

**COUNTY OF SPOTSYLVANIA, VIRGINIA**

**COMPLIANCE REPORTS**

*For the Year Ended June 30, 2017*

**COUNTY OF SPOTSYLVANIA, VIRGINIA**

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**Report of Independent Auditor on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Honorable Members of the Board of Supervisors  
County of Spotsylvania, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Spotsylvania, Virginia (the "County"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 27, 2017. That report recognizes that the County implemented a new accounting standard effective July 1, 2016. That report included an emphasis paragraph indicating that the discretely presented component unit's net position as of June 30, 2016 has been restated.

### **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 a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-001, which we consider to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the *Specifications for Audits of Counties, Cities, and Towns*.

**County of Spotsylvania, Virginia's Response to Finding**

The County's response to the finding identified in our audit is described in the Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Richmond, Virginia  
November 27, 2017

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

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

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

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

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants 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 (Medicaid Cluster)***

As described in the accompanying schedule of findings and questioned costs as item 2017-002, the County did not comply with the eligibility requirements of the Medical Assistance Program (Medicaid Cluster - CFDA 93.778). 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 (Medicaid Cluster)***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Medical Assistance Program (Medicaid Cluster - CFDA 93.778) for the year ended June 30, 2017.

### ***Unmodified Opinion on Each of the Other Major Federal Programs***

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

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

### **Report on Internal Control over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding 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. However, as discussed below, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-002, which we consider to be a material weakness.

*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.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated November 27, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Richmond, Virginia  
January 5, 2018

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

YEAR ENDED JUNE 30, 2017

Federal Agency	Pass-thru Entity	Program Title	Federal CFDA Number	Cluster Name	Pass-through Entity Identifying Number	Federal Expenditures	Cluster Total	Program Total	Passed Through to Subrecipients
U.S. Department of Agriculture	Virginia Department of Agriculture Food and Nutrition Service	National School Lunch Program - Commodities	10.555	Child Nutrition Cluster	Not available	\$ 695,476			
	Virginia Department of Education	School Breakfast Program	10.553	Child Nutrition Cluster	17901-40253	1,788,485			
	Virginia Department of Education	National School Lunch Program	10.555	Child Nutrition Cluster	17901-40254	3,432,082			
		National School Lunch Program - Total	10.555	Child Nutrition Cluster - Total				4,127,558	
	Virginia Department of Social Services	State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	SNAP Cluster	765-460010	883,610	5,916,043	883,610	
<b>Total U.S. Department of Agriculture</b>						<b>6,799,653</b>			
U.S. Department of Defense	Direct Payments	Junior ROTC Program	12.000		not applicable	150,425			
<b>Total U.S. Department of Defense</b>						<b>150,425</b>			
U.S. Department of Education	Direct Payments	Impact Aid	84.041		not applicable	151,861			
	Virginia Department of Education	Adult Education - Basic Grants to States	84.002		17901-42801 17901-61380	337,444			
	Virginia Department of Education	Title I Grants to Local Educational Agencies	84.010		17901-42901	2,714,498			
	Virginia Department of Education	Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013		17901-42948	69,169			
	Virginia Department of Education	Special Education_Grants to States	84.027	Special Education Cluster	17901-43071 17901-60180 17901-61215 17901-62135	4,468,251			

See accompanying notes to the schedule of expenditures of federal awards.

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

YEAR ENDED JUNE 30, 2017

Federal Agency	Pass-thru Entity	Program Title	Federal CFDA Number	Cluster Name	Pass-through Entity Identifying Number	Federal Expenditures	Cluster Total	Program Total	Passed Through to Subrecipients
	Virginia Department of Education	Career and Technical Education - Basic Grants to States	84.048		17901-61095	190,061			
	Virginia Department of Education	Special Education_Preschool Grants	84.173	Special Education Cluster	17901-60957 17901-62521	87,234			
				Special Education Cluster - Total			4,555,485		
	Virginia Department of Education	English Language Acquisition State Grants	84.365		17901-60509 17901-60512 17901-60760	94,503			
	Virginia Department of Education	Mathematics and Science Partnerships	84.366		17901-60730	10,016			
	Virginia Department of Education	Supporting Effective Instruction State Grant	84.367		17901-61480	370,209			
				<b>Total U.S. Department of Education</b>		<b>8,493,246</b>			
U.S. Department of Health and Human Services	Direct Payments	Head Start	93.600		not applicable	891,909			
	Virginia Department of Social Services	Promoting Safe and Stable Families	93.556		765-460010 765-469002	45,623			
	Virginia Department of Social Services	Temporary Assistance for Needy Families	93.558	TANF Cluster	765-460010 765-452001 765-452012	646,623	646,623		
	Virginia Department of Social Services	Refugee and Entrant Assistance_State Administered Programs	93.566		765-460010 765-491002	3,385			
	Virginia Department of Social Services	Low-Income Home Energy Assistance	93.568		765-460010	43,854			
	Virginia Department of Social Services	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Child Care Cluster	765-460010 765-452041 765-452015	78,751	78,751		

See accompanying notes to the schedule of expenditures of federal awards.

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

YEAR ENDED JUNE 30, 2017

Federal Agency	Pass-thru Entity	Program Title	Federal CFDA Number	Cluster Name	Pass-through Entity Identifying Number	Federal Expenditures	Cluster Total	Program Total	Passed Through to Subrecipients
	Virginia Department of Social Services	Chafee Education and Training Vouchers Program (ETV)	93.599		765-460010	7,070			
	Virginia Department of Social Services	Stephanie Tubbs Jones Child Welfare Services Program	93.645		765-460010	725			
	Virginia Department of Social Services	Foster Care_Title IV-E	93.658		765-460010 765-469001 765-469002	844,750			
	Virginia Department of Social Services	Adoption Assistance	93.659		765-460010 765-469003	592,008			
	Virginia Department of Social Services	Social Services Block Grant	93.667		765-460010 765-469003	477,255			
	Virginia Department of Social Services	Chafee Foster Care Independence Program	93.674		765-460010 765-469002	8,446			
	Virginia Department of Social Services	Children's Health Insurance Program	93.767		765-460010	34,604			
	Virginia Department of Social Services	Medical Assistance Program	93.778	Medicaid Cluster	765-460010	1,111,379	1,111,379		
				<b>Total U.S. Department of Health and Human Services</b>		<b>4,786,382</b>			
U.S. Department of Homeland Security	Direct Payments	Staffing for Adequate Fire and Emergency Response (SAFER)	97.083		not applicable	337,618			
	Virginia Department of Emergency Management	Disaster Grants - Public Assistance	97.036		PA-03-VA-422-PW-000154	40,847			
	Virginia Department of Emergency Management	Emergency Management Performance Grants	97.042		7125	42,762			
				<b>Total U.S. Department of Homeland Security</b>		<b>421,227</b>			

See accompanying notes to the schedule of expenditures of federal awards.

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

YEAR ENDED JUNE 30, 2017

Federal Agency	Pass-thru Entity	Program Title	Federal CFDA Number	Cluster Name	Pass-through Entity Identifying Number	Federal Expenditures	Cluster Total	Program Total	Passed Through to Subrecipients
U.S. Department of Justice	Direct Payments	State Criminal Alien Assistance Program	16.606		not applicable	7,182			7,182
	Direct Payments	Edward Byrne Memorial Justice Assistance Grant Program	16.738		not applicable	39,382			
	Direct Payments	Paul Coverdell Forensic Science Improvement Grant	16.742		not applicable	5,138			
	Virginia Department of Criminal Justice Services	Crime Victim Assistance	16.575		17-U9259VW15	162,437			
	Virginia Department of Criminal Justice Services	Edward Byrne Memorial Justice Assistance Grant Program	16.738		17-A4054AD15	2,805		42,187	
<b>Total U.S. Department of Justice</b>						<b>216,944</b>			
U.S. Department of Transportation	Virginia Department of Transportation	Highway Research and Development Program	20.200		56436	11,825			
	Virginia Clean Cities	Highway Planning & Construction	20.205		UPC-T11802	50,532	50,532		
	Virginia Department of Motor Vehicles	State and Community Highway Safety	20.600	Highway Safety Cluster	18X9204020VA17	45,108	45,108		
	Virginia Department of Motor Vehicles	Alcohol Open Container Requirements	20.607		18X920405DVA17	61,307			
<b>Total U.S. Department of Transportation</b>						<b>168,772</b>			
U.S. Department of Treasury	Office of the Attorney General	Equitable Transfer Agreement for the Abbott Laboratory	21.000		not available	349			
<b>Total U.S. Department of Treasury</b>						<b>349</b>			
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>						<b>\$ 21,036,998</b>			

See accompanying notes to the schedule of expenditures of federal awards.

**COUNTY OF SPOTSYLVANIA, VIRGINIA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*YEAR ENDED JUNE 30, 2017*

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**Note 1—General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federally assisted programs of the County of Spotsylvania, Virginia (“County”). The County’s reporting entity is defined in Note 1 of the County’s basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included in the Schedule of Expenditures of Federal Awards.

**Note 2—Basis of Accounting**

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the County’s basic financial statements.

The County participated in federal programs in which noncash benefits are provided through the Commonwealth of Virginia to eligible program participants. Food Distribution Programs (CFDA Number 10.555). The value of food commodities (\$695,476) was calculated using the U.S. Department of Agriculture’s Food and Nutrition Service commodity price lists.

**Note 3—Indirect Costs**

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

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

YEAR ENDED JUNE 30, 2017

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**A. Summary of Auditor's Results**

**Financial Statement Section**

1. The type of auditor's report issued: **Unmodified opinion**
2. Significant deficiencies in internal controls over financial reporting: **None reported**
3. Material weaknesses in internal controls over financial reporting: **Yes, 2017-001**
4. Noncompliance, which is material to the financial statements: **No**

**Federal Awards Section**

5. Significant deficiencies in internal control over major programs: **None reported**
6. Material weaknesses in internal controls over major programs: **Yes, 2017-002**
7. The type of report issued on compliance for major programs:

**Qualified opinion** regarding eligibility of the Medical Assistance Program (Medicaid Cluster - CFDA Number 93.778).

**Unmodified opinions** over other applicable compliance requirements for all other major programs.

8. Audit findings which are required to be reported under the Uniform Guidance: **Yes**
9. The programs tested as major programs were:

<u>Name of Program</u>	<u>CFDA #</u>
Title I Grants to Local Educational Agencies	84.010
Special Education Cluster (IDEA)	84.027 and 84.173
Head Start	93.600
Medical Assistance Program - Medicaid Cluster	93.778

10. Dollar threshold to distinguish between Type A and Type B Programs: **\$750,000**
11. Spotsylvania County qualified as a low-risk auditee: **No**

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

*YEAR ENDED JUNE 30, 2017*

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**B. Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*:**

**2017-001: Material Weakness – Financial Reporting**

**Criteria:** The *Code of Virginia* requires the County to file annual financial statements prepared in all material respects in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

**Condition:** Subsequent to the issuance of the financial statements for the fiscal year ended June 30, 2016, Spotsylvania County Public Schools (“Schools”) determined that the reported capital asset balances were inaccurately understated in the Statement of Net Position by \$4,249,765 and not in accordance with GAAP. The Schools discovered this condition when reviewing historical capital asset activity as part of a new financial system implementation.

**Cause:** The majority of the capital assets included in the restatement were from fiscal year 2006 and earlier, which was before improved internal controls over capital assets were implemented by the Schools.

**Effect:** At June 30, 2016, the discretely presented component unit’s capital assets and net position were understated by \$4,249,765. The effect of this error has been corrected in the June 30, 2017 financial statements by restating beginning net position.

**Recommendation:** We recommend that the Schools continue to review its capital asset activity monthly to ensure that all assets which should be subjected to depreciation are, in fact, properly depreciated.

**Views of responsible officials and planned corrective actions:** Management agrees with the above finding and will continue to follow its current financial close and reporting processes.

**C. Findings and Questioned Costs Relating to Federal Awards:**

**2017-002: Material Weakness and Material Noncompliance: Eligibility (Repeat Finding – 2016-003)**

**Program:** Medical Assistance Program (Medicaid Cluster) (CFDA Number 93.778 - U.S. Department of Health and Human Services - Virginia Department of Social Services; Federal Award Number: not available; Federal Award Year: 2017)

**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.”

# COUNTY OF SPOTSYLVANIA, VIRGINIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2017

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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:** As of June 2017, per records provided for review by the County, the County had 517 Medicaid cases for which eligibility redeterminations were past due (i.e., eligibility had not been verified within the last twelve months).

**Cause:** The Spotsylvania County Department of Social Services (DSS) 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 implementation of the Affordable Care Act in October 2013. 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 isolated to Spotsylvania County. In addition, management identified the state transition in systems supporting Medicaid eligibility determination and case management occurring from October 2013 through June 2016, as well as the transition of other public assistance systems utilized by DSS during 2016 and 2017, as factors in preventing the Medicaid eligibility backlog from being resolved. 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 County's noncompliance could result in costs disallowed by the grantor or a reduction in future funding for this program.

**Questioned Costs:** Undeterminable.

**Recommendation:** We recommend the DSS continue to assess their staffing levels to ensure adequate resources are available to perform eligibility redeterminations as they come due.

**Views of Responsible Officials:** Management agrees with the auditor statement that the condition of overdue Medicaid renewals is a systemic condition that resulted from multiple external factors exacerbated by insufficient agency resources for an extended period of time. The agency continued in its efforts to address overdue Medicaid renewals, utilizing both short-term and long-term strategies, with success. At the close of October 2017 the agency had further reduced the number of overdue Medicaid renewals from 517 in June 2017 to 32, for a performance level of 99.3% Medicaid cases being current. This exceeds the Federal performance target of 97%. This agency will continue to monitor workload demands against available resources to ensure optimization in support of agency mission essential tasks and functions and maximization of performance. Additional resources are included in the agency's FY 2019 budget request.

The Federal performance target recognizes Medicaid participants themselves impact the ability of the agency to process a renewal timely as clients are allowed by policy a period of time to return requested verifications. When waiting on these verifications the agency does not close out the case as allowed (but not required.) This strategy helps to maintain client/worker relationships and avoids workers spending time reinstating a case when the client provides the required documents within 30 days of renewal date. Because of this allowed application of policy the agency is highly unlikely to experience 0 cases that are overdue.

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

*YEAR ENDED JUNE 30, 2017*

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**D. Findings Relating to Compliance with the Commonwealth of Virginia Laws, Regulations, Contracts, and Grants**

None reported

**E. Status of Prior Year Findings**

**2016-001** – Not repeated

**2016-002** – Not repeated

**2016-003** – Repeated as 2017-002

**2016-004** – Not repeated