

# **COUNTY OF LOUDOUN, VIRGINIA**

## **COMPLIANCE REPORTS**

*For the Year Ended June 30, 2018*

*And Reports of Independent Auditor*

COUNTY OF LOUDOUN, VIRGINIA  
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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 Honorable Members of the Board of Supervisors  
County of Loudoun, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Loudoun, 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 30, 2018. That report recognizes that the County implemented one new accounting standard effective July 1, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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*.

**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 blue ink that reads "Cheryl Behrman CPA". The signature is written in a cursive style.

Tysons Corner, Virginia  
November 30, 2018

## **Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance**

To the Honorable Members of the Board of Supervisors  
County of Loudoun, Virginia

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

We have audited the County of Loudoun, Virginia's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a 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 the requirements of 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 Medical Assistance Program***

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding CFDA 93.778 Medical Assistance Program as described in finding number 2018-001 regarding 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 Medical Assistance Program***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion on Medical Assistance Program 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 Medical Assistance Program for the year ended June 30, 2018.

### ***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, 2018.

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 item 2018-001, which 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, the discretely presented component unit, 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 30, 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 County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the 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 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.

A handwritten signature in blue ink that reads "Cheryl Behrnt CP". The signature is written in a cursive, flowing style.

Tysons Corner, Virginia  
December 10, 2018



**Report of Independent Auditor on Compliance with  
Commonwealth of Virginia’s Laws, Regulations, Contracts, and Grants**

To the Honorable Members of the Board of Supervisors  
County of Loudoun, Virginia

We have audited, 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 *Specifications for Audits of Counties, Cities, and Towns* (the “Specifications”), issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Loudoun, 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 30, 2018.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County’s financial statements are free of material misstatement, we performed tests of the County’s compliance with certain provisions of the Commonwealth of Virginia’s laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, the objective of our audit of the basic financial statements was not to provide an opinion on overall compliance with such provisions and, accordingly, we do not express such an opinion.

The following is a summary of the Commonwealth of Virginia’s laws, regulations, contracts, and grants for which we performed tests of compliance:

| Code of Virginia                          |                    | State Agency Requirements     |
|-------------------------------------------|--------------------|-------------------------------|
| Budget and Appropriation Laws             | Procurement        | Education                     |
| Cash and Investments                      | Unclaimed Property | Children’s Services Act Funds |
| Conflicts of Interest                     | Property Taxes     | Social Services               |
| Debt Provisions                           |                    |                               |
| Economic Development Opportunity Fund     |                    |                               |
| Intergovernmental Revenues and Agreements |                    |                               |

The results of our tests disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with the Specifications, and which are described in the accompanying schedule of findings and questioned costs as items 2018-002 through 2018-004.

The County’s responses to the noncompliance 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 compliance 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 compliance with certain provisions of the Commonwealth of Virginia’s laws, regulations, contracts, and grants and the results of that testing, and not to provide an opinion on the County’s compliance. Accordingly, this communication is not suitable for any other purpose.

Tysons Corner, Virginia  
December 10, 2018

**COUNTY OF LOUDOUN, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*FOR THE YEAR ENDED JUNE 30, 2018*

| <u>Federal Granting Agency/Recipient State Agency/Program Title</u>    | <u>Federal Catalog Number</u> | <u>Pass Through Entity Identifying Number</u> | <u>Total 2018 Federal Expenditures</u> | <u>Passed Through to Subrecipient</u> |
|------------------------------------------------------------------------|-------------------------------|-----------------------------------------------|----------------------------------------|---------------------------------------|
| <b>United States Department of Agriculture</b>                         |                               |                                               |                                        |                                       |
| <b>Direct Payments</b>                                                 |                               |                                               |                                        |                                       |
| Farm to School Grant Program                                           | 10.575                        |                                               | \$ 11,798                              |                                       |
| <b>Pass Through Payment</b>                                            |                               |                                               |                                        |                                       |
| <b>Virginia Department of Juvenile Justice</b>                         |                               |                                               |                                        |                                       |
| National School Lunch Program                                          | 10.555                        |                                               | 22,573                                 |                                       |
| <b>Virginia Department of Social Services</b>                          |                               |                                               |                                        |                                       |
| State Administrative Matching Grants for Food Stamp Program            | 10.561                        |                                               | 1,995,122                              |                                       |
| <b>Pass through Payment</b>                                            |                               |                                               |                                        |                                       |
| <b>Virginia Department of Agriculture</b>                              |                               |                                               |                                        |                                       |
| Food Distribution - Non-cash Commodities-National School Lunch Program | 10.555                        |                                               | 1,409,079                              |                                       |
| <b>Virginia Department of Education</b>                                |                               |                                               |                                        |                                       |
| School Breakfast Program                                               | 10.553                        |                                               | 1,680,063                              |                                       |
| National School Lunch Program                                          | 10.555                        |                                               | 7,032,659                              |                                       |
| SNS Summer Management Workshop                                         | 10.560                        |                                               | 700                                    |                                       |
| <b>Total United States Department of Agriculture</b>                   |                               |                                               | <b>12,151,994</b>                      |                                       |
| <b>United States Department of Defense</b>                             |                               |                                               |                                        |                                       |
| <b>Direct Payments</b>                                                 |                               |                                               |                                        |                                       |
| JROTC                                                                  | 12.999                        |                                               | 99,548                                 |                                       |
| <b>Total United States Department of Defense</b>                       |                               |                                               | <b>99,548</b>                          |                                       |

See Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF LOUDOUN, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2018

| <u>Federal Granting Agency/Recipient State Agency/Program Title</u>    | <u>Federal Catalog Number</u> | <u>Pass Through Entity Identifying Number</u> | <u>Total 2018 Federal Expenditures</u> | <u>Passed Through to Subrecipient</u> |
|------------------------------------------------------------------------|-------------------------------|-----------------------------------------------|----------------------------------------|---------------------------------------|
| <b>United States Department Of Housing And Urban Development</b>       |                               |                                               |                                        |                                       |
| <b>Direct Payments</b>                                                 |                               |                                               |                                        |                                       |
| Community Development Block Grant/Entitlement Grants                   | 14.218                        |                                               | 1,445,178                              | \$ 1,184,894                          |
| Supportive Housing Program - Transitional Housing Assistance           | 14.235                        |                                               | 132,186                                |                                       |
| Continuum of Care Program                                              | 14.267                        |                                               | 23,280                                 |                                       |
| Section 8 Housing Choice Vouchers                                      | 14.871                        |                                               | 7,150,370                              |                                       |
| Mainstream Vouchers                                                    | 14.879                        |                                               | 1,004,012                              |                                       |
| Family Self-Sufficiency Program                                        | 14.896                        |                                               | 67,371                                 |                                       |
| <b>Pass Through Payment</b>                                            |                               |                                               |                                        |                                       |
| <b>Virginia Department of Housing and Community Development</b>        |                               |                                               |                                        |                                       |
| Community Development Block Grant                                      | 14.228                        |                                               | 12,701                                 |                                       |
| <b>Total United States Department Of Housing And Urban Development</b> |                               |                                               | <b>9,835,098</b>                       | <b>\$ 1,184,894</b>                   |
| <b>United States Department Of Interior</b>                            |                               |                                               |                                        |                                       |
| <b>Direct Payments</b>                                                 |                               |                                               |                                        |                                       |
| Payment in Lieu of Taxes                                               | 15.226                        |                                               | 3,360                                  |                                       |
| <b>Total United States Department Of Interior</b>                      |                               |                                               | <b>3,360</b>                           |                                       |
| <b>United States Department Of Justice</b>                             |                               |                                               |                                        |                                       |
| <b>Direct Payments</b>                                                 |                               |                                               |                                        |                                       |
| State Criminal Alien Assistance Program                                | 16.606                        |                                               | 86,876                                 |                                       |
| Edward Byrne Memorial JAG                                              | 16.738                        |                                               | 44,325                                 |                                       |
| <b>Pass Through Payment</b>                                            |                               |                                               |                                        |                                       |
| <b>Virginia Department of Criminal Justice Services</b>                |                               |                                               |                                        |                                       |
| Title II - JJDP FY17 / Restoration                                     | 16.540                        |                                               | 55,862                                 |                                       |
| Edward Byrne Memorial JAG                                              | 16.738                        |                                               | 59,478                                 |                                       |
| <b>Total United States Department Of Justice</b>                       |                               |                                               | <b>246,541</b>                         |                                       |

See Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF LOUDOUN, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2018

| <u>Federal Granting Agency/Recipient State Agency/Program Title</u> | <u>Federal Catalog Number</u> | <u>Pass Through Entity Identifying Number</u>    | <u>Total 2018 Federal Expenditures</u> | <u>Passed Through to Subrecipient</u> |
|---------------------------------------------------------------------|-------------------------------|--------------------------------------------------|----------------------------------------|---------------------------------------|
| <b>United States Department of Transportation</b>                   |                               |                                                  |                                        |                                       |
| <b>Direct Payments</b>                                              |                               |                                                  |                                        |                                       |
| Transportation Infrastructure Finance and Innovation Act Program    | 20.223                        |                                                  | 174,111,839                            |                                       |
| <b>Pass Through Payment</b>                                         |                               |                                                  |                                        |                                       |
| <b>Virginia Department of Motor Vehicles</b>                        |                               |                                                  |                                        |                                       |
| State and Community Highway Safety                                  | 20.600                        | SC-2017-57022-6671<br>SC-2018-58015-8015         | 28,715                                 |                                       |
| Alcohol Open Container Requirement                                  | 20.607                        | 154-AL-2017-57021-6670<br>154-AL-2018-58001-8001 | 41,069                                 |                                       |
| <b>Virginia Department Of Transportation</b>                        |                               |                                                  |                                        |                                       |
| Highway Planning and Construction                                   | 20.205                        | UPC78240<br>UPC93273<br>UPC79679                 | 218,955                                |                                       |
| Safe Routes to School-Federal thru State                            | 20.205                        | UPC109873                                        | 71,478                                 |                                       |
| <b>Total United States Department of Transportation</b>             |                               |                                                  | <b>174,472,056</b>                     |                                       |
| <b>United States National Endowment for the Arts</b>                |                               |                                                  |                                        |                                       |
| <b>Pass Through Payment</b>                                         |                               |                                                  |                                        |                                       |
| <b>Virginia Commission For The Arts</b>                             |                               |                                                  |                                        |                                       |
| Promotion of the Arts Grants                                        | 45.024                        |                                                  | 690                                    |                                       |
| <b>Total United States National Endowment for the Arts</b>          |                               |                                                  | <b>690</b>                             |                                       |

See Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF LOUDOUN, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

*FOR THE YEAR ENDED JUNE 30, 2018*

| <u>Federal Granting Agency/Recipient State Agency/Program Title</u>        | <u>Federal<br/>Catalog<br/>Number</u> | <u>Pass Through Entity<br/>Identifying Number</u> | <u>Total 2018<br/>Federal<br/>Expenditures</u> | <u>Passed Through<br/>to Subrecipient</u> |
|----------------------------------------------------------------------------|---------------------------------------|---------------------------------------------------|------------------------------------------------|-------------------------------------------|
| <b>United States Department of Education</b>                               |                                       |                                                   |                                                |                                           |
| <b>Direct Payments</b>                                                     |                                       |                                                   |                                                |                                           |
| Impact Aid                                                                 | 84.041                                |                                                   | 107,774                                        |                                           |
| <b>Pass Through Payment</b>                                                |                                       |                                                   |                                                |                                           |
| <b>Virginia Department of Behavioral Health and Developmental Services</b> |                                       |                                                   |                                                |                                           |
| Special Education Grants for Infants and Families with Disabilities        | 84.181                                |                                                   | 412,647                                        |                                           |
| <b>Pass through Payments</b>                                               |                                       |                                                   |                                                |                                           |
| <b>Virginia Department of Education</b>                                    |                                       |                                                   |                                                |                                           |
| Adult Education-State Grant Program                                        | 84.002                                |                                                   | 168,581                                        |                                           |
| Title I - Grants to Local Educational Agencies                             | 84.010                                |                                                   | 1,840,198                                      |                                           |
| Title I-State Agency Program for Neglected & Delinquent Children           | 84.013                                |                                                   | 241,788                                        |                                           |
| Special Education - Grants to State                                        | 84.027                                |                                                   | 9,873,046                                      |                                           |
| Vocational Education Basic Grants to States                                | 84.048                                |                                                   | 567,681                                        |                                           |
| Special Education - Preschool                                              | 84.173                                |                                                   | 98,634                                         |                                           |
| English Language Acquisition Grant                                         | 84.365                                |                                                   | 898,450                                        |                                           |
| Title II Improving Teacher Quality State Grants                            | 84.367                                |                                                   | 654,839                                        |                                           |
| <b>Total United States Department of Education</b>                         |                                       |                                                   | <b>14,863,638</b>                              |                                           |
| <b>United States Department of Health and Human Services</b>               |                                       |                                                   |                                                |                                           |
| <b>Direct Payments</b>                                                     |                                       |                                                   |                                                |                                           |
| Head Start                                                                 | 93.600                                |                                                   | 856,333                                        |                                           |
| <b>Pass Through Payment</b>                                                |                                       |                                                   |                                                |                                           |
| <b>County of Fairfax</b>                                                   |                                       |                                                   |                                                |                                           |
| Child Care and Development Block Grant                                     | 93.575                                |                                                   | 79,472                                         |                                           |
| Chronic Disease Self-Management Education Program                          | 93.734                                |                                                   | 11,091                                         |                                           |
| <b>National Association of County and City</b>                             |                                       |                                                   |                                                |                                           |
| Medical Reserve Corps Small Grant Program                                  | 93.008                                |                                                   | 11,061                                         |                                           |

See Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF LOUDOUN, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

*FOR THE YEAR ENDED JUNE 30, 2018*

| <u>Federal Granting Agency/Recipient State Agency/Program Title</u>            | <u>Federal<br/>Catalog<br/>Number</u> | <u>Pass Through Entity<br/>Identifying Number</u> | <u>Total 2018<br/>Federal<br/>Expenditures</u> | <u>Passed Through<br/>to Subrecipient</u> |
|--------------------------------------------------------------------------------|---------------------------------------|---------------------------------------------------|------------------------------------------------|-------------------------------------------|
| <b>Virginia Department for Aging and Rehab Services</b>                        |                                       |                                                   |                                                |                                           |
| Special Programs for the Aging Title VII Chapter 3                             | 93.041                                |                                                   | 1,229                                          |                                           |
| Special Programs for the Aging -Title III, Part D                              | 93.043                                |                                                   | 9,585                                          |                                           |
| Special Programs for the Aging -Title III, Parts B                             | 93.044                                |                                                   | 102,065                                        |                                           |
| Special Program for the Aging Title III, Part C-Nutrition Services             | 93.045                                |                                                   | 134,768                                        |                                           |
| National Family Caregiver Support                                              | 93.052                                |                                                   | 36,838                                         |                                           |
| Nutrition Services Incentive Program                                           | 93.053                                |                                                   | 99,063                                         |                                           |
| Medicare Enrollment Assistance Program                                         | 93.071                                |                                                   | 15,946                                         |                                           |
| State Health Insurance Assistance Program                                      | 93.324                                |                                                   | 21,942                                         |                                           |
| Affordable Care Act State Health Insurance Assistance Program                  | 93.626                                |                                                   | 2,539                                          |                                           |
| <b>Virginia Department of Behavioral Health and Developmental Services</b>     |                                       |                                                   |                                                |                                           |
| Projects for Assistance in Transition from Homeless (PATH)                     | 93.150                                |                                                   | 49,113                                         |                                           |
| Projects of Regional and National Significance                                 | 93.243                                |                                                   | 112,262                                        |                                           |
| Opioid STR                                                                     | 93.788                                |                                                   | 11,900                                         |                                           |
| Block Grants for Community Mental Health Services                              | 93.958                                |                                                   | 175,411                                        |                                           |
| Block Grant for Prevention and Treatment of Substance Abuse                    | 93.959                                |                                                   | 511,475                                        |                                           |
| <b>Virginia Department of Social Services</b>                                  |                                       |                                                   |                                                |                                           |
| Promoting Safe and Stable Families                                             | 93.556                                |                                                   | 96,691                                         |                                           |
| Temporary Assistance for Needy Families                                        | 93.558                                |                                                   | 710,380                                        |                                           |
| Refugee and Entrant Assistance State Administered Program                      | 93.566                                |                                                   | 23,505                                         |                                           |
| Low -Income Home Energy Assistance                                             | 93.568                                |                                                   | 62,008                                         |                                           |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.596                                |                                                   | 88,684                                         |                                           |
| Chafee Education and Training Vouchers Program                                 | 93.599                                |                                                   | 6,883                                          |                                           |
| Adoption Incentive Payments                                                    | 93.603                                |                                                   | 2,694                                          |                                           |
| Child Welfare Services State Grants                                            | 93.645                                |                                                   | 1,342                                          |                                           |
| Foster Care-Title IV-E                                                         | 93.658                                |                                                   | 976,871                                        |                                           |
| Adoption Assistance                                                            | 93.659                                |                                                   | 492,800                                        |                                           |

See Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF LOUDOUN, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2018

| <u>Federal Granting Agency/Recipient State Agency/Program Title</u> | <u>Federal Catalog Number</u> | <u>Pass Through Entity Identifying Number</u> | <u>Total 2018 Federal Expenditures</u> | <u>Passed Through to Subrecipient</u> |
|---------------------------------------------------------------------|-------------------------------|-----------------------------------------------|----------------------------------------|---------------------------------------|
| Social Services Block Grant                                         | 93.667                        |                                               | 606,096                                |                                       |
| Chafee Foster Care Independence Program                             | 93.674                        |                                               | 8,856                                  |                                       |
| State Children's Insurance Program                                  | 93.767                        |                                               | 73,435                                 |                                       |
| Medicaid Assistance Program                                         | 93.778                        |                                               | 1,986,169                              |                                       |
| <b>Total United States Department of Health and Human Services</b>  |                               |                                               | <b>7,378,507</b>                       |                                       |
| <b>United States Office of National Drug Control Policy</b>         |                               |                                               |                                        |                                       |
| <b>Pass Through Payment</b>                                         |                               |                                               |                                        |                                       |
| <b>Mercyhurst University</b>                                        |                               |                                               |                                        |                                       |
| High Intensity Drug Trafficking Areas (HIDTA)                       | 95.001                        | G17WB0004A                                    | 7,500                                  |                                       |
| <b>Total United States Office of National Drug Control Policy</b>   |                               |                                               | <b>7,500</b>                           |                                       |
| <b>United States Department of Homeland Security</b>                |                               |                                               |                                        |                                       |
| <b>Direct Payments</b>                                              |                               |                                               |                                        |                                       |
| Assistance to Firefighters Grant                                    | 97.044                        |                                               | 245,233                                |                                       |
| <b>Pass Through Payment</b>                                         |                               |                                               |                                        |                                       |
| <b>Government Of The District of Columbia</b>                       |                               |                                               |                                        |                                       |
| Homeland Security Grant Program                                     | 97.067                        | 16UASI876-01                                  | 373,869                                |                                       |
|                                                                     |                               | 16UASI876-02                                  |                                        |                                       |
|                                                                     |                               | 16UASI876-03                                  |                                        |                                       |
|                                                                     |                               | 16UASI876-04                                  |                                        |                                       |
|                                                                     |                               | 17UASI876-01                                  |                                        |                                       |
|                                                                     |                               | 17UASI876-02                                  |                                        |                                       |
|                                                                     |                               | 17UASI876-03                                  |                                        |                                       |
|                                                                     |                               | 17UASI876-04                                  |                                        |                                       |

See Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF LOUDOUN, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

*FOR THE YEAR ENDED JUNE 30, 2018*

| <u>Federal Granting Agency/Recipient State Agency/Program Title</u> | <u>Federal<br/>Catalog<br/>Number</u> | <u>Pass Through Entity<br/>Identifying Number</u> | <u>Total 2018<br/>Federal<br/>Expenditures</u> | <u>Passed Through<br/>to Subrecipient</u> |
|---------------------------------------------------------------------|---------------------------------------|---------------------------------------------------|------------------------------------------------|-------------------------------------------|
| <b>Metropolitan Washington Council of Governments</b>               |                                       |                                                   |                                                |                                           |
| Homeland Security Grant Program                                     | 97.067                                |                                                   | 11,939                                         |                                           |
| <b>Prince George's County Maryland</b>                              |                                       |                                                   |                                                |                                           |
| Homeland Security Grant Program                                     | 97.067                                |                                                   | 55,472                                         |                                           |
| <b>Virginia Department of Emergency Services</b>                    |                                       |                                                   |                                                |                                           |
| Disaster Grants-Public Assistance                                   | 97.036                                |                                                   | 684,259                                        |                                           |
| <b>Total United States Department of Homeland Security</b>          |                                       |                                                   | <b><u>1,370,772</u></b>                        |                                           |
| <b>Total Expenditures of Federal Awards</b>                         |                                       |                                                   | <b><u>\$ 220,429,704</u></b>                   | <b><u>\$ 1,184,894</u></b>                |

See Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF LOUDOUN, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2018

| <b>TOTALS BY CLUSTER</b>                            |                                       |                                                |
|-----------------------------------------------------|---------------------------------------|------------------------------------------------|
| <b>Programs</b>                                     | <b>Federal<br/>Catalog<br/>Number</b> | <b>Total 2018<br/>Federal<br/>Expenditures</b> |
| National School Lunch Program                       | 10.555                                | \$ 22,573                                      |
| National School Lunch Program                       | 10.555                                | 1,409,079                                      |
| National School Lunch Program                       | 10.555                                | 7,032,659                                      |
| School Breakfast Program                            | 10.553                                | 1,680,063                                      |
| <b>Total of Child Nutrition Cluster</b>             |                                       | <b>\$ 10,144,374</b>                           |
| Mainstream Vouchers                                 | 14.879                                | \$ 1,004,012                                   |
| Section 8 Housing Choice Vouchers                   | 14.871                                | 7,150,370                                      |
| <b>Total of Housing Choice Voucher Cluster</b>      |                                       | <b>\$ 8,154,382</b>                            |
| Special Education - Grants to State                 | 84.027                                | \$ 9,873,046                                   |
| Special Education - Preschool                       | 84.173                                | 98,634                                         |
| <b>Total of Special Education Cluster</b>           |                                       | <b>\$ 9,971,680</b>                            |
| Child Care and Development Block Grant              | 93.575                                | \$ 79,472                                      |
| Child Care Mandatory and Matching Funds of the CCDF | 93.596                                | 88,684                                         |
| <b>Total of CCDF Cluster</b>                        |                                       | <b>\$ 168,156</b>                              |
| Special Programs for the Aging-Title III, Part B    | 93.045                                | \$ 134,768                                     |
| Special Programs for the Aging-Title III, Part C    | 93.053                                | 99,063                                         |
| Special Programs for the Aging-Title III, Part D    | 93.044                                | 102,065                                        |
| <b>Total of Aging Cluster</b>                       |                                       | <b>\$ 335,896</b>                              |

See Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF LOUDOUN, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

*FOR THE YEAR ENDED JUNE 30, 2018*

**TOTALS BY PROGRAM**

| <u>Pass-through Agency</u>                                  | <u>Federal<br/>Catalog<br/>Number</u> | <u>Total 2018<br/>Federal<br/>Expenditures</u> |
|-------------------------------------------------------------|---------------------------------------|------------------------------------------------|
| Virginia Department of Agriculture                          | 10.555                                | \$ 1,409,079                                   |
| Virginia Department of Education                            | 10.555                                | 7,032,659                                      |
| Virginia Department of Juvenile Justice                     | 10.555                                | 22,573                                         |
| <b>Total for National School Lunch Program (10.555)</b>     |                                       | <b>\$ 8,464,311</b>                            |
| United States Department Of Justice                         | 16.738                                | \$ 44,325                                      |
| Virginia Department of Criminal Justice Services            | 16.738                                | 59,478                                         |
| <b>Total for Edward Byrne Memorial Grant (16.738)</b>       |                                       | <b>\$ 103,803</b>                              |
| Virginia Department Of Transportation                       | 20.205                                | \$ 71,478                                      |
| Virginia Department Of Transportation                       | 20.205                                | 218,955                                        |
| <b>Total for Highway Planning and Construction (20.205)</b> |                                       | <b>\$ 290,433</b>                              |
| Government of The District of Columbia                      | 97.067                                | \$ 373,869                                     |
| Metropolitan Washington Council of Governments              | 97.067                                | 11,939                                         |
| Prince George's County Maryland                             | 97.067                                | 55,472                                         |
| <b>Total for Homeland Security Grant Program (97.067)</b>   |                                       | <b>\$ 441,280</b>                              |

See Notes to Schedule of Expenditures of Federal Awards.

# COUNTY OF LOUDOUN, VIRGINIA

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2018

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### Note 1—Summary of significant accounting policies

*Reporting Entity* - The accompanying schedule of expenditures of federal awards (the "Schedule") includes the activity of all federal award programs administered by the County of Loudoun, Virginia (the "County") and its component unit, the Loudoun County Public Schools. The County's reporting entity is defined in Note I A of the County's basic financial statements.

*Basis of Presentation* - The information in the 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 the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Federal award program titles are reported as presented in the Catalog of Federal Domestic Assistance ("CFDA") in effect for the year in which the award was granted.

*Basis of Accounting* - The Schedule has been prepared on the modified accrual basis of accounting as defined in Note I B of the County's basic financial statements.

*Matching Costs* - The nonfederal share of certain program costs are not included in the Schedule.

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

Federal award programs include direct expenditures, monies passed through to other governmental entities (i.e., payments to subrecipients), and nonmonetary assistance.

### Note 2—Relationship to federal financial reports

The regulation and guidelines governing the preparation of federal financial reports vary by federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the federal financial reports do not necessarily agree with the amounts reported in the accompanying Schedule.

### Note 3—Noncash and other programs

- (a) The County received \$214,626 pass-through property sub-awards under the Homeland Security Grant Program (CFDA 97.067) for the year ended June 30, 2018. Such amounts are reflected in the accompanying Schedule and in the basic financial statements.
- (b) The Community Development Block Grant/Entitlement ("CDBG") (CFDA 14.218) is granted by U.S. Department of Housing and Urban Development ("HUD") to develop viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for persons of low and moderate income. The Loudoun County Home Improvement Program, which is funded by CDBG, provides loans and grants to income eligible homeowners to rehabilitate their homes. For the year ended June 30, 2018, Loudoun County provided \$365 from the repayment fund to the program recipients.
- (c) The Section 8 Housing Choice Vouchers program (CFDA 14.871) is granted by HUD to aid low income families in obtaining decent, safe, and sanitary rental housing. For the year ended June 30, 2018, \$13,628 from program income was provided to clients.
- (d) The Mainstream Vouchers program (CFDA 14.879) is granted by HUD to aid persons with disabilities in obtaining decent, safe, and sanitary rental housing. For the year ended June 30, 2018, \$1,930 from program income was provided to clients.

## COUNTY OF LOUDOUN, VIRGINIA

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

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#### **Note 3—Noncash and other programs (continued)**

- (e) On December 9, 2014, the County and the Economic Development Authority entered into a Transportation Infrastructure Finance and Innovation Act ("TIFIA") loan agreement under CFDA 20.223 with the U.S. Department of Transportation. This loan will be used to finance the County's proportionate share (4.8%) of the costs of construction to extend the Washington Metropolitan Area Transit Authority's mass transit system into the County, not to exceed \$195.1 million. The outstanding balance of the loan as of June 30, 2018 is \$174,111,839.

**COUNTY OF LOUDOUN, VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

*FOR THE YEAR ENDED JUNE 30, 2018*

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**(1) Summary of Auditor's Results**

- a. The type of report issued on the financial statements: **Unmodified**
- b. Significant deficiencies in internal control disclosed by the audit of the financial statements: **None reported**
- c. Noncompliance which is material to the financial statements: **No**
- d. Significant deficiencies in internal control over major programs: **None reported**
- e. Material weakness in internal control over major programs: **Yes, 2018-001**
- f. The type of report issued on compliance for major programs: **Qualified** for Medical Assistance Program (CFDA Number 93.778); **Unmodified** for other major programs
- g. Any audit findings which are required to be reported under Section 200.516(a) of the Uniform Guidance: **Yes**
- h. Major programs:
  - Housing Choice Voucher Cluster (CFDA Numbers 14.871 and 14.879)
  - Title I Grants to Local Educational Agencies (CFDA Number 84.010)
  - Transportation Infrastructure Finance and Innovation Act (TIFIA) Program (CFDA Number 20.223)
  - Medical Assistance Program (CFDA Number 93.778)
- i. Dollar threshold used to distinguish between Type A and Type B programs: **\$1,389,536**
- j. Auditee qualified as low-risk auditee: **No**

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

None reported.

**COUNTY OF LOUDOUN, VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

*FOR THE YEAR ENDED JUNE 30, 2018*

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**(3) Findings and Questioned Costs Relating to Federal Awards**

**2018-001: Material Weakness and Compliance Qualification – Eligibility (Repeat Finding – 2017-003)**

**Program:** Medical Assistance Program (CFDA Number 93.778 – U.S. Department of Health and Human Services – Virginia Department of Social Services; Federal Award Number: not available; Federal Award Year: 2018)

**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”.

**Condition:** During our testing of sixty (60) eligibility determinations, the review of the first eighteen (18) noted the following exceptions:

- We noted for two (2) beneficiaries that the renewal of eligibility for the beneficiary to continue to receive medical assistance was not performed within 12 months of the last determination; thus the beneficiaries continued to receive medical assistance during the period for which eligibility was not determined.
- We noted one (1) beneficiary case file did not contain evidence for proof of citizenship.

Also, per the County's Medicaid Renewal Report as of June 2018, the County had forty-nine (49) Medicaid cases whose eligibility redeterminations were past due (i.e., eligibility had not been verified within the last twelve months).

Due to the exception rate for the first eighteen (18) eligibility determinations reviewed and the status at June 2018 noted above, further testing on the remaining forty-two (42) sample items was not deemed necessary.

**Cause:** A significant increase in the number of applicants during the year as a result of continued implementation of Affordable Care Act measures, as well as a lack of personnel to assist in processing and reviewing these applications, prevented the County from complying with the program's requirements for determination of participant's eligibility.

**Effect:** The County's noncompliance could result in costs disallowed by the grantor or a reduction in future

**COUNTY OF LOUDOUN, VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

*FOR THE YEAR ENDED JUNE 30, 2018*

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funding for this program.

**Questioned Cost:** Undeterminable.

**Recommendation:** The County should implement a plan to enhance internal controls related to participant eligibility to ensure renewals are occurring on a timely basis and files contain adequate supporting documentation in accordance with the program requirements.

**Views of Responsible Officials and Planned Corrective Action:**

**Responsible Person:** Chris Slagle, Program Manager

**Estimated Completion:** As of October 2018, the agency's timeliness rate for processing redeterminations is 100%, exceeding the state expectation of 97%.

**Corrected Action:** Effective immediately, the Benefits Unit will implement the following procedures to ensure timely processing and evaluation of Medicaid renewals:

- Weekly Medicaid renewal lists will be reviewed by the Program Manager, and will be disseminated to each worker to ensure workers are aware of renewals required to be completed.
- Direct supervisors will review Medicaid renewal lists on a monthly basis with each worker to ensure they are acting on renewals timely, and will address any situation where a worker is falling behind on this requirement.
- Medicaid renewal lists will be provided to worker two months in advance of their due dates to ensure workers are aware of their workloads, and plan accordingly.
- Staff will be trained on procedures of what to do if a Medicaid renewal has not been successfully completed due to a system error, and stress the importance of acting on those system errors quickly.

Case monitoring procedures will be developed and implemented to regularly review cases for accuracy and timeliness.

**(4) Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants**

**2018-002: Non-material Noncompliance – Statement of Economic Interests (SOEI) (Repeat Finding – 2017-004)**

**Condition:** One (1) of the twenty-one (21) officials filed the Financial Disclosure Statement prior to the annual filing period.

**Criteria:** Section 2.2-3115 of the Code of Virginia requires local officials to file a SOEI, Real Estate Disclosure, and Financial Disclosure Statement form with the clerk of the governing body by February 1st or prior to assuming office or taking employment to disclose personal financial interests that may cause conflicts. Additionally, the Council requires that the local official may not sign, date, or submit a disclosure form for the regular annual filing period prior to January 1 each year.

**Cause:** Lack of controls over the Financial Disclosure Statement to ensure that all statements are filed within the prescribed time constraints.

**Effect:** Noncompliance may result in action by the Commonwealth.

**Questioned Cost:** Non-financial finding.

**COUNTY OF LOUDOUN, VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

*FOR THE YEAR ENDED JUNE 30, 2018*

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**Recommendation:** Local government officials should complete the Statement of Economic Interest, Real Estate Disclosure forms, and Financial Disclosure Statements in accordance with prescribed requirements.

**Views of Responsible Officials and Planned Corrective Action:**

**Responsible Person:** Leo Rogers, County Attorney

**Estimated Completion:** June 30, 2019

**Corrected Action:** The County will analyze the process of state filings by local government officials and determine what, if any, controls can be put in place to ensure accurate and timely filing of the Statement of Economic interest forms.

**2018-003: Non-material Noncompliance – Social Service Computer Access Request Forms (Repeat Finding – 2017-005)**

**Condition:** One (1) of twelve (12) Social Service workers selected for testing did not have their current/updated Computer Access Request Forms on file.

**Criteria:** Per Section 3-15 of the *Specifications for Audits of Counties, Cities, and Towns*, published by the Commonwealth's Auditor of Public Accounts, Counties are responsible for reviewing local users with access to each application to determine if they have a current access request form on file, and if the access in the system matches each application on the form.

**Cause:** A lack of documentation for employee system access authorization.

**Effect:** Noncompliance may result in action by the Commonwealth.

**Questioned Cost:** Non-financial finding.

**Recommendation:** The County should ensure all required employees complete and file an updated Computer Access Request Forms in accordance with Commonwealth requirements.

**Views of Responsible Officials and Planned Corrective Action:**

**Responsible Person:** Don Burgess, Primary Local Security Officer and Allison Tibbs-Foster, Backup Security Officer

**Estimated Completion:** May 1, 2019

**Corrected Action:** A new system will be implemented for access forms that are submitted to add or remove access for workers. Once an access form has been acted on, it will be marked complete along with the date and initials of the Security Officer that processed it. All pending forms will be placed in a folder until it is processed based on the form's effective date. If a form is not acted on immediately because of effective date, etc., it will be placed in a folder and the folder will be checked weekly to ensure that any forms there are acted upon when appropriate.

## COUNTY OF LOUDOUN, VIRGINIA

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

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**2018-004: Non-material Noncompliance – Social Service Continuity of Operations Program (“COOP”) (Repeat Finding – 2017-007)**

**Condition:** The COOP did not include a plan for loss of access to a facility (e.g., as in fire), loss of services due to a reduced workforce (as in pandemic influenza), or loss of services due to equipment or systems failure.

**Criteria:** Per Section 3-15 of the *Specifications for Audits of Counties, Cities, and Towns*, published by the Commonwealth of Virginia’s Auditor of Public Accounts, counties are responsible for having a documented business continuity plan in which requirements are described on the Virginia Department of Emergency Management’s website. The Specifications describe there must be a plan for three types of disruptions: loss of access to a facility, loss of services due to a reduced workforce, and loss of services due to equipment or system(s) failure.

**Cause:** The Loudoun County Department of Social Services has a documented COOP in place; however, it does not discuss a plan for the three types of disruptions per Section 3-15 of the Specifications.

**Effect:** Noncompliance may result in action by the Commonwealth.

**Questioned Cost:** Non-financial finding.

**Recommendation:** The County should ensure the COOP includes procedures addressing loss of access to a facility, loss of services due to a reduced workforce, and loss of services due to equipment or system(s) failure per Section 3-15 of the Specifications.

**Views of Responsible Officials and Planned Corrective Action:**

**Responsible Person:** Colleen Stiles, Finance Manager

**Estimated Completion:** June 30, 2019

**Corrected Action:** Leadership Team members of the Department of Family Services has begun work to develop a COOP plan to address the loss of access to a facility, loss of services due to reduced workforce, and loss of services due to equipment or system(s) failure. This Team will work with each unit in the Department to analyze the operational needs of the County and the Community it serves to develop a comprehensive COOP plan by June 30, 2019.

# COUNTY OF LOUDOUN, VIRGINIA

## STATUS OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2018

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

#### 2017-001: Material Weakness - Internal Control over Financial Reporting

**Condition:** The County has been recognizing revenue and reporting a restricted asset in the Transportation District Fund (a nonmajor governmental fund) upon collection of gas taxes by the Northern Virginia Transportation Commission (NVTC). The NVTC's function is to hold such gas taxes in trust for the County and to release funds only upon request and certification by the County that eligible expenditures consistent with the County's adopted transportation plan have been incurred.

**Status:** Finding not repeated in current year.

#### 2017-002: Significant Deficiency - Internal Control over Financial Reporting

**Condition:** As part of the year-end close process, approximately \$25 million of cash received in the month of July was recorded in the month of June. The postings to cash were identified on the County's June 2017 bank reconciliation as deposits in transit and were acknowledged to have not cleared until up to July 31, 2017.

**Status:** Finding not repeated in current year.

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

#### 2017-003: Material Weakness and Compliance Qualification – Medical Assistance Program Eligibility

**Condition:** As of June 2017, the County had over 246 Medicaid participants (150 cases) whose eligibility redeterminations were past due (i.e., eligibility had not been verified within the last twelve months).

**Status:** Finding repeated in current year – see 2018-001.

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

#### 2017-004: Non-material Noncompliance – Statement of Economic Interests

**Condition:** Two (2) of the fourteen (14) officials did not accurately complete the filed Statement of Economic Interest (SOEI). One (1) of the seventeen (17) officials did not file a Real Estate Disclosure form prior to assuming office.

**Status:** Finding repeated in current year – see 2018-002.

#### 2017-005: Non-material Noncompliance – Social Services System Access Request Forms

**Condition:** Eight (8) of seventeen (17) Social Service workers did not have current/updated Computer Access Request Forms on file.

**Status:** Finding repeated in current year – see 2018-003

**COUNTY OF LOUDOUN, VIRGINIA**  
**STATUS OF PRIOR AUDIT FINDINGS (CONTINUED)**

*FOR THE YEAR ENDED JUNE 30, 2018*

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**2017-006: Non-material Noncompliance – Social Services’ System Access**

**Condition:** One (1) of five (5) newly employed Social Services’ employees did not receive the required initial training for the Virginia Department of Social Services (“VDSS”) State System access within 30 days of hire.

**Status:** Finding not repeated in current year.

**2017-007: Non-material Noncompliance – Social Service Continuity of Operations Program (“COOP”)**

**Condition:** The COOP did not include a plan for loss of access to a facility (e.g., as in fire), loss of services due to a reduced workforce (as in pandemic influenza), or loss of services due to equipment or systems failure.

**Status:** Finding repeated in current year – see 2018-004