



# County of Brunswick

Compliance Letters for the  
fiscal year ended June 30, 2016



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

# BRUNSWICK COUNTY, NORTH CAROLINA

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

### TABLE OF CONTENTS

	<u>Page</u>
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 Standards</i>	1 - 2
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 Uniform Guidance, and the State Single Audit Implementation Act	3 - 5
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 Uniform Guidance, and the State Single Audit Implementation Act	6 - 8
Schedule of Findings, Responses, and Questioned Costs	9-13
Corrective Action Plan	14-15
Schedule of Prior Year Audit Findings	16
Schedule of Expenditures of Federal and State Awards	17-21

# 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**

Board of Commissioners  
Brunswick County  
Bolivia, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Brunswick County, North Carolina, as of and for the year ended June 30, 2016, not presented here, and the related Notes to the Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 24, 2016. Our report includes a reference to other auditors who audited the financial statements of the Brunswick County Board of Alcoholic Beverage Control, as described in our report on Brunswick County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Brunswick County Board of Alcoholic Beverage Control were not audited in accordance with *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Brunswick 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 Brunswick County's internal control. Accordingly, we do not express an opinion on the effectiveness of Brunswick County's internal control.

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

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

### **Compliance and Other Matters**

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

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Martin Starnes & Associates, CPAs, P. A.  
Hickory, NC  
October 24, 2016

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

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

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

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

To the Board of Commissioners  
Brunswick County  
Bolivia, North Carolina

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

We have audited Brunswick County, North Carolina's, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Brunswick County's major federal programs for the year ended June 30, 2016. Brunswick County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

#### **Management's Responsibility**

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

#### **Auditor's Responsibility**

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

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

In our opinion, Brunswick County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

## **Report On Internal Control Over Compliance**

Management of Brunswick County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Brunswick County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Brunswick 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, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is 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.

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 material weaknesses, or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2016-001 and 2016-002 that we consider to be significant deficiencies.

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

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

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

We have audited the financial statements of governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Brunswick County, North Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Brunswick County's basic financial statements (not presented herein). We issued our report thereon dated October 24, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Brunswick County's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 24, 2016. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, NC  
November 9, 2016 (except as related to the  
Report on the Schedule of Expenditures of  
Federal and State Awards, as to which the  
date is October 24, 2016)

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

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

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

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

To the Board of Commissioners  
Brunswick County  
Bolivia, North Carolina

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

We have audited Brunswick County, North Carolina's, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Brunswick County's major State programs for the year ended June 30, 2016. Brunswick County's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

#### **Management's Responsibility**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Brunswick 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, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Brunswick 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 Brunswick County's compliance.

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

In our opinion, Brunswick County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2016.

## **Report On Internal Control Over Compliance**

Management of Brunswick County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Brunswick County's internal control over compliance with the requirements that could have a direct and material effect on a major State program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Brunswick 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, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is 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.

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 material weaknesses, or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2016-001 and 2016-002 that we consider to be significant deficiencies.

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

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

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

We have audited the financial statements of governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Brunswick County, North Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Brunswick County's basic financial statements (not presented herein). We issued our report thereon dated October 24, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Brunswick County's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 24, 2016. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, NC  
November 9, 2016 (except as related to the  
Report on the Schedule of Expenditures of  
Federal and State Awards, as to which the  
date is October 24, 2016)

**BRUNSWICK COUNTY, NORTH CAROLINA**

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

**1. Summary of Auditor's Results**

**Financial Statements**

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

Internal control over financial reporting:

- Material weakness(es) identified? 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 CRF 200.516(a)? Yes

Identification of major federal programs:

<b><u>Federal Program</u></b>	<b><u>CFDA Number</u></b>
Medicaid Cluster	93.778, 93.777, 93.775
Children's Health Insurance Program	93.767

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

Auditee qualified as low-risk auditee? Yes

**BRUNSWICK COUNTY, NORTH CAROLINA**

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

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

**State Awards**

Internal control over major State programs:

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

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

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

Identification of major State programs:

Medicaid Cluster  
Children's Health Insurance Program  
N.C. Parks and Recreation Trust Fund

**2. Financial Statement Findings**

None reported

# BRUNSWICK COUNTY, NORTH CAROLINA

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

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

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

Passed-through the NC Department of Health and Human Services  
Program Name: Medical Assistance Program (Medicaid; Title XIX)  
CFDA # 93.778  
Grant Number: DMA 2016

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

#### **Significant Deficiency**

**Criteria:** Management should have an adequate system of internal control procedures in place to ensure an applicant is not considered verified as eligible for approval or recertification, unless the caseworker performs a real property verification for the applicant, which verifies applicant information.

**Condition:** The County Department of Social Services failed to provide evidence of documenting the performance of the real property verification at recertification for three applicants.

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

**Context:** Of the 21,247 casefiles, we examined 60 and determined that three applicants received benefits during the fiscal year without real property verification performed at recertification. Caseworkers interpreted the Medicaid manual as real property verification is only done on an as-needed basis after initial application.

**Effect:** Casefiles were missing the required documentation of real property verification at recertification(s) which would allow benefits to be provided to individuals who are not eligible.

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

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

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

## BRUNSWICK COUNTY, NORTH CAROLINA

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

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

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

Passed through the NC Department of Health and Human Services

Program Name: Children's Health Insurance Program

CFDA # 93.767

Grant Number: DMA 2016

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

##### **Significant Deficiency**

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

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

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

**Context:** Of the 293 casefiles, we examined 60 and determined that one applicant received benefits during the fiscal year without their information verified using the automated income and resources match verification systems.

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

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

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

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

# **BRUNSWICK COUNTY, NORTH CAROLINA**

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

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

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

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

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

Management should have an adequate system of internal control procedures in place to ensure an applicant is not considered verified as eligible for approval or recertification, unless the caseworker performs a real property verification for the applicant, which verifies applicant information from several reporting systems. See Finding 2016-001 in Section III – Federal Award Findings, Responses, and Questioned Costs.

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

Program Name: Children’s Health Insurance Program

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

Management should have an adequate system of internal control procedures in place to ensure an applicant is not considered verified as eligible for approval or recertification, unless the caseworker performs an automated income and resources match verification for the applicant, which retrieves and verifies applicant information from several federal and State benefit and reporting systems. See Finding 2016-002 in Section III – Federal Award Findings, Responses and Questioned Costs.

**BRUNSWICK COUNTY, NORTH CAROLINA**

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

---

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

---

**Finding: 2016-001**

**Name of Contact Person:** Catherine M. Lytch, Social Services Director

**Corrective Action:** Management concurs and will ensure caseworkers are obtaining evidence of documentation of a real property verification inquiry at every recertification before approving benefits.

**Proposed Completion Date:** Immediately

**Finding: 2016-002**

**Name of Contact Person:** Catherine M. Lytch, Social Services Director

**Corrective Action:** Management concurs and will ensure caseworkers are obtaining evidence of documentation of an automated income and resources match verification inquiry before approving benefits.

**Proposed Completion Date:** Immediately

# **BRUNSWICK COUNTY, NORTH CAROLINA**

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

---

### **Section IV – State Award Findings and Questioned Costs**

---

**Finding: 2016-001**

See Finding 2016-001 in Section III – Federal Award Findings and Questioned Costs of the Corrective Action Plan.

**Finding: 2016-002**

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

**BRUNSWICK COUNTY, NORTH CAROLINA**

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

None reported

## COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Pass-Through Grantor's Number	Fed. (Direct & Pass-Through) Expenditures	State Expenditures	Pass-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					
<u>SNAP Cluster</u>					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program:					
Supplemental Nutrition Assistance Program Administration	10.561	WC302	\$ 976,909	\$ -	\$ -
Supplemental Nutrition Assistance Fraud Administration	10.561	WC302	57,959	-	-
Total SNAP Cluster:			1,034,868	-	-
Division of Public Health					
Administration:					
Special Supplement Nutrition Program for Women, Infants and Children	10.557	13A2 5403 GF, 13A2 5403 GG, 13A2 5404 GF, 13A2 5404 GG, 13A2 5405 GF, 13A2 5405 GG, 13A2 5409 GF, 13A2 5409 GG, 13A2 5416 GG, 13A2 570H JG, 13A2 570K JQ	472,356	-	-
Direct Benefit Payments:					
Special Supplemental Food Program for Women, Infants, and Children	10.557	5NC700705	1,768,906	-	-
Total U.S. Department of Agriculture			3,276,130	-	-
<u>U.S. Department of Interior</u>					
Bureau of Land Management					
Payment in Lieu of Taxes	15.226	N/A	4,209	-	-
<u>U.S. Department of Health and Human Services</u>					
<u>Administration for Children and Families</u>					
Passed-through the N.C. Department of Health and Human Services					
Division of Social Services					
Administration:					
Promoting Safe and Stable Families	93.556	WC302	43,273	-	-
Child Support Enforcement	93.563	WC302	1,107,348	15	-
Refugee and Entrant Assistance State Administered Programs	93.566	WC302	745	-	-
Low Income Home Energy Assistance	93.568	WC302	774,313	-	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	WC302	31,164	-	-
Social Services Block Grant	93.667	WC302	203,813	19,156	-
Chafee Foster Care Independence Program	93.674	WC302	14,583	3,646	-
Direct Benefit Payments:					
Chafee Foster Care Independence Program	93.674	WC302	3,878	-	-
Family Support Payments to States Assistance Payments	93.560	WC302	(91)	(25)	-
<u>Temporary Assistance for Needy Families (TANF) Cluster</u>					
Temporary Assistance for Needy Families (TANF) State Programs:					
Administration:					
TANF Tea Foster Care	93.558	G1502NCTANF & G1602NCTANF	475	-	-
Work First Administration	93.558	G1502NCTANF & G1602NCTANF	145,286	-	-
Work First Service	93.558	G1502NCTANF & G1602NCTANF	508,892	-	-
Temporary Assistance for Needy Families (TANF)	93.558	G1502NCTANF & G1602NCTANF	10,687	-	-
Direct Benefit Payments:					
TANF Up	93.558	G1502NCTANF & G1602NCTANF	(448)	-	-
TANF Payments and Penalties-Direct Benefit Payments	93.558	G1502NCTANF & G1602NCTANF	432,790	-	-
Total TANF Cluster			1,097,682	-	-
<u>Foster Care and Adoption Cluster: (Note 3)</u>					
Administration:					
Adoption Assistance	93.659	WC302	48,594	-	-
Foster Care Title IV-E	93.658	WC302	566,377	92,630	-
Direct Benefit Payments:					
Adoption Assistance	93.659	WC302	689,159	179,265	-
Foster Care Title IV-E	93.658	WC302	353,147	116,407	-
Total Foster Care and Adoption Cluster			1,657,277	388,302	-

## COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Pass-Through Grantor's Number	Fed. (Direct & Pass-Through) Expenditures	State Expenditures	Pass-Through to Subrecipients
<b>Federal Awards:</b>					
<u>Subsidized Child Care (Note 3)</u>					
<u>Child Care Development Fund Cluster</u>					
Division of Social Services					
Child Care Mandatory and Matching Funds of the Child Care Development Fund-Administration	93.596	WC302	193,824	-	-
Division of Child Development					
Child Care and Development Block Grant -- Discretionary	93.575	536147, 536151	1,512,362	-	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund -- Mandatory	93.596	536145	397,486	-	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund -- Match	93.596	536148, 536149	838,725	366,725	-
Total Child Care Development Fund Cluster			2,942,397	366,725	-
Temporary Assistance for Needy Families State Program	93.558	536150	327,203	-	-
Foster Care Title IV-E	93.658	536153, 536154	19,506	9,993	-
State Appropriations		536142	-	356,397	-
TANF-MOE		536142, 536146	-	220,715	-
Total Subsidized Child Care Cluster			3,289,106	953,830	-
<u>Centers for Medicare and Medicaid Services</u>					
Passed-through the N.C. Department of Health and Human Services					
Division of Medical Assistance					
<u>Medicaid Cluster:</u>					
Medical Assistance Program:					
Administration:					
Adult Care Home Case Management Special	93.778	WC302	35,335	2,656	-
Medical Assistance Claim	93.778	WC302	51,614	-	-
Medical Assistance Administration	93.778	WC302	2,197,325	-	-
Medical Transportation Administration	93.778	WC302	159,476	-	-
State County Special Assistance	93.778	WC302	57,613	-	-
DMA Equipment	93.778	WC302	47,216	-	-
Direct Benefit Payments:					
Title XIX – Medicaid	93.778	DMA 2016	81,267,553	43,651,863	-
Total Medicaid Cluster			83,816,132	43,654,519	-
Administration:					
Children's Health Insurance Program-N.C. Health Choice	93.767	WC302	20,085	834	-
Direct Benefit Payments:					
Children's Health Insurance Program-N.C. Health Choice	93.767	DMA 2016	1,775,893	89,231	-
<u>Centers for Disease Control and Prevention</u>					
Passed-through the N.C. Department of Health and Human Services					
Division of Public Health					
Administration:					
Public Health Emergency Preparedness	93.069	1264 2680 EW	39,285	-	-
Hospital Preparedness Program(HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	1264 2680 M8	5,000	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	1460 272A NF, 1460 272B NF	43	-	-
Immunization Cooperative Agreements	93.268	1331 631C EJ, 1331 631D EJ, 1331 623C VJ, 1331 623D VJ, 1331 625C VL, 1331 625D VL	13,244	-	-
Preventative Health and Human Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	1261 5503 PF	30,991	-	-
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	1320 310C EK, 1320 310D JS	35,955	-	-
HIV Prevention Activities Health Department Based	93.940	1311 991B HV	2,000	-	-
Preventative Health Services - Sexually Transmitted Diseases Control Grant	93.977	1311 462B NB, 1311 462C NB	510	-	-
<u>Health Resources and Service Administration</u>					
Passed-through N.C. Department of Health and Human Services					
Division of Public Health					
Maternal and Child Health Services Block Grant to the States	93.994	1271 5318 AP, 1271 5351 AP, 1271 5745 AP, 13A1 5735 AP, 13A1 5740 AP	58,052	43,544	-

## COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State Pass-Through Grantor's Number</u>	<u>Fed. (Direct &amp; Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Pass-Through to Subrecipients</u>
<b>Federal Awards:</b>					
<u>Office of Population Affairs</u>					
Passed-through N.C. Department of Health and Human Services Family Planning Services	93.217	13A1 592D FP, 13A1 592A FP	36,758	-	-
<u>Substance Abuse and Mental Health Services Administration</u>					
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79TI026129-01	155,864	-	-
Total U.S. Department of Health and Human Services			<u>94,212,903</u>	<u>45,153,052</u>	-
<u>U.S. Department of Housing and Urban Development</u>					
<u>Housing Voucher Cluster</u>					
Administration:					
Section 8 Housing Choice Voucher Program	14.871	N/A	227,596	-	-
Direct Benefit Payments:					
Section 8 Housing Choice Voucher Program	14.871	N/A	2,068,551	-	-
Total Housing Voucher Cluster			2,296,147	-	-
Passed-through North Carolina Housing Finance Agency Home Investment Partnerships Program-SFRLP 2014	14.239	2014 Single Family Rehab	155,120	-	-
Total U.S. Department of Housing and Urban Development			<u>2,451,267</u>	-	-
<u>U.S. Department of Justice</u>					
Direct Programs:					
Equitable Sharing Program	16.922	N/A	29,804	-	-
State Criminal Alien Assistance Program	16.606	N/A	13,626	-	-
Drug Court Discretionary Grant Program	16.585	2013-DC-BX-0028	77,432	-	-
FY2012 Edward Byrne Memorial JAG Program-Aviation Training	16.738	2014-DJ-BX-0120	6,848	-	-
FY2015 Edward Byrne Memorial JAG Program-Aviation Maintenance	16.738	2015-DJ-BX-0037	11,324	-	-
Passed-through N.C. Department of Public Safety Passed-through Governor's Crime Commission Edward Byrne Memorial JAG Program- 2015 Video Documentation Implementation	16.738	2015-DJ-BX-1076	39,604	-	-
Total U.S. Department of Justice			<u>178,638</u>	-	-
<u>U.S. Department of Homeland Security</u>					
Passed-through N.C. Department of Public Safety:					
Division of Emergency Management					
Emergency Management Performance Grant	97.042	EMW-2015-EP-00011-S01	17,500	17,500	-
Emergency Management Performance Grant	97.042	EMW-2015-EP-00011-S01	8,959	8,959	-
Homeland Security Grant Program	97.067	EMW-2014-SS-00067-S01	8,883	-	-
Homeland Security Grant Program	97.067	EMW-2015-SS-00062-S01	4,500	-	-
Total U.S. Department of Homeland Security			<u>39,842</u>	<u>26,459</u>	-
<u>U.S. Department of Transportation</u>					
Passed-through N.C. Department of Transportation					
<u>Highway Safety Cluster</u>					
GHSP-Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	52015.14.9	12,939	-	-
GHSP-Occupant Protection Incentive Grant	20.602	52015.14.9	12,940	-	-
GHSP-National Priority Safety Programs	20.616	52015.14.9	3,900	-	-
GHSP-National Priority Safety Programs	20.616	22016.13.10	73,414	-	-
GHSP-National Priority Safety Programs	20.616	22016.13.7	16,896	-	-
GHSP-National Priority Safety Programs	20.616	52015.15.9	113,960	-	-
Total Highway Safety Cluster			<u>234,049</u>	-	-
GHSP-Alcohol Open Container Requirements	20.607	22016.13.10	22,476	-	-
Airport Improvement Program:					
Howie Franklin Field	20.106	36237.45.14.1	5,360	-	5,360
Rehab Northeast Section of GA Apron	20.106	36237.45.15.2	44,965	-	44,965
Airport Improvements	20.106	36237.45.15.1	8,992	-	8,992
Approach Clearing-Preliminary Engineering	20.106	36237.45.16.1	69	-	69
Passed-through N.C. Department of Public Safety					
Division of Emergency Management					
Interagency Hazardous Materials Public Sector Training and Planning Grants					
	20.703	HM-HMP-0446-14-01-00	3,901	-	-
Total U.S. Department of Transportation			<u>319,812</u>	-	<u>59,386</u>

## COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State Pass-Through Grantor's Number</u>	<u>Fed. (Direct &amp; Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Pass-Through to Subrecipients</u>
<b>Federal Awards:</b>					
<u>U.S. Department of Defense-Army Corps of Engineers</u>					
Navigation Projects:					
Mosquito Control Project (AIWW Contract)	12.107	W912PM-16-P-0022	44,869	-	-
Mosquito Control Project (AIWW Contract)	12.107	W912PM-16-P-0023	51,490	-	-
Mosquito Control Project (AIWW Contract)	12.107	W912PM-11-P-0042	20,153	-	-
Mosquito Control Project (AIWW Contract)	12.107	W912PM-11-P-0047	23,701	-	-
Total U.S. Department of Defense			140,213	-	-
Total Federal Assistance			100,623,014	45,179,511	59,386
<b>State Grants:</b>					
<u>N.C. Department of Administration</u>					
Veterans Service		FY15-16	-	1,907	-
<u>N.C. Housing Trust Fund</u>					
Passed thru N.C. Housing Finance Agency					
Urgent Repair Grant		2014 Urgent Repair	-	50,000	-
Urgent Repair Grant		2015 Urgent Repair	-	100,000	-
Total N.C. Housing Trust Fund			-	150,000	-
<u>N.C. Department of Health and Human Services</u>					
Division of Social Services					
Administration:					
Energy Assist Private Grants		WC302	-	30,515	-
St. Child Welfare/CPS/CS LD		WC302	-	111,095	-
AFDC Incent/Prog-Integrit		WC302	-	3,794	-
Direct Benefit Payments:					
CWS Adopt Subsidy & Vendor		WC302	-	201,746	-
FC At Risk Maximization		WC302	-	495	-
SC/SA Domiciliary Care		WC302	-	431,967	-
SFHF Maximization		WC302	-	31,320	-
State Foster Home		WC302	-	66,824	-
Division of Public Health					
Other Receipts / State Supported Expenditures					
Food and Lodging Fees		1153 4752 SZ	-	38,042	-
General Aid to Counties		1161 4110 00	-	90,230	-
Public Health Pest Management		1153 4801 00	-	2,635	-
General Communicable Disease Control		1175 4510 00	-	13,292	-
Breast and Cervical Cancer Programs		1320 5599 00	-	25,755	-
Child Health		1270 5745 00	-	553	-
HMHC-Family Planning		13A1 5735 00	-	7,762	-
Maternal Health (HMHC)		13A1 5740 00	-	7,938	-
Women's Health Service Fund		13A1 6016 FR	-	10,894	-
HIV/STD SSBG Aid		1311 4536 RQ, 1311 4536 RR	-	500	-
Sexually Transmitted Diseases		1311 4601 RQ, 1311 4601 RR	-	953	-
Tuberculosis		1460 4551 00	-	3,066	-
TB Medical Services		1460 4554 00	-	1,529	-
School Nurse Funding Initiative		1332 5358 00	-	150,000	-
Total N.C. Department of Health and Human Services			-	1,230,905	-
<u>N.C. Arts Council</u>					
Passed-through Brunswick County Arts Council					
Grassroots Grant			-	9,500	-
<u>N.C. Department of Agriculture</u>					
Spay and Neuter Program					
			-	1,895	-
<u>N.C. 911 Board</u>					
Brunswick County E911 PSAP Consolidation					
		911 Call Center	-	705,050	-

## COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Pass-Through Grantor's Number	Fed. (Direct & Pass-Through) Expenditures	State Expenditures	Pass-Through to Subrecipients
<b>State Grants:</b>					
<u>N.C. Department of Environmental Quality</u>					
Soil and Water Technical Assistance			-	26,629	-
Soil and Water - State Aid			-	3,600	-
Scrap Tire Disposal			-	170,116	-
White Goods Disposal			-	59,775	-
Community Waste Reduction and Recycling Grant		6528	-	12,075	-
2015 Mercury Products Recycling Grant		6565	-	2,621	-
Division of Parks and Recreation					
N.C. Parks and Recreation Trust Fund Waccamaw Park		4695	-	359,354	-
N.C. Parks and Recreation Trust Fund Waccamaw Park		5476	-	500,000	-
Total N.C. Department of Environmental Quality			-	1,134,170	-
<u>N.C. Department of Public Safety</u>					
Juvenile Crime Prevention Council Programs			-	176,737	176,737
<u>N.C. Dept. of Public Instruction</u>					
Public School Building Capital Fund (Lottery)			-	1,038,144	1,038,144
<u>N.C. Department of Transportation</u>					
Rural Operating Assistance Program (EDTAP)			-	92,507	92,507
Rural Operating Assistance Program (Employment)			-	7,432	7,432
Rural Operating Assistance Program (RGP)			-	86,415	86,415
Total N.C. Department of Transportation			-	186,354	186,354
<u>N.C. Department of Cultural and Natural Resources</u>					
Division of State Library					
Aid to Public Libraries			-	139,960	-
Total State Assistance			-	4,774,622	1,401,235
Total Assistance			\$ 100,623,014	\$ 49,954,133	\$ 1,460,621

**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 Brunswick County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2016. The information in this SEFSA is presented in accordance with the requirements of *Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act. Because the SEFSA presents only a selected portion of the operations of Brunswick County, it is not intended to and does not present the financial position, changes in net position or cash flows of Brunswick 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. Brunswick 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 NC Department of Health and Human Services and are treated separately for State audit requirement purposes: Subsidized Child Care, Foster Care and Adoption.