

COUNTY OF FAIRFAX, VIRGINIA

COMPLIANCE REPORTS

For the fiscal year ended June 30, 2018

(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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Fairfax, Virginia (the "County") as of and for the year ended June 30, 2018, 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 20, 2018.

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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-001 through 2018-004 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 "Cherry Bekant LLP". The signature is written in a cursive, flowing style.

Tysons Corner, Virginia
November 20, 2018

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, 2018. 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.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2018-005 and 2018-006. Our opinion on each major federal program is not modified with respect to these matters.

The County's response to the noncompliance findings 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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 and questioned costs as items 2018-005 and 2018-006 to be significant deficiencies.

The County's response to the internal control over compliance findings 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, the 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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated November 20, 2018, 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.

Cherry Bekant LLP

Tysons Corner, Virginia
November 20, 2018

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2018

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
Department of Agriculture								
Direct Awards:								
National School Lunch Program	10.555 ¹	Child Nutrition Cluster			\$ 4,983,387			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561 ⁴	SNAP Cluster			130,035			
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 ¹	Child Nutrition Cluster	04 754		3,499			
<u>Department of Education</u>								
School Breakfast Program	10.553	Child Nutrition Cluster	17901-40253		7,167,344			
National School Lunch Program	10.555 ¹	Child Nutrition Cluster	17901-40254		25,466,688			
Fresh Fruit and Vegetable Program	10.582		N/A		303,429			
<u>Department of Health</u>								
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		409WIC2017 409WIC2018 409BF2018 707AT-BP-FFX2019		3,404,867			
Child and Adult Care Food Program	10.558 ²		4172 10449 10450 58597 58795 58870 59021 59936 60199		6,177,227			
Summer Food Service Program for Children	10.559 ³	Child Nutrition Cluster	10010 N/A		798,219			
<u>Department of Social Services</u>								
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561 ⁴	SNAP Cluster	84322-90212 84403-90304 84404-90303 85503-91103 85504-91104 85803-91403 85804-91404		10,994,153			

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, 2018

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
Passed Through Capital Area Food Bank:								
<i>Non-Cash Assistance:</i> Child and Adult Care Food Program	10.558 ²		N/A		95,856			
<i>Non-Cash Assistance:</i> Summer Food Service Program for Children	10.559 ³	Child Nutrition Cluster	N/A		17,725			
Passed Through Wholesome Wave Foundation Charitable Ventures, Inc.:								
Food Insecurity Nutrition Incentive Grants Program	10.331		FINI-307		12,654			
Total for Child Nutrition Cluster (10.553, 10.555, 10.559)						\$ 38,436,862		
Total for SNAP Cluster (10.561)							11,124,188	
1 - Total National School Lunch Program (10.555)							\$ 30,453,574	
2 - Total for Child and Adult Care Food Program (10.558)							6,273,083	
3 - Total for Summer Food Service Program for Children (10.559)							815,944	
4 - Total for State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (10.561)							11,124,188	
Department of Commerce								
Direct Awards:								
Chesapeake Bay Studies	11.457				26,584			
Department of Defense								
Direct Awards:								
Junior ROTC (Department of Navy)	12.000				478,290			
Army Youth Programs in Your Neighborhood	12.003				77,210			
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	12.556				915,104			
Invitational Grants for Military-Connected Schools	12.557				211,284			
Community Investment	12.600				492,153			

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COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2018

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
Department of Housing and Urban Development								
Direct Awards:								
Little River Glen - Loans:								
Loans beginning balance	14.000			\$ 3,492,669	3,492,669			
Community Development Block Grants/Entitlement Grants	14.218 ⁵	CDBG - Entitlement Grants Cluster			3,774,609			
Community Development Block Grants/Entitlement Grants - Loans:								
Loans beginning balance	14.218 ⁵	CDBG - Entitlement Grants Cluster		18,350,862				
New Loans	14.218 ⁵	CDBG - Entitlement Grants Cluster		1,351,631	19,702,493			
Emergency Solutions Grant Program	14.231				449,186			
Home Investment Partnerships Program	14.239 ⁶				1,816,890			
Home Investment Partnerships Program - Loans:								
Loans beginning balance	14.239 ⁶			9,236,918				
New Loans	14.239 ⁶			879,629	10,116,547			
Continuum of Care Program	14.267				1,897,684			\$ 1,762,386
Fair Housing Assistance Program_State and Local	14.401				101,684			
Resident Opportunity and Supportive Services - Service Coordinators VA019FSH643A016	14.870 ⁷				41,437			
Resident Opportunity and Supportive Services - Service Coordinators VA019RPS078A015	14.870 ⁷				80,997			
Section 8 Housing Choice Vouchers	14.871	Housing Voucher Cluster			4,544,087			
Moving to Work Demonstration Program	14.881				55,354,974			
Family Self-Sufficiency Program	14.896				71,751			
Total for CDBG - Entitlement Grants Cluster (14.218)						23,477,102		
Total for Housing Voucher Cluster (14.871)						4,544,087		
5 - Total for Community Development Block Grants/Entitlement Grants (14.218)							23,477,102	
6 - Total for Home Investment Partnerships Program (14.239)							11,933,437	
7 - Total for Resident Opportunity and Supportive Services - Service Coordinators (14.870)							122,434	

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COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2018

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
Department of the Interior								
Direct Awards:								
Payments in Lieu of Taxes	15.226				6,441			
Visitor Facility Enhancements - Refuges and Wildlife	15.654				3,077			
National Wildlife Refuge Fund	15.659				80,994			
Passed Through the Commonwealth of Virginia:								
<u>Department of Conservation and Recreation</u>								
Outdoor Recreation_Acquisition, Development and Planning	15.916		51-00425		190,820			
Passed Through Alice Ferguson Foundation, Inc.:								
Natural Resource Stewardship	15.944		P16AC00862		1,668			
Department of Justice								
Direct Awards:								
Drug Court Discretionary Grant Program	16.585				96,392			
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590				262,306			107,456
Equitable Sharing Program	16.922				366,131			
Passed Through the Commonwealth of Virginia:								
<u>Department of Criminal Justice Services</u>								
Sexual Assault Services Formula Program	16.017		17-D3122SP16		1,993			
Juvenile Justice and Delinquency Prevention_Allocation to States	16.540		18-A4151JB13		12,403			
Crime Victim Assistance	16.575		16-Q3445SA14 17-A4118VW15 17-R3445SA15 18-B4118VW16 18-S3445SA16 18-V9279VG16		795,456			
Violence Against Women Formula Grants	16.588		16-T9333VA15 17-T9836VA16 18-A4190VA14 18-U9836VA17		75,548			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		17-A4036AD15 18-B4036AD15		85,648			

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COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2018

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total 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 11-16 LWD 11-17		1,129,074			
WIOA Youth Activities	17.259	WIOA Cluster	LWA 11-16 LWD 11-17 LWA-11-12-INC01		1,434,362			
WIOA Dislocated Worker Formula Grants	17.278	WIOA Cluster	LWA 11-16 LWD 11-17		1,437,921			
Passed Through The SkillSource Group, Inc.:								
Reentry Employment Opportunities	17.270		N/A		79,025			
Total for WIOA Cluster (17.258, 17.259, 17.278)						4,001,357		
Department of Transportation								
Direct Awards:								
Transportation Infrastructure Finance and Innovation Act (TIFIA) Program - Loans:								
Loans beginning balance	20.223 ⁹			201,495,853				
New Loans	20.223 ⁹			137,527,660	339,023,513			
Federal Transit_Capital Investment Grants	20.500	Federal Transit Cluster			589,306			
Passed Through the Commonwealth of Virginia:								
<u>Department of Motor Vehicles</u>								
State and Community Highway Safety	20.600	Highway Safety Cluster	FPS-2018-58330-8330 SC-2017-57228-6877 SC-2018-58329-8329		28,678			
Alcohol Open Container Requirements	20.607		154AL-2017-57106-6755 154AL-2018-58152-8152 154AL-2018-58331-8331		1,106,134			
National Priority Safety Programs	20.616	Highway Safety Cluster	M6OT-2017-57235-6884		3,529			
<u>Department of Rail and Public Transportation</u>								
Highway Planning and Construction	20.205 ⁸	Highway Planning and Construction Cluster	UPC T207, 47017-03 UPC T207, 47018-05		648,968			

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, 2018

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
<u>Department of Transportation</u>								
Highway Planning and Construction	20.205 ⁸	Highway Planning and Construction Cluster	UPC 50110		8,154,723			
			UPC 50111					
			UPC 52041					
			UPC 58601					
			UPC 67772					
			UPC 93146					
			UPC 94287					
			UPC 97837					
			UPC 99054					
			UPC 102848					
			UPC 103262					
			UPC 103265					
			UPC 103276					
			UPC 103280					
			UPC 103281					
			UPC 103282					
			UPC 103283					
			UPC 103284					
			UPC 103285					
			UPC 103305					
			UPC 103907					
			UPC 104293					
			UPC 104294					
			UPC 105266					
			UPC 105286					
			UPC 105288					
			UPC 105990					
			UPC 106143					
			UPC 106473					
			UPC 106921					
			UPC 106927					
			UPC 106928					
			UPC 106929					
			UPC 106933					
			UPC 106934					
			UPC 106935					

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, 2018

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
Highway Planning and Construction (continued)			UPC 106936					
			UPC 106937					
			UPC 107436					
			UPC 107437					
			UPC 107438					
			UPC 107439					
			UPC 108493					
			UPC 108494					
			UPC 108495					
			UPC 108496					
			UPC 108497					
			UPC 108498					
			UPC 108499					
			UPC 108500					
			UPC 108501					
			UPC 108502					
			UPC 108720					
			UPC 109607					
			UPC 109871					
			UPC 110477					
			UPC 111898					
			UPC T15061					
Passed Through Metropolitan Washington Council of Governments:								
<i>Non-Cash Assistance:</i> Enhanced Mobility of Seniors and Individuals with Disabilities	20.513 ¹⁰	Transit Services Programs Cluster	16-036		449,168			
			17-059					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513 ¹⁰	Transit Services Programs Cluster	16-048		138,105			
Total for Federal Transit Cluster (20.500)						589,306		
Total for Transit Services Programs Cluster (20.513, 20.516, 20.521)						587,273		
Total for Highway Safety Cluster (20.600, 20.616)						32,207		
Total for Highway Planning and Construction Cluster (20.205)						8,803,691		
8 - Total for Highway Planning and Construction (20.205)							8,803,691	
9 - Total for Transportation Infrastructure Finance and Innovation Act (TIFIA) Program (20.223)							339,023,513	
10 - Total for Enhanced Mobility of Seniors and Individuals with Disabilities (20.513)							587,273	

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, 2018

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
National Aeronautics and Space Administration								
Passed Through FIRST:								
Science	43.001		NNG06GA51A		26,733			
Environmental Protection Agency								
Direct Awards:								
Environmental Education Grants	66.951				2,500			
Department of Education								
Direct Awards:								
Impact Aid	84.041				2,949,791			
Passed Through the Commonwealth of Virginia:								
<u>Department of Behavioral Health and Developmental Services</u>								
Special Education-Grants for Infants and Families	84.181		720-4515-14		1,608,947			
<u>Department of Education</u>								
Adult Education - Basic Grants to States	84.002		V002A150047 V002A160047 V002A170047		2,031,632			1,033,299
Title I Grants to Local Educational Agencies	84.010		S010A160046 S010A170046		24,172,642			
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013		S013A160046 S013A170046		146,824			
Special Education_ Grants to States	84.027	Special Education Cluster (IDEA)	H027A150107 H027A160107 H027A170107		37,881,257			
Career and Technical Education -- Basic Grants to States	84.048		V048A160046 V048A170046		1,280,170			
Special Education_Preschool Grants	84.173	Special Education Cluster (IDEA)	H173A160112 H173A170112		777,154			
Education for Homeless Children and Youth	84.196		S196A170048		108,234			
Twenty-First Century Community Learning Centers	84.287		S287C150047 S287C160047 S287C170047		345,156			

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, 2018

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
English Language Acquisition State Grants	84.365		S365A150046 S365A160046 S365A170046		3,967,870			
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367		S367A150044 S367A160044 S367A170044		3,052,065			
Preschool Development Grants	84.419		S419B150010		1,478,933			
Student Support and Academic Enrichment Program	84.424		S424A170048		526,636			
Total for Special Education Cluster (IDEA) (84.027, 84.173)						38,658,411		
Department of Health and Human Services								
Direct Awards:								
Food and Drug Administration_Research	93.103 ¹¹				39,970			
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243 ¹²				472,253			87,890
Head Start	93.600				9,345,131			1,638,143
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		MOU-16-118; 559 AGING		7,059			
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042		MOU-16-118; 559 AGING		20,050			
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043		MOU-16-118; 559 AGING VICAP 15-181		1,955			
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	Aging Cluster	MOU-16-118; 559 AGING VICAP 15-181		650,983			
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	Aging Cluster	MOU-16-118; 559 AGING		779,871			

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, 2018

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
Special Programs for the Aging_ Title IV_ and Title II_Discretionary Projects	93.048		MOU-16-118; 559 AGING VICAP 15-181		2,141			
National Family Caregiver Support, Title III, Part E	93.052	Aging Cluster	MOU-16-118; 559 AGING		239,633			
Nutrition Services Incentive Program	93.053		MOU-16-118; 559 AGING		291,972			
Medicare Enrollment Assistance Program	93.071		MOU-16-118; 559 AGING VICAP 15-181		63,353			
State Health Insurance Assistance Program	93.324		MOU-16-118; 559 AGING VICAP 15-181		35,590			
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		MOU-16-118; 559 AGING VICAP 15-181		18,033			
Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs financed by Prevention and Public Health Funds (PPHF)	93.734		MOU 17-217; 559 AGING		31,980			
Medical Assistance Program	93.778 ¹⁵	Medicaid Cluster	MOU-16-118; 559 AGING		8,634			
<u>Department of Behavioral Health and Developmental Services</u>								
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104		720-4544 720C-04544-17		314,269			283,727
Projects for Assistance in Transition from Homelessness (PATH)	93.150		FY2017 DBHDS SPC 827 FY2018 DBHDS SPC 827		169,340			
Opioid STR	93.788		FY2018 DBHDS SPC 825		16,609			
Block Grants for Community Mental Health Services	93.958		44506-50124 FY2016 DBHDS SPC 871 FY2017 DBHDS SPC 871 FY2018 DBHDS SPC 824 FY2018 DBHDS SPC 837 FY2018 DBHDS SPC 871		1,193,921			

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, 2018

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
Block Grants for Prevention and Treatment of Substance Abuse	93.959		FY2017 DBHDS SPC 872 FY2018 DBHDS SPC 814 FY2018 DBHDS SPC 816 FY2018 DBHDS SPC 818 FY2018 DBHDS SPC 826 FY2018 DBHDS SPC 872 FY2018 DBHDS SPC 981		3,044,408			
<u>Department of Education</u>								
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243 ¹²		1H79SM061897 5H79SM061897		385,949			
<u>Department of Health</u>								
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074		EP&R 2017-2022		205,578			
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		409TB603GY17 409TB603GY17-1 409TB603GY18		230,237			
Immunization Cooperative Agreements	93.268		409IP1607GY17		5,408			
National State Based Tobacco Control Programs	93.305		409CI532395		88,929			
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	Maternal, Infant, and Early Childhood Home Visiting Cluster	705BJ632557		145,825			
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539		409IAP607GY17		66,860			
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	Maternal, Infant, and Early Childhood Home Visiting Cluster	705BJ632557		367,069			
Maternal and Child Health Services Block Grant to the States	93.994		705M-MCH2018		267,742			

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COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2018

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
<u>Department of Social Services</u>								
Promoting Safe and Stable Families	93.556		85529-91129		30,470			
			86601-90359					
			86602-90360					
			86605-90361					
Temporary Assistance for Needy Families	93.558	TANF Cluster	80801-90603		5,283,893			257,807
			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-16-056-13					
			CVS-17-073-09					
			FAM-15-084-04					
Refugee and Entrant Assistance_State Administered Programs	93.566		81901-90623		100,997			
			85513-91113					
Low-Income Home Energy Assistance	93.568		85514-91114		361,727			
Community Services Block Grant	93.569		CVS-17-073-09		630,628			630,628
Child Care and Development Block Grant	93.575 ¹³	CCDF Cluster	88801-90564		474,990			
			OECD-16-043-03					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CCDF Cluster	85517-91117		527,543			
			85516-91116					
			85518-91118					
			88901-90566					
Chafee Education and Training Vouchers Program (ETV)	93.599		86101-90353		56,425			
Adoption and Legal Guardianship Incentive Payments	93.603		82001-90651		988			
Stephanie Tubbs Jones Child Welfare Services Program	93.645		85531-91131		9,243			

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COUNTY OF FAIRFAX, VIRGINIA
 Schedule of Expenditures of Federal Awards
 Fiscal Year Ended June 30, 2018

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
Foster Care_Title IV-E	93.658		81107-90636		5,186,808			
			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					
			85805-91405					
			85806-91406					
			85807-91407					
			85833-91433					
			85838-91438					
			85847-91447					
			87301-90047					
			87302-90368					
			87303-90369					
			87502-90082					
Adoption Assistance	93.659		81201-90606		3,327,107			
			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, 2018

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
Social Services Block Grant	93.667 ¹⁴		81701-90648 82904-90357 82905-90358 83303-90339 83304-90340 85520-91120 85522-91122 85523-91123 85524-91124 85525-91125 85526-91126 85542-91142 86401-90351 89501-90379		2,870,912			
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671		CVS-16-056-13		7,388			
Chafee Foster Care Independence Program	93.674		85534-91134 86201-90356		46,140			
Children's Health Insurance Program	93.767		85002-90161 85502-91102 85802-91402		438,470			
Medical Assistance Program	93.778 ¹⁵	Medicaid Cluster	84323-90213 85001-90160 85501-91101 85546-91146 85550-91150 85801-91401 85846-91446 85850-91450		11,410,238			
<u>Office of Children's Services</u>								
Social Services Block Grant	93.667 ¹⁴		1300		451,780			
Passed Through Association of Food and Drug Officials: Food and Drug Administration_Research	93.103 ¹¹		G-SP-1611-03962 G-SP-1709-05372 G-T-1709-05673		5,415			
Passed Through Child Development Resources: Child Care and Development Block Grant	93.575 ¹³	CCDF Cluster	ITSN-NOR-12 ITSN-NOR-17		442,227			

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COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2018

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
Passed Through National Association of County and City Health Officials: Medical Reserve Corps Small Grant Program	93.008		MRC 15-0169 MRC 16 - 0169C MRC 17 - 0169		7,836			
Food and Drug Administration_Research	93.103 ¹¹		2016-122001 2017-120803		19,197			
Passed Through The Skillsource Group, Inc.: Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086		N/A		26,062			
Total for Aging Cluster (93.044, 93.045, 93.053)						1,722,826		
Total for CCDF Cluster (93.575, 93.596)						1,444,760		
Total for Medicaid Cluster (93.778)						11,418,872		
Total for TANF Cluster (93.558)						5,283,893		
Total for Maternal, Infant, and Early Childhood Home Visiting Cluster (93.505, 93.870)						512,894		
11 - Total for Food and Drug Administration_Research (93.103)								64,582
12 - Total for Substance Abuse and Mental Health Services_Projects of Regional and National Significance (93.243)								858,202
13 - Total for Child Care and Development Block Grant (93.575)								917,217
14 - Total for Social Services Block Grant (93.667)								3,322,692
15 - Total for Medical Assistance Program (93.778)								11,418,872
Executive Office of the President								
Passed Through Washington/Baltimore HIDTA: High Intensity Drug Trafficking Areas Program	95.001		I-2016TXFAIRFAX I-2017TXFAIR I-2018TXFAIRFAX		374,630			
Department of Homeland Security								
Direct Awards:								
National Urban Search and Rescue (US&R) Response System	97.025				4,385,436			
Assistance to Firefighters Grant	97.044				450,325			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083				677,637			

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, 2018

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total 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		PA-03-VA-4262		1,445,285			
Emergency Management Performance Grants	97.042		7116 7456		150,585			
Homeland Security Grant Program	97.067 ¹⁶		SHSP 2014 SHSP 2017 SHSP 2017 7586		11,651			
Passed Through Metropolitan Washington Council of Governments:								
<i>Non-Cash Assistance:</i> Securing the Cities Program	97.106		15STC117-02		347,480			
Passed Through the District of Columbia:								
<u>Homeland Security and Emergency Management</u>								
<i>Non-Cash Assistance:</i> Homeland Security Grant Program	97.067 ¹⁶		4FAUA6		60,095			
Homeland Security Grant Program	97.067 ¹⁶		11UASI529-04 13UASI531-03 14UASI531-03 15UASI529-02 15UASI529-08 15UASI530-01 15UASI531-01 15UASI531-03 15UASI531-06 15UASI546-01 15UASI583-01 15UASI583-02 15UASI583-03 15UASI583-04 16UASI529-01 16UASI529-02 16UASI529-03 16UASI529-04 16UASI529-05 16UASI530-01 16UASI531-01 16UASI531-02 16UASI531-03		11,557,744			

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, 2018

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Expenditures	Total Cluster	Total Program	Passed Through to Subrecipients
Homeland Security Grant Program (continued)			16UASI531-04					
			16UASI531-05					
			16UASI531-06					
			16UASI533-01					
			16UASI533-02					
			16UASI546-01					
			16UASI583-01					
			16UASI583-02					
			16UASI583-03					
			17UASI529-01					
			17UASI529-02					
			17UASI529-03					
			17UASI529-04					
			17UASI530-01					
			17UASI531-01					
			17UASI531-02					
			17UASI531-03					
			17UASI531-04					
			17UASI531-05					
			17UASI531-06					
			17UASI531-07					
			17UASI533-01					
			17UASI533-02					
			17UASI583-01					
			17UASI583-02					
			17UASI583-03					
16 - Total for Homeland Security Grant Program (97.067)							11,629,490	
United States Agency for International Development								
Direct Awards:								
USAID Foreign Assistance for Programs Overseas	98.001				2,775,222			
					<u>\$ 672,221,969</u>			<u>\$ 5,801,336</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, 2018

(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% de minimis indirect cost rate allowed under the Uniform Guidance.

(3) Non-Cash and Other Programs

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, 2018. The value of the donated food is included on the accompanying Schedule.

The Capital Area Food Bank donated food to the County for the fiscal year ended June 30, 2018 under Child and Adult Care Food Program (CFDA #10.558) and Summer Food Service Program for Children (CFDA #10.559). The value of the donated food is included on the accompanying Schedule.

The Metropolitan Washington Council of Governments (MWCOC) administers several federal programs for the Washington, DC metropolitan area. Under the Federal Transit Administration Enhanced Mobility of Seniors and Individuals with Disabilities program (CFDA #20.513), MWCOC donated vehicles to the County to transport seniors and persons with disabilities. Under Securing the Cities (CFDA #97.106), MWCOC donated equipment to the County to enhance the nuclear detection capabilities of the region. The value of the donated vehicles and equipment for the fiscal year ended June 30, 2018 is included on the accompanying Schedule.

The Homeland Security Grant Program (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. For the fiscal year ended June 30, 2018, the County received donated equipment from the District of Columbia Homeland Security and Emergency Management Agency. The value of the donated equipment is included on the accompanying Schedule.

COUNTY OF FAIRFAX, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards

Fiscal year ended June 30, 2018

(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 \$9,060,000 at June 30, 2018. This loan does not have any continuing compliance requirements; therefore, it 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 \$9,222,294 at June 30, 2018.

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 \$19,366,912 at June 30, 2018.

In addition, the Authority held Federal Housing Administration - insured mortgage revenue bonds secured by land, buildings, and equipment of \$3,160,000 at June 30, 2018. This is reported under CFDA #14.000.

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 \$339,023,513 at June 30, 2018. The County's expenditures of \$137,527,660 for the fiscal year ended June 30, 2018 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 available 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, 2018, FEMA approved \$1,445,285 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, 2018

(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**

Federal Awards

- D. Significant deficiencies in internal control over major programs noted? **Yes**
- E. Material weaknesses in internal control over major programs noted? **No**
- F. Type of report issued on compliance for major programs:

Major Program	CFDA Number	Type of Report Issued
Child Nutrition Cluster	10.553, 10.555, 10.559	Unmodified
SNAP Cluster	10.561	Unmodified
Little River Glen Loans	14.000	Unmodified
Section 8 Housing Choice Vouchers	14.871	Unmodified
Transportation Infrastructure Finance and Innovation Act (TIFIA) Program	20.223	Unmodified
English Language Acquisition State Grants	84.365	Unmodified
TANF Cluster	93.558	Unmodified
Social Services Block Grant	93.667	Unmodified
Medicaid Cluster	93.778	Unmodified
National Urban Search and Rescue (US&R) Response System	97.025	Unmodified

- G. Any findings which are required to be reported under Section 200.516(a) of Uniform Guidance?
Yes

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2018

H. Major programs are as follows:

- Child Nutrition Cluster (CFDA #10.553, #10.555, #10.559)
- SNAP Cluster (CFDA #10.561)
- Little River Glen Loans (CFDA #14.000)
- Section 8 Housing Choice Vouchers (CFDA #14.871)
- Transportation Infrastructure Finance and Innovation Act (TIFIA) Program (CFDA #20.223)
- English Language Acquisition State Grants (CFDA #84.365)
- TANF Cluster (CFDA #93.558)
- Social Services Block Grant (CFDA #93.667)
- Medicaid Cluster (CFDA #93.778)
- National Urban Search and Rescue (US&R) Response System (CFDA #97.025)

I. Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**

J. Auditee qualified as low-risk auditee? **No**

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2018

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

Finding: 2018-001 – Significant Deficiency in Internal Control – Transactions with Component Units

Criteria: When a component unit (CU) is accruing a partnership fee owed to the Fairfax County Redevelopment and Housing Authority (Authority) as part of the partnership agreement, a corresponding amount should be recorded on the Authority's books. The Authority should annually assess the CUs long-term ability to pay those fees and the need to record an allowance for doubtful accounts.

Condition: The Authority engages in various agreements and transactions with its CUs, including notes payable and annual administration fees. During our audit, we noted the Authority was accounting for these transactions on a cash basis.

Cause: In many instances, and due to the nature of the CUs, these transactions are forgiven at the end of the agreement. As a result, the Authority has taken the general approach that all transactions are not collectable and should be recorded on a cash basis.

Effect: At June 30, 2018, the Authority had understated beginning net position of \$1,704,326 related to receivables from CUs that are deemed to be collectable. This also resulted in approximately \$691,596 of revenue being improperly recorded during the year.

Recommendation: We recommend the Authority record corresponding receivables from CU transactions, and individually assess the likelihood of collectability, rather than having a generic policy that all transactions are not collectable.

Management's Response: The Authority engages in various agreements and transactions with its CUs. For these agreements, the Authority will record all partnership annual fees and payables owed to the Authority on its books as receivables from the CU. At each fiscal year end, the Authority will assess the CUs ability to pay those fees and will adjust the allowance for doubtful accounts accordingly. In addition, the Authority will record revenue in the period it is earned.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2018

Finding: 2018-002 – Significant Deficiency in Internal Control – Prepaid Supplies Reconciliation

Criteria: The Fairfax County Redevelopment and Housing Authority (Authority) should reconcile the prepaid supplies account each year to ensure the ending balance agrees to the inventory count done at year end.

Condition: During our audit, we identified that management had adjusted the prepaid supplies inventory account to actual, as the balance was incorrect and had not been adjusted annually for the last six years.

Cause: During the year ended June 30, 2018, the Director of Financial Management for Housing and Community Development noticed that the prepaid supplies account balance had not changed from the previous year. During her investigation of the account balance, she noted that while a physical inventory count was being performed at the end of each year, the general ledger had not been updated for each of the past six years to reflect the counted balance at year end.

Effect: Due to this adjustment, expenses are overstated for the year ended June 30, 2018 by \$540,618.

Recommendation: While management has identified and corrected this error, we recommend they implement a procedure at year end to ensure that the general ledger balances are reconciled to the inventory counts.

Management's Response: Management has taken corrective action in FY 2018 to reconcile the ending balance of the prepaid inventory account for \$540,618 with the actual ending inventory amount for what was physically held. This action corrected an error that has been outstanding for the past six years. Management will continue to ensure that the prepaid inventory account reconciles to the physical count for inventory held on an annual basis at fiscal year-end, so the issue will not occur again.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2018

Finding: 2018-003 – Significant Deficiency in Internal Control – **Construction in Progress**

Criteria: Significant improvements to a property that extend the usefulness should be tracked in construction in progress (CIP) until completion, at which point they should be capitalized and depreciated, held for sale, or transferred to another entity, depending on the purpose identified by the Authority for each property.

Condition: During our testing of Fairfax County Redevelopment and Housing Authority (Authority) capital assets, we identified major renovation project costs that were expensed during the year, rather than being included in CIP.

Cause: In many instances, upon completion, projects are disposed or transferred to another entity, and often management doesn't determine a project's purpose until it is substantially completed. As a result, the practice has been to expense project costs when incurred.

Effect: At June 30, 2018, prior to our proposed audit adjustment recorded by the Authority, assets were understated and expenses were overstated by \$624,650.

Recommendation: We recommend the Authority implement a policy to ensure all capital projects are properly tracked.

Management's Response: Management's practice is to track improvements that extend the useful life of an asset in CIP until completion. Some projects begin as maintenance but then convert to being capital in nature. Reviews will be performed to ensure that maintenance costs do not reflect costs that should be recorded as CIP. The Authority will further seek to train Third Party management companies on how to properly record expenses as capital versus operating. The Authority's financial management staff and asset management staff will further review transactions recorded by Third Party management companies as "maintenance" to ensure that proper capitalization policies are being followed. The Authority will also assess all renovation projects across its funds to ensure that expenses are properly recorded as CIP until completion, and then capitalized and depreciated, held for sale, or transferred to another entity, depending on the purpose of the asset.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2018

Finding: 2018-004: Significant Deficiency in Internal Control – **Purchase Orders**

Criteria: Proper internal controls over purchase orders play an important role in controlling an accurate and precise purchase transaction. In order to prepare financial statements in accordance with generally accepted accounting principles (GAAP), for cash disbursements, there should be an approved purchase order before goods are purchased or services are rendered. Also, in the instance of emergencies, the proper emergency procurement protocol is to be followed.

Condition: Internal control processes were not properly designed and/or followed to ensure that there are approved purchase orders before goods are purchased or services are rendered or to ensure that the emergency procurement protocol was being followed correctly. The following instances were brought to our attention upon inquiry with management.

- Six instances where the Wastewater Collections Division was asking for approval of a purchase order from the Department of Purchasing and Supply Management after services were rendered. These instances totaled \$319,722 in invoices.
- Two instances where the Wastewater Collections Division failed to notify Finance and the Department of Purchasing and Supply Management of emergency repairs or services. These instances totaled \$160,289 in invoices.
- One instance where the Wastewater Collections Division notified the Department of Purchasing and Supply Management of an emergency purchase, which they approved. However, after the approval, the approved purchase order was never created. This instance totaled \$14,865.
- One instance where the Wastewater Collections Division started the confirming memo process for an emergency service but it was not completed. This instance totaled \$20,003.

These were the only instances brought to the auditor's attention by management. Therefore, other instances of noncompliance with Fairfax County's procurement policies throughout fiscal year 2018 are possible.

Cause: Internal controls were not properly designed and/or followed to ensure that there is an approved purchase order for all goods purchased or service rendered. Also, internal controls were not properly designed and/or followed to ensure that in the event of an emergency, that the emergency procurement protocol was followed.

Effect: Internal controls not properly designed and/or followed could lead to a payment to an unapproved vendor. In addition, this could result in an understatement of net position and an overstatement of expenses.

Recommendation: Developing and maintaining strong internal controls over the purchasing process is required for building optimal supplier relationships, keeping an audit trail, sticking to budgets, and ensuring that the approved vendors are used to provide needed services, among other valuable benefits. We recommend that the internal controls over the procurement process be strengthened to ensure expenses are being properly approved before the services take place and are in compliance with the Fairfax County's Procurement Policies.

Management's Response: Management concurs with the finding and informed the auditors during our entrance conference in May 2018. Management has identified an excessive use of confirming memos and implemented additional training in April 2018 to improve staff awareness of policies and strengthen the County's internal controls over the procurement process. In addition, the County will introduce a periodic review to assess its progress.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2018

(3) Findings and Questioned Costs for Federal Awards

Finding: 2018-005

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: 2017-004

Type of Finding: Significant Deficiency, Non 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 "redetermination" or "renewal." A renewal of the enrollee's eligibility must be completed at least once every 12 months. The renewal can be initiated in the 10th month to ensure timely completion of the renewal."

Condition:

During our testing of 60 beneficiaries that were enrolled in the Medical Assistance Program, we noted 2 beneficiaries for which the renewal of eligibility for the beneficiary to continue to receive medical assistance was not performed within 12 months; thus the 2 beneficiaries continued to receive medical assistance during the period for which eligibility was not determined. Specifically, we noted the following:

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Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2018

Number of Days Late	Number of Instances	Instances By Quarter	Number of Instances
<30 days	2	Quarter ended 9/30/17	0
31-60 days	0	Quarter ended 12/31/17	1
61-90 days	0	Quarter ended 3/31/18	1
>90 days	0	Quarter ended 6/30/18	0
Total	2	Total	2

Cause:

In prior years, 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. In the past several years, DFS has made great strides in the timely completion of Medicaid eligibility renewals due to additional resources provided by the County as well as improved processes to monitor timeliness of renewals. DFS’s most recent data indicate zero overdue Medicaid renewals, and these two instances are considered by management to be anomalies rather than a systemic issue.

Effect:

The Medical Assistance Program as operated by the Fairfax County Department of Family Services was not in compliance with the eligibility compliance requirement as of June 30, 2018. Additionally, failure to timely perform renewals could result in medical assistance rendered to ineligible individuals.

Recommendation:

We recommend the Fairfax County Department of Family Services continue to monitor the timeliness of eligibility renewals and assess the adequacy of staffing levels.

Questioned costs: Undeterminable

Views of responsible officials and planned corrective actions:

The Fairfax County 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 2018, Medicaid renewal timeliness had been maintained at over 99.9% for each month. At the end of the fiscal year in June 2018, Medicaid renewal timeliness was 100% reflecting 53,546 active Medicaid cases. Fairfax County DFS currently has zero overdue Medicaid renewal cases.

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Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2018

We concur that 2 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 the following practices instituted over the past fiscal year which have resulted in improved performance in Medicaid renewal timeliness:

- Weekly reports for managers and supervisors to monitor the Medicaid renewals coming due;
- Monthly reports for Medicaid renewals due;
- Mandatory weekly supervisory conferences with caseworkers to monitor progress;
- 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;
- Timeliness and quality issues addressed by the Compliance Manager at monthly staff meetings.

In addition, the following new initiatives were implemented during FY 2018 to address renewal timeliness:

- The new Quality Improvement Unit held two Rapid Improvement events: 1) Reports for Caseload and Performance Management, and 2) Customer Engagement and Retention of Eligible Households. These events resulted in increasing knowledge and efficacy around the ex-parte renewal process, as well as implemented a retention initiative aimed at securing all required verifications from customers who submit their renewal forms. These solutions were presented in staff meetings and training sessions.
- The Quality Control Unit completed a 6 month project on Aged, Blind, and Disabled Medicaid renewals which identified issues that contributed to overdue renewals. Staff were subsequently trained on the lessons learned.

During FY 2018, DFS also realized the benefits of a full-time position dedicated to recruitment and retention of staff. This dedicated person has revamped the hiring process with a focus on decreasing the time it takes to fill vacant positions. For example, weekend interviews were utilized to provide scheduling flexibility for both applicants and staff. These changes have yielded a significant reduction in vacancies. In November 2016, there were 35 vacancies (vacancy rate of 10.5%) compared to October 2018 when there were 7 vacancies (vacancy rate of 2%). Staff will continue to monitor vacancies and work to keep the vacancy rate under 5%.

The County continues to invest in Public Assistance and added 26 new positions as part of the FY 2018 Carryover Review. Seven of these positions will specifically address increasing caseloads while the remaining 19 positions are in support of Medicaid expansion in Virginia which is effective January 1, 2019. In addition to case workers, the positions added as part of Medicaid expansion include three quality control positions to review and monitor cases for timely and accurate service delivery.

It is estimated that 28,600 individuals in Fairfax County may become eligible under Medicaid expansion. The funding provided by the state to address Medicaid expansion does not sufficiently fund the County should 28,600 individuals become Medicaid eligible. Staff will closely monitor and continue to work with the Department of Management and Budget if additional resources are needed.

Although VDSS completed migration of all public assistance programs from their legacy system to the Virginia Case Management System (VaCMS), unintended consequences from the migration continue to impact staff effectiveness to process case work. As is inherent in any large-scale system migration, there continues to be system implementation issues and workarounds. This has led to additional challenges for both supervisors and case workers. 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. Fairfax County has a dedicated position to work with staff and VDSS on the issues with the VaCMS system. This individual gives feedback to the state on system defects and provides input on prioritizing resolution of issues.

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Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2018

Lastly, the public assistance caseload continues to remain at high levels. DFS continues to work closely with the Department of Management and Budget to address the workload and narrow the staffing 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, 2018

Finding: 2018-006

Program name: Housing Choice Voucher **CFDA#:** 14.871

Federal Awarding Agency: Department of Housing and Urban Development (HUD)

Department: Fairfax County Department of Housing and Community Development

Compliance Requirement: Special Test – Housing Quality Standards (HQS) Enforcement

Prior Year Audit Finding Number: N/A

Type of Finding: Significant Deficiency, Non Material Non-Compliance

Criteria:

Per 24 CFR 982.404 “The public housing authority (PHA) must not make any housing assistance payments (HAP) for a dwelling unit that fails to meet the HQS, unless the owner corrects the defect within the period specified by the PHA and the PHA verifies the correction. If a defect is life threatening, the owner must correct the defect within no more than 24 hours. For other defects, the owner must correct the defect within no more than 30 calendar days (or any PHA-approved extension).

Per 2 CFR section 200.303, non-Federal entities receiving Federal awards must establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and terms and conditions of the Federal award.

Condition:

During our testing of 40 failed inspections, we noted one instance where a unit failed its inspection and the defect was considered to be life-threatening. The repair was not made within the required 24 hour time period, and subsequently the rent was not properly abated for the time period between the date the repair should have been corrected and when it was actually corrected. We further noted three instances where failed inspections had been corrected in a timely manner, but the Yardi System was not updated to reflect that the re-inspection was performed.

Cause:

Each day the inspection supervisor runs several reports to monitor inspections. The following reports are run to help monitor the scheduling and results of inspections:

- Inspectors must enter in the results of the inspections they perform within 24 hours. The Inspection Supervisor runs the inspector activity report to ensure that the inspectors have entered in their results timely. Inspectors are responsible for entering in a failed inspection and entering the date of the next inspection.
- The Inspection Supervisor also runs a “failed and follow up report” that tracks failed inspections that do not have a re-inspection scheduled. The Inspection Supervisor goes into each account on this report and investigates why an inspection was not rescheduled.
- The HAP hold report is run weekly to show units that have failed inspections twice and thus should have a hold placed on their account.

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Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2018

- The inspection assignment report is run almost daily; it tells the Inspection Supervisor what is scheduled and unscheduled for both annual inspections and re-inspections due to failures. The Inspection Supervisor then schedules any units that are due.

The Authority does not have a comprehensive inspection report for tracking the status of inspections to assist in the oversight of the status of inspections. This includes ensuring that units are timely re-inspected, that the status of the failed unit is properly changed in Yardi, or that rent is properly abated when a unit with a failed inspection is not corrected within the required time frame.

Effect:

The HCV program, as operated by the Authority, was not in compliance with the Special Test – Housing Quality Standard enforcement requirements as of June 30, 2018. The Authority has an ineffective control system over monitoring inspections due to system limitations and correctness of data being input and updated in the system. As a result, there is increased risk that the Authority may provide federal funds to units that are not in compliance with inspection standards, and failure to abate rent payments could result in housing assistance rendered to tenants of ineligible units.

Recommendation:

We recommend the Fairfax County Department of Housing and Community Development (DHCD) strengthen controls over enforcement of the housing quality standards. This includes ensuring that units that fail inspections are properly reported as such in Yardi, that they are able to track units to determine that repairs are made within the required time frame, and if repairs are not made within the required time frame that rent is properly abated. We also recommend that the Authority work with Yardi to obtain a report that will provide a comprehensive list of failed inspections to monitor that units comply with the HQS enforcement requirements.

Questioned costs:

The tenant's monthly HAP payment of \$459 should have been abated from December 1, 2017 – December 17, 2017, resulting in \$252 of known questioned costs. This error in a sample of approximately \$23,000, applied to total HAP expense of approximately \$4,500,000, results in likely questioned costs of approximately \$48,000.

Views of responsible officials and planned corrective actions:

Housing and Community Development (HCD) inspections supervisory staff will enhance its training of inspectors to ensure the proper designation of inspection results. Supervisors have reviewed and updated all forms and documentation necessary for the inspectors to carry out their daily tasks. The recently updated forms have been uploaded into Yardi (software program) in anticipation of going live in Yardi's mobile inspection application module. The supervisors also have held training for the inspection staff to take on more responsibility and accountability for their daily functions. The following changes have been implemented to address the deficiencies noted as a result of the audit:

- It has been reemphasized with inspectors that HQS inspections should not incorporate any other requirements of any other type of inspections. This will ensure that inspection results are not improperly categorized.
- Inspectors have begun sending out their own inspection results no later than one day after the inspection occurs. This function was previously completed by an Administrative Aide or the supervisor for all inspectors which at times resulted in delays and the inability to complete a re-inspection within 30 days.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2018

- In cases of life-threatening defects that require resolution within 24 hours, the inspector will notify the Inspections Department Administrative Assistant (AA) via e-mail or phone while still in the unit. The AA will send an e-mail to the owner and the tenant informing both of the defect and the requirement to repair the defect within 24 hours. The inspector will also leave a copy of the 24 hours repair requirement with the tenant. The AA will maintain an Excel spreadsheet for all 24 hours repair units with the appropriate deadline that will be monitored daily by the AA and the Inspections Department Supervisor.
- Implementation of the mobile inspection tablets and the future launch of the Yardi landlord portal will provide for more immediate notification of inspection results to owners with e-mail addresses on file, the ability for landlords to access HCD's website to confirm the status of inspections on their units, and less reliance on the slower mailing system. Earlier owner notifications may result in re-inspections of units occurring within 30 days instead of the current 45 day maximum, which allow for unit owners to correct the defect within 30 calendar days and HCD's re-inspection to occur within 15 days of repair notification by unit owners.
- The Inspection Supervisors have arranged for quarterly meetings between all other Rental Services staff and the Inspection team to strengthen the daily communication with the staff and to discuss any issues, processes, and functions that may need further attention.
- Supervisors at various levels (i.e., Inspection Supervisor, Branch Chief, and Associate Director of Rental Services) will identify and use the available reports in Yardi for increased monitoring and effective oversight of the inspection process. Supervisors' review of these reports will help to ensure compliance with all HQS requirements (i.e. timeliness of inspections and re-inspections) and that the proper enforcement action is taken to include the timely abatement of payments due to failed inspections.
- Supervisors will also begin regular weekly reviews of the prior week's inspections to verify results and initiate appropriate follow-up actions. The weekly reviews will be utilized to ensure that payments have been placed on hold for any failed units and subsequently abated within the allotted timeframe.
- The Associate Director will establish procedures for regularly monitoring the overall inspection process and will ensure the Branch Chief and immediate supervisor are utilizing the identified tools and monitoring reports in order to successfully manage the inspection process.
- The Director of Rental Services will begin requesting status reports from the Associate Director on the overall performance and effective management of the inspections department.

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Status of Prior Audit Findings

Fiscal year ended June 30, 2018

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

Finding 2017-001 – Significant Deficiency in Internal Control over Financial Reporting – Grant Revenue

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

Finding 2017-002 – Significant Deficiency in Internal Control over Financial Reporting – Capital Assets

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

Finding 2017-003 – Significant Deficiency in Internal Control over Financial Reporting – Third Party Managed Properties

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

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

Finding 2017-004 – Eligibility for Medicaid Cluster (CFDA #93.778)

Status: Finding repeated in the current year. See 2018-005. 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), June 30, 2015 (refer to Finding 2015-008), and June 30, 2016 (refer to Finding 2016-003).

Reason for recurrence: The County considers these two instances to be anomalies rather than a systemic issue. The Fairfax County Department of Family Services (DFS) has made great strides in the timely completion of Medicaid eligibility renewals due to additional resources, as well as improved processes to monitor timeliness of renewals. At the end of the fiscal year in June 2018, Medicaid renewal timeliness was 100% reflecting 53,546 active Medicaid cases. Fairfax County DFS currently has zero overdue Medicaid renewal cases.

Planned corrective action: The Fairfax County Department of Family Services (DFS) recognizes the importance of timely renewals and continues to invest in Public Assistance, especially as current caseloads remain at high levels. Fairfax County estimates 28,600 individuals in the County will become eligible under Medicaid expansion, effective January 1, 2019, and the funding provided by the state will not sufficiently fund the County should 28,600 individuals become Medicaid eligible.

DFS continues to work closely with the Fairfax County Department of Management and Budget to monitor vacancies and to narrow the staffing deficit gap due to increased caseloads and population growth in order to meet mandated timeliness requirements. As part of the FY 2018 carryover review, 26 new positions, including three quality control positions, were added to address increasing caseloads and to support Medicaid expansion. DFS also revamped the hiring process with a focus on decreasing the time it takes to fill vacant positions. This included utilizing weekend interviews to provide for scheduling flexibility for both applicants and staff.

DFS continues to utilize practices (e.g., reports, staff training, regular staff meetings, and supervisory conferences) that have resulted in improved performance in Medicaid renewal timeliness. During FY2018, DFS implemented two initiatives that resulted in increased staff knowledge and lessons learned around the Ex-Parte and Aged, Blind, and Disabled Medicaid renewal process.

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Status of Prior Audit Findings

Fiscal year ended June 30, 2018

By leveraging these additional resources, maintaining successful practices, and implementing new initiatives, DFS will be positioned better to meet mandated Medicaid timeliness requirements.

Status of Prior Year Findings and Questioned Costs Relating to Compliance with State Specifications

Finding 2017-005 – Nonmaterial Noncompliance – Department of Family Services System Access and Training

Status: Finding repeated in the current year and reported in the “Report of Independent Auditor on Compliance with Commonwealth of Virginia’s Laws, Regulations, Contracts, and Grants”. See 2018-007. Initial finding occurred in fiscal year ended June 30, 2016 (refer to Finding 2016-007).

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: The policy and procedural enhancements implemented since 2016 have been effective in addressing 8 of 9 areas originally identified in the initial finding. To address the remaining item identified in fiscal year 2018, DFS Local Security Officers (LSO) will review the SAMS Initial Training Incomplete Report bi-monthly to identify employees that have not completed their required training. DFS LSOs will use the report to generate ticklers/reminders to remind themselves to manually suspend SAMS accounts as required by VDSS security policy.

Finding 2017-006 – Nonmaterial Noncompliance – Statements of Economic Interest and Financial Disclosure Statements

Status: Finding repeated in the current year and reported in the “Report of Independent Auditor on Compliance with Commonwealth of Virginia’s Laws, Regulations, Contracts, and Grants”. See 2018-008. Initial finding occurred in fiscal year ended June 30, 2016 (refer to Finding 2016-008).

Reason for recurrence: 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 3 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 implemented additional controls 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. We continue to educate officials regarding this requirement in our effort to reach full compliance. Virginia Code assigns compliance responsibility for this requirement to the individual and not the organization.