



Wake County Board of Commissioners –Audit Committee

**2017 Audit of Financial Statements and
Major State and Federal Award Programs**

November 28, 2017



Overview

- Financial Statement Audit
- Single Audit
- Findings
- Accounting and Reporting Changes for 2018
- Cash Procedures Engagements

Financial Statement Audit

- *Auditor responsibilities*
 - Express an opinion as to the fair presentation of the financial statements
 - Obtain reasonable assurance regarding material misstatements
 - Consider internal controls to determine audit tests
 - Test non-compliance that is material to the financial statements
- *County responsibilities*
 - Prepare and fairly present the financial statements
 - Maintain internal control over preparation and fair presentation
- *Results*
 - Unmodified opinion on the financial statements
 - Internal control deficiencies identified

Single Audit

- *Auditor responsibilities*
 - Express an opinion on compliance for each major state and federal program
 - Conduct audit in accordance with applicable standards
- *County responsibilities*
 - Comply with the requirements of state and federal programs
 - Maintain internal control over compliance
- *Results*
 - Reportable instances of noncompliance identified including one considered to be material
 - Deficiencies in internal control over compliance identified

Findings

- *Financial Statement Findings*
 - Revenue and Cash Deposits
 - Segregation of IT Duties
- *State and Federal Award Findings and Questioned Costs*
 - Medicaid Assistance Program
 - Documentation of Eligibility not retained
 - Countable resources in excess of \$2,000
 - Receipt of benefits after termination of Supplemental Security Income
 - Supplemental Nutrition Assistance Program (SNAP)
 - Caseworker signature and date omitted from application
 - Foster Care and Adoption Program
 - Adoption Assistance Agreement not signed prior to the court order

Accounting and Reporting Changes for 2018

Effective for the year ended June 30, 2018

- *Other Post Employment Benefits (OPEB) Liability – GASB 75*
 - Under the new standard the County's liability will likely increase significantly
 - However, the effect will be limited primarily to the government-wide statements rather than the fund statements
- *Reporting of DSS Program Expenditures*
 - Direct benefit payments will no longer be reported on the County's SEFA
 - Direct payments reported by the County for 2017
 - **Medicaid:** \$691,798,353
 - **SNAP:** \$12,196,514
 - **Effect** – May result in additional major programs that must be tested going forward

Engagement Status – Cash Handling Procedures

- Register of Deeds Examination of Assertions
- County-Wide Agreed Upon Procedures

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