

**CATAWBA COUNTY
NORTH CAROLINA**

COMPLIANCE LETTERS

FOR THE YEAR ENDED JUNE 30, 2022

CATAWBA COUNTY, NORTH CAROLINA

COMPLIANCE LETTERS FOR THE YEAR ENDED JUNE 30, 2022

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MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Catawba County, North Carolina, as of and for the year ended June 30, 2022, not presented here, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 29, 2022. Our report includes a reference to other auditors who audited the financial statements of the Catawba Valley Medical Center and Catawba County ABC Board, as described in our report on Catawba County's financial statements. The financial statements of the Catawba Valley Medical Center and Catawba County ABC Board were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable non-compliance associated with the Catawba Valley Medical Center or Catawba County ABC Board.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Catawba County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 and Finding 2022-002.

Catawba County's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on Catawba County's response to the finding identified in our audit and described in the accompanying Corrective Action Plan. Catawba County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 29, 2022

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

Opinion on Each Major Federal Program

We have audited Catawba County, North Carolina’s, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Catawba County’s major federal programs for the year ended June 30, 2022. Catawba County’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, Catawba County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned

functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2022-001 and 2022-003 to be significant deficiencies.

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

Government Auditing Standards requires the auditor to perform limited procedures on Catawba County's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Catawba County's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Catawba County, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Catawba County's basic financial statements. We issued our report thereon dated November 29, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 29, 2022

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

Independent Auditor's Report

To the Board of Commissioners
Catawba County
Newton, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Catawba County, North Carolina's, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Catawba County's major state programs for the year ended June 30, 2022. Catawba County's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, Catawba County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2022-001 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the internal control over compliance finding identified in our compliance audit described in the accompanying Schedule of Findings, Responses, and Questioned Costs. The County's response was not subjected to the other 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 the Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State Single Audit Implementation Act

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Catawba County, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Catawba County's basic financial statements. We issued our report thereon dated November 29, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 29, 2022

CATAWBA COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

1. Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness (es) identified? No
- Significant deficiency (s) identified? None reported

Non-compliance material to financial statements noted? 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
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323
WIC Special Supplemental Nutrition Program for Women Infant and Children	10.557
Foster Care, Adoption, and Guardianship Assistance Cluster	93.658, 93.659
Aging Cluster	93.044, 93.045

Dollar threshold used to distinguish between Type A and Type B programs \$1,036,891

Auditee qualified as low-risk auditee? Yes

CATAWBA COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

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
- Foster Care, Adoption, and Guardianship Assistance Cluster

CATAWBA COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

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

Finding 2022-002:

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.

Identification of a Repeat Finding: This is a modified and repeat finding from the immediate previous audit 2021-003.

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, 2022

3. Federal Award Findings and Questioned Costs

Finding: 2022-001

U.S. Department of Health & Human Services

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

Program Name: Medicaid Cluster

AL # 93.778

Grant Number: XIX-MAP22

Program Name: Foster Care Title IV-E

AL # 93.658

Grant Number: 1701NCFOST

Program Name: Adoption Assistance

AL # 93.659

Grant Number: 1701NCADPT

Significant Deficiency

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

Condition: Upon surprise inspection, one unattended workstation of a DSS employee was logged onto the state network without anyone attending to the workstation.

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

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

Cause: Lack of proper internal controls over data security.

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

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

Views of Responsible Officials and Planned Corrective Action: Management 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, 2022

3. Federal Award Findings and Questioned Costs (continued)

Finding: 2022-003

U.S. Department of Health & Human Services

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

Program Name: Aging Cluster

AL # 93.044, 93.045

Grant Number: 15-16 AANCT3HD; 15-16 AANCT3CM

Significant Deficiency

Criteria: In accordance with 2 CFR 200, management should have an adequate system of internal control procedures in place to properly review and assess the eligibility of individuals to ensure the accuracy of the benefits being provided is within program requirements. Verification of accuracy of information used in determining eligibility should be performed by management. Evidence of the review should be documented and include authorized signatures.

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

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

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

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

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

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

Name of Contact Person: Karen Harrington, DSS Director

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

CATAWBA COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

4. State Award Findings and Questioned Costs

Finding: 2022-001 - In accordance with the Division of Social Services Fiscal Manual, DSS employees should control physical access to the state network terminals or personal computers that are connected to the state mainframe. See more at Finding 2022-001 in Section 3 - Federal Award Findings, Responses, and Questioned Costs.



catawba county
finance

**Corrective Action Plan
for the Year Ended June 30, 2022**

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

Finding: 2022-002

Name of Contact Person: Mary Furtado, 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. Further, since the indictment, the Register of Deeds Office has been required to use the County's central purchasing function for a higher level of monitoring and oversight.

Proposed Completion Date: Immediate and ongoing.

3. Federal Award Findings and Questioned Costs

Finding: 2022-001

Name of Contact Person: Karen Harrington, DSS Director

Corrective Action/Management's Response: Agency agrees with the finding and will ensure random reviews of workstations will be completed. Agency will ensure immediate refresher in Unit meetings regarding computer security. Additionally, County DSS will continue with an annual training to review computer security and will ensure computer security is addressed in new employee orientation.

Proposed Completion Date: Immediately and ongoing.

catawbacountync.gov

Catawba County Government Center

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

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catawba county
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3. Federal Award Findings and Questioned Costs (continued)

Finding: 2022-003

Name of Contact Person: Karen Harrington, DSS Director

Corrective Action/Management's Response:

Congregate Nutrition – Second Party Review Process

The following Second Party Review process was implemented July 2022:

Each month the Business Manager reviews two completed CRFs for each SMO site. The two CRFs that are selected from a site should be different types (example: one new CRF and one annual re-assessment, or one annual re-assessment and one termination).

There is a spreadsheet where these audits are tracked in the secure SNS Z:drive. It will be stored by fiscal year then *Internal Audit* then *SMO Audit Log*. In the spreadsheet, the Business Manager enters the site, the first and last name of the client, the review/audit date, and site. In addition, the following items will be reviewed and documented:

- Dates Match: new registration date or change of information date is included and matches date on the back at the bottom of the document - key date
- Type of CRF: new/returning/annual/change/termination
- Term. Reason: if terminated, the termination date and reason are both indicated
- Complete: all boxes/sections are completed or marked refused to answer if option available
- Signed: CRF is signed by both client and site supervisor
- Timely: update is completed each year (indicated on the bottom of the back page) during the same month that the client started unless there is a change of information
- Electronic Signature of person completing internal review: first initial, last name (types in excel sheet)

Second party reviews with checklists and reviewer signatures were already in place for remaining Aging Cluster services.

Proposed Completion Date: Immediately and ongoing.

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4. State Award Findings and Questioned Costs

See Finding 2022-001 in Section 3- Federal Award Findings and Questioned Costs of the Corrective Action Plan

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CATAWBA COUNTY, NORTH CAROLINA

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

Finding 2021-001

Status: Corrected.

Finding 2021-002

Status: Corrected.

Finding 2021-003

Status: Modified and repeated as Finding 2022-002.

CATAWBA COUNTY, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2022

<u>Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State Grantor's Number</u>	<u>Federal (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Pass-through to Subrecipient</u>
<u>U.S. Department of Agriculture</u>					
Passed through N.C. Department of Health and Human Services					
<u>Division of Public Health</u>					
WIC Special Supplemental Nutrition Program for Women Infant and Children	10.557	13A218	\$ 761,541	\$ -	\$ -
<u>Division of Social Services</u>					
<u>Supplemental Nutrition Assistance Program (SNAP) Cluster:</u>					
COVID-19 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program ARPA	10.561	175NC406S2514	126,352	-	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	175NC406S2514	1,063,315	-	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program CAA	10.561	175NC406S2514	46,406	-	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	175NC406S2514	168,298	-	-
Total SNAP Cluster			<u>1,404,371</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 - Community Health Workers Grant	21.019	30-21002-ORH-01	99,592	-	-
<u>U.S. Department of Treasury</u>					
Direct Program: COVID-19 Coronavirus State and Local Fiscal Recovery Funds					
	21.027	n/a	<u>10,954,091</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Treasury</u>					
Direct Program: Equitable Sharing Program					
	21.016	n/a	<u>26,385</u>	<u>-</u>	<u>-</u>
<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	<u>226,839</u>	<u>-</u>	<u>-</u>
Total Child Care Development Fund/Subsidized Child Care Cluster (Note 3)			<u>226,839</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	490	-	-
Title IV-E Administration	93.658	1701NCFOST	205,906	-	-
Title IV-E Foster Care Training	93.658	1701NCFOST	3,701	-	-
Title IV-E Foster Care Offsite Training	93.658	1701NCFOST	1,333,157	-	-
Title IV-E Child Protective Services	93.658	1701NCFOST	198,446	123,319	-
Title IV-E Administration County Paid- Direct Benefit Payments	93.658	1701NCFOST	118,037	59,019	-
Title IV-E Family Foster Max- Direct Benefit Payments	93.658	1701NCFOST	20,518	3	-
Title IV-E Foster Care Extend Max- Direct Benefit Payments	93.658	1701NCFOST	473,396	84,230	-
Title IV-E Foster Care Extend Regular- Direct Benefit Payments	93.658	1701NCFOST	564,218	117,954	-
Title IV-E Max Level III- Direct Benefit Payments	93.658	1701NCFOST	4,708	-	-
<u>Adoption Assistance</u>					
Title IV-E Adoption	93.659	WC-302	8,986	-	-
Title IV-E Adoption Training	93.659	1701NCADPT	3,598	-	-
Title IV-E Adoption Offsite Training	93.659	1701NCADPT	43,798	-	-
Title IV-E Optional Adoption Training 5	93.659	1701NCADPT	<u>98,908</u>	<u>-</u>	<u>-</u>
Total Foster Care, Adoption, and Guardianship Assistance Cluster (Note 3)			<u>3,077,867</u>	<u>384,525</u>	<u>-</u>

CATAWBA COUNTY, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2022

<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	11,018	17,705	-
Social Services Block Grant - Adult Day Care Over 60	93.667	G1701NCSOSR	20,633	27,711	-
Social Services Block Grant - Adult Protective Services	93.667	G1701NCSOSR	32,866	-	-
Social Services Block Grant - Adult Protective Services Essential	93.667	G1701NCSOSR	6,500	-	-
Social Services Block Grant - Child Protective Services	93.667	G1701NCSOSR	217,729	-	-
Social Services Block Grant - In Home Services	93.667	G1701NCSOSR	11,419	-	-
Social Services Block Grant - In Home Services Over 60	93.667	G1701NCSOSR	31,610	-	-
Social Services Block Grant - Other Services and Training	93.667	G1701NCSOSR	726,386	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	1701NC1420	37,067	9,267	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood - Direct Benefit Payments	93.674	1701NC1420	<u>23,292</u>	-	-
<u>Temporary Assistance for Needy Families</u>					
Temporary Assistance for Needy Families	93.558	1701NCTANF	311,508	-	-
Temporary Assistance for Needy Families	93.558	1701NCTANF	1,941,984	-	-
Temporary Assistance for Needy Families State Program	93.558	13A1515118	<u>14,732</u>	-	-
Total TANF			<u>2,268,224</u>	-	-
Social Services Block Grant	93.667	G1701NCSOSR	<u>19,495</u>	-	-
Special Children Adoption Fund Cluster (Note 3)					
Mary Lee Allen Promoting Safe and Stable Families - Community Response - Administration	93.556	1701NCFPSS	100,937	-	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G1701NCCWSS	42,812	-	-
Mary Lee Allen Promoting Safe and Stable Families	93.556	1701NCFPSS	<u>106,390</u>	-	-
Total Special Children Adoption Fund Cluster (Note 3)			<u>250,139</u>	-	-
<u>Child Support Enforcement</u>					
Child Support Enforcement	93.563	1704NC4005	1,147,646	-	-
Child Support Enforcement	93.563	1704NC4005	223,807	-	-
IV-D Offset Fees-ESC	93.563	WC-302	15	-	-
IV-D Offset Fees Administration	93.563	WC-302	10	-	-
IV-D Offset Fees Federal	93.563	WC-302	8,514	-	-
Community Services Block Grant	93.569	32179	230,378	-	-
Low Income Home Energy Assistance					
Crisis Intervention Payments	93.568	G17B1NCLIEA	454,925	-	-
ARPA Low Income Home Energy Assistance Payments	93.568	G17B1NCLIEA	975,111	-	-
ARPA Administration	93.568	G17B1NCLIEA	126,601	-	-
LIHWAP Administration	93.568	G17B1NCLIEA	47,657	-	-
LIHWAP CAA	93.568	G17B1NCLIEA	40,546	-	-
Administration	93.568	G17B1NCLIEA	98,537	-	-
Allocation	93.568	G17B1NCLIEA	<u>109,880</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>2,500</u>	-	-
<u>Center for Disease Control and Prevention</u>					
Passed through National Association of County and City Health Officials					
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	6NU380T000306-03-06	<u>5,197</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-MAP22	30,604	11,659	-
Medical Assistance Program - MAC	93.778	XIX-MAP22	403,216	-	-
Medical Assistance Program - Medical Assistance Administration	93.778	XIX-MAP22	3,583,874	-	-
Medical Assistance Program - Medical Transportation Administration	93.778	XIX-MAP22	202,629	-	-
Medical Assistance Program - State County Special Assistance	93.778	XIX-MAP22	104,650	-	-
Medical Assistance Program	93.778	XIX-MAP22	816,643	-	-
Medical Assistance Program	93.778	XIX-MAP22	708,744	-	-
Medical Assistance Program	93.778	XIX-MAP22	<u>37,028</u>	-	-
Total Medicaid Cluster			<u>5,887,388</u>	<u>11,659</u>	-

CATAWBA COUNTY, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2022

<u>Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State Grantor's Number</u>	<u>Federal (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Pass-through to Subrecipient</u>
<u>Children's Health Insurance Program</u>					
Children's Health Insurance Program	93.767	CHIP22	73,191	4,016	-
<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	40,965	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	1175871A 1175878A	2,773,038	-	-
COVID-19 Public Health Emergency Response: Cooperative Agreement					
for Emergency Response: Public Health Crisis Response	93.354	1262680CP18	32,750	-	-
Project Grants and Cooperative Agreements for Tuberculosis					
Control Programs	93.116	146027218	50	-	-
Immunization Cooperative Agreements	93.268	133163118	34,122	-	-
COVID-19 Immunization Cooperative Agreements	93.268	133163118	229,743	-	-
Injury Prevention and Control Research and State and Community					
Based Programs	93.136	1175852ADH18 126155030018	110,000	-	-
Preventive Health and Health Services Block Grant					
COVID-19 Activities to Support State, Tribal, Local and Territorial	93.991	12615503PH18	30,607	-	-
Health Department Response to Public Health or Healthcare Crises	93.391	11617955	25,000	-	-
Cancer Prevention and Control Programs for State, Territorial	93.898	132031018	33,900	-	-
and Tribal Organizations	93.977	131146218	84	-	-
Sexually transmitted diseases (STD) Prevention and control grants					
<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	85,256	52,429	-
<u>Administration for Community Living</u>					
Passed through Western Piedmont Council of Governments					
<u>Aging Cluster</u>					
<u>Division of Social Services</u>					
Title III B					
Special Programs for the Aging - Title III, Part B - Grants for					
Supportive Services and Senior Centers	93.044	15-16 AANCT3HD	45,622	-	-
Special Programs for the Aging - Title III, Part B - Grants for					
Supportive Services and Senior Centers	93.044	15-16 AANCT3HD	312,001	-	-
COVID-19 Special Programs for the Aging - Title III, Part B -					
Grants for Supportive Services and Senior Centers	93.044	15-16 AANCT3HD	19,412	-	-
Special Programs for the Aging - Title III, Part C - Nutrition					
Services Families First	93.045	15-16 AANCT3CM	122,694	-	-
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	15-16 AANCT3CM	14,026	-	-
Total Aging cluster			513,755	-	-
Total U.S. Department of Health and Human Services			33,628,120	507,312	-
<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	69,699	-	-

CATAWBA COUNTY, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2022

<u>Grantor/Program Title</u>	Federal AL Number	State Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipient
<u>Department of Justice</u>					
<u>Office of Justice Programs</u>					
Direct Program: Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838	2020-17023	255,307	-	-
Direct Program: Drug Court Discretionary Grant Program	16.585	2020-17098	70,142	-	-
Direct Program: Drug Court Discretionary Grant Program	16.585	2019-DC-BX-0049	159,507	-	-
Direct Program: Public Safety Partnership and Public Safety Partnership and Community Policing Grants	16.710	2020umwx0121	106,985	-	-
Direct Program: Equitable Sharing Program	16.922	1123-0011	1,000	-	-
<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>					
Enhanced Mobility of Seniors & Individuals with Disabilities	20.513	51001.68.6.3/51001. 68.7.3	170,553	100,137	-
Total Transit Services Program Cluster			170,553	100,137	-
<u>National Endowment for the Humanities</u>					
Passed through N.C. Department of Natural and Cultural Resources					
Library Department					
Grants to States					
Library Services & Technology Act (LSTA) State Grants -Scholarships	45.310	nc-21-04	101,721	-	-
Total Federal Awards and State Matches			34,563,034	607,449	-
State Awards:					
<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	-	41,717	-
Public Health Capacity Building	n/a	1161411018	-	102,745	-
General Communicable Disease Control	n/a	117545100018 132055990018	-	8,197	-
Breast and Cervical Cancer Program	n/a	132033550418	-	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	-
Maternal Health	n/a	13A157400018	-	34,538	-
Women's Health Service Fund	n/a	13A16019FR18 13114536RQ18/	-	14,662	-
HIV/STD State	n/a	13114536RR18	-	20,983	-
School Nursing Funding Initiative	n/a	133253580018 146045510018	-	200,000	-
TB Control	n/a	146045540018	-	24,926	-
Family Planning - State	n/a	13A157350018	-	4,622	-
<u>Division of Social Services</u>					
Child Protective Services Caseload Reduction	n/a	WC 302	-	321,361	-
Energy Assistance Private Grant	n/a	WC 302	-	21,901	-
Extended FC/max - Direct Benefit Payments	n/a	WC 302	-	165,917	-
Foster Care at Risk Maximization- Direct Benefit Payments	n/a	WC 302	-	355	-
Foster Care at Risk- Direct Benefit Payments	n/a	WC 302	-	8,781	-
IV-B EFT Chaf Independent Living	n/a	WC 302	-	119,909	-
SFHF Maximization- Direct Benefit Payments	n/a	WC 302	-	124,032	-
State Foster Home- Direct Benefit Payments	n/a	WC 302	-	144,295	-
Post Adoption Grant	n/a	32169-16	-	363,838	-
<u>NC Partnership for Children</u>					
Smart Start - public health	n/a	1711174040	-	180,000	-
Smart Start - early childhood support team	n/a	1711174040	-	527,706	-
Smart Start - day care	n/a	WC 302	-	36,255	-

CATAWBA COUNTY, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2022

<u>Grantor/Program Title</u>	Federal AL Number	State Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipient
<u>N.C. Department of Public Safety</u>					
<u>Division of Juvenile Justice</u>					
Peace Pipeline Conflict Resolution	n/a	1901-536301	-	85,000	-
Planning	n/a	1901-536301	-	14,000	-
Catawba Parenting Network	n/a	1901-536301	-	30,169	-
Cognitive Connections	n/a	1901-536301	-	70,725	-
Repay	n/a	1901-536301	-	45,997	-
Repay Just Girls	n/a	1901-536301	-	26,652	-
Family Centered Treatment	n/a	1901-536301	-	35,712	-
Public Safety Grant	n/a	536613 1100-1170	-	84,270	-
Justice Assistance Grant	n/a	1901-536301	-	17,028	-
Aspire Vocational Direction	n/a	1901-536301	-	55,000	55,000
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	-	23,716	-
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	-	148,049	-
<u>N.C. Department of Administration</u>					
<u>Division of Veterans Affairs</u>					
Veterans Service Community Grant	n/a	13PT0011467165	-	2,109	-
<u>N.C. Department of Commerce</u>					
Community Development Block Grant - Scattered Site Housing	n/a	19-c-3125	-	22,528	-
<u>N.C. Department of Public Instruction</u>					
Public School Building Capital Fund - Lottery Funds	n/a	LEA 180,181,182	-	1,159,470	-
<u>N.C. Housing Trust Fund</u>					
Passes through NC Housing Finance Agency					
Urgent Repair	n/a	URP2002	-	50,000	50,000
Urgent Repair	n/a	URP2021	-	100,000	100,000
Total State Awards			-	<u>4,612,345</u>	<u>205,000</u>
Total Federal and State Awards			<u>\$ 34,563,034</u>	<u>\$ 5,219,794</u>	<u>\$ 205,000</u>

CATAWBA COUNTY, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2022

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, 2022. 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 the 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.