

**CATAWBA COUNTY  
NORTH CAROLINA**

**COMPLIANCE LETTERS**

**FOR THE YEAR ENDED JUNE 30, 2021**

# CATAWBA COUNTY, NORTH CAROLINA

## COMPLIANCE LETTERS FOR THE YEAR ENDED JUNE 30, 2021

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

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

## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Catawba County, North Carolina, as of and for the year ended June 30, 2021, 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 December 20, 2021. Our report includes a reference to other auditors who audited the financial statements of the Catawba Valley Medical Center and Catawba County ABC Board, as described in our report on Catawba County's financial statements. The financial statements of the Catawba Valley Medical Center and Catawba County ABC Board were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable non-compliance associated with the Catawba Valley Medical Center or Catawba County ABC Board.

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

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Catawba County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of non-compliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings, Responses, and Questioned Costs as Finding 2021-003.

### **Catawba County's Response to Finding**

Catawba County's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. Catawba County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
December 20, 2021

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

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## **Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; Report on the Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State Single Audit Implementation Act**

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

To the Board of Commissioners  
Catawba County  
Newton, North Carolina

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

We have audited Catawba County, North Carolina's, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Catawba County's major federal programs for the year ended June 30, 2021. Catawba County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

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

Management is responsible for compliance with federal 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 Catawba County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, 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 federal program occurred. An audit includes examining, on a test basis, evidence about Catawba County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, Catawba County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## **Other Matters**

The results of our auditing procedures disclosed an instance of non-compliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings, Responses, and Questioned Costs as Finding 2021-001. Our opinion on each major federal program is not modified with respect to this matter.

Catawba County's response to the non-compliance finding identified in our audit is described in the accompanying Corrective Action Plan. Catawba County's response was not subjected to the auditing procedures applied in the audit of compliance and we express no opinion on the response.

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

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

*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 have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2021-001 and 2021-002 that we consider to be significant deficiencies.

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Catawba County, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Catawba County's basic financial statements. We issued our report thereon dated December 20, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Catawba County's basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the Uniform Guidance, and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
December 20, 2021

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

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

To the Board of Commissioners  
Catawba County  
Newton, North Carolina

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

We have audited Catawba County, North Carolina's, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Catawba County's major state programs for the year ended June 30, 2021. Catawba County's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

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

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

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

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

In our opinion, Catawba County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

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

Management of Catawba County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Catawba County's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program 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 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, non-compliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2021-002 that we consider to be a significant deficiency.

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Catawba County, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Catawba County's basic financial statements. We issued our report thereon dated December 20, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Catawba County's basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the Uniform Guidance, and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
December 20, 2021

# CATAWBA COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

### 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? Yes

#### Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

<u>Program Name</u>	<u>AL #</u>
Medicaid Cluster	93.778
SNAP Cluster	10.561
COVID-19 Coronavirus Relief Fund	21.019
Social Services Block Grant	93.667
Temporary Assistance for Needy Families	93.558
Low Income Home Energy Assistance Program	93.568
Community Services Block Grant	93.569
Foster Care Title IV-E	93.658
Adoption Assistance	93.659

Dollar threshold used to distinguish between Type A and Type B programs \$761,699

Auditee qualified as low-risk auditee? Yes

**CATAWBA COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**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:

**Program Name**

Medicaid Cluster  
Public School Building Capital Fund- Lottery Funds  
Smart Start  
Social Services Block Grant  
Foster Care, Adoption, and Guardianship Assistance Cluster  
SFHF Maximization

# CATAWBA COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

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

#### **Finding 2021-003:**

##### **Other Matter**

**Criteria:** G.S. 14-92 states that if any register of deeds of any county shall embezzle or wrongfully convert to his own use, or corruptly use, or shall misapply for any purpose other than that for which the same are held, or shall fail to pay over and deliver to the proper persons entitled to receive the same when lawfully required so to do, any moneys, funds, securities or other property which such officer shall have received by virtue or color of his office in trust for any person or corporation, such officer shall be guilty of a felony. G.S. 14-100 states that if any person shall knowingly and designedly by means of any kind of false pretense whatsoever, whether the false pretense is of a past or subsisting fact or of a future fulfillment or event, obtain or attempt to obtain from any person within this State any money, goods, property, services, chose in action, or other thing of value with intent to cheat or defraud any person of such money, goods, property, services, chose in action or other thing of value, such person shall be guilty of a felony. G.S. 161-27 states that if any register of deeds fails to perform any of the duties imposed or authorized by law, he shall be guilty of a Class 1 misdemeanor, and he shall be removed from office.

**Condition:** The person holding the position of Register of Deeds was indicted for one count of violating G.S. 14-92, two counts of violating G.S. 14-100 and one count of violating G.S. 161-27.

**Effect:** The indictment references an amount exceeding \$100,000 of property belonging to the County.

**Cause:** The indictment references reporting overtime and comp time hours that were not worked and purchasing office supplies with County funds for personal use.

**Recommendation:** Although the above condition was disclosed by an outside agency and not the results of our testing, the County should continue to review internal control processes on an ongoing basis.

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

# CATAWBA COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

### 3. Federal Award Findings and Questioned Costs

#### **Finding: 2021-001**

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

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

Program Name: Community Services Block Grant

AL # 93.569

Grant Number: 32179

##### **Non-Compliance**

##### **Significant Deficiency**

**Criteria:** In accordance with the CSBG Act at 42 USC 9910 (b) public organizations must administer CSBG through a tripartite Board of Directors consisting of at least 15 members.

**Condition:** While testing special tests related to the Community Services Block grant, it was noted that the County does not have a Board of Directors that consists of at least 15 members.

**Context:** The County maintained 13 Board members of which one-third of the members are elected public officials, at least one third of the members were chosen in accordance with democratic selection procedures adequate to assure that they are representative of the poor in the area served, and the remainder of the members are officials or members of business, industry, labor, religious, welfare, education, or other major groups and interests in the community.

**Effect:** The Board does not contain 15 members.

**Cause:** Vacancies of Board members

**Identification of a Repeat Finding:** This is a modified and repeat finding from the immediate previous audit 2020-001.

**Questioned Costs:** None. Funding is not reduced due to the Board consisting of less than 15 members.

**Recommendation:** The department should monitor the amount of tripartite Board members on an ongoing basis.

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

# CATAWBA COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

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

#### **Finding: 2021-002**

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

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

Program Name: Medicaid Cluster

AL # 93.778

Grant Number: XIX-MAP21

##### **Significant Deficiency**

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

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

**Context:** Of the 2,691,594 benefit payments valued at \$308,597,907, we examined 60 payment records (\$3,891 value) and determined that one casefile (2%) did not have properly calculated income. Upon further review and recalculation, the applicant was deemed eligible.

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

**Cause:** The caseworker did not correctly include the unemployment income.

**Questioned Costs:** None. The finding represents an internal control issue; therefore, no questioned costs are applicable. The County was able to substantiate that the applicant was eligible to receive benefits.

**Recommendation:** Caseworkers should review their eligibility determinations and ensure all information is entered correctly. Calculations should be reviewed for accuracy before approving benefits.

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

# CATAWBA COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

### 4. State Award Findings and Questioned Costs

**N.C. Department of Health and Human Services**  
Medicaid Cluster

**Finding: 2021-002** - In accordance with the 2 CFR 200, management should have an adequate system of internal control procedures in place to ensure that casefiles include properly reviewed income calculations. See more details at Finding 2021-002 in Section 3 - Federal Award Findings, Responses, and Questioned Costs.



## catawba county finance

### Corrective Action Plan for the Year Ended June 30, 2021

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

**Finding: 2021-003**

**Name of Contact Person:** Mick Berry, County Manager

**Corrective Action/Management's Response:** The County evaluates risk through a system of rigorous internal control processes and procedures designed to test for compliance on an on-going and routine basis, through the position of Internal Auditor. Staff conducts routine operational training that emphasizes the importance of adhering to appropriate internal controls and maintaining regulatory compliance. In addition to these protocols, the County has a written ethics code introduced to employees during employee orientation and periodically reinforced through core values training delivered by County Management.

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

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

**Finding: 2021-001**

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

**Corrective Action/Management's Response:** CSBG Program Director and staff concur with the finding and will take immediate action to monitor the amount of tripartite board members on an ongoing basis. Actions to address this deficiency will continue as follows:

1. Board member status, recruitment, recruitment efforts and nominations will be discussed and documented at each quarterly CSBG board meeting.
2. CSBG Director and staff will conduct active recruitment efforts in accordance with recommendations made during quarterly CSBG board meetings.
3. During the 5/11/2021 quarterly CSBG board meeting, board status and recruitment were discussed. Two recommendations for board members were made. Active recruitment for these individuals, and others if needed, will continue in order to stabilize the board with the required 15 members.

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

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

Catawba County Government Center

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

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## catawba county finance

### Corrective Action Plan for the Year Ended June 30, 2021

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

**Finding: 2021-002**

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

**Corrective Action/Management's Response:** Caseworkers will review the eligibility determinations to ensure the information is accurate. The formal case file review process will continue to monitor this and other areas. Additional training will be offered if the case file reviews reveal deficiencies in this area.

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

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

See Finding 2021-002 in Section 3- Federal Award Findings and Questioned Costs of the Corrective Action Plan

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

Catawba County Government Center

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

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**CATAWBA COUNTY, NORTH CAROLINA**

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021**

**Finding 2020-001**

**Status:** Modified and repeated as Finding 2021-001.

**CATAWBA COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2021**

<u>Grantor/Program Title</u>	Federal AL Number	State Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipient
<u>U.S. Department of Agriculture</u>					
Passed through N.C. Department of Health and Human Services					
<u>Division of Public Health</u>					
Special Supplemental Nutrition Program for Women Infant and Children	10.557	13A218	\$ 755,340	\$ -	\$ -
<u>Division of Social Services</u>					
<u>Supplemental Nutrition Assistance Program (SNAP) Cluster:</u>					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	175NC406S2514	1,095,338	-	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	175NC406S2514	151,738.00	-	-
Total SNAP Cluster			<u>1,247,076.00</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Treasury</u>					
Passed through N.C. Office of State Budget and Management - NC Pandemic Recovery Office					
Passed through N.C. Department of Health and Human Services					
<u>Division of Public Health</u>					
COVID-19 Coronavirus Relief Fund	21.019	11754026	201,497	-	-
COVID-19 Coronavirus Relief Fund - Community Health Workers Grant	21.019	30-21002-ORH-01	150,393	-	-
Passed through N.C. State Board of Elections					
COVID-19 Coronavirus Relief Fund	21.019	60PT0011546696	38,400	-	-
Passed through N.C. Office of State Budget and Management - NC Pandemic Recovery Office					
COVID-19 Coronavirus Relief Fund	21.019	02-18	4,472,297	-	-
COVID-19 Coronavirus Relief Fund - passed through to Conover	21.019	02-18	173,794	-	173,794
COVID-19 Coronavirus Relief Fund - passed through to Catawba	21.019	02-18	12,474	-	12,474
COVID-19 Coronavirus Relief Fund - passed through to Clarendon	21.019	02-18	30,353	-	30,353
COVID-19 Coronavirus Relief Fund - passed through to Maiden	21.019	02-18	70,015	-	70,015
COVID-19 Coronavirus Relief Fund - passed through to Longview	21.019	02-18	84,750	-	84,750
COVID-19 Coronavirus Relief Fund - passed through to Brookford	21.019	02-18	7,707	-	7,707
<u>U.S. Department of Treasury</u>					
Direct Program: Equitable Sharing Program	21.016	n/a	13,595	-	-
<u>U.S. Department of Health and Human Services</u>					
<u>Administration of Children and Families</u>					
Passed through N.C. Department of Health and Human Services					
<u>Child Care Development Fund/Subsidized Child Care Cluster (Note 3)</u>					
<u>Division of Social Services</u>					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G1701NCCCDF	212,300	-	-
Total Child Care Development Fund/Subsidized Child Care Cluster (Note 3)			<u>212,300</u>	<u>-</u>	<u>-</u>
<u>Foster Care, Adoption, and Guardianship Assistance Cluster (Note 3)</u>					
<u>Foster Care Title IV-E</u>					
Title IV-E Administration Foster Care	93.658	1701NCFOST	4,150	-	-
Title IV-E Administration	93.658	1701NCFOST	148,558	-	-
Title IV-E Foster Care	93.658	1701NCFOST	63,800	-	-
Title IV-E Foster Care Training	93.658	1701NCFOST	5,855	-	-
Title IV-E Foster Care Offsite Training	93.658	1701NCFOST	1,184,449	-	-
Title IV-E Child Protective Services	93.658	1701NCFOST	212,699	116,626	-
Title IV-E Administration County Paid- Direct Benefit Payments	93.658	1701NCFOST	200,712	100,356	-
Title IV-E Family Foster Max- Direct Benefit Payments	93.658	1701NCFOST	19,316	-	-
Title IV-E Foster Care Extend Max- Direct Benefit Payments	93.658	1701NCFOST	810,448	146,812	-
Title IV-E Foster Care Extend Regular- Direct Benefit Payments	93.658	1701NCFOST	606,233	118,553	-
Title IV-E Max Level III- Direct Benefit Payments	93.658	1701NCFOST	10,963	-	-
<u>Adoption Assistance</u>					
Title IV-E Adoption Training	93.659	1701NCADPT	1,364	-	-
Title IV-E Adoption Offsite Training	93.659	1701NCADPT	62,022	-	-
Title IV-E Optional Adoption Training 5	93.659	1701NCADPT	80,670	-	-
Total Foster Care, Adoption, and Guardianship Assistance Cluster (Note 3)			<u>3,411,239</u>	<u>482,347</u>	<u>-</u>

**CATAWBA COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2021**

<u>Grantor/Program Title</u>	Federal AL Number	State Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipient
Social Services Block Grant - Adult Day Care	93.667	G1701NCSOSR	53,860	40,126	-
Social Services Block Grant - Adult Day Care Over 60	93.667	G1701NCSOSR	31,516	27,516	-
Social Services Block Grant - Adult Protective Services	93.667	G1701NCSOSR	55,423	-	-
Social Services Block Grant - Child Protective Services	93.667	G1701NCSOSR	219,471	-	-
Social Services Block Grant - In Home Services	93.667	G1701NCSOSR	11,298	-	-
Social Services Block Grant - In Home Services Over 60	93.667	G1701NCSOSR	35,291	-	-
Social Services Block Grant - Other Services and Training	93.667	G1701NCSOSR	725,662	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	1701NC1420	38,074	9,518	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood - Direct Benefit Payments	93.674	1701NC1420	<u>21,525</u>	-	-
<u>Temporary Assistance for Needy Families</u>					
Temporary Assistance for Needy Families	93.558	1701NCTANF	266,537	-	-
Temporary Assistance for Needy Families	93.558	1701NCTANF	1,939,724	-	-
Temporary Assistance for Needy Families State Program	93.558	13A1515118	<u>14,732</u>	-	-
Total TANF			<u>2,220,993</u>	-	-
Social Services Block Grant	93.667	G1701NCSOSR	<u>18,166</u>	-	-
Special Children Adoption Fund Cluster (Note 3)					
Mary Lee Allen Promoting Safe and Stable Families - Community Response - Administration	93.556	1701NCFPSS	101,557	-	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G1701NCCWSS	41,603	-	-
Mary Lee Allen Promoting Safe and Stable Families	93.556	1701NCFPSS	<u>81,392</u>	-	-
Total Special Children Adoption Fund Cluster (Note 3)			<u>224,552</u>	-	-
Child Support Enforcement	93.563	1704NC4005	1,170,781	-	-
Child Support Enforcement	93.563	1704NC4005	22	2	-
Child Support Enforcement	93.563	1704NC4005	24	-	-
Child Support Enforcement	93.563	1704NC4005	13,674	1,304	-
Child Support Enforcement	93.563	1704NC4005	246,057	-	-
Community Services Block Grant	93.569	32179	228,819	-	-
Low Income Home Energy Assistance					
Crisis Intervention Payments	93.568	G17B1NCLIEA	490,409	-	-
Administration	93.568	G17B1NCLIEA	94,506	-	-
Allocation	93.568	G17B1NCLIEA	338,684	-	-
COVID-19 Low Income Home Energy Assistance Administration	93.568	G17B1NCLIEA	4,518	-	-
COVID-19 Low Income Home Energy Assistance	93.568	G17B1NCLIEA	<u>152,664</u>	-	-
<u>U.S. Department of Health and Human Services</u>					
<u>Food and Drug Administration</u>					
Passed through the Association of Food and Drug Officials (AFDO)					
Food and Drug Administration Research	93.103	04400	<u>2,000</u>	-	-
<u>U.S. Department of Health and Human Services</u>					
Direct Program:					
Provider Relief Fund	93.498	n/a	<u>195,175</u>	-	-
<u>Centers for Medicare and Medicaid Services</u>					
Passed through N.C. Department of Health and Human Services					
<u>Medicaid Cluster:</u>					
<u>Division of Medical Assistance</u>					
Medical Assistance Program - Adult Care Case Management Specific	93.778	XIX-MAP21	27,840	11,755	-
Medical Assistance Program - MAC	93.778	XIX-MAP21	348,803	-	-
Medical Assistance Program - Medical Assistance Administration	93.778	XIX-MAP21	3,350,909	-	-
Medical Assistance Program - Medical Transportation Administration	93.778	XIX-MAP21	193,186	-	-
Medical Assistance Program - State County Special Assistance	93.778	XIX-MAP21	82,523	-	-
Medical Assistance Program	93.778	XIX-MAP21	652,110	-	-
Medical Assistance Program	93.778	XIX-MAP21	716,489	-	-
Medical Assistance Program	93.778	XIX-MAP21	<u>24,516</u>	-	-
Total Medicaid Cluster			<u>5,396,376</u>	<u>11,755</u>	-

**CATAWBA COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2021**

<u>Grantor/Program Title</u>	Federal AL Number	State Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipient
<u>Children's Health Insurance Program</u>					
Children's Health Insurance Program	93.767	CHIP21	117,340	1,899	-
<u>Centers for Disease Control and Prevention</u>					
Passed through N.C. Department of Health and Human Services					
<u>Division of Public Health</u>					
Public Health Emergency Preparedness Affordable Care Act (ACA) Personal Responsibility Education Program	93.069	12642680	40,268	-	-
		1175870A 1175871A			
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	1175878A 1175883A	296,942	-	-
COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	1262680CP18	111,650	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	146027218	29	-	-
Immunization Cooperative Agreements	93.268	133163118	391,339	-	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	1175852ADH18 126155030018	78,994	-	-
Preventive Health and Health Services Block Grant	93.991	12615503PH18	30,484	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	132031018	28,000	-	-
Sexually transmitted diseases (STD) Prevention and control grants	93.977	131146218	58	-	-
<u>Office of Assistant Secretary for Health</u>					
Family Planning Services	93.217	13A159218	79,883	-	-
<u>Health Resources and Service Administration</u>					
Passed through N.C. Department of Health and Human Services					
<u>Division of Public Health</u>					
		12715318AR18			
		12715351AR18			
		12715745AR18			
		13A15735AR18			
Maternal and Child Health Services Block Grant to the States	93.994	13A15146AR18	85,625	2,429	-
<u>Administration for Community Living</u>					
Passed through Western Piedmont Council of Governments					
<u>Aging Cluster</u>					
<u>Division of Social Services</u>					
Title III B					
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	15-16 AANCT3HD	27,642	-	-
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	15-16 AANCT3HD	228,076	-	-
COVID-19 Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	15-16 AANCT3HD	28,507	-	-
Special Programs for the Aging - Title III, Part C - Nutrition Services Families First	93.045	15-16 AANCT3CM	127,739	-	-
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	15-16 AANCT3CM	23,547	-	-
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	15-16 AANCT3CM	289	-	-
Total Aging cluster			435,800	-	-
Total U.S. Department of Health and Human Services			24,567,182	576,896	379,093
<u>Department of Homeland Security</u>					
Passed through N.C. Department of Public Safety					
<u>Federal Emergency Management Agency</u>					
<u>Division of Crime Control and Public Safety</u>					
Emergency Management Performance Grant	97.042	1500-8016-35HD	66,447	-	-

**CATAWBA COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2021**

<u>Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State Grantor's Number</u>	<u>Federal (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Pass-through to Subrecipient</u>
<u>Department of Justice</u>					
<u>Office of Justice Programs</u>					
Direct Program: Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838	2020-17023	64,681	-	-
Direct Program: Drug Court Discretionary Grant Program	16.585	2020-17098	12,019	-	-
Direct Program: Drug Court Discretionary Grant Program	16.585	2019-DC-BX-0049	140,804	-	-
Direct Program: COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	2020-vd-bx-0376	44,747	-	-
Direct Program: Public Safety Partnership and Community Policing Grants	16.710	2020umwx0121	128,547	-	-
Direct Program: Equitable Sharing Program	16.922	1123-0011	16,492	-	-
<u>U.S. Department of Transportation</u>					
<u>Federal Transit Administration</u>					
Passed through N.C. Department of Transportation <u>Transit Services Programs Cluster</u>					
		51001.68.6.3/51001.			
Enhanced Mobility of Seniors & Individuals with Disabilities	20.513	68.7.3	37,053	8,445	-
Total Transit Services Program Cluster			37,053	8,445	-
<u>Election Assistance Commission</u>					
Passed through N.C. State Board of Elections					
Help America Vote Election Security Grant	90.404	60PT0011547182	136,862	-	-
COVID-19 Help America Vote Election Security Grant	90.404	60PT0011538974	175,155	-	-
Total Federal Awards and State Matches			25,389,989	585,341	379,093
<b>State Awards:</b>					
<u>N.C. Department of Health and Human Services</u>					
<u>Division of Public Health</u>					
Other Receipts/State Supported Expenditures					
Food and Lodging Fees	n/a	11534752SZ18	-	43,215	-
Aid-to-Counties	n/a	116141100018	-	102,745	-
General Communicable Disease Control	n/a	117545100018	-	8,197	-
Breast and Cervical Cancer Program	n/a	132055990018	-	14,300	-
Child Health	n/a	127157450018	-	9,694	-
Health Community Activities	n/a	126155030018	-	3,747	-
High Risk Maternity Clinic	n/a	13A157460018	-	75,869	-
Women's Health Service Fund	n/a	13A16019FR18	-	14,662	-
		13114536RQ18			
HIV/STD State	n/a	13114536RR18	-	12,500	-
		13114601RQ18			
STD Drugs	n/a	13114601RR18	-	5,565	-
School Nursing Funding Initiative	n/a	133253580018	-	200,000	-
Evidence - based strategies for MCH	n/a	13A1570018AR	-	34,538	-
		146045510018			
TB Control	n/a	146045540018	-	18,989	-
Family Planning - State	n/a	13A157350018	-	4,622	-
Pregnancy Care Management	n/a	13A151070018	-	49,530	-
<u>Division of Social Services</u>					
Child Protective Services Caseload Reduction	n/a	WC 302	-	313,100	-
COVID-19 Adult Protective Services/Child Protective Services Care	n/a	WC 302	-	75,319	-
Energy Assistance Private Grant	n/a	WC 302	-	695	-
AFDC Incentive Program Integrity	n/a	WC 302	-	150	-
Extended Foster Care Maximization Non Title IV-E- Direct Benefit Payments	n/a	WC 302	-	165,963	-
Extended Foster Care 20 Stipend- Direct Benefit Payments	n/a	WC 302	-	12,900	-
Foster Care at Risk Maximization- Direct Benefit Payments	n/a	WC 302	-	11,964	-
Foster Care Stipend-Direct Benefit Payments	n/a	WC 302	-	116,900	-
Foster Care at Risk- Direct Benefit Payments	n/a	WC 302	-	3,712	-
SFHF Maximization- Direct Benefit Payments	n/a	WC 302	-	277,635	-
State Foster Home- Direct Benefit Payments	n/a	WC 302	-	170,639	-
Post Adoption Grant	n/a	32169-16	-	398,866	-

**CATAWBA COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2021**

Grantor/Program Title	Federal AL Number	State Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipient
<u>NC Partnership for Children</u>					
Smart Start - public health	n/a	1711174040	-	175,000	-
Smart Start - early childhood support team	n/a	1711174040	-	493,260	-
Smart Start - day care	n/a	WC 302	-	69,752	-
<u>N.C. Department of Public Safety</u>					
<u>Division of Juvenile Justice</u>					
Peace Pipeline Conflict Resolution	n/a	1901-536301	-	82,519	-
Project Challenge	n/a	1901-536301	-	52,000	-
Planning	n/a	1901-536301	-	15,500	-
Catawba Parenting Network	n/a	1901-536301	-	30,169	-
Cognitive Connections	n/a	1901-536301	-	70,725	-
Repay	n/a	1901-536301	-	54,909	-
Repay Just Girls	n/a	1901-536301	-	28,412	-
Family Centered Treatment	n/a	1901-536301	-	25,000	-
Aspire Kids at Work	n/a	1901-536301	-	67,970	-
<u>N.C. Department of Agriculture and Consumer Services</u>					
Soil and Water Technical Assistance	n/a	10PN0003604959	-	26,880	-
Soil and Water Conservation Matching Fund	n/a	G401002890155	-	3,600	-
<u>N.C. Department of Natural and Cultural Resources</u>					
<u>Library Department</u>					
Library State Aid Grant	n/a	46PT0006550034	-	136,092	-
Library Services & Technology Act (LSTA) State Grants					
ARSL Scholarships	n/a	45.310	-	84,181	-
<u>N.C. Department of Administration</u>					
<u>Division of Veterans Affairs</u>					
Veterans Service Community Grant	n/a	13PT0011467165	-	2,084	-
<u>N.C. Department of Public Instruction</u>					
Public School Building Capital Fund - Lottery Funds	n/a	LEA 180,181,182	-	482,740	-
<u>N.C. Housing Trust Fund</u>					
Passes through NC Housing Finance Agency					
Urgent Repair	n/a	URP2002	-	50,000	-
Urgent Repair	n/a	URP2019	-	37,500	-
Total State Awards			-	4,134,309	-
Total Federal and State Awards			\$ 25,389,989	\$ 4,719,650	\$ 379,093

**CATAWBA COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2021**

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

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and state grant activity of Catawba County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 US *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Catawba County, it is not intended to and does not present the financial position, changes in net position or cash flows of Catawba County.

2. Summary of Significant Accounting Policies

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

3. Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care, Special Children Adoption Fund and Foster Care, Adoption, and Guardianship Assistance Program.