

COUNTY OF FAIRFAX, VIRGINIA

COMPLIANCE REPORTS

For the fiscal year ended June 30, 2016

(With Reports of Independent Auditors Thereon)

**COUNTY OF FAIRFAX, VIRGINIA
COMPLIANCE REPORTS
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**Report of Independent Auditor on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Supervisors
County of Fairfax, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Fairfax, Virginia (the "County") as of and for the year ended June 30, 2016, 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 18, 2016.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned cost, as items 2016-001 and 2016-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the *Specifications for Audits of Cities, Counties and Towns* and which are described in the accompanying schedule of findings and questioned costs as items 2016-005, 2016-006, 2016-007 and 2016-008.

County's Response to Findings

The County 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 18, 2016

**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, 2016. 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 the Medical Assistance Program as described in finding number 2016-003 for Eligibility. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Qualified Opinion on Medical Assistance Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Medical Assistance Program for the year ended June 30, 2016.

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, 2016.

Other Matters

The results of our auditing procedures disclosed an other instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2016-004. Our opinion on each major federal program is not modified with respect to this matter.

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.

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 2016-003, that we consider to be a material weakness.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

We have audited the financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated November 18, 2016, 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.

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

Tysons Corner, Virginia
November 18, 2016

COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2016

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
Office of National Drug Control Policy								
Passed Through The University of Maryland:								
High Intensity Drug Trafficking Area (HIDTA) Project	07.999 ¹		9447-Z9744005		30,582			
Passed Through Mercyhurst University:								
High Intensity Drug Trafficking Area (HIDTA) Project	07.999 ¹		I-2015TXFAIR		385,107			
<i>1 - Total for High Intensity Drug Trafficking Area (HIDTA) Project (07.999)</i>							415,689	
Department of Agriculture								
Direct Awards:								
National School Lunch Program	10.555 ²	Child Nutrition Cluster			4,103,109			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561 ³	SNAP Cluster			153,269			
Fresh Fruit and Vegetable Program	10.582				174,829			
Passed Through the Commonwealth of Virginia:								
<u>Department of Agriculture and Consumer Services</u>								
<i>Non-cash Assistance:</i> National School Lunch Program	10.555 ²	Child Nutrition Cluster	04 754		3,764			
<u>Department of Education</u>								
School Breakfast Program	10.553 ⁴	Child Nutrition Cluster	17901-40253		5,635,878			
National School Lunch Program	10.555 ²	Child Nutrition Cluster	17901-40254		24,138,903			
<u>Department of Health</u>								
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557 ⁵		409BF2014 409BF2016 409WIC2015 409WIC2016		3,609,318			
Child and Adult Care Food Program	10.558		58597 58795 58870 59021 59936 58441		6,541,934			
Summer Food Service Program for Children	10.559	Child Nutrition Cluster	58441		928,480			
<u>Department of Juvenile Justice</u>								
School Breakfast Program	10.553 ⁴	Child Nutrition Cluster	17901-40253		31,947			
National School Lunch Program	10.555 ²	Child Nutrition Cluster	17901-40254		61,949			

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual programs 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, 2016

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
<u>Department of Social Services</u>								
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561 ³	SNAP Cluster	85503-91103 85803-91403 84322-90212 84403-90304 85504-91104 85804-91404 84404-90303		8,798,408			
Passed Through ABT Associates:								
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557 ⁵		P.O. 31575		4,606			
Passed Through Wholesome Wave Foundation Charitable Ventures, Inc.:								
Food Insecurity Nutrition Incentive Grants Program	10.331		FINI-112		3,500			
<i>Total for Child Nutrition Cluster (10.553, 10.555, 10.559)</i>						34,904,030		
<i>Total for SNAP Cluster (10.561)</i>						8,951,677		
<i>2 - Total for National School Lunch Program (10.555)</i>								28,307,726
<i>3 - Total for State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (10.561)</i>								8,951,677
<i>4 - Total for School Breakfast Program (10.553)</i>								5,667,825
<i>5 - Total for Special Supplemental Nutrition Program for Women, Infants, and Children (10.557)</i>								3,613,924
Department of Commerce								
Direct Awards:								
Chesapeake Bay Studies	11.457				2,391			
Passed Through Chesapeake Bay Trust:								
Unallied Management Projects	11.454		12970		6,909			
Department of Defense								
Direct Awards:								
Junior ROTC (Department of Navy)	12.000				554,777			
Army Youth Programs in Your Neighborhood	12.003				162,861			
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	12.556				1,193,989			
Invitational Grants for Military-Connected Schools	12.557				157,983			
Community Investment	12.600				14,077,753			

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual programs 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, 2016

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
Department of Housing and Urban Development								
Direct Awards:								
Little River Glen - Loans:								
Loans beginning balance	14.000			3,880,000	3,880,000			
Supportive Housing for Persons with Disabilities	14.181				268,229			
Community Development Block Grants/Entitlement Grants	14.218 ⁶	CDBG - Entitlement Grants Cluster			3,761,133			
Community Development Block Grants/Entitlement Grants - Loans:								
Loans beginning balance	14.218 ⁶	CDBG - Entitlement Grants Cluster		14,468,843				
New loans	14.218 ⁶	CDBG - Entitlement Grants Cluster		2,075,736	16,544,579			
Emergency Solutions Grant Program	14.231				497,335			
Home Investment Partnerships Program	14.239 ⁷				1,168,567			
Home Investment Partnerships Program - Loans:								
Loans beginning balance	14.239 ⁷			7,939,002				
New loans	14.239 ⁷			924,358	8,863,360			
Continuum of Care Program	14.267				2,354,838			1,731,079
Fair Housing Assistance Program, State and Local	14.401				71,788			
Resident Opportunity and Supportive Services - Service Coordinators VA019FSH231A015	14.870 ⁸				65,217			
Resident Opportunity and Supportive Services - Service Coordinators VA019FSH677A014	14.870 ⁸				59,773			
Resident Opportunity and Supportive Services - Service Coordinators VA019RFS263A013	14.870 ⁸				22,784			
Resident Opportunity and Supportive Services - Service Coordinators VA019RPS051A012	14.870 ⁸				103,453			
Section 8 Housing Choice Vouchers	14.871	Housing Voucher Cluster			2,501,582			
Moving to Work Demonstration Program	14.881				55,334,348			
<i>Total for CDBG - Entitlement Grants Cluster (14.218)</i>						20,305,712		
<i>Total for Housing Voucher Cluster (14.871)</i>						2,501,582		
<i>6 - Total Community Development Block Grants/Entitlement Grants (14.218)</i>							20,305,712	
<i>7 - Total Home Investment Partnerships Program (14.239)</i>							10,031,927	
<i>8 - Total for Resident Opportunity and Supportive Services - Service Coordinators (14.870)</i>							251,227	

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual programs 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, 2016

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
Department of the Interior								
Direct Awards:								
Visitor Facility Enhancements - Refuges and Wildlife	15.654				645			
National Wildlife Refuge Fund	15.659				39,382			
Department of Justice								
Direct Awards:								
Justice Systems Response to Families	16.021				226,352			
Services for Trafficking Victims	16.320				95,414			
Supervised Visitation, Safe Havens for Children	16.527				5,805			
Drug Court Discretionary Grant Program	16.585				10,034			
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590				311,068			135,726
State Criminal Alien Assistance Program	16.606				793,363			
Edward Byrne Memorial Justice Assistance Grant Program	16.738 ⁹				197,138			
Equitable Sharing Program	16.922				784,931			
Passed Through the Commonwealth of Virginia:								
<u>Department of Criminal Justice Services</u>								
Sexual Assault Services Formula Program	16.017		15-B3122SP14		10,997			
Juvenile Accountability Block Grants	16.523		15-A3171JB11		275			
Juvenile Justice and Delinquency Prevention_Allocation to States	16.540		15-D2340JJ11		888			
Crime Victim Assistance	16.575 ¹⁰		14-A3122OT13		98,694			
			15-P3445SA14					
			16-Q3445SA14					
			16-T9279VG15					
Violence Against Women Formula Grants	16.588		15-R9836VA14		62,021			
			15-S9333VA14					
			16-S9836VA15					
			16-T9333VA15					
Edward Byrne Memorial Justice Assistance Grant Program	16.738 ⁹		16-D2607AD14		11,819			

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual programs 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, 2016

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
<u>Department of Social Services</u>								
Crime Victim Assistance	16.575 ¹⁰		CVS-12-049-12 CVS-15-011-09 CVS-15-073-13		39,636			
9 - Total for Edward Byrne Memorial Justice Assistance Grant Program (16.738)								208,957
10 - Total for Crime Victim Assistance (16.575)								138,330
Department of Labor								
Passed Through the Commonwealth of Virginia:								
<u>Virginia Community College System</u>								
WIA/WIOA Adult Program	17.258	WIA/WIOA Cluster	LWA 11-10-01 LWA 11-11-04 LWA 11-12-04 LWA 11-13-03 LWA 11-14-04TN		(84,537)			
WIA/WIOA Youth Activities	17.259	WIA/WIOA Cluster	LWA 11-15-03 LWA 11-10-01 LWA 11-11-04 LWA 11-12-04 LWA 11-13-03 LWA 11-14-04TN LWA 11-15-03		1,416,203			
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277		LWIA 11 MOU 4-2014		10,231			
WIA/WIOA Dislocated Worker Formula Grants	17.278	WIA/WIOA Cluster	LWA 11-10-01 LWA 11-11-04 LWA 11-12-04 LWA 11-13-03 LWA 11-14-04TN LWA 11-14-INC02 LWA 11-15-03		2,608,270			
Total for WIA/WIOA Cluster (17.258, 17.259, 17.278)								3,939,936

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual programs 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, 2016

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
Department of Transportation								
Direct Awards:								
Transportation Infrastructure Finance and Innovation Act (TIFIA) Program -								
Loans:								
Loans beginning balance	20.223			20,703,448				
New loans	20.223			<u>80,404,741</u>	101,108,189			
Federal Transit_Capital Investment Grants	20.500	Federal Transit Cluster			845,388			
Passed Through the Commonwealth of Virginia:								
<u>Department of Motor Vehicles</u>								
State and Community Highway Safety	20.600	Highway Safety Cluster	K8-2015-55143-5882 PS-2015-55331-6070 PS-2016-56343-6543 SC-2015-55287-6026 SC-2016-56339-6539		36,704			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	Highway Safety Cluster			28,026			
Alcohol Open Container Requirements	20.607		154AL-2016-56012-6212 154AL-2016-56424-6629		171,910			
<u>Department of Transportation</u>								
Highway Planning and Construction	20.205 ¹¹	Highway Planning and Construction Cluster	0050-029-140 UPC 58601 0050-029-277 UPC 108494 0050-029-278 UPC 108496 0050-029-279 UPC 108498 0050-029-280 UPC 108499 0050-029-281 UPC 108495 0050-029-282 UPC 108493 0050-029-283 UPC 108501 0050-029-284 UPC 108500 0050-029-285 UPC 108497 0050-029-286 UPC 108502 0193-029-123 UPC 60337 0650-029-228 UPC 106928 0650-029-233 UPC 106934 0650-029-234 UPC 106932 0677-029-231 UPC 106933 0684-029-232 UPC 106935		4,678,103			

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual programs 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, 2016

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
			0828-029-245 UPC 107436					
			0828-029-247 UPC 107438					
			0828-029-248 UPC 107439					
			0839-029-230 UPC 106937					
			3402-029-229 UPC 106929					
			3547-029-227 UPC 106927					
			3838-029-236 UPC 106936					
			8102-029-065 UPC 103907					
			9999-029-098 UPC 104294					
			9999-029-246 UPC 107437					
			9999-029-847 UPC 93146					
			9999-029-949 UPC 104293 and UPC 106498					
			EN05-029-128 UPC 78238					
			EN06-029-120 UPC 94287					
			EN09-029-119 UPC 94286					
			EN12-029-024 UPC 103594					
			EN13-029-148 UPC 105266					
			EN14-029-105 UPC 105990					
			EN14-029-107 UPC 106143					
			EN98-029-144 UPC 50110					
			EN98-029-145 UPC 50111					
			EN99-029-164 UPC 52041					
			SRTS-029-144 UPC 105288					
			SRTS-029-145 UPC 105286					
			SRTS-029-993 UPC 102848					
			TCM-47c UPC 106473					
			TCM-47c UPC 78210					
			TMSA-029-003 UPC 103262					
			TMSA-029-004 UPC 103265					
			TMSA-029-005 UPC 103276					
			TMSA-029-006 UPC 103280					
			TMSA-029-007 UPC 103281					
			TMSA-029-008 UPC 103282					
			TMSA-029-009 UPC 103283					
			TMSA-029-010 UPC 103284					

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual programs 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, 2016

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
			TMSA-029-011 UPC 103285 TMSA-029-013 UPC 103294 TP00-029-701 UPC 70632 UPC 107881					
Job Access And Reverse Commute Program	20.516	Transit Services Programs Cluster	UPC 67772		521,362			
			UPC 98753 UPC 99054					
<u>Department of Rail and Public Transportation</u>								
Highway Planning and Construction	20.205 ¹¹	Highway Planning and Construction Cluster	47015-02 UPC T207		400,000			
Passed Through Metropolitan Washington Council of Governments (COG):								
New Freedom Program	20.521	Transit Services Programs Cluster	16-036		79,697			
<i>Total for Highway Planning and Construction Cluster (20.205)</i>						5,078,103		
<i>Total for Federal Transit Cluster (20.500)</i>						845,388		
<i>Total for Transit Services Programs Cluster (20.516, 20.521)</i>						601,058		
<i>Total for Highway Safety Cluster (20.600, 20.601)</i>						64,729		
<i>11 - Total for Highway Planning and Construction (20.205)</i>							5,078,103	
Department of the Treasury								
Direct Awards:								
Treasury Fund Program Activity	21.000				54,517			
Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009				23,638			
National Aeronautics and Space Administration								
Passed Through FIRST:								
Science	43.001		Not Available		24,632			

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual programs 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, 2016

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
Department of Education								
Direct Awards:								
Impact Aid	84.041				3,723,756			
Passed Through the Commonwealth of Virginia:								
<u>Department of Behavioral Health and Developmental Services</u>								
Special Education-Grants for Infants and Families	84.181		44507-43079 720C-04446-15B-14		1,541,722			
<u>Department of Education</u>								
Adult Education - Basic Grants to States	84.002		V002A150047 V002A160047		1,766,773			902,271
Title I Grants to Local Educational Agencies	84.010		S010A140046 S010A150046		18,607,962			
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013		S013A150046		114,348			
Special Education_Grants to States	84.027	Special Education Cluster (IDEA)	H027A130172 H027A140107 H027A150107		32,360,791			
Career and Technical Education -- Basic Grants to States	84.048		V048A140046 V048A150046		1,680,723			
Special Education_Preschool Grants	84.173	Special Education Cluster (IDEA)	H173A150112		748,064			
Education for Homeless Children and Youth	84.196		G02915		81,456			
Twenty-First Century Community Learning Centers	84.287		S287C130047 S287C140047 S287C150047		467,280			
English Language Acquisition State Grants	84.365		S365A140046 S365A150046 S365B150046		4,449,753			
Improving Teacher Quality State Grants	84.367		S367A140044 S367A150044		2,510,876			
Preschool Development Grants	84.419		S419B150010		1,098,952			
Passed Through New York University:								
Investing in Innovation (i3) Fund	84.411		Not Available		15,030			
<i>Total for Special Education Cluster (IDEA) (84.027, 84.173)</i>						33,108,855		

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual programs 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, 2016

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
Department of Health and Human Services								
Direct Awards:								
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243 ¹²				74,293			
Head Start	93.600				8,494,279			1,417,065
Food and Drug Administration_Research	93.103 ¹⁶				31,211			
Passed Through the Commonwealth of Virginia:								
<u>Department for Aging and Rehabilitative Services</u>								
Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041		559		11,386			
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042		559		46,495			
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043		559		1,952			
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	Aging Cluster	559		631,064			
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	Aging Cluster	559		991,009			
National Family Caregiver Support, Title III, Part E	93.052		559		259,272			
Nutrition Services Incentive Program	93.053	Aging Cluster	559		346,700			
Medicare Enrollment Assistance Program	93.071		559		96,702			
State Health Insurance Assistance Program	93.324		559		77,891			
Affordable Care Act State Health Insurance Assistance Program (SHIP) and Aging and Disability Resource Center (ADRC) Options Counseling for Medicare-Medicaid Individuals in States with Approved Financial Alignment Models	93.626		559		13,724			
Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs financed by Prevention and Public Health Funds (PPHF)	93.734		559		7,614			
Medical Assistance Program	93.778 ¹³	Medicaid Cluster	559		32,153			
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779		559		18,402			
<u>Department of Behavioral Health and Developmental Services</u>								
Projects for Assistance in Transition from Homelessness (PATH)	93.150		44506-50994 44506-50995		164,549			
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243 ¹²		720C-04468-16M01 720C-04369-13M01		159,375			159,375
Block Grants for Community Mental Health Services	93.958		44506-50124 44506-50125		1,308,689			
Block Grants for Prevention and Treatment of Substance Abuse	93.959		44501-50165		3,019,905			

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual programs 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, 2016

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
<u>Department of Education</u>								
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243 ¹²		1H79SM061897		252,513			
<u>Department of Health</u>								
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074		CST 409 Program 7750400 Proj 96390, 96391, 96397 CST 409 Program 7750400 Proj 93074		319,654			
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		409TB611GY15		184,339			
Immunization Cooperative Agreements	93.268		409TB611GY16 409IAP607GY15 409IAP607GY16		77,949			
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283		409CI532395		87,900			
National State Based Tobacco Control Programs	93.305		409CI532395		18,956			
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505		705AT232100		477,919			
<u>Department of Social Services</u>								
Promoting Safe and Stable Families	93.556		85529-91129 86601-90359 86602-90360 86605-90361 86608-90393		36,925			

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual programs 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, 2016

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
Temporary Assistance for Needy Families	93.558	TANF Cluster	16-001-09 80801-90603 85509-91109 85510-91110 85511-91111 85512-91112 85527-91127 86701-90621 87201-90365 87202-90366 87204-90367 87207-90377 87210-90364 87212-90391 BEN-13-045-07 CVS-12-049-12 CVS-15-073-13 FAM-15-084-04		4,468,618			121,114
Refugee and Entrant Assistance_State Administered Programs	93.566		81901-90623 85513-91113		213,704			
Low-Income Home Energy Assistance	93.568		85514-91114		324,604			
Community Services Block Grant	93.569		16-001-09		588,173			588,173
Child Care and Development Block Grant	93.575 ¹⁴	CCDF Cluster	88801-90564 OECD-13-054-03		272,389			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CCDF Cluster	85516-91116 85517-91117 85518-91118 88901-90566 89001-90378		579,728			
Chafee Education and Training Vouchers Program (ETV)	93.599		86101-90353		51,087			
Stephanie Tubbs Jones Child Welfare Services Program	93.645		85531-91131		24,901			
Foster Care_Title IV-E	93.658		81107-90636 81108-90637 81110-90639 81112-90657		4,018,324			

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual programs 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, 2016

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
			81113-90658					
			84319-90209					
			85505-91105					
			85506-91106					
			85507-91107					
			85533-91133					
			85538-91138					
			85547-91147					
			85548-91148					
			85805-91405					
			85806-91406					
			85807-91407					
			85833-91433					
			85838-91438					
			85847-91447					
			85848-91448					
			87301-90047					
			87302-90368					
			87303-90369					
Adoption Assistance	93.659		81201-90606		3,016,770			
			81202-90627					
			81203-90607					
			84324-90214					
			85508-91108					
			85808-91408					
Social Services Block Grant	93.667 ¹⁵		81701-90648		3,254,332			
			82904-90357					
			82905-90358					
			83303-90339					
			83304-90340					
			85520-91120					
			85522-91122					
			85523-91123					

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COUNTY OF FAIRFAX, VIRGINIA
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2016

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
			85524-91124					
			85525-91125					
			85526-91126					
			85542-91142					
			86401-90351					
			89501-90379					
			CVS-12-049-12					
			CVS-15-073-13					
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671		CVS-12-049-12		35,277			
			CVS-15-073-13					
Chafee Foster Care Independence Program	93.674		85534-91134		64,579			
			86201-90356					
Children's Health Insurance Program	93.767		85002-90161		377,035			
			85202-90172					
			85502-91102					
			85802-91402					
Medical Assistance Program	93.778 ¹³	Medicaid Cluster	84323-90213		11,184,326			
			85001-90160					
			85201-90171					
			85501-91101					
			85546-91146					
			85550-91150					
			85801-91401					
			85846-91446					
			85850-91450					
<u>Office of Children's Services</u>								
Social Services Block Grant	93.667 ¹⁵		1300		669,814			
Passed Through Association of Food and Drug Officials:								
Food and Drug Administration_Research	93.103 ¹⁶		G-SP-1410-02075		6,478			
			G-SP-1509-02822					
			G-T-1410-01708					
			G-T-1509-02839					

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual programs 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, 2016

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
Passed Through Association of Public Health Laboratories:								
CSELS Partnership: Strengthening Public Health Laboratories	93.322		56400-200-943-16-16		26,864			
Passed Through Child Development Resources:								
Child Care and Development Block Grant	93.575 ¹⁴	CCDF Cluster	ITSN-NOR-12		227,151			
Passed Through National Association of County and City Health Officials:								
Medical Reserve Corps Small Grant Program	93.008		MRC 14-0169		281			
Food and Drug Administration_Research	93.103 ¹⁶		2015-011521 2016-010505		23,465			
NON-ACA/PPHFBuilding Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations	93.424		0001281530		2,500			
<i>Total for Aging Cluster (93.044, 93.045, 93.053)</i>						1,968,773		
<i>Total for TANF Cluster (93.558)</i>						4,468,618		
<i>Total for CCDF Cluster (93.575, 93.596)</i>						1,079,268		
<i>Total for Medicaid Cluster and Medical Assistance Program (93.778)</i>						11,216,479		
<i>12 - Total for Substance Abuse and Mental Health Services_Projects of Regional and National Significance (93.243)</i>							486,181	
<i>13 -Total for Medical Assistance Program (93.778)</i>							11,216,479	
<i>14 - Total for Child Care and Development Block Grant (93.575)</i>							499,540	
<i>15 - Total for Social Services Block Grant (93.667)</i>							3,924,146	
<i>16 - Total for Food and Drug Administration_Research (93.103)</i>							61,153	
Department of Homeland Security								
Direct Awards:								
National Urban Search and Rescue (US&R) Response System	97.025				2,237,579			
Assistance to Firefighters Grant	97.044				502,388			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083				3,339,724			
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		37,668			
Hazard Mitigation Grant	97.039		VDEM-HMGP# 4042-009		774,323			
Emergency Management Performance Grants	97.042		6729		111,135			
Homeland Security Grant Program	97.067 ¹⁷		SHSP 2014		305,725			

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual programs 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, 2016

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
Passed Through the District of Columbia:								
<u>DC Fire and Emergency Medical Services Department</u>								
<i>Non-cash Assistance:</i> Homeland Security Grant Program	97.067 ¹⁷		Not Available		30,993			
<u>Homeland Security & Emergency Management Agency</u>								
Homeland Security Grant Program	97.067 ¹⁷		10UASI529-01		11,340,082			
			10UASI529-05					
			10UASI529-06					
			10UASI529-09					
			10UASI583-01					
			11UASI529-01					
			11UASI529-04					
			11UASI583-01					
			11UASI583-02					
			12UASI583-01					
			13UASI529-01					
			13UASI529-03					
			13UASI529-04					
			13UASI529-08					
			13UASI531-02					
			13UASI531-03					
			13UASI531-06					
			13UASI531-07					
			13UASI583-02					
			14UAS531-07					
			14UASI529-01					
			14UASI529-02					
			14UASI529-03					
			14UASI530-01					
			14UASI531-01					
			14UASI531-02					
			14UASI531-03					
			14UASI531-04					
			14UASI531-05					
			14UASI531-06					

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual programs 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, 2016

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
			14UASI531-08					
			14UASI533-01					
			14UASI533-02					
			14UASI546-01					
			14UASI583-01					
			14UASI583-02					
			14UASI583-03					
			15UASI529-01					
			15UASI529-02					
			15UASI529-03					
			15UASI529-04					
			15UASI529-05					
			15UASI529-08					
			15UASI529-09					
			15UASI529-10					
			15UASI530-01					
			15UASI531-01					
			15UASI531-02					
			15UASI531-03					
			15UASI531-04					
			15UASI531-05					
			15UASI531-06					
			15UASI531-07					
			15UASI533-01					
			15UASI533-02					
			15UASI546-01					
			15UASI583-01					
			15UASI583-02					
			15UASI583-03					
			15UASI583-04					
17 - Total for Homeland Security Grant Program (97.067)								11,676,799

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual programs 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, 2016

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	Loans	Federal Expenditures	Cluster	Program	Passed Through to Subrecipients
U.S. Agency for International Development								
Direct Awards:								
USAID Foreign Assistance for Programs Overseas	98.001				2,633,429			
Total Federal Expenditures					<u>418,023,776</u>			<u>5,054,803</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule. Totals by cluster and individual programs 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, 2016

(1) Basis of Presentation

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

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(2) Summary of Significant Accounting Policies

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

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

(3) Non-Cash and Other Programs

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

The Commonwealth of Virginia Department of Agriculture and Consumer Services, Food Distribution Program, administers the United States Department of Agriculture (USDA) donated food program within the Commonwealth of Virginia. USDA provides values for all donated food. For CFDA # 10.555, National School Lunch Program, the County received donated food for the year ended June 30, 2016. The values are included on the accompanying Schedule.

The Homeland Security Grant Program under CFDA #97.067 is granted by the U.S. Department of Homeland Security to enhance the ability of state and local governments to prepare, prevent, respond to, and recover from terrorist attacks and other disasters. Several Washington, DC metropolitan jurisdictions receive funding under this program. In addition to purchasing equipment, maintenance services, or supplies for their own jurisdiction, they may purchase these items for surrounding jurisdictions and then transfer, or donate, the items to other jurisdictions per the federal government or pass-through entity's instructions. For the year ended June 30, 2016, Fairfax County purchased maintenance and support services valued at \$486,618 to other jurisdictions. The County also received donated equipment for the year ended June 30, 2016. The values are included on the accompanying Schedule.

COUNTY OF FAIRFAX, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards

Fiscal year ended June 30, 2016

Additionally, under USAID Foreign Assistance for Programs Overseas CFDA #98.001, the County's Urban Search and Rescue Team (USAR) can be deployed immediately by the U.S. Agency for International Development (USAID) to assist in the federal government's humanitarian response to a natural disaster. During these deployments, USAR will bring capital equipment and non-capital supplies to their deployment site. Under certain circumstance and with the federal government's approval, USAR will transfer, or donate, the capital equipment and non-capital supplies to designated international organizations. For the year ended June 30, 2016, USAR purchased and transferred equipment or supplies valued at \$185,034 to international organizations.

(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 (FCRHA) in connection with certain low income housing projects. The loan program under CFDA #14.248, Community Development Block Grant – Section 108 Loan Guarantees, and had outstanding principal due of \$10,728,000 at June 30, 2016.

The FCRHA provides loans to qualified low income borrowers through CFDA #14.239, Home Investment Partnerships Program, to promote home ownership and provide assistance with down payments and closing costs. The outstanding principal balance of the HOME loans was \$8,603,797 at June 30, 2016.

The FCRHA 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. The outstanding principal balance of the CDBG loans was \$16,400,097 at June 30, 2016.

In addition, the FCRHA held Federal Housing Administration - insured mortgage revenue bonds secured by land, buildings, and equipment of \$3,655,000 at June 30, 2016.

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 \$101,108,189 at June 30, 2016. The County's expenditures of \$80,404,741 as of 06/30/2016 for the TIFIA program are reported on the accompanying Schedule. Additionally, \$13,538,371 of the \$80,404,741 in expenditures relate to net expenditures reported on the accompanying Schedule for the year ended June 30, 2015 due to accruals.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2016

(1) Summary of Auditors' 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? **None Reported**

Material weakness identified? **Yes**

C. Noncompliance material to financial statements noted? **None Reported**

D. Noncompliance related to state specifications? **Yes**

Federal Awards

E. Significant deficiencies in internal control over major programs noted? **None Reported**

F. Material weaknesses in internal control over major programs noted? **Yes**

G. Type of report issued on compliance for major programs:

Major Program	CFDA Number(s)	Type of Report Issued
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	Unmodified
Community Investment	12.600	Unmodified
Community Development Block Grants/Entitlement Grants Cluster	14.218	Unmodified
Home Investment Partnerships Program	14.239	Unmodified
Moving to Work Demonstration Program	14.881	Unmodified
WIA/WIOA Cluster	17.258, 17.259, 17.278	Unmodified
Special Education Cluster (IDEA)	84.027, 84.173	Unmodified
Impact Aid	84.041	Unmodified
Head Start	93.600	Unmodified
Adoption Assistance	93.659	Unmodified
Medical Assistance Program	93.778	Qualified
Homeland Security Grant Program	97.067	Unmodified

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2016

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

Yes

I. Major programs are as followed:

1. Special Supplemental Nutrition Program for Women, Infants, and Children (CFDA #10.557)
2. Community Investment (CFDA #12.600)
3. Community Development Block Grants/Entitlement Grants Cluster (CFDA #14.218)
4. Home Investment Partnerships Program (CFDA #14.239)
5. Moving to Work Demonstration Program (CFDA #14.881)
6. WIA/WIOA Cluster (CFDA #17.258, 17.259, 17.278)
7. Special Education Cluster (IDEA) (CFDA #84.027, 84.173)
8. Impact Aid (CFDA #84.041)
9. Head Start (CFDA #93.600)
10. Adoption Assistance (CFDA #93.659)
11. Medical Assistance Program (CFDA #93.778)
12. Homeland Security Grant Program (CFDA #97.067)

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

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

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2016

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

Finding: 2016-001

Department: Fairfax County Department of Finance

Finding Type: Material Weakness in Internal Control over Financial Reporting - Charges for Services

Prior Year Audit Finding Number: N/A

Criteria:

The Fairfax County Government (the "County") should have internal controls in place to provide reasonable assurance that any supporting schedules, subledgers, or modules that maintain or calculate detail supporting information be reconciled and sufficiently reviewed to allow a material misstatement to be identified and corrected in a timely manner during the normal course of business. Such internal controls should be designed to provide reasonable assurance that the County's financial statements are complete, reliable, supported, and prepared in accordance with Generally Accepted Accounting Principles (GAAP), which requires the County to maintain financial statements that are free of material misstatements.

Condition:

The Refuse Disposal (Refuse) fund is used to account for the operation of a transfer station to receive refuse collected throughout the County and channel it to either the Energy Resource Recovery (incinerator) or a landfill. The Energy Resource Recovery Facility (Energy) fund is used to account for the operation of a mass burn waste to energy facility, by a private contractor, used to burn refuse collected throughout the County and received from certain other local jurisdictions.

During our testing, we noted management erroneously recorded revenue and expenses approximating \$19.6M in the Refuse fund and also recorded the \$19.6M as revenue in the Energy fund. As such, County management made the following correcting journal entry:

Fund	Acct #	Debit	Credit
400-C40150	443150	19,662,687	
400-C40150	544547		19,662,687

Cause:

The County did not adhere to their existing management review controls over financial reporting.

Effect:

An overstatement of Charges for Services and an understatement of Expenses of \$19,662,687 for the Refuse Disposal Special Revenue Fund occurred as a result of the error.

Recommendation:

The County should strengthen their management review controls to ensure any supporting schedules, subledgers, or modules that maintain or calculate detail supporting information be reconciled and sufficiently reviewed to allow a material misstatement to be identified and corrected in a timely manner during the normal course of business.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2016

Views of responsible officials and planned corrective actions:

The County agrees with the criteria and condition noted. However, we note that a variety of controls are in place and this specific condition has been identified and discussed a number of times during previous audits. Due to various factors, the outcome of those discussions resulted in the decision not to change the reporting. Certain items were clarified or resolved as a result of the discussions between the agency and auditor on this occasion and the reporting has been changed.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2016

Finding: 2016-002

Department: Integrated Sewer System

Finding Type: Material Weakness in Internal Control over Financial Reporting - Capital Assets

Prior Year Audit Finding Number: N/A

Criteria:

The Fairfax County Integrated Sewer System (the "System") should have internal controls in place to provide reasonable assurance that any supporting schedules, subledgers, or modules that maintain or calculate detail supporting information be reconciled and sufficiently reviewed to allow a material misstatement to be identified and corrected in a timely manner during the normal course of business. Such internal controls should be designed to provide reasonable assurance that the County's financial statements are complete, reliable, supported, and prepared in accordance with Generally Accepted Accounting Principles (GAAP), which requires the County to maintain financial statements that are free of material misstatements.

Condition:

The System has an 8.4% capacity entitlement in the DC Water Blue Plains Wastewater Treatment Plant ("DC Water") for which the System is billed its proportionate share of capital improvements by DC Water for this facility each year. The System's capital-related payments to DC Water are recorded as a purchased capacity asset and depreciated over 99 years. Flows from the Town of Herndon (the "Town") have historically comprised 8-9% of the System's flows into the DC Water facility. The System passes on a proportionate share of DC Water's capital billings to the Town based on the Town's share of flows into the facility. The capital billings by the System to the Town should be recorded as a reduction of the capitalized purchase capacity. However, for fiscal years prior to 2016, the System has recorded capital billings to the Town as revenue.

In addition, the System has material amounts of construction in progress capital asset additions and interest on outstanding debt that is also material, but has not considered the need to capitalize interest on its construction projects in accordance with GAAP. Nor does the System have a process in place for timely identification and reconciliation of when a project is completed or placed in service and should be transferred to depreciable/amortized capital assets.

Cause:

The System did not have appropriate policies and procedures in place surrounding the financial close and reporting process to ensure that the financial statements were prepared in accordance with GAAP and free of material misstatement.

Effect:

As of July 1, 2015, capitalized purchased capacity and net position were overstated by \$8.6 million due the prior years' errors in recording the Town's capital billings as revenue. The effect of this error has been corrected in 2016 by the disposal of the purchased capacity asset.

As of July 1, 2015, capital assets and net position were understated by \$442,000 as a result of non-capitalization of interest on construction projects and unrecorded depreciation on construction projects that should have been placed in service in prior years. In addition, interest expense is overstated by \$1.91 million

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

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and additions to capital assets understated by the same amount and depreciation expense is understated by \$509,000 for the year ended June 30, 2016. As a result of the beginning and current year misstatements, capital assets and net position are understated at June 30, 2016, by \$1.84 million.

Recommendation:

We recommend that the System amend its financial close and reporting process for capital assets to include a review of construction in process activity during the year with project managers, engineers, and other appropriate persons. This review should include an analysis of projects or components thereof completed during the year that need to be transferred out of construction in process, placed in service and subjected to depreciation. Projects to which interest capitalization is applicable should be identified as part of this process and the capitalized interest calculated and accrued.

In addition to the above recommendation, the System should also review its recorded transactions against agreements, billing invoices and other supporting documentation to ensure material uncorrected errors do not exist. Such a review should be performed no less frequently than annually, but a monthly or quarterly frequency may be more appropriate in some circumstances.

Views of responsible officials and planned corrective actions:

Management concurs with the finding. We recognize the importance of having strong internal controls to provide reasonable assurance that the System's financial statements are reliable, supported and prepared in accordance with Generally Accepted Accounting Principles (GAAP).

We will add steps, to identify project activities to which interest capitalization is applicable, to our existing process for assessing projects and components for close-out and capitalization and place in service to begin depreciation. We will work with the Department of Finance to calculate the interest expense that needs to be capitalized and accrued annually.

We implemented changes to improve our existing process to review recorded transactions against agreements and billing invoices and it was through these efforts that we identified the Herndon misposting and made the correction for the fiscal year 2016 activities.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2016

(3) Findings and Questioned Costs for Federal Awards

Finding: 2016-003

Program name: Medical Assistance (Medicaid) Program **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: 2015-008

Type of Finding: Material Weakness/Material Non-Compliance

Criteria:

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

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

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

Condition:

During our testing of 65 beneficiaries that were enrolled in the Medical Assistance program, we noted for 17 beneficiaries selected for testwork the renewal of eligibility for the beneficiary to continue to receive medical assistance was not performed within 12 months; thus the 17 beneficiaries continued to receive medical assistance during the period for which eligibility was not determined. Specifically, we noted the following:

COUNTY OF FAIRFAX, VIRGINIA

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Fiscal year ended June 30, 2016

Number of Days Late	Number of Instances	Instances By Quarter	Number of Instances
<30 days	4	Quarter ended 9/30/15	6
31-60 days	6	Quarter ended 12/31/15	4
61-90 days	2	Quarter ended 3/31/16	4
>90 days	5	Quarter ended 6/30/16	3
Total	17	Total	17

Cause:

The Fairfax County Department of Family Services (DFS) management informed us that the untimely completion of the eligibility renewals was due to a lack of resources available to handle the continuous increase in workload as a result of the Affordable Care Act. We did corroborate with the Virginia Department of Social Services that there has been an influx of applications/renewals statewide as a result of healthcare reform and that the untimely renewals is not an isolated event to Fairfax County. Additionally, management informed us that although there has been a slight increase in staffing from FY2015, that some positions granted in FY2016 continue to remain open resulting in an insufficient staffing levels. The audit finding does not appear to be an isolated instance but rather a systemic condition as a result of the increase in workload and the County's lack of resources.

Effect:

The Medical Assistance program as operated by the Fairfax County Department of Family Services (DFS) was not in compliance with the eligibility compliance requirement as of 06/30/16. Additionally, failure to timely perform renewals could result in medical assistance rendered to ineligible individuals.

Recommendation:

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

Questioned costs (include how it was determined): Undeterminable

Views of responsible officials and planned corrective actions:

DFS recognizes the importance of completing renewals in a timely manner. VDSS' Medicaid Manual indicates that all renewals must be completed within a 12 month period. The VDSS Performance Indicator for Medicaid Renewals is 97% for each locality in Virginia and the federal government's completion rate is 100%. DFS is making every effort to meet both the state's Performance Indicator standard of 97% and the federal government's requirement of 100%.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2016

VDSS recognizes that most localities in Virginia have a backlog of overdue Medicaid renewals (9,417 statewide) and has been providing additional funding to localities to pay overtime costs to assist with the number of overdue renewals statewide. Over the past year, we have made great progress in bringing our renewal work up to date. In June 2016, 99.88% of our renewals were completed timely.

We agree that 17 of the 65 Medicaid cases reviewed in the testwork were not reviewed within a 12 month period. However, it is important to note, that at the time of the testwork all 65 Medicaid cases were up to date, with their renewals having been completed. None of the 65 cases had a current overdue renewal. The 17 cases that were cited for not having their renewals completed within a 12 month period, were a result of our “cleanup” effort to bring all our Medicaid cases up to date with their renewals. Additionally, of these 17 Medicaid cases, 10 of them had a SNAP component, which require caseworkers to have specialized training and be experts in two separate programs.

DFS has put into place multiple controls to ensure that Medicaid renewals are completed in a timely manner. In addition to the Quality Assurance Team that was established in 2015, we have also instituted the following practices:

- Providing a weekly report for managers and supervisors to monitor the Medicaid renewals that are coming due. This is in addition to a monthly report that we have been using;
- Holding mandatory weekly supervisory conferences with caseworkers to monitor progress on Medicaid renewals;
- Training for supervisors on how to pull and read the various monitoring reports that are available within the VDSS IT systems as well as our in-house reports;
- Completing ex-parte Medicaid renewals on cases that have a SNAP and/or TANF application submitted;
- Providing caseload management training for caseworkers to ensure compliance with required timelines; and,
- Compliance Manager addressing timeliness and quality issues at monthly staff meetings.

With all the progress that has been made, there are conditions beyond our control that still need to be addressed. Since 2013, VDSS has been in the midst of implementing a new IT system, VaCMS. In early 2017, all remaining public assistance programs (SNAP and TANF) will be migrated into this system. As each of these programs is converted into VaCMS, it comes with a large number of system “workarounds” until the system is refined and the bugs are fixed. This requires additional training for caseworkers as well as presents an additional workload. Currently, VaCMS will not be fully implemented until mid-2017.

The public assistance caseload also continues to increase. The average caseload rose from 92,608 in fiscal year 2015 to 96,104 in fiscal year 2016. While we have assigned new staff positions to address the growing workload and narrow the staff deficit gap, it still is not enough to manage the continual rise in applications received and the ongoing caseload. In order to continue to improve our timeliness and sustain the progress made, additional staff positions are needed to address these increases.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2016

Finding: 2016-004

Program name: Moving to Work Demonstration Program **CFDA#:** 14.881

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

State Awarding Agency: None

Department: Fairfax County Redevelopment and Housing Authority

Compliance Requirement: Housing Quality Standards

Prior Year Audit Finding Number: 2015-005

Type of Finding: Non-Compliance

Criteria:

Moving to Work ("MTW") Agencies must ensure that housing assisted under the demonstration program meets housing quality standards established or approved by the Secretary. The HCV program regulations at 24 CFR section 982.401 through 982.405 set forth basic housing quality standards (HQS) which all units must meet, and the Public Housing Agency ("PHA") must verify by inspection, before initial assistance can be paid on behalf of a family and at least annually throughout the term of the assisted tenancy.

Condition:

During our testing of 60 HQS Inspections, we noted one re-inspection that was not performed within 12 months of the latest inspection; over two years lapsed since the previous inspection. The unit's last inspection was performed in April 2013 and the next inspection was not performed until July 2015.

Cause:

The Authority monitors timeliness of inspections through their YARDI system. During the time of transition to the MTW program in 2014, certain errors occurred in the data conversion which were identified and had to be manually corrected by the Authority. In July 2015, the Authority identified one missed inspection dating back to this conversion period. As a result of this missed inspection, the Authority reviewed 100% of cases and determined this was an isolated incident.

Effect:

The Authority was not in compliance with the Housing Quality Standards compliance requirement as of June 30, 2016.

Recommendation:

The Authority should ensure completeness of their populations being monitored, especially during periods of system or program conversions.

Questioned costs (include how it was determined): None

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Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2016

Views of responsible officials and planned corrective actions:

The finding involves a HUD technical error that occurred during a mass transition of tenant records during a MTW program conversion performed in March of 2014 (FY 2014). The PHA was given a one-time designation award to be a MTW agency which triggered the need for converting tenant records to a MTW module. HUD performed a mass data conversion of all tenant files and data to the new MTW module structure. This data was sent to the PHA and uploaded into the current YARDI system. During the conversion efforts, PHA staff corrected many tenant records with data errors from conversion files reviewed for completeness. This particular property/tenant was excluded from the listing of active tenants due to conversion error and thus the home inspection schedule. Exclusion from the home inspection schedule caused the delay in the inspection from being performed for FY 2014. During staff review in June 2015, this tenant file error was discovered and within 3 days, the unit was placed promptly back on the inspection schedule. An inspection was performed for this tenant in July 2015 (within FY 2016).

The Authority will assure that during any periods of future mass unit/data transition, that there is a data check performed on the completeness of files and a reconciliation process. The Authority will explore mechanism through reports to ensure a data review and further assure that active tenant files are not missed.

Although this error still resulted in a past due inspection, the cause is different than prior year's finding. The Authority has a documented policy for inspections and re-inspections for failed units and is compliant with all HUD requirements regarding this housing inspection efforts.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2016

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

Finding: 2016-005

Department: Fairfax County Department of Family Services

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

Prior Year Audit Finding Number: N/A

Criteria:

Per the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia Section 3-15, each local Department of Social Services agency should have a documented Business Continuity Plan, which includes the requirements prescribed by the Virginia Department of Emergency Management. These requirements state that the establish continuity of operations plan (COOP) program procedures should address disruptions due to the loss of access to a facility, loss of services due to a reduced workforce and loss of services due to equipment or system failures. These requirements also state that the plan should prioritize recovery tasks and assign responsibilities and detail procedures to implement actions to continue essential functions within the recovery time objectives established by the COOP Team to maintain essential functions for up to 30 days.

Condition:

The County's Department of Family Services' (DFS) Business Continuity Plan that was approved on December 8, 2015 did not establish COOP program procedures specifically addressing the loss of access to facility (as in a fire), loss of services due to a reduced workforce (as in pandemic influenza), and loss of services due to equipment or system failure (as in IT system failure). The County's DFS Business Continuity Plan also did not prioritize recovery tasks and assign responsibilities and detail procedures to implement action to continue essential functions within the recovery time objectives established by the COOP Team to maintain essential functions for up to 30 days.

Cause:

DFS did not have policies and procedures in place to ensure the DFS Business Continuity Plan fully addressed and contain the COOP program procedure requirements prescribed by the Virginia Department of Emergency Management.

Effect:

DFS is not in compliance with Section 3-15 of the APA specifications. Additionally, the noncompliance may result in an inadequate business continuity plan and lead to a disruption in operations.

Recommendation:

The County should implement corrective action to include a revision to the current DFS Business Continuity Plan to ensure the plan fully contains the COOP program procedures required by the Virginia Department of Emergency Management requirements.

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Views of responsible officials and planned corrective actions:

The County understands that Section 3-15 of the Specifications for Audits of Counties, Cities and Towns creates the requirement for organizations under the supervision of the Virginia Department of Social Services to use the Virginia Department of Emergency Management continuity template to ensure the continuity of provided services. To fulfill this requirement, the Department of Family Services has updated their COOP plan to provide a strategy for the required scenarios and will further update their COOP plan to include a specific reference to the prioritized recovery tasks and procedures. The prioritization of the recovery tasks will be completed as part of the business process analysis cycle.

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Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2016

Finding: 2016-006

Department: Fairfax County Department of Family Services

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

Prior Year Audit Finding Number: N/A

Criteria:

Per the Specifications for Audits of Counties, Cities and Towns, issued by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia Section 3-15, "Local treasurers hold special welfare funds for foster children and other individuals. Section 63.2-320 of the Code of Virginia authorizes Local Department of Social Services (LDSS) to accept and expend funds for children placed by or entrusted to the board when there is no appointed guardian. Some of these individuals receive payments from the Social Security Administration, Veteran's Administration, or parental support.

For Special Welfare and Dedicated Social Security Income (SSI) Accounts the LDSS has the responsibility to ensure that interest is properly credited to the account when earned.

Condition:

During our testing of Special Welfare and Dedicated SSI Accounts, we noted that interest is not allocated to all special welfare/SSI accounts rather the interest is assigned to specific individual's accounts that had larger balances throughout the month.

Cause:

Per discussion with management, as the interest earned throughout the month is nominal, it is not feasible to allocate interest to all special welfare/SSI accounts held by the DFS.

Effect:

The County DFS is not in compliance with Section 3-15 of the APA specifications.

Recommendation:

The County should implement corrective action to include identifying a systematic and rationale manner to allocate interest to all special welfare/SSI accounts or obtain a waiver from the Virginia Department of Social Services.

Views of responsible officials and planned corrective actions:

The amount of interest earned for these dedicated accounts is less than \$10.00 per month. There are approximately 40 special welfare/SSI accounts being tracked. Many of the accounts have small dollar balances so the interest allocation would be pennies on these accounts. Interest was not allocated to the individual accounts with very small balances due to the immaterial amount of the interest (i.e. pennies). Interest is assigned to specific individual's accounts that had larger balances. The SSI payments are a reimbursement to the County for expenditures already incurred on behalf of each child, so it is infrequent to have significant balances for any of the individual accounts. The County intends to move the reimbursements

COUNTY OF FAIRFAX, VIRGINIA

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from the trust accounts to the fund in which the original expenditures were incurred on a more frequent basis than it has in the past, which will further reduce the average amount of interest posted to the dedicated accounts. For any remaining interest earned, the County will devise a cost effective allocation plan.

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Fiscal year ended June 30, 2016

Finding: 2016-007

Department: Fairfax County Department of Family Services

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

Prior Year Audit Finding Number: N/A

Criteria:

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

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

Condition:

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

- For 4 out of 25 samples, these employees erroneously appeared in the population of employees as having access to VDSS systems and were terminated indicating the employees' user access rights were not terminated within 3 working days of termination;
- For 4 out of 25 samples, an annual system access review was not performed;
- For 3 out of 25 samples, a system access review form was in the file; however the system access request form was not dated/approved, therefore, we could not determine if the review was performed within the last year;
- For 3 out of 25 samples, we noted the employees had access to the SPIDER system; however, a system access request form was not completed by the supervisor granting initial system access to the employee;
- For 1 out of 25 samples, we noted the employees had access to the ADAPT system; however, a computer access request form was not completed by the supervisor granting initial system access to the employee; and;
- For 10 out of 25 samples, we noted the employees had access to the Energy system; however, based on discussion with management, an annual review was not performed for any employees having access to the Energy system.

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

- For 10 out of 22 samples, we noted the employees' access was not terminated from the applicable VDSS systems timely (within 3 business days); and
- For 1 employee, we noted that employee transferred to the neighborhood and community services department on 11/14/2015, however, no support was provided evidencing that the employee still required access to the VDSS computers and systems.

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Schedule of Findings and Questioned Costs

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We noted the following during our testing of employee training:

- For 15 out of 108 employees who appeared on the Incomplete Initial and Annual Training report, the employees did not complete the required annual security training by 7/31/15 and user access was not suspended.

Cause:

DFS did not have adequate policies and procedures in place to ensure the DFS fully complied with the State requirements as it relates to the VDSS information systems security controls.

Effect:

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

Recommendation:

The County should implement corrective action to include:

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

Views of responsible officials and planned corrective actions:

We concur and are reviewing our policies and procedures to identify opportunities for improvements in our controls.

COUNTY OF FAIRFAX, VIRGINIA

Schedule of Findings and Questioned Costs

Fiscal year ended June 30, 2016

Finding: 2016-008

Department: Board of Supervisors of the Fairfax County Economic Development Authority, the Fairfax County Park Authority and the Fairfax County Public Schools

Compliance Requirement: *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia Section 2-8.

Prior Year Audit Finding Number: N/A

Criteria:

Section 2.2-3115 of the Code of Virginia stipulates that certain local government employees are required to file SOEI forms with their respective local body. The Act requires members of the governing body of any authority established in any county or city and having the power to issue bonds or expend funds in excess of \$10,000 in any fiscal year to file a statement of economic interests with the office of the Virginia Conflict of Interest and Ethics Advisory Council semiannually by December 15 for the preceding six-month period ending October 31 and by June 15 for the preceding six-month period ending April 30. The Act sets out the format of this statement, which involves extensive disclosure of personal financial interests that may cause conflicts.

Further, the Virginia Conflict of Interest and Ethics Advisory Council specifies that certain members of local **entities** must annually file a Financial Disclosure Statement (FDS), as follows:

- Members of local entities with the power to issue bonds or expend funds in excess of \$10,000/year, unless designated by their local governing body to file a Statement of Economic Interests.
- Non-salaried citizen members of local boards, commissions and councils as may be designated by the governing body".

Condition:

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

- *Economic Development Authority (EDA)* - Of ten (10) SOEI forms selected for testing related to the June 15, 2016 submission period, four (4) forms could not be provided for review and one (1) form was not completely prepared in accordance with the prescribed requirements. Of seven (7) SOEI forms selected for testing related to the December 15, 2015 submission period, three (3) forms were filed after the deadline and two (2) forms could not be provided for review. Of seven (7) FDS forms selected for testing related to the December 15, 2015 submission period, two (2) forms could not be provided for review.
- *Fairfax County Park Authority (FCPA)* – Of thirteen (13) SOEI forms selected for testing related to the June 15, 2016 submission period, (2) forms were not completely prepared in accordance with the prescribed requirements. Of fourteen (14) SOEI forms selected for testing related to the December 15, 2015 submission period, two (2) forms were not completed until December 30, 2015; and three (3) forms were not completely prepared in accordance with the prescribed requirements.
- *Fairfax County Public Schools (FCPS)* - Of twelve (12) SOEI forms selected for testing related to the June 15, 2016 submission period, one (1) form was filed after the deadline and two (2) forms were not completely prepared in accordance with the prescribed requirements. Of sixteen (16)

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SOEI forms selected for testing related to the December 15, 2015 submission period, one (1) form was not completely prepared in accordance with the prescribed requirements.

Cause:

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

Effect:

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

Recommendation:

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

Views of responsible officials and planned corrective actions:

Response for EDA and the FCPA: Management concurs with this finding. Fairfax County has a process in place whereby information related to the timely filing of required Statement of Economic Interest forms is disseminated to all required filers by the Clerk to the Board. This has consisted of notifying filers of date requirements and where they can obtain forms and filing information. The forms for agency staff, if applicable, were to be reviewed by department heads and submitted to the Clerk to maintain on file.

The observed conditions fell outside the scope of existing control processes; therefore, additional control steps will be added to improve reporting requirement oversight. These controls will include:

- The Clerk to the Board will continue to send out information and reminders to filers regarding upcoming filing dates and any new filing requirements.
- The Clerk to the Board's office will individually track all required filers and follow-up with them to ensure that forms are submitted in a timely manner.
- Department heads will continue to review and initial off on all filings being submitted for their agency.
- Deputy County Executives and the County Executive will review and initial off on all filings from their direct/indirect-report agency heads.
- The Clerk to the Board's office will review all submissions received from members of the Board of Supervisors and from members of all boards, authorities, and commissions. The Clerk's Office will ensure that the forms are completely filled out.

Response for FCPS: Management concurs with this finding. FCPS has a process in place whereby information related to the timely filing of required Statement of Economic Interest forms is disseminated to all required filers by the Clerk to the School Board. This has consisted of notifying filers of date requirements and where they can obtain forms and filing information.

The observed conditions fell outside the scope of existing control processes; therefore, additional control steps will be added to improve reporting requirement oversight. These controls will include:

- The Clerk to the School Board will continue to send out information and reminders to filers regarding upcoming filing dates and any new filing requirements.

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- The Clerk to the School Board's office will individually track all required filers and follow-up with them to ensure that forms are submitted in a timely manner.
- The Clerk to the School Board's office will review all submissions received from members of the School Board.
- The Clerk to the School Board's office will ensure that the forms are completely filled out.
- The Clerk to the School Board's office will notify Department of Financial Services, Office of the Comptroller on annual basis of the status of the filings.

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Status of Prior Audit Findings

Fiscal year ended June 30, 2016

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

Finding 2015-001 – Activities Allowed or Unallowed & Allowable Costs/Cost Principles for Special Supplemental Nutrition Program for Women, Infants and Children (CFDA #10.557)

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

Finding 2015-002 – Reporting for Special Supplemental Nutrition Program for Women, Infants and Children (CFDA #10.557)

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

Finding 2015-003 – Activities Allowed or Unallowed and Allowable Costs/Cost Principles for Moving to Work Demonstration Program (CFDA #14.881)

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

Finding 2015-004 – Procurement and Suspension and Debarment for Moving to Work Demonstration Program (CFDA #14.881)

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

Finding 2015-005 – Special Tests and Provisions – Housing Quality Standards for Moving to Work Demonstration Program (CFDA #14.881)

Status: Finding repeated in the current year. See 2016-004. Initial finding occurred in fiscal year ended June 30, 2014 (refer to Finding 2014-004).

Reason for recurrence: Current year finding identified one active tenant, who was erroneously excluded during a data conversion as well as their home inspection schedule.

Planned Corrective Action: Fairfax County Redevelopment and Housing Authority (Authority) will assure that during any periods of future mass unit/data transition, there is a data check performed on the completeness of files and a reconciliation process. The Authority will explore mechanism through reports to ensure a data review and further assure that active tenant files are not missed. The Authority also has a documented policy for inspections and re-inspections for failed units and is compliant with all HUD requirements regarding its housing inspection efforts.

Finding 2015-006 – Special Tests and Provisions – Highly Qualified Teachers for Title I Grants to Local Educational Agencies (CFDA #84.010)

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

Finding 2015-007 – Eligibility for Temporary Assistance for Needy Families (CFDA #93.558)

Status: Corrective action was taken. Finding not repeated in current year. Initial finding occurred in fiscal year ended June 30, 2013 (refer to Finding 2013-02) and repeated in fiscal year ended June 30, 2014 (refer to Finding 2014-007).

COUNTY OF FAIRFAX, VIRGINIA

Status of Prior Audit Findings

Fiscal year ended June 30, 2016

Finding 2015-008 – Eligibility for Medical Assistance Program (Medicaid) (CFDA #93.778)

Status: Finding repeated in the current year. See 2016-003. Initial finding occurred in fiscal year ended June 30, 2013 (refer to Finding 2013-01) and repeated in fiscal year ended June 30, 2014 (refer to Finding 2014-008).

Reason for recurrence: The County continues to struggle with the lack of resources available to handle the increased workload as a result of the Affordable Care Act and the additional training and staff time required due to the VaCMS implementation.

Planned Corrective Action: The County is addressing the lack of resources by adding additional positions. The County is also providing supervisors with training on pulling monitoring reports from VaCMS and caseworkers with caseload management training. The County is continuously improving existing Medicaid practices and implementing new Medicaid practices to streamline the renewal processes. Refer to Finding 2016-003 for full details on management's response to this repeat finding.

Finding 2015-009 – Procurement and Suspension and Debarment for USAID Foreign Assistance for Programs Overseas (CFDA #98.001)

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