

REPORT ON SINGLE AUDIT  
PARTNERSHIP FOR CHILDREN OF  
CUMBERLAND COUNTY, INC.  
FAYETTEVILLE, NORTH CAROLINA  
JUNE 30, 2017

BOARD OF DIRECTORS  
VAN GUNTER, BOARD CHAIR

ADMINISTRATIVE OFFICER  
MARY SONNENBERG, PRESIDENT

Partnership for Children of Cumberland County, Inc.

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Independent Auditor's Report 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 Board Members of  
Partnership for Children of Cumberland County, Inc.  
Fayetteville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Partnership for Children of Cumberland County, Inc. (a nonprofit organization), which comprise the Statement of Receipts, Expenditures, and Net Assets - Modified Cash Basis as of and for the year ended June 30, 2017, and the related Statement of Functional Expenditures - Modified Cash Basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 19, 2017. As described in Note 1, the financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Partnership for Children of Cumberland County, Inc.'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Partnership for Children of Cumberland County, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Partnership for Children of Cumberland County, Inc.'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 Partnership for Children of Cumberland County, Inc.'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 the 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 costs that we consider to be a material weakness as item 2017-001.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Partnership for Children of Cumberland County, Inc.'s financial statements are free of 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2017-001.

### Partnership for Children of Cumberland County, Inc.'s Response to Finding

Partnership for Children of Cumberland County, Inc.'s response to the 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 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 Partnership for Children of Cumberland County, Inc.'s internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Partnership for Children of Cumberland County, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Charlotte, North Carolina  
December 19, 2017

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.  
Fayetteville, North Carolina

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, 2017. 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 2017-001 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, 2017.

### *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 2017-001, 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, 2017, and has issued our report thereon dated December 19, 2017. 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 "CohnReznick LLP".

Charlotte, North Carolina  
December 19, 2017

**Partnership for Children of Cumberland County, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2017**

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	005-17C	\$ 310,068	\$ 310,068
Child Care and Development Block Grant (Current Year)	B - Non Major	93.575	005-17-IT	126,941	70,982
Child Care and Development Block Grant (Prior Year)	B - Non Major	93.575	005-16-IT	-	28,584
Child Care and Development Block Grant (Current Year)	B - Non Major	93.575	005-17-HSB	125,869	125,869
				562,878	535,503
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					
Temporary Assistance for Needy Families (NC Pre-K)	A - Major	93.558	33541	6,122,835	6,122,835
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	2,880
United States Department of Education					
Pass-through from Southwestern Child Development Commission, Inc. (SWCDC)					
Market Rate Study Special Project	B - Non Major	93.575	MOU#33918-Region#5	1,388	1,388
United States Department of Health and Human Services					
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	4,852	8,719
Race to the Top - Early Learning Challenge Grant - Data Capacity Grant - Data Entry	B - Non Major	84.412	320-15-16-033	15,074	9,310
Race to the Top - Early Learning Challenge Grant - Data Capacity Grant - Technical Assistance	B - Non Major	84.412	320-15-16-035	25,457	25,457
				45,383	43,486
<b>Total Federal Awards</b>				<b>\$ 6,735,484</b>	<b>\$ 6,706,092</b>

**PARTNERSHIP FOR CHILDREN OF CUMBERLAND COUNTY, INC.  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2017**

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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, 2017. 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 more fully described in the Summary of Significant Accounting Policies accompanying the Cumberland County Partnership's basic financial statements.

Cumberland County Partnership has elected to not use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

**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). Cumberland County Partnership has returned \$55,959 of these contracts to the SWCDC and has requested a cash advance of \$11,301 based on financial status reports submitted to SWCDC subsequent to June 30, 2017. There was also a reversion of the prior year's funding in the current fiscal year of \$28,584 submitted to SWCDC prior to June 30, 2017.

Revenue and support for the North Carolina Pre-Kindergarten Program (NC Pre-K) included both state and federal funds to the Cumberland County Partnership for the year ended June 30, 2017. Unexpended balances of the NC Pre-K grant are subject to reversion to the State of North Carolina. Cumberland County Partnership has expended all awards and therefore has not returned any of these funds to the State based on financial status reports submitted prior to June 30, 2017. Cumberland County Partnership has returned \$1,968 of a prior year's funding during the year ended June 30, 2017.

**PARTNERSHIP FOR CHILDREN OF CUMBERLAND COUNTY, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2017**

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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?

  X   Yes        No

- Significant deficiency(ies) identified?

       Yes   X   None reported

Noncompliance material to financial statements noted?

  X   Yes        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?

       Yes   X   No

## **Section II - Financial Statement Findings**

None

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

### **Finding 2017-001**

#### **Statement of Condition**

The Cumberland County Partnership was receiving funding on behalf of children found to be ineligible under program restrictions.

#### **Criteria**

Per NC Pre-K 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**

The Cumberland County Partnership 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.

We have completed the corrective action plan provided in response to the Fiscal Year 15-16 audit finding. We continue to adhere to the revised NC Pre-K policies that were developed and approved by the NC Pre-K Planning Committee and Board of Directors on March 30, 2017 in response to the audit finding. These revisions were specific to eligibility of children and increased vigilance in monitoring NC Pre-K programs for compliance.

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. We appreciate the professionalism and insight provided by the auditors.

**PARTNERSHIP FOR CHILDREN OF CUMBERLAND COUNTY, INC.**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**YEAR ENDED JUNE 30, 2017**

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Finding 2016-001. The Partnership for Children of Cumberland County, Inc. was receiving funding on behalf of a child found to be ineligible under program restrictions.

Status: The Cumberland County Partnership has implemented controls to prevent future noncompliance and has returned all monies received on behalf of ineligible children. These controls were implemented after the 2016 school year began, and therefore, proper screening of eligibility was not performed on all entering students. The finding is continued in current year finding 2017-001.