



COUNTY OF GOOCHLAND, VIRGINIA

Audit of Federal Awards Performed in
Accordance with U.S. Office of Management
and Budget Circular A-133

June 30, 2011

(With Independent Auditors' Report Thereon)

COUNTY OF GOOCHLAND, VIRGINIA

Audit of Federal Awards Performed in
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and Budget Circular A-133

June 30, 2011

Table of Contents

	Page
Schedule of Expenditures of Federal Awards	1-2
Notes to Schedule of Expenditures of Federal Awards	3
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	4-5
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	6-8
Schedule of Findings and Questioned Costs	9-13

COUNTY OF GOOCHLAND, VIRGINIA

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

Federal grantor/state pass – through grantor/ program title (pass – through grantor’s number)	Federal catalog number	Expenditures
Department of Health and Human Services:		
Pass Through Payments:		
Department of Social Services:		
Family Preservation and Support	93.556	\$ 790
Temporary Assistance to Needy Families (TANF)	93.558	122,737
Refugee and Entrant Assistance – Discretionary Grants	93.566	285
Low Income Home Energy Assistance	93.568	10,466
Community Services Block Grant	93.569	138,973
Payments to States for Child Care Assistance	93.575	95,590
Child Care and Development Fund	93.596	38,093
Chafee Education and Training Vouchers Program	93.599	11,924
Child Welfare Services – State Grants	93.645	634
Foster Care – Title IV-E	93.658	96,001
ARRA – Foster Care – Title IV – E	93.658	2,118
Total, CFDA #93.658		98,119
Adoption Assistance	93.659	27,010
ARRA – Adoption Assistance	93.659	1,455
Total, CFDA #93.659		28,465
Social Services Block Grant	93.667	86,831
Independent Living	93.674	3,087
State Children’s Insurance Program	93.767	4,350
Medical Assistance Program (Title XIX)	93.778	98,844
ARRA – Community Services Block Grant	93.710	19,084
ARRA – Child Care and Development Fund	93.713	9,237
Total Department of Health and Human Services		767,509
Department of Agriculture:		
Pass Through Payments:		
Department of Agriculture:		
Food Distribution	10.555	37,049
Department of Education:		
National school lunch program	10.555	252,053
Total, CFDA #10.555		289,102
National school breakfast	10.553	67,087
Department of Social Services:		
State Admin Matching Grants for Food Stamp Program	10.561	165,595
Total Department of Agriculture		521,784

COUNTY OF GOOCHLAND, VIRGINIA

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

Federal grantor/state pass – through grantor/ program title (pass – through grantor’s number)	Federal catalog number	Expenditures
Department of Homeland Security:		
Pass Through Payments:		
Department of Emergency Management:		
State Homeland Security Program	97.073	\$ 1,170
Emergency Management Performance Grant	97.042	16,904
Total Department of Homeland Security		<u>18,074</u>
Department of Transportation:		
Pass Through Payments:		
National Highway Traffic Safety Administration		
Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	42,849
Total Department of Transportation		<u>42,849</u>
Department of Education:		
Pass Through Payments:		
Department of Education:		
Title I: Educationally deprived children	84.010	215,861
Title I, Part D: State Agency Program for Neglected and		
Delinquent Children and Youth	84.013	50,503
Title VI-B: Handicapped state grants	84.027	291,161
Vocational Education: Basic grants to states	84.048	18,029
Title VI-B: Handicapped preschool incentive grant	84.173	351,686
Drug free schools and communities	84.186	5,710
Education Technology State Grants	84.318	2,865
Title II, Part A	84.367	68,286
Title III, Part A: English Language Acquisition Grant	84.365	18,322
ARRA – Title I, Part D: State Agency Program for Neglected		
and Delinquent Children and Youth	84.013	24,829
ARRA – Title I Grants to Local Educational Agencies	84.389	49,003
ARRA – Special Education Grants to States	84.391	15,788
ARRA – Special Education Preschool Grants	84.392	9,994
ARRA – State Fiscal Stabilization Fund	84.394	295,928
Total Department of Education		<u>1,417,965</u>
Total Federal Expenditures		<u>\$ 2,768,181</u>

See accompanying notes to schedule of expenditures of federal awards.

See accompanying Independent Auditors’ Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

COUNTY OF GOOCHLAND

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2011

Note 1 - General

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federally assisted programs of the County of Goochland, Virginia (the County). The County's reporting entity is defined in Note 1 to the County's Basic Financial Statements for the year ended June 30, 2011. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule.

Note 2 - Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's Basic Financial Statements for the year ended June 30, 2011.

Note 3 - Program Cluster Totals

Payments to States for Child Care Assistance	93.575	95,590
Child Care and Development Fund	93.596	38,093
ARRA - Child Care and Development Fund	93.713	9,237
		<u>\$ 142,920</u>
Food Distribution	10.555	\$ 37,049
National school lunch program	10.555	252,053
National school breakfast	10.553	67,087
		<u>\$ 356,189</u>
Community Services Block Grant	93.569	\$ 138,973
ARRA - Community Services Block Grant	93.710	19,084
		<u>\$ 158,057</u>
Title I: Educationally deprived children	84.010	\$ 215,861
ARRA - Title I Grants to Local Educational Agencies	84.389	49,003
		<u>\$ 264,864</u>
Title I, Part D: State Agency Program for Neglected and Delinquent Children and Youth	84.013	\$ 50,503
ARRA - Title I, Part D: State Agency Program for Neglected and Delinquent Children and Youth	84.013	24,829
		<u>\$ 75,332</u>
Title VI-B: Handicapped state grants	84.027	\$ 291,161
Title VI-B: Handicapped preschool incentive grant	84.173	351,686
ARRA - Special Education Grants to States	84.391	15,788
ARRA - Special Education Preschool Grants	84.392	9,994
		<u>\$ 668,629</u>



KPMG LLP
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**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***

The Honorable Members of the
Board of Supervisors
County of Goochland, Virginia:

We have audited 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 Goochland, Virginia (the County) as of and for the year ended June 30, 2011, and have issued our report thereon dated December 6, 2011. Our report was modified to indicate that the County implemented a new accounting standard effective July 1, 2010. We conducted our audit in accordance with 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.

Internal Control over Financial Reporting

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control over financial reporting 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 combination of deficiencies, in internal control over financial reporting, 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. We consider the deficiencies in the County's internal control over financial reporting described in the accompanying schedule of findings and questioned costs as items 2011-1 and 2011-2 to be material weaknesses.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of 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*.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Supervisors, the County's management, 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.

KPMG LLP

December 6, 2011



KPMG LLP
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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

The Honorable Members of the
Board of Supervisors of the
County of Goochland, Virginia:

Compliance

We have audited the County of Goochland, Virginia's (the County) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 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, 2011. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination of the County's compliance with those requirements.

As described in item 2011-3 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding allowable costs that are applicable to its Special Education Cluster major program. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to these programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct or material effect on each of its major federal programs for the year ended June 30, 2011.



Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A133, 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 and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that 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 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2011-3 to be a material weakness.

Schedule of Expenditures of Federal Awards

We have audited 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 as of and for the year ended June 30, 2011, and have issued our report thereon dated December 6, 2011. Our report was modified to indicate that the County implemented a new accounting standard effective July 1, 2010. Our audit was performed 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 purposes of additional analysis as required by OMB Circular A-133 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.



The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response, and accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, 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.

KPMG LLP

June 18, 2012, except as to the paragraph relating
to the Schedule of Expenditures of Federal Awards,
which is as of December 6, 2011

COUNTY OF GOOCHLAND, VIRGINIA

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

(1) Summary of Auditors' Results

- (a) The type of report issued on the financial statements: **Unqualified opinion**
- (b) Significant deficiencies in internal control disclosed by the audit of the financial statements: **Yes – findings 2011-1 and 2011-2**
- (c) Material weakness in internal control disclosed by the audit of the financial statements: **Yes – findings 2011-1 and 2011-2**
- (d) Noncompliance which is material to the financial statements: **None noted**
- (e) Significant deficiencies in internal control over major programs: **Yes – finding 2011-3**
- (f) Material weakness in internal control over major programs: **Yes – finding 2011-3**
- (g) The type of report issued on compliance for major programs:
 - Qualified for Special Education Cluster's (CFDA Numbers 84.027, 84.173, 84.391, 84.392) allowable costs
 - Unqualified for all other applicable compliance requirements of the Special Education Cluster and for all other major programs and applicable compliance requirements
- (h) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: **Yes – finding 2011-3**
- (i) Major programs: **Special Education Cluster (CFDA Numbers 84.027, 84.173, 84.391 and 84.392), Title 1 Cluster (CFDA Numbers 84.010 and 84.389), ARRA State Fiscal Stabilization Fund (CFDA Number 84.394) and State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (CFDA Number 10.561)**
- (j) Dollar threshold used to distinguish between Type A and Type B programs: **\$300,000**
- (k) Auditee qualified as low-risk auditee under Section 530 of OMB Circular A-133: **No**

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

2011-1 Year-End Financial Reporting Closing Process

Condition – The County's Director of Finance is responsible for processing the County's financial transactions and reporting the County's yearly financial results through the preparation and issuance of the Comprehensive Annual Financial Report (CAFR). The efficient, effective and timely preparation of the CAFR depends heavily on personnel from various County departments. This process includes closing the County's general ledger, performing appropriate financial analyses and reconciliations of yearly activity, and accumulating the required data to properly prepare the basic financial statements, notes, and supplementary schedules, which are reported within the County's CAFR.

COUNTY OF GOOCHLAND, VIRGINIA

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

During the fiscal year-end closing and the CAFR audit process, adjustments related to the County's records were identified by KPMG and County management and adjusted by County management. These adjustments were considered material to the County's financial statements by County management and KPMG and were attributable to an incomplete and/or untimely review of general ledger accounts and reconciliations to ensure complete, accurate and proper reporting of transactions, as evidenced by:

- Cash reconciliations over County accounts were not completed timely such that the time lag between month-end and completion of the reconciliations exceeded several months;
- Certain general ledger accounts as of year-end were not reconciled timely, and
- There was not sufficient review of year end account rollforward and accrual calculations in various areas to ensure the completeness and accuracy of entries recorded at year-end to fairly present the assets, liabilities, revenue and expenditures/expenses of the County.

Criteria – The Commonwealth of Virginia Code and the Commonwealth of Virginia's Auditor of Public Accounts' (APA) *Specifications for Audits of Counties, Cities and Towns* require that annual financial statements be prepared in accordance with GAAP.

Cause – Based upon review of documentation provided and discussions with County personnel, the errors were caused by a combination of factors including:

- The County lacks personnel with adequate knowledge of U.S. generally accepted accounting principles (GAAP) and CAFR reporting;
- Although the County engaged the services of an external certified public accountant in drafting of the financial statements and the CAFR, a thorough management review of schedules and calculations prepared to support year end balances did not consistently occur on a timely basis, and
- While the County made progress in formally documenting policies and procedures to ensure complete, accurate, and proper accrual and presentation of all financial transactions, the timing of preparation did not allow for sufficient time to implement such policies and procedures before the end of the 2011 fiscal year.

Additionally, we noted that due to Finance Department skill set deficiencies, resulting in its inability to prepare the CAFR, the County contracted with an external consultant to assist in the closing of the year-end general ledger and the preparation of the 2011 CAFR.

- The current number of finance personnel (including staff from the County Administration, the Schools Administration, the Treasurer's Office, and the Commissioner of Revenue's Office) and their skill sets are not sufficient for an entity the size and complexity of the County;
- County departmental and component unit personnel do not have sufficient ongoing training specific to governmental GAAP, including an understanding of the preparation of the CAFR, and
- The County made improvements in developing sufficient policies and procedures detailing the responsibilities of personnel for the preparation of the CAFR, including a specific timeline for its development; however, the County should focus efforts going forward on adding a formal process in place to monitor the various departments' adherence to the timeline.

COUNTY OF GOOCHLAND, VIRGINIA

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Effect – If such weaknesses are not addressed, the County’s risk of experiencing material errors in financial accounting and associated internal and external reporting is increased.

Recommendations – We recommend the following actions to strengthen the year-end financial reporting closing process:

- Assess staffing levels and make the hiring of any additional finance personnel a mission critical objective (KPMG observed that two potentially critical positions were vacant during the latter part of the fiscal year and throughout the audit process);
- Conduct periodic training sessions to enhance governmental GAAP knowledge utilizing various sources and/or venues (e.g., industry-sponsored events (VaGFOA, VaSBO), webcast/webinars and KPMG-facilitated onsite training), and
- Analyze financial systems infrastructure (including staff training across departments) currently supporting the financial reporting function to determine what changes can be made to more effectively and efficiently support the general ledger closing and CAFR preparation processes.

Views of Responsible Officials:

- Contact Person: John Wack, Deputy County Administrator for Financial Services
- Corrective Action – Management concurs with this finding, particularly as it relates to the majority of the fiscal year ending June 30, 2011. A new Treasurer took office during the latter part of the fiscal year, initiating a number of trainings and enhancing internal controls. Training and cross-training among County and Schools staff has also occurred during the past year, including onsite sessions with BAI Accounting representatives (regarding the general ledger system).

Particular emphasis will be made in regards to the accounting skill set of future recruitments of currently vacant positions in the Treasurer’s Office and the Department of Finance, as well as for any turnover that might occur among current staff. Improving the timeliness and accuracy of monthly reconciliations of general ledger accounts, especially as related to schedules and calculations related to fiscal year-end closing, will be a primary goal for the upcoming year.

2011-2 Lack of Segregation of Duties and Functioning Controls – Treasurer’s Office

Condition – The County Treasurer’s Office, on a monthly basis, processes payments related to customer accounts for various taxes, intergovernmental revenues and other miscellaneous receipts, and prepares cash reconciliations over related accounts to ensure the safeguarding of County assets and the complete and accurate reporting of related activity. To ensure that all transactions are processed completely and accurately, the Treasurer’s Office should have well developed accounting policies and procedures. These procedures must be effectively performed by personnel and established in such a way so as to provide for appropriate segregation of duties with regard to the safeguarding of County assets.

COUNTY OF GOOCHLAND, VIRGINIA

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

During the audit, we determined that adequate segregation of duties did not exist within the Treasurer's office during the majority of the fiscal year, under the leadership of the former Treasurer. This lack of segregation of duties and sufficient policies and procedures was evident in the publicized embezzlement investigation of the County's former Treasurer during the fiscal year. For example, we noted the former Treasurer had:

- the ability to initiate, approve and post wire transfers without a secondary review and approval, and
- access to post entries to the general ledger system and assisted in the preparation of cash reconciliations for certain bank statements on a monthly basis.

Criteria – Sound internal control policies and procedures should be adopted to allow for the timely preparation of GAAP-compliant financial statements.

Cause – Based upon review of documentation provided and discussions with County personnel, the following causes included:

- Routine procedures have not been effectively delegated among County staff to appropriately segregate duties to increase the efficiency and effectiveness of operations, and
- Lack of sufficient training and staff knowledge with regard to financial accounting and reporting.

Effect – If such weaknesses are not addressed, the County's risk of experiencing material errors in financial accounting and associated internal and external reporting is increased.

Recommendations – We recommend that the current Treasurer continue to implement the recommendations of the Commonwealth of Virginia's Auditor of Public Accountants (APA) as detailed in their Report on Treasurer's Turnover published April 25, 2011. Coupled with those related steps, we recommend that the current Treasurer continue to review operating processes and procedures to identify any areas where steps and/or actions can be delegated to other County staff, including but not limited to segregating responsibility for initiating, approving and posting wire transfers and independently verifying the accuracy of monthly cash balances.

Views of Responsible Officials:

- Contact Person: John Wack, Deputy County Administrator for Financial Services
- Corrective Action – Management concurs with this finding, particularly as related to the majority of the past fiscal year. A new Treasurer took office during the latter part of the fiscal year, and has subsequently implemented a number of the recommendations from the Auditor of Public Accounts as noted above, in terms of increasing staff knowledge with regard to financial accounting and reporting, establishing segregation of duties, enhancing the reconciliations of cash accounts to the County's general ledger, etc. These improvements were highlighted in a 5 page written response from the new Treasurer dated 6/22/11 which was incorporated within the described APA Report on Treasurer's Turnover. The County Administration will encourage the Treasurer's Office to continue to develop accounting policies and procedures for staff in that office while maintaining an appropriate segregation of duties between employees.

COUNTY OF GOOCHLAND, VIRGINIA

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

More specifically, secondary approval for wire transfers initiated by the Treasurer by the Deputy County Administrator is planned for future transactions. Staffing levels will continue to be assessed, with emphasis on the accounting skill set of future recruitments of currently vacant positions in the Treasurer's Office and the Department of Finance, as well as for any turnover that might occur among current staff

(3) Findings and Questioned Costs Relating to Federal Awards

2011-3 Allowable Costs

Program – Special Education Cluster (CFDA Numbers 84.027, 84.173, 84.391 and 84.392 – U.S. Department of Education – Commonwealth of Virginia Department of Education – Award Numbers HO27A100107, H391A090107, H173A100112 and H392A090112 – Awards Years 2009 and 2010)

Condition – Although the County established a policy requiring the completion of time certifications for personnel costs charged to the Special Education Cluster, the certifications were not completed properly. Specifically, for a sample of 25 personnel, the certifications for the periods from August 2010 through December 2010 and January 2011 through June 2011 were provided to the personnel for certification on August 24, 2010 and January 3, 2011, respectively. These personnel certified their time before the six-month period was completed, not after the fact as required by federal regulations.

Criteria – Per OMB Circular A-87, Attachment B 11(h) – “Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.”

Cause – Employees completed the required semi-annual time certifications before the employees' time was actually incurred and charged to the Federal award.

Effect – Noncompliance with OMB Circular A-87 may result in reduced funding for these programs.

Questioned Cost – Undeterminable; however, total payroll costs related to the Special Education Cluster and charged to the grant were approximately \$599,000.

Recommendation – The County should require employees to complete and sign certifications of time charged to federal programs after they have worked that time as required by OMB Circular A-87.

Views of Responsible Officials

- Contact Person: Ernie McLeod, Director of Finance and Operations
- Corrective Action: School Management concurs with this finding, as the time sheets were not signed correctly. The School's Director of Special Education will require employees compensated with federal grant funds to complete and sign the required time certification forms on the last working day of each biannual reporting period (December 30 and June 30).
- Anticipated Completion Date: June 30, 2012