and Foster Care, Adoption, and Guardianship Assistance Program.