

COUNTY OF JAMES CITY, VIRGINIA
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2006

(1) Summary of Auditors' Results

- (a) The type of report issued on the financial statements: **unqualified opinion**
- (b) Reportable conditions in internal control were disclosed by the audit of the financial statements:
none noted
 Material weaknesses: **no**
- (c) Noncompliance which is material to the financial statements: **no**
- (d) Reportable conditions in internal control over major programs: **yes, finding 06-1**
 Material weaknesses: **yes, finding 06-1**
- (e) The type of report issued on compliance for major programs:
Qualified opinion – allowable activities/costs – Special Education Cluster (CFDA Numbers 84.027 and 84.173)
Unqualified opinion – over all other applicable compliance requirements for all major programs
- (f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: **yes**
- (g) Major programs:
 Child Nutrition Cluster (CFDA Numbers 10.553 and 10.555), Special Education Cluster (CFDA Numbers 84.027 and 84.173), Title I Grants to Local Educational Agencies (CFDA Number 84.010), State Administrative Matching Grants and Food Stamp Program (CFDA Number 10.561), Medical Assistance Program (CFDA Number 93.778) and Community Development Block Grants/Entitlement Grants (CFDA Number 14.228)
- (h) Dollar threshold used to determine Type A programs: \$300,000
- (i) Auditee qualified as low-risk auditee under Section 530 of OMB Circular A-133: **yes**

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*: none noted.**(3) Findings and Questioned Costs Relating to Federal Awards:****(a) 06-1 Allowable Costs – Time Certifications**

Program – Special Education Cluster (CFDA Numbers 84.027 and 84.173)

Condition – Personnel costs for employees charged to these programs are not based on certifications of time spent working on the program.

Criteria – Per OMB Circular A-87, Attachment B:

- Where employees work solely on a single Federal award, charges for their salaries and wages must be supported by periodic certifications that the employees worked solely on that program for the period covered by certification. These certifications must be prepared at least semi-

COUNTY OF JAMES CITY, VIRGINIA
Schedule of Findings and Questioned Costs
Year ended June 30, 2006

annually and must be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

- Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages must be supported by personnel activity reports or equivalent documentation, unless a statistical sampling system or other substitute system has been approved by the cognizant agency. The personnel activity reports must reflect an after-the-fact distribution of the actual activity of each employee, account for the total activity for which each employee is compensated, be prepared at least monthly and must coincide with one or more pay periods, and be signed by the employee. Substitute systems may include, but are not limited to, random moment sampling, case counts, or other quantifiable measures of employee effort.

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

Questioned Cost – certifications of time were not prepared for personnel working solely on the Special Education cluster and these costs approximated \$1,566,373; however, we were unable to determine a questioned cost.

Recommendation – The County should require employees to perform certifications of time charged to the program as required by OMB Circular A-87.

Views of Management

We concur and will communicate to all administrators who have the responsibility to certify time for those individuals who work on Federal Programs to include Special Education Cluster Programs. This will be done in accordance with OMB Circular A-87.

(b) 06-2 Eligibility

Program – Special Education Cluster (CFDA Numbers 84.027 and 84.173)

Condition – The Individualized Education Program form was not up-to-date for one of the 40 students tested.

Criteria – Students receiving special education-related services must be determined to be developmentally eligible to receive related federal assistance. Specifically, at the beginning of the student's assistance and every year after their initial assessment, an individualized education program form must be completed.

Effect – Noncompliance with the eligibility requirements may result in the required return of a portion of the funding received for this program.

Questioned Cost – Unknown because management is unable to determine the associated cost of Special Education assistance on a specific student basis.

Views of Management

We concur and will review existing procedures and modify if appropriate and reinforce the requirement to have these forms up to date.

COUNTY OF JAMES CITY, VIRGINIA

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

(c) **06-3 Eligibility**

Program – Medical Assistance Program (CFDA Number 93.778)

Condition – Evidence of income verification was absent from the eligibility file for one participant of 50 tested. In addition, evidence of the annual recertification was absent from the eligibility file for two participants of the 50 tested.

Criteria – The State Medicaid agency or its designee is required to determine participant eligibility in accordance with eligibility requirements defined in the approved State plan. There are specific requirements that must be followed to ensure that individuals meet the financial and categorical requirements for Medicaid. Among these items include that the State or designee shall document the participant's income and eligibility verification and redetermine the eligibility of Medicaid recipients with respect to circumstances that may change (i.e., income eligibility), at least every 12 months.

Effect – Noncompliance with the eligibility requirements may result in the required return of a portion of the funding received for this program.

Questioned Cost – Unknown because management is unable to determine the associated cost of Medical Assistance on a specific participant basis.

Views of Management

We concur with the findings and have implemented a comprehensive review of all Medicaid cases in an effort to eliminate overdue reviews. We will develop an ongoing case monitoring system across all Benefit programs, including Medicaid, Food Stamps, Temporary Assistance to Needy Families (TANF), and Energy Assistance.