

**Union County, North Carolina**

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

***For the fiscal year ended June 30, 2020***

---

# Union County, North Carolina

## Contents

---

	<u>Page</u>
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standard</i> .....	1-2
Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal and State Awards Required by OMB Uniform Guidance and the State Single Audit Implementation Act .....	3-5
Independent Auditor’s Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act.....	6-8
Schedule of Findings and Questioned Costs .....	9-11
Corrective Action Plan .....	12-13
Summary Schedule of Prior Audit Findings .....	14
Schedule of Expenditures of Federal and State Awards .....	15-20
Notes to the Schedule of Expenditures of Federal and State Awards .....	21

**Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance with  
*Government Auditing Standards***

The Board of County Commissioners  
Union County  
Monroe, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Union County, North Carolina (the "County") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 5, 2020. Our report includes a reference to other auditors who audited the financial statements of the Catawba River Water Supply Project, as described in our report on the County's financial statements. This report does not include the results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters<sup>6</sup> 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 County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Raleigh, North Carolina  
November 5, 2020



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

The Board of County Commissioners  
Union County  
Monroe, North Carolina

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

We have audited Union County, North Carolina's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2020. The County's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*.

**Management's Responsibility**

Management is responsible for compliance with Federal and State statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

## **Report on Internal Control over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 the County's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, described in the accompanying *Schedule of Findings and Questioned Costs* as item 2020-001 that we consider to be a significant deficiency.

Union County's response to the internal control over compliance findings identified in our audit are described in the accompanying *Schedule of Findings and Questioned Costs*. Union County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the OMB Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Union County as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Union County's basic financial statements. We have issued our report thereon dated November 5, 2020, which contained unmodified opinions on those financial statements. We did not audit the financial statements of the Catawba River Water Supply Project, a joint venture project (the "Venture") in which the County has a 50 percent ownership interest and approximately 10 percent of the assets and approximately 5 percent of the revenues of the Water and Sewer fund which is reported in the business-type

activities. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the County's financial statements, insofar as it relates to the amounts included in the investment in the Venture are based solely on the report of the other auditor. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards by Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and, certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedule of Expenditures of Federal and State awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Elliott Davis, PLLC*

Raleigh, North Carolina  
December 18, 2020



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

The Board of County Commissioners  
Union County  
Monroe, North Carolina

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

We have audited Union County, North Carolina's (the "County") compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the County's major state programs for the year ended June 30, 2020. The County's major state programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*.

**Management's Responsibility**

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in *the Audit Manual for Governmental Auditors in North Carolina* and the State Single Audit Implementation Act. Those standards, Uniform Guidance, *Audits of States, Local Governments and Non-Profit Organizations*, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the County's compliance.



## Opinion on Each Major State Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

## Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying *Schedule of Findings and Questioned Costs* as item 2020-001 that we consider to be a significant deficiency.

Union County's response to the internal control over compliance finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. Union County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the 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 unit, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated November 5, 2020, which contained unmodified opinions on those financial statements. We did not audit the financial statements of the Catawba River Water Supply Project, a joint venture project (the "Venture") in which the County has a 50 percent ownership interest and approximately 10 percent of the assets and approximately 5 percent of the revenues of the Water and Sewer fund which is reported in the business-type activities. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the County's financial statements, insofar as it relates to the amounts included in the investment in the Venture are based solely on the report of the other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for the purposes of additional analysis as required by Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Elliott Davis, PLLC*

Raleigh, North Carolina  
December 18, 2020

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

---

**I. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

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

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to the financial statements noted?  Yes  No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified?  Yes  None reported

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

Any audit findings disclosed that are required to be reported in accordance 2 CFR 200.516(a):  Yes  No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund
93.778	Medicaid Cluster

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes

**State Awards**

Internal control over major programs:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified?  Yes  None reported

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act:  Yes  No

Identification of major state programs:

Public School Building Capital Fund

Other major state programs include Medical Assistance Program (Medicaid Cluster) which has a state match on the federal programs. Therefore, these programs have been included in the list of major federal programs above.

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

---

**II. FINANCIAL STATEMENT FINDINGS**

**NONE**

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding 2020-001, Significant Deficiencies over Eligibility**

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

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

- verifications of date of birth
- accurate record of household members and relationships
- accurate computation of countable income
- verification of earned income
- verification of unearned income
- non-custodial parent information

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

**Context:** We sampled 93 payments from a total population of 2,810,313 payments made to the participants during the fiscal year. We noted the above condition in 17 of the 93 case files inspected for applicable payments.

**Effect:** Case files not containing all required documentation results in a risk that the County could provide services to individuals not eligible to receive such services or that such services could be denied to eligible individuals. Subsequent to being notified that required documentation had not been retained in case files, the County was able obtain documentation to substantiate that the applicants tested were eligible to receive benefits.

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

---

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, continued**

**Finding 2020-001, Significant Deficiencies over Eligibility, continued**

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

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

**IV. STATE AWARD FINDINGS AND QUESTIONED COSTS**

Finding 2020-001 as listed in Section III *Federal Award Findings and Questioned Costs* are also considered to be state award findings.



Department of Human Services  
Division of Social Services  
2330 Concord Ave.  
Monroe, NC 28110  
T. 704-296-4300  
F. 704-296-4363  
[www.unioncountync.gov](http://www.unioncountync.gov)

**Corrective Action Plan  
Union County Human Services Audit Finding  
December 18, 2020**

**Responsible Parties:**

**Michelle Lancaster, Deputy County Manager, Human Services Director  
Beverly Liles, Finance Director**

**U.S. Department of Health and Human Services  
Passed through the N.C. Department of Health and Human Services  
Medical Assistance  
CFDA # 93.778**

**Finding 2020-001, Significant Deficiencies over Eligibility**

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

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

- verifications of date of birth
- accurate record of household members and relationships
- accurate computation of countable income
- verification of earned income
- verification of unearned income
- non-custodial parent information

***Conditions:*** We noted that in eight instances, the case record did not contain evidence of household and relationship information to verify household composition. In one instance, the case file did not contain evidence to verify the individual's date of birth. In four instances, the case file did not contain non-custodial parent information. In one instance, the Employment Security Commission (ESC) OVS was not completed to verify the individual's earned income. In five instances, the total countable income was not recorded accurately into NC FAST based upon

documentation in the case record. In two instances, SOLQ OVS/ OLV, Bendex OVS/OLV, SDX OVS, ESC OVS, and ACTS OVS were not completed to verify the individual's unearned income.

**Context:** We sampled 93 payments from a total population of 2,810,313 payments made to the participants during the fiscal year. We noted the above condition in 17 of the 93 case files inspected for applicable payments.

**Effect:** Case files not containing all required documentation results in a risk that the County could provide services to individuals not eligible to receive such services or that such services could be denied to eligible individuals. Subsequent to being notified that required documentation had not been retained in case files, the County was able obtain documentation to substantiate that the applicants tested were eligible to receive benefits.

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

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

### **Response/Corrective Action**

Causal factors for errors cited include lack of training and high turnover rates within the Family and Children's Medicaid Units.

In response to the errors cited, Union County will conduct additional training with Eligibility Specialists and Technicians. We started taking information from our 2<sup>nd</sup> party reviews and are using that data to determine what training needs we must focus on. We will also conduct additional reviews of cases and increase our partnership with our Quality Assurance Department. We have hired 2 case readers this fiscal year to review case files and assess deficits.

In addition, we have worked to fill all of the vacancies to allow for additional review capacity on the part of the Eligibility Specialists. We had 11 vacancies in January and have 0 vacancies as of October 23, 2020.

**Implementation Date:** Effective immediately



**Department of Human Services**  
**Division of Social Services**  
2330 Concord Ave.  
Monroe, NC 28110

T. 704-296-4300  
F. 704-296-4363  
[www.unioncountync.gov](http://www.unioncountync.gov)

**Schedule of Prior Year Audit Findings**  
**Union County**  
**June 30, 2020**

**Finding: 2019-001**

Condition: Centralina Council of Governments Area Agency on Aging monitors services provided with Aging funds. However, we noted that the County does not review monitoring reports to ensure proper sub-recipient monitoring of the Aging Cluster is being performed.

Current status: This finding has been resolved.

**Finding: 2019-002**

Condition: For the Medicaid Cluster, ten instances in which documentation was missing or incorrectly documented in the casefile.

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



Union County, North Carolina  
**Schedule of Expenditures of Federal and State Awards**  
For the Year Ended June 30, 2020

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/ Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures	Passed-through to Subrecipients
<b>FEDERAL AWARDS:</b>							
<u>U.S. DEPARTMENT OF AGRICULTURE</u>							
Passed-through N.C. Department of Health and Human Services:							
Division of Social Services:							
Administration:							
Supplemental Nutrition Assistance Program (SNAP) Cluster							
Department of Revenue (DOR) Retention	10.551		\$ 658	\$ -	\$ -	\$ 658	\$ -
Tax Offset Program (TOP) Retention	10.551		42,295	-	-	42,295	-
SNAP - Cash Incentive Retention	10.551		26,985	-	-	26,985	-
State Administrative Matching Grants for the SNAP Program	10.561		2,088,804	-	2,123,093	4,211,897	-
Total Passed-through N.C. Department of Health and Human Services: Food Stamp Cluster			<u>2,158,742</u>	<u>-</u>	<u>2,123,093</u>	<u>4,281,835</u>	<u>-</u>
Passed-through N.C. Department of Health and Human Services:							
Division of Public Health:							
Administration:							
Special Supplemental Nutrition Program for Women, Infants and Children-Client Services	10.557	13A2-5403-GK	66,979	-	78,931	145,910	-
Women, Infants and Children-Client Services	10.557	13A2-5403-GA	271,679	-	320,158	591,837	-
Women, Infants and Children-Nutrition Education	10.557	13A2-5404-GK	34,209	-	62,201	96,410	-
Women, Infants and Children-Nutrition Education	10.557	13A2-5404-GA	168,782	-	306,891	475,673	-
Women, Infants and Children-General Admin	10.557	13A2-5405-GK	16,904	-	14,538	31,442	-
Women, Infants and Children-General Admin	10.557	13A2-5405-GA	43,718	-	37,597	81,315	-
Women, Infants and Children-Breastfeeding Promotion and Support	10.557	13A2-5409-GK	3,213	-	5,717	8,930	-
Women, Infants and Children-Breastfeeding Promotion and Support	10.557	13A2-5409-GA	10,017	-	17,821	27,838	-
Women, Infants and Children-Breastfeeding Peer Counseling	10.557	13A2-570C-JQ	294	-	294	588	-
Women, Infants and Children-Breast Feeding Peer Counseling	10.557	13A2-570D-JQ	21,367	-	21,367	42,734	-
Total Passed-through N.C. Dept. of Health and Human Services: Division of Public Health			<u>637,162</u>	<u>-</u>	<u>865,515</u>	<u>1,502,677</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>2,795,904</u>	<u>-</u>	<u>2,988,608</u>	<u>5,784,512</u>	<u>-</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>							
Passed-through N. C. Department of Commerce:							
Division of Community Assistance							
Community Development Block Grant	14.218	B-16UC-37-0004	162,344	-	-	162,344	-
Community Development Block Grant	14.218	B-17UC-37-0004	291,524	-	-	291,524	-
Community Development Block Grant	14.218	B-18UC-37-0004	128,623	-	-	128,623	-
Community Development Block Grant	14.218	B-19UC-37-0004	215,892	-	-	215,892	-
Total U.S. Department of Housing and Urban Development			<u>798,383</u>	<u>-</u>	<u>-</u>	<u>798,383</u>	<u>-</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>							
Passed-through N. C. Department of Crime Control and Public Safety:							
Division of Emergency Management:							
Assistance to Firefighters Grant	97.044	EMW-2017-FP-00718	81,573	-	-	81,573	-
Emergency Management Performance Grant	97.042	EMPG-2016-37179	80,779	-	-	80,779	-
Total U.S. Department of Homeland Security			<u>162,352</u>	<u>-</u>	<u>-</u>	<u>162,352</u>	<u>-</u>

Continued on next page.

Union County, North Carolina  
**Schedule of Expenditures of Federal and State Awards**  
For the Year Ended June 30, 2020

(Continued)

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures	Passed-through to Subrecipients
<b>FEDERAL AWARDS (CONTINUED):</b>							
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>							
Federal Transit Administration:							
Passed-through N. C. Department of Transportation:							
Department of Transportation:							
Formula Grants for Rural Areas	20.509	19-CT-089 Admin	\$ 68,024.00	\$ 11,750.00	\$ -	\$ 79,774.00	\$ -
Formula Grants for Rural Areas	20.509	19-CT-089 Capital	65,232	179,389	-	244,621	-
Formula Grants for Other than Urbanized Areas	20.509	20-CT-089 Admin	94,338	5,896	-	100,234	-
Formula Grants for Rural Areas	20.509	20-CT-089 Capital	-	176,601	-	176,601	-
Federal Transit Formula Grants	20.507	19-LU-089 Capital	1,939	-	-	1,939	-
Federal Transit Formula Grants	20.507	18-LU-089	173,692	-	-	173,692	-
Federal Transit Formula Grants	20.507	19-90-089	55,045	-	-	55,045	-
Highway Safety Cluster:							
National Priority Safety Programs	20.616	M5HVE-2018-15-04	17,779	-	-	17,779	-
State and Community Highway Safety	20.600	AL-2019-02-04	84,648	-	-	84,648	-
Total Highway Safety Cluster			102,427	-	-	102,427	-
Total U.S. Department of Transportation			560,697	373,636	-	934,333	-
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							
Administration of Aging:							
Division of Aging and Adult Services:							
Passed-through Centralina Council of Governments:							
Aging Cluster:							
Nutrition Services Incentive Program	93.053		54,113	-	-	54,113	-
Grants for Supportive Services and Senior Center	93.044		618,069	109,070	-	727,139	-
SSBG	93.667		26,299	3,757	-	30,056	-
Nutrition Services	93.045		126,252	22,280	-	148,532	-
Administration of Aging: Aging Cluster			824,733	135,107	-	959,840	-
Administration for Children and Families:							
Division of Social Services:							
Passed-through N.C. Department of Health and Human Services:							
Foster Care and Adoption Cluster:							
Title IV-E Foster Care Training	93.658		5,104	-	1,701	6,805	-
Title IV-E Foster Care Officer Training	93.658		457,081	-	457,081	914,162	-
IV-E Max Level III	93.658		7,603	-	-	7,603	-
IV-E Foster Care and Extend Max	93.658		177,827	52,235	-	230,062	-
IV-E Foster Care and Extend Reg	93.658		237,594	56,746	-	294,340	-
IV-E Admin County Paid to CCI	93.658		30,759	15,380	15,380	61,519	-
IV-E Child Protective Services	93.658		171,417	89,509	81,908	342,834	-
Title IV-E Foster Care Officer Training - ADO	93.659		27,344	-	27,344	54,688	-
Title IV-E Optional Adoption Training	93.659		2,736	-	2,736	5,472	-
Total Foster Care and Adoption Cluster			1,117,465	213,870	586,150	1,917,485	-
Temporary Assistance for Needy Families (TANF) Cluster:							
Adoption/Foster Care	93.558		48,503	-	-	48,503	-
Special Children Adoption	93.558		-	17,989	-	17,989	-
TANF Administration	93.558		382,171	-	-	382,171	-
TANF Services	93.558		1,028,743	-	-	1,028,743	-
Work First Administration	93.558		-	-	536,608	536,608	-
Work First Service	93.558		-	-	1,187,802	1,187,802	-
Total TANF Cluster			1,459,417	17,989	1,724,410	3,201,816	-

Continued on next page.

Union County, North Carolina  
**Schedule of Expenditures of Federal and State Awards**  
For the Year Ended June 30, 2020

(Continued)

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/ Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures	Passed-through to Subrecipients
<b>FEDERAL AWARDS (CONTINUED):</b>							
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)</b>							
Administration for Children and Families:							
Division of Social Services:							
Passed-through N.C. Department of Health and Human Services:							
Family Preservation	93.556		\$ 50,076	\$ -	\$ -	\$ 50,076	\$ -
NC Child Support Enforcement	93.563		1,218,151	-	-	1,218,151	-
Refugee Assistance Administration	93.566		5,435	-	-	5,435	-
Permanency Planning-Regular	93.645		2,136	-	-	2,848	-
Permanency Planning-Special	93.645		62,452	-	20,817	83,269	-
LINKS	93.674		18,811	4,703	-	23,514	-
LINKS-Independent Living/Transitional Funds	93.674		4,658	-	-	4,658	-
Low Income Home Energy Assistance Block Grant:							
Administration	93.568		571,563	-	-	571,563	-
Crisis Intervention Program	93.568		299,429	-	-	299,429	-
SSBG - In Home Services Fund	93.667		7,925	-	1,132	9,057	-
SSBG - In Home Services Over 60	93.667		458	-	65	523	-
SSBG - Adult Day Care	93.667		11,173	11,364	3,220	25,757	-
SSBG - Adult Day Care Over 60	93.667		38,746	45,577	12,046	96,369	-
SSBG - Adult Day Care Professional Services	93.667		59,830	-	4,826	64,656	-
SSBG - Other Services and Training	93.667		366,738	-	119,982	486,720	-
Total Division of Social Services			5,294,463	293,503	2,473,360	8,061,326	-
Subsidized Child Care Cluster:							
Subsidized Child Care Cluster:							
Child Care Development Fund Cluster:							
Child Care Development Fund-Administration	93.596		218,515	-	-	218,515	-
Total Subsidized Child Care Cluster			218,515	-	-	218,515	-
Total Administration for Children and Families			5,512,978	293,503	2,473,360	8,279,841	-
Centers for Medicare and Medicaid Services:							
Passed-through N.C. Department of Health and Human Services:							
Division of Social Services:							
Administration:							
Medicaid Cluster:							
Adult Care Home Case Management/Special	93.778		56,581	12,565	44,016	113,162	-
State/County Special Assistance	93.778		81,155	-	27,052	108,207	-
Medical Assistance Administration	93.778		16,112	-	16,112	32,224	-
HCWD Fees	93.778		(475)	-	(475)	(950)	-
Medical Transportation Administration	93.778		4,660,234	-	1,607,698	6,267,932	-
MAC CORD / TRANSP	93.778		40,108	-	40,108	80,216	-
MAC APS/OUTR	93.778		318	-	318	636	-
Medical Assistance Program	93.778		137,052	67,871	-	204,923	-
Medical Assistance Program	93.778		13,884	6,958	-	20,842	-
Total Medicaid Cluster			5,004,969	87,394	1,734,829	6,827,192	-
State Children's Insurance Program-N.C. Health Choice (Note 3)	93.767		336,545	1,992	34,875	373,412	-
Total Centers for Medicare and Medicaid Services			5,341,514	89,386	1,769,704	7,200,604	-

Continued on next page.

Union County, North Carolina  
**Schedule of Expenditures of Federal and State Awards**  
For the Year Ended June 30, 2020

(Continued)

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/ Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures	Passed-through to Subrecipients
FEDERAL AWARDS (CONTINUED):							
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)</b>							
Centers for Disease Control							
Passed-through N.C. Department of Health and Human Services:							
Division of Public Health:							
Healthy Communities Activity	93.991	1261-5503-PH	26,786	-	32,794	59,580	-
Breast & Cervical Cancer	93.919	1320-310C-D7	9,750	-	57,626	67,376	-
Cities Readiness Initiative	93.074	1264-2679-EN	49,024	-	64,676	113,700	-
Tuberculosis Control Program	93.116	1460-272A-NF	21	-	43	64	-
Communicable Disease-Aids	93.977	1311-462B-NB	42	-	47	89	-
Immunization Action	93.268	1331-631A-EJ	34,133	-	318,360	352,493	-
Immunization Action Plan	93.268	1331-631B-EJ	3,103	-	28,942	32,045	-
Total Centers for Disease Control			<u>122,859</u>	<u>-</u>	<u>502,488</u>	<u>625,347</u>	<u>-</u>
Health Resources and Services Administration:							
Passed-through N.C. Department of Health and Human Services:							
Division of Public Health:							
COVID-19 Crisis Response	93.354	1264-4680-CP	159,040	-	159,040	318,080	-
Family Planning Services Title X	93.217	13A1-592B-FP	71,411	-	307,147	378,558	-
Family Planning Services Title X	93.217	13A1-592C-FP	14,999	-	64,513	79,512	-
Maternal Health-MCH Services Block Grant - Restoration	93.994	13A1-5735-AR	-	-	-	-	-
TANF-Family Planning (TANF Cluster)	93.558	13A1-5151-T2	16,141	-	69,425	85,566	-
Women's Preventive Health-MCH Services Block Grant	93.994	13A1-5735-AP	37,606	-	-	37,606	-
Maternal Health-MCH Services Block Grant	93.994	13A1-5146-AR	-	-	-	-	-
Maternal Health	93.994	13A1-5740-AR	13,949	-	123,560	137,509	-
Maternal Health	93.994	13A1-5740-AP	740	-	6,553	7,293	-
Care Coordination for Children - Maternal and Child Health	93.994	1271-5318-AR	33,686	-	112,342	146,028	-
Child Health	93.994	1271-5745-00	-	-	-	-	-
Child Health - Maternal and Child Health	93.994	1271-5745-AR	44,705	-	58,907	103,612	-
Child Fatality Prevention	93.994	1271-5351-AR	700	-	922	1,622	-
Total Health Resources and Services Administration			<u>392,977</u>	<u>-</u>	<u>902,409</u>	<u>1,295,386</u>	<u>-</u>
Total U. S. Department of Health and Human Services			<u>12,195,061</u>	<u>517,996</u>	<u>5,647,961</u>	<u>18,361,018</u>	<u>-</u>

Continued on next page.

Union County, North Carolina  
**Schedule of Expenditures of Federal and State Awards**  
For the Year Ended June 30, 2020

(Continued)

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures	Passed-through to Subrecipients
FEDERAL AWARDS (CONTINUED):							
<b><u>N.C. DEPARTMENT OF NATURAL AND CULTURAL RESOURCES</u></b>							
Division of State Library:							
Library Services and Technology Act Grant	45.310		\$ -	\$ 2,500	\$ -	\$ 2,500	\$ -
<b><u>U.S. DEPARTMENT OF THE TREASURY</u></b>							
Passed-through NC Office of Management and Budget, NC Pandemic Recovery Office:							
Coronavirus Relief Fund	21.019		903,343	-	-	903,343	-
Total U.S. Department of the Treasury			903,343	-	-	903,343	-
Total federal awards			17,415,740	894,132	8,636,569	26,946,441	-
STATE AWARDS:							
<b><u>N.C. DEPARTMENT OF NATURAL AND CULTURAL RESOURCES</u></b>							
Division of State Library:							
State Aid to Public Libraries	N/A		-	195,018	-	195,018	-
<b><u>N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>							
Passed-through North Carolina Partnership for Children, Incorporated							
Department of Social Services	N/A		-	123,352	-	123,352	-
Health	N/A		-	104,741	-	104,741	-
Total Passed-through North Carolina Partnership for Children, Incorporated			-	228,093	-	228,093	-
Division of Social Services Programs:							
DCD Smart Start	N/A		-	170,699	-	170,699	-
Share the Warmth	N/A		-	5,111	-	5,111	-
Child Protective Services	N/A		-	(19,860)	-	(19,860)	-
Child Welfare State In-Home Expense	N/A		-	78,059	-	78,059	-
County Funded	N/A		-	-	5,522,116	5,522,116	-
Extended Foster Care Max Non IV-E	N/A		-	3,276	-	3,276	-
Work First Non-Reimbursable	N/A		-	-	116,733	116,733	-
Foster Care At Risk Maximization	N/A		-	5,087	-	5,087	-
State Foster Home Fund Maximization	N/A		-	112,858	112,858	225,716	-
State Foster Home	N/A		-	96,183	96,183	192,366	-
Total Division of Social Services			-	451,413	5,847,890	6,299,303	-
Division of Public Health:							
Aid to Counties-Health Administration	N/A	1161-4110-00	-	101,423	2,325,580	2,427,003	-
Breast & Cervical Cancer Control Program	N/A	1320-5599-00	-	7,950	46,988	54,938	-
Breast & Cervical Cancer Control Program	N/A	1320-3355-04	-	3,250	19,209	22,459	-
Child Health	N/A	1271-5745-00	-	1,143	1,507	2,650	-
General Communicable Disease Control	N/A	1175-4510-00	-	7,416	602,365	609,781	-
HIV/STD State	N/A	1311-4536-RR	-	8,889	10,050	18,939	-
HIV/STD State	N/A	1311-4536-BN	-	3,611	4,083	7,694	-
STD Drugs	N/A	1311-4601-RR	-	(589)	(666)	(1,255)	-
STD Drugs	N/A	1311-4601-BN	-	15	17	32	-
Communicable Disease-Tuberculosis	N/A	1460-4551-00	-	2,012	4,109	6,121	-
Environmental Health	N/A	1153-4751-SZ	-	2,920	-	2,920	-
Environmental Health	N/A	1153-4752-SZ	-	44,051	1,302,316	1,346,367	-
CLAS Standards Advancing Health Equity	N/A	1262-4181-00	-	17,713	21,686	39,399	-
Healthy Mothers Healthy Children	N/A	13A1-5735-00	-	9,042	38,892	47,934	-
Maternal Health	N/A	13A1-5740-00	-	23,448	207,701	231,149	-
High Risk Maternity Clinics	N/A	13A1-5746-00	-	60,293	534,077	594,370	-
PCM for Women Ineligible for Medicaid	N/A	13A1-5107-00	-	40,677	99,369	140,046	-
Healthy Communities Activity	N/A	1261-5503-00	-	3,746	4,586	8,332	-
School Nurse Funding Initiative	N/A	1332-5358-00	-	50,000	50,000	100,000	-
Women's Health Service Funds	N/A	13A1-6020-FR	-	14,056	60,457	74,513	-
Total Division of Public Health			-	401,066	5,332,326	5,733,392	-
Total N.C. Department of Health and Human Services			-	1,080,572	11,180,216	12,260,788	-

Continued on next page.

Union County, North Carolina  
**Schedule of Expenditures of Federal and State Awards**  
For the Year Ended June 30, 2020

-  
(Continued)

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures	Passed-through to Subrecipients
<b>STATE AWARDS (CONTINUED):</b>							
<b><u>N.C. DEPARTMENT OF PUBLIC INSTRUCTION</u></b>							
Public School Building Capital Fund-Lottery Fund	N/A		\$ -	\$ 3,040,471	\$ -	\$ 3,040,471	\$ -
Total N.C. Department of Public Instruction			-	3,040,471	-	3,040,471	-
<b><u>N.C. DEPARTMENT OF PUBLIC SAFETY</u></b>							
Division of Juvenile Justice - Community Programs Section							
Juvenile Crime Prevention Council	N/A	490-11480	-	1,360	-	1,360	1,360
Thompson Child and Family Focus	N/A	490-22970	-	9,290	-	9,290	9,290
SHIFT Mentoring	N/A	490-22339	-	63,906	-	63,906	63,906
SHIFT Restitution and Community Service	N/A	490-22625	-	115,496	-	115,496	115,496
D-A-S-H Restorative Justice	N/A	590-23288	-	22,528	-	22,528	22,528
D-A-S-H Strengthening Families	N/A	490-22991	-	47,594	-	47,594	47,594
Shelter Care	N/A	490-10831	-	137,077	-	137,077	137,077
Total Division of Juvenile Justice - Community Programs Section			-	397,251	-	397,251	397,251
Total Department of Public Safety			-	397,251	-	397,251	397,251
<b><u>N.C. DEPARTMENT OF TRANSPORTATION</u></b>							
Rural Operating Assistance Program (ROAP)							
ROAP Elderly and Disabled Transportation Assistance Program	N/A	DOT-16CL	-	116,800	-	116,800	-
ROAP Rural General Public Program	N/A	DOT-16CL	-	101,484	-	101,484	-
ROAP - Employment	N/A	DOT-16CL	-	53,164	-	53,164	-
Total N.C. Department of Transportation Cluster			-	271,448	-	271,448	-
<b><u>N.C. DEPARTMENT OF NATURAL AND CULTURAL RESOURCES</u></b>							
Division of Soil and Water Conservation:							
Soil and Water Conservation	N/A		-	30,835	-	30,835	-
Total N.C. Department of Environment and Natural Resources			-	30,835	-	30,835	-
<b><u>N.C. DEPARTMENT OF ADMINISTRATION</u></b>							
Veteran's Service							
Veteran's Service	N/A		-	2,182	-	2,182	-
Total N.C. Department of Administration			-	2,182	-	2,182	-
<b><u>N.C. Office of State Budget and Management</u></b>							
Union County Community Shelter							
Union County Community Shelter	N/A		-	-	-	-	-
Total N.C. Office of State Budget and Management			-	-	-	-	-
Total State awards			-	5,017,777	11,180,216	16,197,993	397,251
Total Federal, State and local awards			\$ 17,415,740	\$ 5,911,909	\$ 19,816,785	\$ 43,144,434	\$ 397,251

Union County, North Carolina  
**Schedule of Expenditures of Federal and State Awards**  
For the Year Ended June 30, 2020

---

**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 Union County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2017. 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 of Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Union County it is not intended to and does not present the financial position, changes in net position or cash flows of Union 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

Union County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. The following are clustered by the N.C. Department of Health and Human Services and are treated separately for the State audit requirement:

Subsidized Child Care and Foster Care and Adoption

4. Coronavirus Relief Funds

The County received funding from the Coronavirus Relief Fund (21.019). At least twenty-five percent (25%) of the funds are mandated to go to municipalities within the County, at the discretion of the County. Municipalities are to have a plan to spend these funds by September 1, 2020, or any funds received are to be returned to the County. Counties and municipalities are liable to the State for funds not spent in accordance with US Dept. of Treasury, the granting agency, guidelines. According to the Office of State Budget and Management, the State's pass-through agency, municipalities are considered subrecipients of the Counties; however, municipalities are not liable to the County for any misused or misspent funds. CRF must be spent during the period March 1, 2020 to December 30, 2020.