

REPORT ON SINGLE AUDIT  
PARTNERSHIP FOR CHILDREN OF  
CUMBERLAND COUNTY, INC.  
FAYETTEVILLE, NORTH CAROLINA  
JUNE 30, 2016

BOARD OF DIRECTORS  
SHARON MOYER, BOARD CHAIR

ADMINISTRATIVE OFFICER  
MARY SONNENBERG, PRESIDENT

Partnership for Children of Cumberland County, Inc.

Table of Contents

	Page
Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	3
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs	8
Schedule of Prior Year Audit Findings	11

Independent Auditor's Report on Compliance for the Major Federal Program and  
on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors  
Partnership for Children of Cumberland County, Inc.

Report on Compliance for the Major Federal Program

We have audited Partnership for Children of Cumberland County, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Partnership for Children of Cumberland County, Inc.'s major federal program for the year ended June 30, 2016. Partnership for Children of Cumberland County, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

*Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

*Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for Partnership for Children of Cumberland County, Inc.'s major federal program 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 Partnership for Children of Cumberland County, Inc.'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 the major federal program. However, our audit does not provide a legal determination of Partnership for Children of Cumberland County, Inc.'s compliance.

### *Basis for Qualified Opinion on Temporary Assistance for Needy Families*

As described in the accompanying schedule of findings and questioned costs, Partnership for Children of Cumberland County, Inc. did not comply with requirements regarding CFDA 93.558 Temporary Assistance for Needy Families as described in finding number 2016-001 for Eligibility. Compliance with such requirements is necessary, in our opinion, for Partnership for Children of Cumberland County, Inc. to comply with the requirements applicable to that program.

### *Qualified Opinion on the Major Federal Program*

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Partnership for Children of Cumberland County, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 93.558 Temporary Assistance for Needy Families for the year ended June 30, 2016.

### *Other Matters*

Partnership for Children of Cumberland County, Inc.'s response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Partnership for Children of Cumberland County, Inc.'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 Partnership for Children of Cumberland County, Inc. 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 Partnership for Children of Cumberland County, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 Partnership for Children of Cumberland County, Inc.'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 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 certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-001, that we consider to be material weaknesses.

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

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 our testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

#### Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Partnership for Children of Cumberland County, Inc. as of and for the year ended June 30, 2016, and has issued our report thereon dated December 22, 2016. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, board of directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Cohn Reznick LLP".

Charlotte, North Carolina  
December 22, 2016

**Partnership for Children of Cumberland County, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2016**

Federal and State Grantor/Pass-through Grantor/Program	Type	Federal CFDA Number	Contract Number	Receipts	Expenditures
<b>Federal Awards:</b>					
United States Department of Health and Human Services					
Pass-through from the North Carolina Department of Health and Human Services					
Division of Child Development and Early Education					
Pass-through from Southwestern Child Development Commission, Inc. (SWCDC)					
Child Care and Development Block Grant (Current Year)	B - Non Major	93.575	005-15C	\$ 301,037	\$ 301,037
Child Care and Development Block Grant (Current Year)	B - Non Major	93.575	005-15-IT	123,243	94,659
Child Care and Development Block Grant (Prior Year)	B - Non Major	93.575	005-14-IT	-	6,783
Child Care and Development Block Grant (Current Year)	B - Non Major	93.575	005-15-HSB	122,203	122,203
Child Care and Development Block Grant (Prior Year)	B - Non Major	93.575	005-14-HSB	-	6,680
				<u>546,483</u>	<u>531,362</u>
Pass-through from the North Carolina Department of Health and Human Services, Division of Child Development and Early Education					
Temporary Assistance for Needy Families (North Carolina Pre-Kindergarten)	A - Major	93558	31860	<u>6,343,729</u>	<u>6,337,379</u>
United States Department of Health and Human Services					
Administration for Children and Families					
Pass-through from the Mid-Carolina Area Agency on Aging					
Bio Monitoring Programs for State Public Health Laboratories - North Carolina Family Caregiver Support Program (Current Year)	B - Non Major	93.062	N/A	3,000	3,000
United States Department of Education					
Pass-through from Southwestern Child Development Commission, Inc. (SWCDC)					
Race to the Top - Early Learning Challenge Grant (Current Year)	B - Non Major	84.412	005-14-RTT/ELC 1 & 2 Stars	27,085	34
Race to the Top - Early Learning Challenge Grant (Current Year)	B - Non Major	84.412	005-14-RTT/ELC Enhanced Core	51,296	22,077
Race to the Top - Early Learning Challenge Grant - Tiered Quality Rating and Improvement System (TQRIS) Grant	B - Non Major	84.412	-	<u>3,562</u>	<u>3,562</u>
				<u>81,943</u>	<u>25,673</u>
Pass-through from the North Carolina Department of Health and Human Services					
Pass-through from The North Carolina Partnership for Children, Inc.					
Race to the Top - Early Learning Challenge Grant - ABCD Implementation Grant	B - Non Major	84.412	320-14-15-009	69,209	70,303
Race to the Top - Early Learning Challenge Grant - Data Capacity Grant - Data Entry	B - Non Major	84.412	320-15-16-033	<u>9,925</u>	<u>15,690</u>
				<u>79,134</u>	<u>85,993</u>
<b>Total Federal Awards</b>				<u>\$ 7,054,289</u>	<u>\$ 6,983,407</u>

***PARTNERSHIP FOR CHILDREN OF CUMBERLAND COUNTY, INC.  
NOTES TO SCHEDULE OF EXPENITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2016***

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**NOTE 1 - REPORT ENTITY**

The accompanying Schedule of Expenditures of Federal Awards presents the expenditures of all federal award programs of the Partnership for Children of Cumberland County, Inc. (Cumberland County Partnership) for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards has been prepared using the modified cash basis of accounting as fully described in the Summary of Significant Accounting Policies accompanying the Cumberland County Partnership's basic financial statements.

**NOTE 3 - RELATION TO BASIC FINANCIAL STATEMENTS AND FEDERAL FINANCIAL REPORTS**

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree with amounts reported in the Cumberland County Partnership's basic financial statements and the related federal financial reports submitted by the Cumberland County Partnership.

**NOTE 4 - UNEXPENDED FUNDS**

For the Child Care and Development Block Grant, the unexpended balances are subject to reversion to Southwestern Child Development Commission, Inc. (SWCDC). The Cumberland County Partnership has returned \$28,584 of these contracts to the SWCDC based on financial status reports submitted to SWCDC subsequent to June 30, 2016.

**PARTNERSHIP FOR CHILDREN OF CUMBERLAND COUNTY, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2016**

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**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified?        Yes   X   None reported

Noncompliance material to financial statements noted?

       Yes   X   No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?   X   Yes        No
- Significant deficiency(ies) identified?        Yes   X   None reported

Type of auditors' report issued on compliance for major programs

Qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?

  X   Yes        No

**Identification of Major Programs:**

CFDA Number  
93.558

Name of Federal Program  
Temporary Assistance for Needy Families

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as a low-risk auditee?

  X   Yes        No

**Section II - Financial Statement Findings**

None



## **Section III – Federal Award Findings and Questioned Costs**

### **Finding 2016-001**

#### **Statement of Condition**

The Partnership for Children of Cumberland County, Inc. was receiving funding on behalf of a child found to be ineligible under program restrictions.

#### **Criteria**

Per NC Pre-Kindergarten guidance, all children for whom a direct service provider requests funding for, must be eligible to receive that funding.

#### **Cause**

Eligibility documents were not properly reviewed at the partnership level.

#### **Effect or Potential Effect**

There are inadequate controls over compliance, which could result in a loss of funding.

#### **Recommendation**

Partnership should put into place more stringent controls over compliance regarding eligibility of children.

#### **Auditor Noncompliance Code**

S – Internal control deficiencies

#### **Reporting Views of Responsible Officials**

Partnership for Children of Cumberland County, Inc. (PFC) is committed to providing quality early care and education opportunities to the children and families of our community. We strive for continuous quality improvement and annual audits are an excellent opportunity to identify specific processes on which to focus.

The corrective action plan developed to address the finding related to the deficiencies in our internal controls and the eligibility verification process for all children served through the NC Pre-Kindergarten program (NC Pre-K) is as follows:

- (1) All child care providers that serve children through NC Pre-K have been notified that the issue has been identified, that a meeting requiring their attendance has been scheduled on December 20, 2016 to review the eligibility criteria and that copies of all eligibility documentation for all children served during fiscal year 2016-2017 must be submitted to PFC at the time of the meeting. Providers will be notified at this meeting that effective immediately the copies of the eligibility documentation for all children entering the program must be submitted to PFC for verification prior to entrance into the program.
- (2) The President and Child Care Resource and Referral Vice President are currently assessing our staffing needs and training requirements to complete the 100% eligibility verification of all children currently served and those who have

entered and exited the program during fiscal year 2016-2017 by February 28, 2017. Each provider will be notified in writing by March 7, 2017 concerning the status of the verification of eligibility for the children served at their site, any discrepancies noted, the process and deadline for recoupment and the consequences for failure to comply. A status report will be submitted to the NC Pre-K Planning Committee and Board of Directors until all identified eligibility and payment issues are resolved.

- (3) The President and Child Care Resource and Referral Vice President, in consultation with appropriate staff within PFC and at the Division of Child Development and Early Education (DCDEE) and other partnerships administering NC Pre-K, are conducting a thorough review of PFC's policies and procedures for NC Pre-K and revising as appropriate to ensure adherence to all applicable program restrictions and guidelines. A draft of the revised policies will be submitted for review to the NC Pre-K Planning Committee and Board of Directors on December 15, 2016. Feedback will be requested so that the final document may be approved at the next meeting on March 30, 2017. Members of the NC Pre-K Planning Committee will be asked to join an ad-hoc workgroup to work with staff and providers to revise the procedures. The final revision of the procedures will be completed prior to the meeting of the NC Pre-K Planning Committee and Board of Directors on March 30, 2017.
- (4) A letter is being drafted to DCDEE advising them of the specifics of the audit finding, the amount of questioned costs, \$6,300. The letter and check will be mailed by December 22, 2016.

Our objective is to adhere to all rules and regulations in the operations of Partnership for Children, Inc. and the implementation of the North Carolina Pre-Kindergarten program. The issue identified by the auditors in this finding was not intentional disregard for program restrictions and guidelines. We appreciate the professionalism and insight provided by the auditors. Our goal is to do the right things for children in the right way.

***PARTNERSHIP FOR CHILDREN OF CUMBERLAND COUNTY, INC.  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2016***

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There were no matters involving noncompliance reported in the prior year's audit.