

COUNTY OF FAIRFAX, VIRGINIA

COMPLIANCE REPORTS

For the fiscal year ended June 30, 2017

(With Reports of Independent Auditor Thereon)

**FAIRFAX COUNTY
COMPLIANCE REPORTS
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**Report of Independent Auditor 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***

To the Board of Supervisors
County of Fairfax, Virginia

We have audited, in accordance with the 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 *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, 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 the County of Fairfax, Virginia (the "County") as of and for the year ended June 30, 2017, 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 17, 2017.

Internal Control over Financial Reporting

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

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

Our consideration of internal control 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2017-001 through 2017-003 that we consider to be significant deficiencies.

Compliance and Other Matters

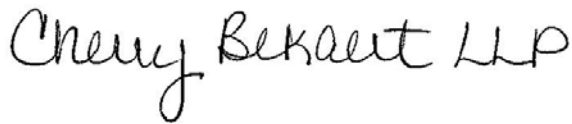
As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the *Specifications for Audits of Counties, Cities, and Towns* and which are described in the accompanying schedule of findings and questioned costs as items 2017-005 and 2017-006.

County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

A handwritten signature in black ink that reads "Cheryl Bekart LLP". The signature is written in a cursive, flowing style.

Tysons Corner, Virginia
November 17, 2017

Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Supervisors
County of Fairfax, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Fairfax, Virginia's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the County's major federal programs for the year ended June 30, 2017. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Medicaid Cluster

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding the Medicaid Cluster as described in finding number 2017-004 for Eligibility. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Qualified Opinion on Medicaid Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* paragraph, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Medicaid Cluster for the year ended June 30, 2017.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2017.

Other Matters

The County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The 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.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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, 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-004 that we consider to be a material weakness.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated November 17, 2017, 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 awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 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 awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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.

Cheryl Bekart LLP

Tysons Corner, Virginia
November 17, 2017

COUNTY OF FAIRFAX, VIRGINIA
 Schedule of Expenditures of Federal Awards
 Fiscal year ended June 30, 2017

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
Office of National Drug Control Policy								
Passed Through Mercyhurst University:								
High Intensity Drug Trafficking Area (HIDTA) Project	07.999 ¹		I-2015TXFAIR		18,087			
Passed Through Washington/Baltimore HIDTA:								
High Intensity Drug Trafficking Area (HIDTA) Project	07.999 ¹		I-2016TXFairfax		366,724			
<i>1 - Total for High Intensity Drug Trafficking Area (HIDTA) Project (07.999)</i>							384,811	
Department of Agriculture								
Direct Awards:								
National School Lunch Program	10.555 ²	Child Nutrition Cluster			4,555,482			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561 ³	SNAP Cluster			152,895			
Passed Through the Commonwealth of Virginia:								
<u>Department of Agriculture and Consumer Services</u>								
<i>Non-cash Assistance:</i> National School Lunch Program	10.555 ²	Child Nutrition Cluster	04 754		4,459			
<u>Department of Education</u>								
School Breakfast Program	10.553	Child Nutrition Cluster	17901-40253		6,455,854			
National School Lunch Program	10.555 ²	Child Nutrition Cluster	17901-40254		25,582,234			
Child Nutrition Discretionary Grants Limited Availability	10.579		2016IN810341		115,676			
Fresh Fruit and Vegetable Program	10.582		N/A		369,589			
<u>Department of Health</u>								
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		409BF2016 409BF2018 409WIC2016 409WIC2017		3,220,491			
Child and Adult Care Food Program	10.558		10449 10450 58579 58597 58795 58870 59021 59936 60199		6,525,664			
Summer Food Service Program for Children	10.559	Child Nutrition Cluster	10010 N/A		840,839			

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual program may be found at the end of each federal grantor section.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2017

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
<u>Department of Social Services</u>								
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561 ³	SNAP Cluster	84322-90212		9,931,657			
			84403-90304					
			84404-90303					
			85102-90666					
			85503-91103					
			85504-91104					
			85803-91403					
			85804-91404					
Passed Through Wholesome Wave Foundation Charitable Ventures, Inc.:								
Food Insecurity Nutrition Incentive Grants Program	10.331		FINI-212		10,519			
<i>Total for Child Nutrition Cluster (10.553, 10.555, 10.559)</i>						37,438,868		
<i>Total for SNAP Cluster (10.561)</i>						10,084,552		
<i>2 - Total for National School Lunch Program (10.555)</i>								30,142,175
<i>3 - Total for State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (10.561)</i>								10,084,552
Department of Commerce								
Direct Awards:								
Chesapeake Bay Studies	11.457				20,131			
Passed Through Chesapeake Bay Trust:								
Unallied Management Projects	11.454		NA15NMF4570211		5,206			
Department of Defense								
Direct Awards:								
Junior ROTC	12.000				528,910			
Army Youth Programs in Your Neighborhood	12.003				223,610			
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	12.556				948,127			
Invitational Grants for Military-Connected Schools	12.557				194,737			
Community Investment	12.600				5,356,916			
Passed Through the Commonwealth of Virginia:								
<u>Department of Education</u>								
Payments to States in Lieu of Real Estate Taxes	12.112		N/A		1,922			

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COUNTY OF FAIRFAX, VIRGINIA
 Schedule of Expenditures of Federal Awards
 Fiscal year ended June 30, 2017

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
Department of Housing and Urban Development								
Direct Awards:								
Little River Glen - Loans:								
Loans beginning balance	14.000			3,655,000	3,655,000			
Community Development Block Grants/Entitlement Grants	14.218 ⁴	CDBG - Entitlement Grants Cluster			3,158,725			
Community Development Block Grants/Entitlement Grants - Loans:								
Loans beginning balance	14.218 ⁴	CDBG - Entitlement Grants Cluster		16,400,097				
New Loans	14.218 ⁴	CDBG - Entitlement Grants Cluster		<u>2,306,574</u>	18,706,671			
Emergency Solutions Grant Program	14.231				602,379			
Home Investment Partnerships Program	14.239 ⁵				797,281			
Home Investment Partnerships Program - Loans:								
Loans beginning balance	14.239 ⁵			8,603,797				
New Loans	14.239 ⁵			<u>824,974</u>	9,428,771			
Continuum of Care Program	14.267				2,429,616			1,848,883
Fair Housing Assistance Program_State and Local	14.401				103,292			
Resident Opportunity and Supportive Services - Service Coordinators VA019FSH231A015	14.870 ⁶				72,783			
Resident Opportunity and Supportive Services - Service Coordinators VA019FSH643A016	14.870 ⁶				96,563			
Resident Opportunity and Supportive Services - Service Coordinators VA019FSH677A014	14.870 ⁶				72,241			
Resident Opportunity and Supportive Services - Service Coordinators VA019RPS078A015	14.870 ⁶				63,218			
Section 8 Housing Choice Vouchers	14.871	Housing Voucher Cluster			2,485,653			
Moving to Work Demonstration Program	14.881				54,836,656			
<i>Total for CDBG - Entitlement Grants Cluster (14.218)</i>						21,865,396		
<i>Total for Housing Voucher Cluster (14.871)</i>						2,485,653		
<i>4 - Total for Community Development Block Grants/Entitlement Grants (14.218)</i>							21,865,396	
<i>5 - Total for Home Investment Partnerships Program (14.239)</i>							10,226,052	
<i>6 - Total for Resident Opportunity and Supportive Services - Service Coordinators (14.870)</i>							304,805	

Department of Interior

Direct Awards:

Visitor Facility Enhancements - Refuges and Wildlife	15.654				883			
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The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual program may be found at the end of each federal grantor section.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2017

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
Passed Through the Commonwealth of Virginia:								
<u>Department of Conservation and Recreation</u>								
Outdoor Recreation_Acquisition, Development and Planning	15.916		51-00425		205,361			
Department of Justice								
Direct Awards:								
Justice Systems Response to Families	16.021				183,803			
Drug Court Discretionary Grant Program	16.585				96,021			
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590				315,684			115,676
State Criminal Alien Assistance Program	16.606				744,309			
Edward Byrne Memorial Justice Assistance Grant Program	16.738 ⁷				129,090			
Equitable Sharing Program	16.922				437,115			
Passed Through the Commonwealth of Virginia:								
<u>Department of Criminal Justice Services</u>								
Sexual Assault Services Formula Program	16.017		16-C3122SP15 17-D3122SP16		15,825			
Juvenile Justice and Delinquency Prevention_Allocation to States	16.540		16-A3349JB12 17-A3400JJ13		47,219			
Crime Victim Assistance	16.575 ⁸		13-N3445SA12 16-Q3445SA14 17-A4118VW15 17-R3445SA15 17-U9279VG15		639,739			
Violence Against Women Formula Grants	16.588		16-S9836VA15 16-T9333VA15 17-T9836VA16		53,827			
Edward Byrne Memorial Justice Assistance Grant Program	16.738 ⁷		16-D2607AD14 17-A4036AD15		16,357			
<u>Department of Social Services</u>								
Crime Victim Assistance	16.575 ⁸		CVS-12-049-12		(32,691)			
Passed Through the Center for Children's Law and Policy:								
Community-Based Violence Prevention Program	16.123		2014-JF-FX-0102		5,500			
							145,447	
							607,048	

7 - Total for Edward Byrne Memorial Justice Assistance Grant Program (16.738)

8 - Total for Crime Victim Assistance (16.575)

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual program may be found at the end of each federal grantor section.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2017

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
Department of Labor								
Passed Through the Commonwealth of Virginia:								
<u>Virginia Community College System</u>								
WIOA Adult Program	17.258	WIOA Cluster	LWA 11-15 AA-28347-16-55-A-51		1,475,867			
WIOA Youth Activities	17.259	WIOA Cluster	LWA 11-15 LWA 11-16		1,460,532			
WIOA Dislocated Worker Formula Grants	17.278	WIOA Cluster	LWA 11-15 LWA 11-14-04TN LWA 11-14-INC02 AA-28347-16-55-A-51		1,715,586			
Passed Through The SkillSource Group, Inc.:								
WIA Dislocated Workers	17.260		N/A		2,348			
Reentry Employment Opportunities	17.270		FOA-ETA-15-03 PE-27293-15-60-A-51		116,425			
<i>Total for WIOA Cluster (17.258, 17.259, 17.278)</i>						4,651,985		
Department of Transportation								
Direct Awards:								
Transportation Infrastructure Finance and Innovation Act (TIFIA)								
Program - Loans:								
Loans beginning balance	20.223			101,108,189				
New Loans	20.223			<u>100,387,664</u>	201,495,853			
Federal Transit_Capital Investment Grants	20.500	Federal Transit Cluster			2,467,335			
Passed Through the Commonwealth of Virginia:								
<u>Department of Motor Vehicles</u>								
State and Community Highway Safety	20.600	Highway Safety Cluster	PS-2017-57238-6887 SC-2016-56339-6539 SC-2017-57228-6877		31,514			
Alcohol Open Container Requirements	20.607		154AL-2016-56012-6212 154AL-2016-56424-6629 154AL-2017-57106-6755		1,130,475			
National Priority Safety Programs	20.616	Highway Safety Cluster	M6OT-2017-57235-6884		15,485			
<u>Department of Rail and Public Transportation</u>								
Highway Planning and Construction	20.205 ⁹	Highway Planning and Construction Cluster	47016-04 UPC T207		416,000			

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual program may be found at the end of each federal grantor section.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2017

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
<u>Department of Transportation</u>								
Highway Planning and Construction	20.205 ⁹	Highway Planning and Construction Cluster	UPC 50110		4,488,354			
			UPC 50111					
			UPC 52041					
			UPC 58601					
			UPC 70632					
			UPC 78238					
			UPC 93146					
			UPC 94287					
			UPC 97837					
			UPC 98753					
			UPC 99054					
			UPC 102848					
			UPC 103262					
			UPC 103265					
			UPC 103276					
			UPC 103280					
			UPC 103281					
			UPC 103282					
			UPC 103283					
			UPC 103284					
			UPC 103285					
			UPC 103286					
			UPC 103294					
			UPC 103305					
			UPC 103594					
			UPC 103907					
			UPC 104293					
			UPC 104294					
			UPC 105266					
			UPC 105286					
			UPC 105288					
			UPC 105990					
			UPC 106143					
			UPC 106473					
			UPC 106498					
			UPC 106927					
			UPC 106928					

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual program may be found at the end of each federal grantor section.

COUNTY OF FAIRFAX, VIRGINIA
 Schedule of Expenditures of Federal Awards
 Fiscal year ended June 30, 2017

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
Highway Planning and Construction (continued)			UPC 106929					
			UPC 106932					
			UPC 106933					
			UPC 106934					
			UPC 106935					
			UPC 106936					
			UPC 106937					
			UPC 107436					
			UPC 107437					
			UPC 107438					
			UPC 107439					
			UPC 107881					
			UPC 108493					
			UPC 108494					
			UPC 108495					
			UPC 108496					
			UPC 108497					
			UPC 108498					
			UPC 108499					
			UPC 108500					
			UPC 108501					
			UPC 108502					
			UPC 110477					
Job Access And Reverse Commute Program	20.516	Transit Services Programs Cluster	UPC 67772		(798,846)			
			UPC 98753					
			UPC 99054					
Passed Through Metropolitan Washington Council of Governments:								
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	Transit Services Programs Cluster	16-048		155,231			
New Freedom Program	20.521	Transit Services Programs Cluster	16-036		20,303			
<i>Total for Highway Planning and Construction Cluster (20.205)</i>						4,904,354		
<i>Total for Federal Transit Cluster (20.500)</i>						2,467,335		
<i>Total for Transit Services Programs Cluster (20.513, 20.516, 20.521)</i>						(623,312)		
<i>Total for Highway Safety Cluster (20.600, 20.616)</i>						46,999		
<i>9 - Total for Highway Planning and Construction (20.205)</i>							4,904,354	

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual program may be found at the end of each federal grantor section.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2017

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
Department of the Treasury								
Direct Awards:								
Treasury Fund Program Activity	21.000				13,991			
National Aeronautics and Space Administration								
Passed Through FIRST:								
Science	43.001		NNG06GA51A-116		36,782			
Department of Education								
Direct Awards:								
Impact Aid	84.041				3,867,302			
Passed Through the Commonwealth of Virginia:								
<u>Department of Behavioral Health and Developmental Services</u>								
Special Education-Grants for Infants and Families	84.181		720C-04515-17LEB-14		1,651,704			
<u>Department of Education</u>								
Adult Education - Basic Grants to States	84.002		V002A140047 V002A150047 V002A160047 V002A170047		1,756,717			883,340
Title I Grants to Local Educational Agencies	84.010		S010A150046 S010A160046 S010A170046		20,904,180			
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013		S013A150046 S013A160046		130,432			
Special Education_Grants to States	84.027	Special Education Cluster (IDEA)	H027A140107 H027A150107 H027A160107		35,240,051			
Career and Technical Education -- Basic Grants to States	84.048		V048A160046 V048A170046		1,528,112			
Special Education_Preschool Grants	84.173	Special Education Cluster (IDEA)	H173A150112 H173A160112		752,040			
Education for Homeless Children and Youth	84.196		S196A160048		80,733			
Twenty-First Century Community Learning Centers	84.287		S287C140047 S287C150047 S287C160047 S287C170047		362,577			

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual program may be found at the end of each federal grantor section.

COUNTY OF FAIRFAX, VIRGINIA
 Schedule of Expenditures of Federal Awards
 Fiscal year ended June 30, 2017

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
English Language Acquisition State Grants	84.365		S365A140046 S365A150046 S365A160046 S365B150046 S365B160046		4,741,024			
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367		S367A140044 S367A150044 S367A160044 S367A170044		3,296,938			
Preschool Development Grants	84.419		S419B150010		1,557,545			
Passed Through New York University: Investing in Innovation (i3) Fund	84.411		4400005323		7,007			
<i>Total for Special Education Cluster (IDEA) (84.027, 84.173)</i>								35,992,091
Department of Health and Human Services								
Direct Awards:								
Food and Drug Administration_Research	93.103 ¹⁰				45,030			
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243 ¹¹				382,958			
Head Start	93.600				8,986,764			1,548,256
Passed Through the Commonwealth of Virginia:								
<u>Department for Aging and Rehabilitative Services</u>								
Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041		559		3,011			
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042		559		4,845			
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043		559		1,903			
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	Aging Cluster	559		652,715			
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	Aging Cluster	559		835,245			
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	93.048		559		2,600			
National Family Caregiver Support, Title III, Part E	93.052		559		257,360			
Nutrition Services Incentive Program	93.053	Aging Cluster	559		238,376			
Medicare Enrollment Assistance Program	93.071		559		54,327			
State Health Insurance Assistance Program	93.324		559		62,114			

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COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2017

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
Affordable Care Act State Health Insurance Assistance Program (SHIP) and Aging and Disability Resource Center (ADRC) Options Counseling for Medicare-Medicaid Individuals in States with Approved Financial Alignment Models	93.626		559		21,053			
Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs -financed by Prevention and Public Health Funds (PPHF)	93.734		559		1,970			
Medical Assistance Program	93.778 ¹²	Medicaid Cluster	559		7,550			
<u>Department of Behavioral Health and Developmental Services</u>								
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104		720C-04544-17		81,973			77,173
Projects for Assistance in Transition from Homelessness (PATH)	93.150		FY2016 DBHDS SPC 827 FY2017 DBHDS SPC 827		153,970			
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243 ¹¹		720C-04468-16M01		37,500			37,500
Block Grants for Community Mental Health Services	93.958		FY2016 DBHDS SPC 871 FY2017 DBHDS SPC 871		1,226,437			
Block Grants for Prevention and Treatment of Substance Abuse	93.959		FY2016 DBHDS SPC 872 FY2017 DBHDS SPC 872		3,120,872			
<u>Department of Education</u>								
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243 ¹¹		1H79SM061897		371,221			
<u>Department of Health</u>								
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074		CST 409 Program 7750400 Project 96390, 96391, 96397		243,500			
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		409TB611GY16		176,400			
Immunization Cooperative Agreements	93.268		409IAP607GY16		38,261			
National State Based Tobacco Control Programs	93.305		409CI532395		92,153			
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	Maternal, Infant, and Early Childhood Home Visiting Cluster	705AT232100		494,185			
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539		409IAP607GY16 409IAP607GY17		32,581			

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COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2017

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
<u>Department of Social Services</u>								
Promoting Safe and Stable Families	93.556		85529-91129		32,608			
			86601-90359					
			86602-90360					
			86605-90361					
Temporary Assistance for Needy Families	93.558	TANF Cluster	80801-90603		4,803,418			257,975
			85101-90665					
			85509-91109					
			85510-91110					
			85511-91111					
			85512-91112					
			85527-91127					
			86701-90621					
			87201-90365					
			87202-90366					
			87204-90367					
			87207-90377					
			87210-90364					
			87212-90391					
			CVS-12-049-12					
			CVS-15-073-13					
			CVS-16-056-13					
			CVS-17-001-09					
			FAM-15-084-04					
Refugee and Entrant Assistance_State Administered Programs	93.566		81901-90623		193,420			
			85513-91113					
Low-Income Home Energy Assistance	93.568		85514-91114		323,403			
Community Services Block Grant	93.569		CVS-17-031-09		581,798			581,798
Child Care and Development Block Grant	93.575 ¹³	CCDF Cluster	OECD-13-054-03		297,793			
			OECD-16-043-03					
			88801-90564					
			88901-90566					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CCDF Cluster	85516-91116		618,817			
			85517-91117					
			85518-91118					
			88901-90566					
			89001-90378					
Chafee Education and Training Vouchers Program (ETV)	93.599		86101-90353		57,291			

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COUNTY OF FAIRFAX, VIRGINIA
 Schedule of Expenditures of Federal Awards
 Fiscal year ended June 30, 2017

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
Stephanie Tubbs Jones Child Welfare Services Program	93.645		85531-91131		6,561			
Foster Care_Title IV-E	93.658		81107-90636		4,798,955			
			81108-90637					
			81110-90639					
			81112-90657					
			81113-90658					
			81401-90638					
			81402-90640					
			81403-90635					
			81404-90656					
			81405-90655					
			84319-90209					
			85505-91105					
			85506-91106					
			85507-91107					
			85533-91133					
			85538-91138					
			85547-91147					
			85548-91148					
			85805-91405					
			85806-91406					
			85807-91407					
			85833-91433					
			85838-91438					
			85847-91447					
			85848-91448					
			87301-90047					
			87302-90368					
			87303-90369					
			87502-90082					
Adoption Assistance	93.659		81201-90606		3,216,008			
			81202-90627					
			81203-90607					
			84324-90214					
			85508-91108					
			85808-91408					

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COUNTY OF FAIRFAX, VIRGINIA
 Schedule of Expenditures of Federal Awards
 Fiscal year ended June 30, 2017

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
Social Services Block Grant	93.667 ¹⁴		CVS-12-049-12		3,117,940			
			CVS-15-073-13					
			81701-90648					
			82904-90357					
			82905-90358					
			83304-90340					
			85520-91120					
			85522-91122					
			85523-91123					
			85524-91124					
			85525-91125					
			85526-91126					
			85542-91142					
			86401-90351					
			89501-90379					
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671		CVS-12-049-12		52,557			
			CVS-15-073-13					
			CVS-16-056-13					
Chafee Foster Care Independence Program	93.674		85534-91134		45,331			
			86201-90356					
Children's Health Insurance Program	93.767		85002-90161		410,198			
			85104-90668					
			85106-90173					
			85502-91102					
			85802-91402					
Medical Assistance Program	93.778 ¹²	Medicaid Cluster	84323-90213		12,675,898			
			85001-90160					
			85103-90667					
			85107-90174					
			85501-91101					
			85546-91146					
			85550-91150					
			85801-91401					
			85846-91446					
			85850-91450					
<u>Office of Children's Services</u>								
Social Services Block Grant	93.667 ¹⁴		1300		720,538			

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COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2017

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
Passed Through Association of Food and Drug Officials:								
Food and Drug Administration_Research	93.103 ¹⁰		G-SP-1509-02822 G-T-1509-02839		3,354			
Passed Through Association of Public Health Laboratories:								
CSELS Partnership: Strengthening Public Health Laboratories	93.322		56400-200-943-16-16		28,934			
Passed Through Child Development Resources:								
Child Care and Development Block Grant	93.575 ¹³	CCDF Cluster	ITSN-NOR-12		307,750			
Passed Through National Association of County and City Health Officials:								
Medical Reserve Corps Small Grant Program	93.008		MRC 14-0169 MRC 15-0169 MRC 16-0169C		19,953			
Food and Drug Administration_Research	93.103 ¹⁰		2016-010505 2016-122001		13,817			
NON-ACA/PPHF Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations	93.424		0001281530		2,500			
Passed Through The SkillSource Group, Inc.:								
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086		90FM0077-01-00		31,230			
<i>Total for Aging Cluster (93.044, 93.045, 93.053)</i>						1,726,336		
<i>Total for Maternal, Infant, and Early Childhood Home Visiting Cluster (93.505)</i>						494,185		
<i>Total for TANF Cluster (93.558)</i>						4,803,418		
<i>Total for CCDF Cluster (93.575, 93.596)</i>						1,224,360		
<i>Total for Medicaid Cluster (93.778)</i>						12,683,448		
<i>10 - Total for Food and Drug Administration_Research (93.103)</i>								62,201
<i>11 - Total for Substance Abuse and Mental Health Services_Projects of Regional and National Significance (93.243)</i>								791,679
<i>12 - Total for Medical Assistance Program (93.778)</i>								12,683,448
<i>13 - Total for Child Care and Development Block Grant (93.575)</i>								605,543
<i>14 - Total for Social Services Block Grant (93.667)</i>								3,838,478
Department of Homeland Security								
Direct Awards:								
National Urban Search and Rescue (US&R) Response System	97.025				2,146,511			
Assistance to Firefighters Grant	97.044				611,895			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083				1,718,277			

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual program may be found at the end of each federal grantor section.

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2017

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
Passed Through the Commonwealth of Virginia:								
<u>Department of Emergency Management</u>								
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		546002286		2,432,694			
			EJW-004-059-0021B-00					
			PA-03-VA-4045					
			PA-03-VA-4262					
Emergency Management Performance Grants	97.042		6729		108,015			
			6972					
Homeland Security Grant Program	97.067 ¹⁵		FY 2014 - SHSP		(1,164)			
State Homeland Security Program (SHSP)	97.073		N/A		11,168			
Passed Through the District of Columbia:								
<u>Homeland Security & Emergency Management</u>								
Homeland Security Grant Program	97.067 ¹⁵		9UASI529-01		13,984,743			
			10UASI529-01					
			10UASI529-02					
			10UASI583-01					
			10UASI583-02					
			11UASI529-01					
			11UASI529-03					
			11UASI529-05					
			11UASI531-05					
			11UASI583-01					
			13UASI529-01					
			13UASI531-03					
			13UASI531-06					
			14UASI531-07					
			14UASI529-01					
			14UASI529-02					
			14UASI529-03					
			14UASI530-01					
			14UASI531-03					
			14UASI531-05					
			14UASI531-08					
			14UASI583-01					
			14UASI583-02					
			15UASI529-01					
			15UASI529-02					
			15UASI529-03					

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COUNTY OF FAIRFAX, VIRGINIA
 Schedule of Expenditures of Federal Awards
 Fiscal year ended June 30, 2017

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
Homeland Security Grant Program (continued)			15UASI529-04					
			15UASI529-05					
			15UASI529-06					
			15UASI529-07					
			15UASI529-08					
			15UASI529-09					
			15UASI529-10					
			15UASI530-01					
			15UASI531-01					
			15UASI531-02					
			15UASI531-03					
			15UASI531-04					
			15UASI531-05					
			15UASI531-06					
			15UASI531-07					
			15UASI533-01					
			15UASI533-02					
			15UASI546-01					
			15UASI583-01					
			15UASI583-02					
			15UASI583-03					
			15UASI583-04					
			16UASI529-01					
			16UASI529-02					
			16UASI529-03					
			16UASI529-05					
			16UASI530-01					
			16UASI531-01					
			16UASI531-02					
			16UASI531-03					
			16UASI531-04					
			16UASI531-05					
			16UASI531-06					
			16UASI533-01					
			16UASI533-02					
			16UASI546-01					

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COUNTY OF FAIRFAX, VIRGINIA
 Schedule of Expenditures of Federal Awards
 Fiscal year ended June 30, 2017

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
Homeland Security Grant Program (continued)			16UASI583-01					
			16UASI583-02					
			16UASI583-03					
			N/A					
<i>15 - Total for Homeland Security Grant Program (97.067)</i>								13,983,579
United States Agency for International Development								
Direct Awards:								
USAID Foreign Assistance for Programs Overseas	98.001				<u>2,244,885</u>			
					<u>528,160,187</u>			<u>5,350,601</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual program may be found at the end of each federal grantor section.

COUNTY OF FAIRFAX, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards

Fiscal year ended June 30, 2017

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards ("Schedule") includes all federal grant activity of the County of Fairfax, Virginia ("County") and its component units. The County's reporting entity is defined in Note A, Part 1 of the County's basic financial statements.

The information in this Schedule is presented in accordance with the 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"). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(2) Summary of Significant Accounting Policies

Except for the beginning loan balances, expenditures reported on the accompanying Schedule are reported on the modified accrual basis of accounting as defined in Note A, Part 3 of the County's basic financial statements. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited for reimbursement.

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

(3) Non-Cash and Other Programs

Women, Infants, and Children ("WIC") program vouchers are issued by the Commonwealth of Virginia to eligible County citizens during the fiscal year. The value of these vouchers is not included on the accompanying Schedule because the Virginia Department of Health determines eligibility for and monitors the WIC program. However, the County's administrative expenditures for the program are included on the accompanying Schedule in the Special Supplemental Nutrition Program for Women, Infants, and Children under CFDA #10.557.

The Commonwealth of Virginia Department of Agriculture and Consumer Services, Food Distribution Program, administers the United States Department of Agriculture ("USDA") donated food program within the Commonwealth of Virginia. USDA provides values for all donated food. For CFDA #10.555, National School Lunch Program, the County received donated food for the fiscal year ended June 30, 2017. The value of the donated food is included on the accompanying Schedule.

The Homeland Security Grant Program under CFDA #97.067 is granted by the U.S. Department of Homeland Security to enhance the ability of state and local governments to prepare, prevent, respond to, and recover from terrorist attacks and other disasters. Several Washington, DC metropolitan jurisdictions receive funding under this program. In addition to purchasing equipment, maintenance services, or supplies for their own jurisdiction, they may purchase certain goods and services for surrounding jurisdictions and then transfer, or donate, the items to other jurisdictions per the federal government or passed-through entity's instructions. For the fiscal year ended June 30, 2017, the County purchased certain goods and services valued at \$1,790,227 for other jurisdictions.

COUNTY OF FAIRFAX, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards

Fiscal year ended June 30, 2017

(4) Loans

The U.S. Department of Housing and Urban Development has insured certain mortgage loan borrowings made by the County through the Fairfax County Redevelopment and Housing Authority (Authority) in connection with certain low income housing projects. The loan program under CFDA #14.248, Community Development Block Grant Section 108 Loan Guarantees, had outstanding principal balance of \$9,899,000 at June 30, 2017. This loan does not have any continuing compliance requirements and is not reported on the accompanying schedule.

The Authority provides loans to qualified low income borrowers through CFDA #14.239, Home Investment Partnerships Program (HOME), to promote home ownership and provide assistance with down payments and closing costs. The outstanding principal balance of the HOME loans was \$9,236,918 at June 30, 2017.

The Authority also provides loans to qualified low income homeowners or homeowners living in areas targeted for improvement, resulting in the elimination of health or safety code violations, through CFDA #14.218, Community Development Block Grants/Entitlement Grants (CDBG). The outstanding principal balance of the CDBG loans was \$18,350,862 at June 30, 2017.

In addition, the Authority held Federal Housing Administration - insured mortgage revenue bonds secured by land, buildings, and equipment of \$3,492,669 at June 30, 2017.

On December 17, 2014, the Economic Development Authority and the County entered into a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan agreement under CFDA #20.223 with the United States Department of Transportation. The TIFIA loan is for the aggregate principal amount of up to \$403.3 million. This loan is to fund the County's obligated project costs for the construction of Phase Two of the Metrorail Silver Line extension. The outstanding principal balance of the TIFIA loan was \$201,495,853 at June 30, 2017. The County's expenditures of \$100,387,664 as of 6/30/2017 for the TIFIA program are reported on the accompanying Schedule.

(5) Transportation Grants

The County's transportation grants are typically multi-year projects with flexible funding sources that result in funding allocation changes throughout the life of the project. Accordingly, due to the inherent nature of these transportation grants, the County prepares the accompanying Schedule using the best information received at the time of reporting. In cases where it is difficult to identify the mix of federal and state money under the federal transportation program, the expenditure is reported on the accompanying Schedule.

(6) Disaster Grants – Public Assistance (Presidentially Declared Disasters)

After a presidentially declared disaster, FEMA provides assistance under the federal program Disaster Grants – Public Assistance (Presidentially Declared Disasters) (CFDA #97.036) to reimburse eligible costs associated with debris removal, emergency protective measures and the repair, restoration, reconstruction or replacement of public facilities or infrastructure damaged or destroyed as a result of the federally declared disaster or emergency. The federal government makes reimbursements in the form of cost-shared grants that require state matching funds. For the fiscal year ended June 30, 2017, FEMA approved \$2,432,694 in eligible expenditures that were incurred in prior fiscal years for the County.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2017

(1) Summary of Auditor’s Results

Basic Financial Statements

- A. Type of report issued on the financial statements: **Unmodified**
- B. Internal control over financial reporting:
 - Significant deficiencies identified that are not considered a material weakness? **Yes**
 - Material weakness identified? **No**
- C. Noncompliance material to financial statements noted? **None Reported**
- D. Noncompliance related to state specifications? **Yes**

Federal Awards

- E. Significant deficiencies in internal control over major programs noted? **None Reported**
- F. Material weaknesses in internal control over major programs noted? **Yes**
- G. Type of report issued on compliance for major programs:

Major Program	CFDA Number	Type of Report Issued
Child and Adult Food Care Program	10.558	Unmodified
Moving to Work Demonstration Program	14.881	Unmodified
Highway Planning and Construction Cluster	20.205	Unmodified
Transportation Infrastructure Finance and Innovation Act (TIFIA) Program	20.223	Unmodified
Title I Grants to Local Educational Agencies	84.010	Unmodified
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	Unmodified
Foster Care Title IV-E	93.658	Unmodified
Medicaid Cluster	93.778	Qualified
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Unmodified

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2017

- H.** Any findings which are required to be reported under Section 200.516(a) of Uniform Guidance?
Yes
- I.** Major programs are as follows:
1. Child and Adult Food Care Program (CFDA #10.558)
 2. Moving to Work Demonstration Program (CFDA #14.881)
 3. Highway Planning and Construction Cluster (CFDA #20.205)
 4. Transportation Infrastructure Finance and Innovation Act (TIFIA) Program (CFDA #20.223)
 5. Title I Grants to Local Educational Agencies (CFDA #84.010)
 6. Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) (CFDA #84.367)
 7. Foster Care Title IV-E (CFDA #93.658)
 8. Medicaid Cluster (CFDA #93.778)
 9. Block Grants for Prevention and Treatment of Substance Abuse (CFDA #93.959)
- J.** Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**
- K.** Auditee qualified as low-risk auditee? **No**

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2017

(2) Findings Related to the Financial Statements Reported in Accordance with *Government Auditing Standards*

Finding: 2017-001

Criteria: In order to prepare financial statements in accordance with generally accepted accounting principles (GAAP), for reimbursement grants, revenue should be recognized when the related expense is incurred.

Condition: Internal control processes were not properly designed to ensure accuracy of revenues and receivables for reimbursements available through a fund created by The Virginia Department of Environmental Quality, associated with Nutrient Removal Technology project at the DC Water and Sewer Authority (DC WASA) Blue Plains plant. As a result, during testing, we noted that there was one project completed in prior years for which the Integrated Sewer System (the "System") is currently receiving state grant revenues. We noted that there was \$9.4 million of grant revenue being recorded in the current fiscal year that were related to expenses that were incurred in prior years. We also noted that the System received approximately \$4.3 million of grant revenue subsequent to year end and estimate approximately \$4.5 million in revenues to still be collected for this project that were related to expenses that were incurred in prior years.

Cause: Internal controls were not properly designed to ensure the accuracy of the grant revenues and receivables for financial reporting purposes in the proper time period.

Effect: The aggregate accumulated error resulted in an understatement of beginning net position and grants receivable of \$18.2 million, offset in the current year by an overstatement of grant revenue, thus resulting in an understatement of grants receivable and net position of \$8.8 million at June 30, 2017.

Recommendation: We recommend that the internal controls for managing grant revenues and receivables be strengthened to ensure that reports are filed in a timely manner and properly reported in the financial statements in the correct time period.

Management's Response: Management concurs with the finding and commits to creating a receivable journal entry in fiscal year 2018 equivalent to the remaining amount of the grant reimbursement. That receivable will be approximately \$4.5 million in fiscal year 2018. Additionally, we will establish a process to facilitate timely recording and revenue recognition for reimbursement grant opportunities associated with projects managed by our regional partners.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2017

Finding: 2017-002

Criteria: When a property is purchased it should be recorded as an asset if the intended use is to either use the property internally or conduct resale of the property in the future.

Condition: For the year ended June 30, 2017, the Fairfax County Redevelopment and Housing Authority (the "Authority") purchased two properties, which were improperly expensed rather than recorded as an asset, which resulted in an understatement of assets and an overstatement of expenses of \$559,520.

Cause: During the year the Authority purchased two separate properties and did not know whether the properties would meet the requirements of the FCRP program and be capitalized or if they did not meet the requirements would be recorded instead as property held for resale. The properties were expensed until the Authority determined whether or not the requirements for the FCRP program were met; the determination was not made before year end, so the assets were not recorded as an asset at year end.

Effect: At June 30, 2017, assets were understated and expenses were overstated by \$559,520 which resulted in net position being understated by \$559,520.

Recommendation: We recommend that the Authority put in a place a policy surrounding the purchase of property to ensure that the properties that are purchased are recorded as an asset, and then when the determination is made as to the use of the property the asset either be transferred to property held for resale or capitalized.

Management's Response: Housing and Community Development will initiate a policy on capital assets that complies with Fairfax County's Capital Asset Policy and strengthens the technical review of asset acquisitions, capitalization of assets, and will adhere to the County TECO process for substantially completed projects.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2017

Finding: 2017-003

Criteria: The Fairfax County Redevelopment and Housing Authority (the "Authority") should have appropriate oversight over the third party managed properties and the Fairfax County Rental Program ("FCRP") that includes those properties to ensure that all entries are appropriately recorded on the properties before they are consolidated into FCRP.

Condition: For the year ended June 30, 2017, the Authority had the following three adjustments where entries were not properly recorded on the third party managed properties:

- Depreciation expense was not recorded for the year by the third party management company for Mount Vernon Gardens, a privately managed property, which is included in the Rental Program Fund. This resulted in an overstatement of assets and an understatement of expenses of \$72,542.
- A note payable was improperly recorded on a privately managed property's trial balance for a note payable that did not exist based on the financial statements received by the third party management company. This resulted in an overstatement of liabilities and expenses of \$90,500.
- Bank reconciliations were not properly performed for Wedgewood, a privately managed property within the Rental Program fund. Revenue was deposited into the bank and was erroneously excluded from the Wedgewood financial statements. This resulted in an understatement of cash and deferred revenues of \$55,749.

Cause: There are multiple properties included in the Fairfax County Rental Program that are managed by third parties. Those third parties submit their financial information at year end to the Authority for inclusion in FCRP, and the third party financial statements do not conform with the correct accounting or format needed for producing the FCRP financial statements. There is no prescribed template from the Authority for the way that the information should be submitted to ensure that the data received is entered appropriately, which resulted in the information being entered incorrectly. The third party financial statements are also not audited, and thus need greater technical oversight for the information being provided.

Effect: At June 30, 2017, assets were overstated by \$72,542, liabilities were overstated by \$139,422, and expenses were overstated by \$66,880, which resulted in net position being understated by \$66,880.

Recommendation: We recommend that the Authority allocate greater resources for the technical review of FCRP and the information from third party managed properties. We further recommend that the Authority put a procedure in place for third party managed properties for how they want the financial information to be received and that it be reviewed regularly to ensure that all appropriate entries have been made and that balances agree to supporting documentation.

Management's Response: Housing and Community Development will strengthen the financial review process for third party managed properties. Appropriate resources will be deployed to assure the proper technical oversight and review of the accounting activities performed by these third party managed properties to include ongoing financial review of their trial balances and statements. In addition, procedures will be developed and a template will be created to assure financial information received from third party managed properties is presented correctly for financial reporting purposes and overall compliance of accounting policies and GAAP are performed.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2017

(3) Findings and Questioned Costs for Federal Awards

Finding: 2017-004

Program name: Medicaid Cluster **CFDA#:** 93.778

Federal Awarding Agency: Department of Health and Human Services (HHS)

State Awarding Agency: Virginia Department of Social Services (VDSS)

Department: Fairfax County Department of Family Services

Compliance Requirement: Eligibility

Prior Year Audit Finding Number: 2016-003

Type of Finding: Material Weakness/Material Non-Compliance

Criteria:

Per *Title 2 Subpart §200.303*, "The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (c) Evaluate and monitor the non-Federal entity's compliance with statutes, regulations and the terms and conditions of Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings."

Per *Subchapter M1520.001* of the *Virginia Medical Assistance Eligibility Manual*, "An annual review of all of the enrollee's eligibility requirements is called a renewal. A renewal of the enrollee's eligibility must be completed at least once every 12 months. The renewal should be initiated in the 11th month to ensure timely completion of the renewal".

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2017

Condition:

During our testing of 60 beneficiaries that were enrolled in the Medical Assistance program, we noted for 9 beneficiaries the renewal of eligibility for the beneficiary to continue to receive medical assistance was not performed within 12 months; thus the 9 beneficiaries continued to receive medical assistance during the period for which eligibility was not determined. Specifically, we noted the following:

Number of Days Late	Number of Instances	Instances By Quarter	Number of Instances
<30 days	3	Quarter ended 9/30/16	5
31-60 days	1	Quarter ended 12/31/16	0
61-90 days	1	Quarter ended 3/31/17	2
>90 days	4	Quarter ended 6/30/17	2
Total	9	Total	9

Cause:

The Fairfax County Department of Family Services (DFS) management informed us that the untimely completion of the eligibility renewals was due to a lack of resources available to handle the continuous increase in workload as a result of the Affordable Care Act. We did corroborate with the Virginia Department of Social Services that there has been an influx of applications/renewals statewide as a result of healthcare reform and that the untimely renewals is not an isolated event to Fairfax County.

Additionally, management informed us that staff has increased considerably since FY 2014 with 74 new full time positions to address the caseload issues. These new positions have decreased the number of applications that were not renewed in the 12 month period; however, due to the continued increase in caseload which began in FY 2008 and ongoing issues with retention, staff are still not able to meet the renewal mandates.

The audit finding does not appear to be an isolated instance but rather a systemic condition as a result of the increase in workload and the County's lack of resources.

Effect:

The Medical Assistance program as operated by the Fairfax County Department of Family Services (DFS) was not in compliance with the eligibility compliance requirement as of June 30, 2017. Additionally, failure to timely perform renewals could result in medical assistance rendered to ineligible individuals.

Recommendation:

We recommend the DFS continue to assess their current staffing levels and implement a plan to address their staff shortage.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2017

Questioned costs: Undeterminable

Views of responsible officials and planned corrective actions:

The Fairfax County Department of Family Services (DFS) recognizes the importance of completing Medicaid renewals in a timely manner. The Virginia Department of Social Services (VDSS) Medicaid Manual indicates that all renewals must be completed within a 12-month period. However, the VDSS Performance Indicator for Medicaid Renewals is 97% for each locality in Virginia. Fairfax County DFS continues to proactively make every effort to meet the state's Performance Indicator standard as well as the 100% completion rate set by the federal government. During FY 2017, Medicaid renewal timeliness had been maintained at over 99% for each month. At the end of the fiscal year in June 2017, Medicaid renewal timeliness was 99.85% reflecting 50,458 active Medicaid cases with only 74 overdue for renewal which is approximately 0.15%.

We concur that 9 of the 60 Medicaid cases reviewed in the test work were not reviewed within a 12-month period. To address this, we will continue to utilize practices instituted over the past fiscal year. These practices, indicated below, have resulted in improved performance in Medicaid renewal timeliness.

- Weekly reports for managers and supervisors to monitor the Medicaid renewals coming due; this is in addition to a monthly report;
- Mandatory weekly supervisory conferences with caseworkers to monitor progress on Medicaid renewals;
- Completing ex-parte Medicaid renewals on cases that have a SNAP and/or TANF application submitted;
- Caseload management training for caseworkers to ensure compliance with required timelines; and,
- Compliance Manager addresses timeliness and quality issues at monthly staff meetings.

In addition to these practices, a full-time position has been dedicated to the recruitment and retention of staff. As a result, the process for hiring case workers was revamped in March 2017 with a focus on decreasing the amount of time it takes to fill vacant positions. For example, weekend interviews were started in an effort to give scheduling flexibility to both applicants and staff. We have already seen the positive effects of these changes. In November 2016, there were 35 vacancies (this equates to a vacancy rate of 10.5%) and by June 2017 it was reduced to 11 (vacancy rate of 3.3%). Our goal is to maintain the number of vacancies to less than 10 (vacancy rate under 3%).

The County continues to invest in Public Assistance and added 11 new positions as part of the FY 2017 Carryover Review. Seven of these positions will specifically address increasing caseloads while the remaining 4 will be used to create a new Quality and Process Improvement Unit. The focus of this unit will be to examine and identify opportunities to refine business processes in order to gain additional efficiencies. We anticipate that this unit will result in further performance improvements by focusing on how work is completed and utilizing a well-structured set of tools and methodologies to improve the processes. Our goal is to leverage the resources provided to the Division by the County in order to operate more efficiently and effectively. This will support Fairfax County DFS in meeting Medicaid timeliness objectives.

During FY 2017, VDSS completed migration of all public assistance programs (Medicaid, SNAP, TANF, and Energy Assistance) from their legacy system to the Virginia Case Management System (VaCMS). Unintended consequences from this migration impacted staff effectiveness to process case work. As is inherent in any large scale system migration, there were and continues to be, bugs and system workarounds. This has led to additional challenges for both supervisors and case workers. Automatic conversion of cases from the legacy system to VaCMS resulted in a great deal of manual 'clean-up' efforts to identify and merge duplicate cases and clients. In addition there were multiple instances of system down-times which impacted timely completion

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2017

of work. As the system matures, issues are resolved, and it becomes more stable it is expected to positively impact the ability of staff to process cases in a more efficient and timely manner.

Lastly, the public assistance caseload continues to remain at high levels. The caseload peaked at 96,833 ongoing cases in June 2017. Fairfax County DFS continues to work with the Department of Management and Budget to address high caseloads. New staff positions have been assigned to address the workload and narrow the staff deficit gap. However, additional positions may need to be added each year to support caseload and population growth in order to meet mandated timeliness requirements.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2017

(4) Findings and Questioned Costs related to Compliance with State Specifications

Finding: 2017-005

Department: Fairfax County Department of Family Services

Compliance Requirement: *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia Section 3-15

Prior Year Audit Finding Number: 2016-007

Criteria:

Per the Specifications for Audits of Counties, Cities and Towns, issued by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia Section 3-15, each Local Security Officer (LSO) should be annually reviewing all employees' access to each application with employees' supervisors to ensure that the access is properly aligned with job responsibilities. When a user leaves the Local Department of Social Services (LDSS), their access privileges must be removed within three working days from all systems they were authorized to use.

Further, all employees, contractors, vendors, volunteers and work experience personnel shall receive security awareness training. This training will occur upon initial hiring or prior to his or her access to Virginia Department of Social Services (VDSS) systems. All users will receive annual security training at a date to be determined by the VDSS Central Office security staff.

Condition:

We noted the following during our testing of employee system access:

- For 3 out of 25 samples, we noted the employees had access to the SPIDER system; however, a system access request form was not completed and signed by the supervisor granting initial system access to the employee.

We noted the following during our testing of employee access termination:

- For 3 out of 14 samples, we noted the employees' access was not terminated from the applicable VDSS systems timely (within 3 business days).

We noted the following during our testing of employee training:

- For 8 out of 22 employees who appeared on the Incomplete Initial Training report, the employees did not complete the required initial training within 30 days of their start date and did not have their access suspended upon the incomplete training.
- For 6 out of 48 employees who appeared on the Incomplete Annual Training report as of 8/31/2016, the employees did not complete the required annual training by 8/31/2016.

Cause:

The County Department of Family Services ("DFS") did not have adequate policies and procedures in place to ensure the DFS fully complied with the State requirements as it relates to the VDSS information systems security controls.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2017

Effect:

The County DFS is not in compliance with Section 3-15 of the APA specifications. Additionally, there is an increased risk that current or terminated employees may continue to have unauthorized access to VDSS systems, and/or lack the appropriate security training.

Recommendation:

The County should implement corrective action to include:

1. Adhering to their existing policies and procedures which require an annual review of system access and training for all employees; and
2. Implementing policies and procedures to ensure that access privileges to all VDSS systems are removed within three working days of employment termination.

Views of responsible officials and planned corrective actions:

There was a significant decrease in the number of audit findings in fiscal year 2017 audit of the Virginia Department of Social Services IT Systems compared to the fiscal year 2016 audit as outlined in the table on the following page.

This decrease can be attributed to the implementation of policies and procedures for the annual review of all employee access to state systems and developing a process for removing user access privileges within three (3) days of termination. It is also a result of the conscientiousness and thoroughness demonstrated by the seven (7) employees designated as the local security officers monitoring over 700 user accounts.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2017

FY 2016 Audit Findings	FY 2017 Audit Findings
Employee System Access	
For 4 out of 25 samples, these employees erroneously appeared in the population of employees as having access to VDSS systems and were terminated indicating the employees' user access rights were not terminated within 3 working days of termination;	None
For 4 out of 25 samples, an annual system access review was not performed;	None
For 3 out of 25 samples, a system access review form was in the file; however the system access request form was not dated/approved, therefore, we could not determine if the review was performed within the last year;	None
For 3 out of 25 samples, we noted the employees had access to the SPIDER system; however, a system access request form was not completed by the supervisor granting initial system access to the employee;	No change from FY 2016
For 1 out of 25 samples, we noted the employees had access to the ADAPT system; however, a computer access request form was not completed by the supervisor granting initial system access to the employee; and;	None
For 10 out of 25 samples, we noted the employees had access to the Energy system; however, based on discussion with management, an annual review was not performed for employees having access to the Energy system.	None
Employee Access Termination	
For 10 out of 22 samples (46%), employees' access was not terminated from VDSS systems timely (within 3 business days).	For 3 out of 14 samples (21%), employees' access was not terminated from VDSS systems within 3 business days – 23% decrease.
One (1) employee transferred to neighborhood and community services department on 11/14/2015, however, no support was provided evidencing that the employee still required access to the VDSS computers and systems.	None
Employee Training	
For 15 out of 108 employees who appeared on the Incomplete Initial and Annual Training report, the employees did not complete the required annual security training by 7/31/2015 and user access was not suspended.	For 8 out of 22 employees who appeared on the Incomplete Initial Training report, the employees did not complete the required initial training within 30 days of their start date and access was not suspended. For 6 out of 48 employees who appeared on the Incomplete Annual Training report as of 8/31/2016, the employees did not complete the required annual training by 8/31/2016.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2017

In response to the recommendations in the audit report, the County will implement the following corrective actions:

Recommendation 1: Adhere to their existing policies and procedures which require an annual review of system access and training for all employees;

Corrective Actions:

- Dedicate agency resources to review current documentation of system access and update as needed.
- Update the annual review form to make it easier to understand and complete by supervisors and managers.
- Educate agency supervisors and managers on the importance of the annual review.
- Change the timing of the annual review from June/July to April/May to avoid conflicting with year-end activities and vacation schedules.

Recommendation 2: Implement policies and procedures to ensure that access privileges to all VDSS systems are removed within three working days of employment termination.

Corrective Actions:

- In collaboration with HR staff, confirm the procedures for notifying DFS security officers of employee terminations so access to VDSS systems can be terminated within three days.
- Document, in writing, policies and procedures to ensure that access privileges to all VDSS systems are removed within three working days of employment termination.
- Communicate policies and procedures to DFS supervisors, managers and HR staff to insure the roles and responsibilities in the procedures are understood.
- Identify opportunities to streamline the process for notifying DFS security officers of employee terminations.

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Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2017

Finding: 2017-006

Department: Board of Supervisors of the Fairfax County Economic Development Authority and the Fairfax County Redevelopment and Housing Authority

Compliance Requirement: *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia Section 2-8.

Prior Year Audit Finding Number: 2016-008

Criteria: Section 2.2-3115(A) of the *Code of Virginia* requires persons holding positions of trust appointed or employed by the governing body, if the governing body has passed an ordinance requiring them to file, must file a State and Local Statement of Economic Interest ("SOEI") with the office of the Virginia Conflict of Interest and Ethics Advisory Council (the "Council") annually by January 15th.

Further, Section 2.2-3115(A) and (B) of the *Code of Virginia* specifies that certain members, listed below, of local entities must file a Financial Disclosure Statement with the Council annually by January 15th:

- Members of the governing body of any authority established in a county or city with the power to issue bonds or expend funds in excess of \$10,000 in any fiscal year, unless required to file the SOEI by the governing body of the appointing jurisdiction.
- Non-salaried citizen members of local boards, commissions and councils if the governing body has designated them to file.

Condition: During our testing of the Statement of Economic Interest (SOEI) and Financial Disclosure Statement (FDS) forms, we noted the following for each component unit of Fairfax County (County):

- Economic Development Authority (EDA) – Of seven (7) SOEI forms selected for testing, one (1) form could not be provided for review.
- Fairfax County Redevelopment and Housing Authority (FCRHA) – Of eleven (11) forms selected for testing, one (1) form was incomplete.

Cause: The County's control in place to ensure all required SOEI forms are fully prepared and filed in accordance with the prescribed requirement did not function completely. Additionally, the completed statements were not filed in accordance with the regulations.

Effect: The County is not in compliance with Section 2.2-3115 of the Code of Virginia. Additionally, non-compliance may result in action by the Commonwealth of Virginia.

Recommendation: Local government officials should complete the required filings in accordance with prescribed requirements.

Views of responsible officials and planned corrective actions: Management concurs with this finding. As a result of the controls adopted last year, there has been significant improvement in forms submission and the completeness of the submitted forms. As identified in the prior year, additional controls were added to improve compliance with the filing requirements, and we continue to strive to obtain 100% compliance with these requirements.

COUNTY OF FAIRFAX, VIRGINIA

Status of Prior Audit Findings

Fiscal year ended June 30, 2017

Status of Prior Year Findings and Questioned Costs Relating to Government Auditing Standards

Finding 2016-001 – Material Weakness in Internal Control over Financial Reporting – Charges for Services

Status: Corrective action was taken. Finding not repeated in current year.

Finding 2016-002 – Material Weakness in Internal control over Financial Reporting – Capital Assets

Status: Corrective action was taken. Finding not repeated in current year.

Status of Prior Year Findings and Questioned Costs Relating to Federal Awards

Finding 2016-003 – Eligibility for Medicaid Cluster (CFDA #93.778)

Status: Finding repeated in the current year. See 2017-004. Initial finding occurred in fiscal year ended June 30, 2013 (refer to Finding 2013-01) and repeated in fiscal years ended June 30, 2014 (refer to Finding 2014-008) and in fiscal year ended June 30, 2015 (refer to Finding 2015-008).

Reason for recurrence: The County continues to struggle with narrowing the staff deficit gap caused by increased caseloads as a result of the Affordable Care Act and the additional resources and training required due to the VaCMS implementation.

Planned corrective action: DFS recognizes the importance of timely renewals and continues to invest in Public Assistance, particularly as caseloads continue to remain at high levels.

Over the past fiscal year, DFS instituted and utilized practices that have resulted in improved performance in Medicaid renewal timeliness. During FY 2017, Medicaid renewal timeliness had been maintained at over 99% for each month. At the end of the fiscal year in June 2017, Medicaid renewal timeliness was 99.85% reflecting 50,458 active Medicaid cases with only 74 overdue for renewal which is approximately 0.15%.

DFS has also dedicated a full-time position to the recruitment and retention of staff, and added 11 new positions, as part of the FY 2017 carryover review. Seven of these positions will address increasing caseloads and the remaining four positions will be used to create new Quality and Process Improvement Unit. DFS anticipates that this unit will result in further performance improvements by focusing on how work is completed and utilizing a well-structured set of tools and methodologies to improve the processes.

By leveraging these additional resources and narrowing the staff deficit gap each fiscal year, DFS will be positioned better to meet mandated Medicaid timeliness requirements.

Finding 2016-004 – Housing Quality Standards for Moving to Work Demonstration Program (CFDA #14.881)

Status: Corrective action was taken. Finding not repeated in current year. Initial finding occurred in fiscal year ended June 30, 2014 (refer to Finding 2014-004) and in fiscal year ended June 30, 2015 (refer to finding 2015-005).

COUNTY OF FAIRFAX, VIRGINIA

Status of Prior Audit Findings

Fiscal year ended June 30, 2017

Status of Prior Year Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants

Finding 2016-005 – Fairfax County Department of Family Services Continuity of Operations Plan

Status: Corrective action was taken. Finding not repeated in current year

Finding 2016-006 – Department of Family Services Special Welfare Funds Interest Allocation

Status: Corrective action was taken. Finding not repeated in current year.

Finding 2016-007 – Department of Family Services System Access

Status: Finding repeated in the current year. See 2017-005.

Reason for recurrence: Policies and procedures were implemented that significantly improved the outcome. Additional steps will be taken in the remaining areas to further advance compliance in this area.

Planned corrective action:

- Dedicate agency resources to review current documentation of system access and update as needed.
- Update the annual review form to make it easier to understand and complete by supervisors and managers.
- Educate agency supervisors and managers on the importance of the annual review.
- Change the timing of the annual review from June/July to April/May to avoid conflicting with of year-end activities.
- In collaboration with HR staff, confirm the procedures for notifying DFS security officers of employee terminations so access to VDSS systems can be terminated within three days.
- Document, in writing, policies and procedures to ensure that access privileges to all VDSS systems are removed within three working days of employment termination.
- Communicate policies and procedure S to DFS supervisors, managers and HR staff to insure the roles and responsibilities in the procedures are understood.
- Identify opportunities to streamline the process for notifying DFS security officers of employee terminations.

COUNTY OF FAIRFAX, VIRGINIA

Status of Prior Audit Findings

Fiscal year ended June 30, 2017

Finding 2016-008 – Statements of Economic Interest and Financial Disclosure Statements

Status: Finding repeated in the current year. See 2017-006.

Reason for recurrence: There has been significant improvement in compliance from the prior year. This requirement falls upon both select employees as well as individuals appointed to Boards, Authorities and Commissions (BACs) by members of the Board of Supervisors. The two instances of non-compliance identified this year occurred with BAC members. Due to the sensitive nature of the information contained in these submissions, the ability to review information submitted is limited.

Planned corrective action: The County will continue the efforts begun in 2016, which include efforts made by the Clerk of the Board to track submissions and send reminders, as well as steps that were added to allow senior County management the ability to ensure staff within their areas of responsibility are in compliance. These efforts resulted in a significant decline in the noted instances of non-compliance and we continue to educate officials regarding this requirement in our effort to reach full compliance.