

**COUNTY OF FAIRFAX, VIRGINIA**

Financial and Compliance Audit  
Pursuant to OMB Circular A-133  
(Single Audit)

June 30, 2008

(With Independent Auditors' Reports Thereon)

# COUNTY OF FAIRFAX, VIRGINIA

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KPMG LLP  
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**Independent Auditors' 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 Board of Supervisors  
County of Fairfax, 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 Fairfax, Virginia (the County), as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 7, 2008. Our report was modified to include a reference to other auditors. 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; and the *Specifications for Audits of Counties, Cities, and Towns* (the Specifications) issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Other auditors audited the financial statements of the Fairfax County Redevelopment and Housing Authority a discretely presented component unit of the County. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**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 an opinion on the basic 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.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the basic financial statements will not be prevented or detected by the entity's internal control.



Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's basic 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 basic 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*.

We noted certain matters that we reported to the County management in a separate letter dated November 7, 2008.

This report is intended solely for the information and use of the Board of Supervisors, management, the Auditor of Public Accounts of the Commonwealth of Virginia, 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

November 7, 2008



KPMG LLP  
2001 M Street, NW  
Washington, DC 20036

**Independent Auditors' Report on Compliance with Requirements  
Applicable to Each Major Program and on Internal Control over  
Compliance in Accordance with OMB Circular A-133**

The Board of Supervisors  
County of Fairfax, Virginia:

**Compliance**

We have audited the compliance of Fairfax County, Virginia (the County), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. 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.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. The results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2008-01.

**Internal Control over Compliance**

The 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2008-01 and 2008-02 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

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.

### **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, 2008, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 7, 2008. We did not audit the financial statements of the Fairfax County Redevelopment and Housing Authority, a discretely presented component unit of the County, which represents 7.50%, 5.04%, and 2.89%, respectively, of total assets, net assets, and revenues of the aggregate discretely presented component units. Our audit was performed for the purpose of forming opinions on the basic financial statements as a whole. 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.

This report is intended solely for the information and use of the Board of Supervisors, management, the Auditor of Public Accounts of the Commonwealth of Virginia, 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**

November 7, 2008

**COUNTY OF FAIRFAX, VIRGINIA**  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2008

Federal Grantor/Recipient State Agency/Program Title	Federal Catalogue Number	Expenditures
<b>Department of Agriculture</b>		
Direct Awards:		
National School Lunch Program	10.555 \$	3,028,938
Child and Adult Care Food Program	10.558	3,778,279
Summer Food Service Program for Children	10.559	171,767
Schools and Roads - Grants to States	10.665	1,525
Forest Stewardship Program	10.678	11,462
Passed through the Commonwealth of Virginia:		
<u>Department for the Aging</u>		
Food Donation	10.550	480,199
<u>Department of Education</u>		
School Breakfast Program	10.553	2,322,842
National School Lunch Program	10.555	13,964,896
<u>Department of Health</u>		
Special Supplemental Nutrition Program for Women, Infants, and Children (409-WIC-MOA-09)	10.557	1,629,289
<u>Department of Mental Health, Mental Retardation, &amp; Substance Abuse Services</u>		
State Administrative Matching Grants for Food Stamp Program	10.561	135,680
<u>Department of Social Services</u>		
Child and Adult Care Food Program	10.558	165,272
State Administrative Matching Grants for Food Stamp Program	10.561	4,690,634
<b>Department of Commerce</b>		
Direct Awards:		
Coastal Zone Management Administration Awards	11.419	20,000
Chesapeake Bay Studies	11.457	43,638
Technology Opportunities Program	11.552	89,514
<b>Department of Defense</b>		
Direct Awards:		
Junior ROTC (Department of the Navy)	12.000	427,197
Federal Shelter Program (Department of the Army)	12.115	47,000
Passed through the Commonwealth of Virginia:		
<u>Department of Transportation</u>		
Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation	12.607	1,286,169
<b>Department of Housing and Urban Development</b>		
Direct Awards:		
Supportive Housing for Persons with Disabilities	14.181	253,302
Community Development Block Grants/Entitlement Grants	14.218	6,091,719
Emergency Shelter Grants Program	14.231	267,065
Supportive Housing Program	14.235	854,130
Shelter Plus Care	14.238	1,256,000
HOME Investment Partnerships Program	14.239	2,263,827
Community Development Block Grants/Brownfields Economic Development Initiative	14.246	653,985
Fair Housing Assistance Program - State and Local	14.401	53,420
Public and Indian Housing	14.850	2,679,887
Resident Opportunity and Supportive Services	14.870	192,898
Section 8 Housing Choice Vouchers	14.871	37,373,382
Public Housing Capital Fund	14.872	1,693,601

(Continued)

**COUNTY OF FAIRFAX, VIRGINIA**  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2008

<b>Federal Grantor/Recipient State Agency/Program Title</b>	<b>Federal Catalogue Number</b>	<b>Expenditures</b>
<b>Department of the Interior</b>		
Direct Awards:		
Wildlife Restoration	15.611	\$ 71,042
Passed through the Commonwealth of Virginia:		
<u>Department of Forestry</u>		
National Fire Plan - Rural Fire Assistance	15.242	1,660
<b>Department of Justice</b>		
Direct Awards:		
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	3,197
State Criminal Alien Assistance Program	16.606	1,372,583
Bulletproof Vest Partnership Program	16.607	40,347
Public Safety Partnership and Community Policing Grants	16.710	1,110,449
Edward Byrne Memorial Justice Assistance Grant Program	16.738	102,943
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	3,533
Passed through the Commonwealth of Virginia:		
<u>Department of Criminal Justice Services</u>		
Prisoner Reentry Initiative Demonstration (Offender Reentry) (DOC-03-045, DOC 7-5-06, MOA-29-03-01)	16.202	250,475
Juvenile Accountability Block Grants (07-I3224JB05, 08-J3224JB06)	16.523	77,598
Juvenile Justice and Delinquency Prevention - Allocation to States (08-B5267JJ06)	16.540	130,958
Gang-Free Schools and Communities - Community-Based Gang Intervention	16.544	310,402
Crime Victim Assistance (07-H3445SA06, 08-I3445SA07, 08-L9279VG07)	16.575	60,981
Edward Byrne Memorial Formula Grant Program	16.579	55,095
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program (07 C3713AD06)	16.580	27,138
Crime Victim Assistance/Discretionary Grants (07-K9279VW06, 07-J9836VA06, 08-K9836VA07)	16.582	213,287
Violence Against Women Formula Grants (06-J9333VA05,07-K9333VA06)	16.588	19,967
Passed through the County of Loudoun, Virginia:		
Gang-Free Schools and Communities - Community-Based Gang Intervention	16.544	287,269
Passed through the University of Maryland:		
Community Capacity Development Office (Z903006,Z914105)	16.595	339,543
Passed through ChildSafeNet:		
Reduction and Prevention of Children's Exposure to Violence	16.730	796,255
<b>Department of Labor</b>		
Passed through the Commonwealth of Virginia:		
<u>Virginia Employment Commission</u>		
WIA Adult Program (LWA 11-05-05,LWA 11-06-01T,LWA 11-07-01T)	17.258	458,226
WIA Youth Activities (LWA 11-05-05, LWA 11-06-01, LWA 11-07-01T)	17.259	324,184
WIA Dislocated Workers (LWA 11-02-03,LWA 11-05-05, LWA 11-06-03,LWA 11-07-01T,LWA 11-05A-01)	17.260	637,740
<b>Department of State</b>		
Direct Awards:		
Overseas Educational Advising	19.432	67,464
<b>Department of Transportation</b>		
Direct Awards:		
Highway Planning and Construction	20.205	79,789
Job Access - Reverse Commute	20.516	110,551

(Continued)

**COUNTY OF FAIRFAX, VIRGINIA**  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2008

<b>Federal Grantor/Recipient State Agency/Program Title</b>	<b>Federal Catalogue Number</b>	<b>Expenditures</b>
Passed through the Commonwealth of Virginia:		
<u>Department of Transportation</u>		
Highway Planning and Construction	20.205	\$ 14,660,224
<u>Department of Motor Vehicles</u>		
State and Community Highway Safety (J2-2007-57061-2535, K8-2008-58053-2991)	20.600	116,309
<b>Equal Employment Opportunity Commission</b>		
Direct Awards:		
Employment Discrimination - Private Bar Program	30.005	140,734
<b>Library of Congress</b>		
Direct Awards:		
Library of Congress - Library Services	42.006	70,308
<b>National Aeronautics and Space Administration</b>		
Direct Awards:		
Aerospace Education Services Program	43.001	30,065
<b>National Endowment for the Arts</b>		
Direct Awards:		
National Leadership Grants	45.312	69,354
<b>Environmental Protection Agency</b>		
Direct Awards:		
Air Pollution Control Program Support	66.001	56,156
Passed through the National Fish and Wildlife Foundation:		
Surveys, Studies, Investigations and Special Purpose Grants	66.606	17,620
<b>Department of Education</b>		
Direct Awards:		
Impact Aid	84.041	3,939,992
Education for Homeless Children and Youth	84.196	39,138
Fund for the Improvement of Education	84.215	295,449
Foreign Language Assistance	84.293	193,979
Passed through the Commonwealth of Virginia:		
<u>Department of Education</u>		
Adult Education - State Grant Program (H027A070107)	84.002	989,430
Title I Grants to Local Educational Agencies (S010A070046)	84.010	15,312,629
Title I Program for Neglected and Delinquent Children	84.013	32,296
Special Education - Grants to States (H027A070107)	84.027	29,483,616
Career and Technical Education - Basic Grants to States (V048A070046)	84.048	1,812,037
Special Education - Preschool Grants (H173A060112)	84.173	801,589
Safe and Drug-Free Schools and Communities - State Grants (Q186A070048)	84.186	507,854
Twenty-First Century Community Learning Centers (S287C060047)	84.287	306,311
State Grants for Innovative Programs (S298A070047)	84.298	219,382
Education Technology State Grants (S318X070046)	84.318	69,974
Advanced Placement Program (S330B070003 029)	84.330	53,848
English Language Acquisition Grants (T365A060046)	84.365	3,983,484
Improving Teacher Quality State Grants (S367A070044)	84.367	3,887,310
Hurricane Education Recovery	84.938	45,691
<u>Department of Mental Health, Mental Retardation, &amp; Substance Abuse Services</u>		
Special Education - Grants for Infants and Families with Disabilities	84.181	881,514

(Continued)

**COUNTY OF FAIRFAX, VIRGINIA**  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2008

<b>Federal Grantor/Recipient State Agency/Program Title</b>	<b>Federal Catalogue Number</b>	<b>Expenditures</b>
<b>Department of Health and Human Services</b>		
Direct Awards:		
Drug-Free Communities Support Program Grants	93.276 \$	35,486
Head Start	93.600	6,760,241
Medicare - Prescription Drug Coverage	93.770	1,160,960
Medical Assistance Program	93.778	1,613,080
Passed through the Commonwealth of Virginia:		
<u>Department for the Aging</u>		
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals (01-94-AAA-VA-1320)	93.042	25,743
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	544,714
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	562,695
National Family Caregiver Support, Title III, Part E	93.052	190,907
Medicare - Supplementary Medical Insurance	93.774	14,623
<u>Department of Health</u>		
Project Grants and Cooperative Agreements for Tuberculosis Control Programs (601-409-93116-06-7)	93.116	178,816
Immunization Grants (409-EE-100-4401300-43273)	93.268	67,106
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	451,101
Maternal and Child Health Services Block Grant to the States (409-OFHS-MCH-08)	93.994	264,823
<u>Department of Mental Health, Mental Retardation, &amp; Substance Abuse Services</u>		
Projects for Assistance in Transition from Homelessness (PATH)	93.150	155,607
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	23,664
Child Care and Development Block Grant	93.575	11,843
Block Grants for Community Mental Health Services	93.958	1,474,189
Block Grants for Prevention and Treatment of Substance Abuse	93.959	3,312,756
<u>Department of Social Services</u>		
Promoting Safe and Stable Families	93.556	918,894
Temporary Assistance for Needy Families (RFP-BEN-08-007-11, G-SVC-06-058-12)	93.558	2,765,863
Child Support Enforcement	93.563	378
Refugee and Entrant Assistance - State Administered Programs	93.566	157,833
Low-Income Home Energy Assistance	93.568	82,285
Community Services Block Grant	93.569	542,982
Child Care and Development Block Grant	93.575	6,809,165
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	8,106,604
Chafee Education and Training Vouchers Program (ETV)	93.599	93,814
Child Welfare Services - State Grants	93.645	21,918
Foster Care - Title IV-E	93.658	4,799,879
Adoption Assistance	93.659	1,371,429
Social Services Block Grant	93.667	4,617,981
Chafee Foster Care Independence Program	93.674	72,377
State Children's Insurance Program	93.767	120,048
State Medicaid Fraud Control Units	93.775	127,515
Medical Assistance Program	93.778	3,604,792
Passed through the National Association of County and City Health Officials (NACCHO):		
Medical Reserve Corps Small Grant Program (MRC07465,MRC080169)	93.008	1,841
Passed through the Northern Virginia Regional Commission:		
HIV Care Formula Grants	93.917	94,376
<b>Corporation for National &amp; Community Service</b>		
Passed through the Commonwealth of Virginia:		
<u>Department of Social Services</u>		
AmeriCorps	94.006	9,284

(Continued)

**COUNTY OF FAIRFAX, VIRGINIA**  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2008

<b>Federal Grantor/Recipient State Agency/Program Title</b>	<b>Federal Catalogue Number</b>	<b>Expenditures</b>
<b>Department of Homeland Security</b>		
Direct Awards:		
National Urban Search and Rescue (US&R) Response System	97.025	\$ 1,080,235
Assistance to Firefighters Grant	97.044	10,004
Passed through the Commonwealth of Virginia:		
<u>Department of Criminal Justice Services</u>		
Homeland Security Grant Program	97.067	281,623
<u>Department of Emergency Management</u>		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	737,727
Emergency Management Performance Grants	97.042	59,896
Homeland Security Grant Program (05-A4521HS04, 08-A5443HS06)	97.067	46,886
State Homeland Security Program (SHSP)	97.073	1,751,077
Passed through the District of Columbia Homeland Security & Emergency Management Agency:		
Homeland Security Grant Program (03-EU-10, 03-EU-08, 04-TU-04, 13AUAS5, 13BUAS5, 13C1UAS5, 13CUAS6, VABUAS6, ESF-6, 7UASI533-03, 7UASI533-01, 7UASI533-04)	97.067	8,875,762
<b>United States Agency for International Development</b>		
Direct Awards:		
USAID Foreign Assistance for Programs Overseas	98.001	1,278,104
		<u>\$ 236,185,412</u>

## COUNTY OF FAIRFAX, VIRGINIA

### Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2008

#### (1) Basis of Presentation

The accompanying schedule of expenditures of federal awards includes all federal grant activity of the County of Fairfax, Virginia (County) and its component units, except that of the discretely presented tax credit partnership component units of the Fairfax County Redevelopment and Housing Authority (FCRHA). The County's reporting entity is defined in Note A, Part 1 of the County's basic financial statements. The schedule has been prepared on the modified accrual basis of accounting as defined in Note A, Part 3 of the County's basic financial statements.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

#### (2) Non-Cash and Other Programs

Women, Infant and Children (WIC) program vouchers are issued by the Commonwealth of Virginia to eligible County citizens during the year. The value of these vouchers is not included on the accompanying schedule because the Virginia Department of Health determines eligibility for and monitors the WIC program. However, the County's administrative expenditures for the program are included on the accompanying schedule in the Special Supplemental Nutrition Program for Women, Infants and Children Grant (CFDA No. 10.557).

The Commonwealth of Virginia Department of Agriculture and Consumer Services (VDACS), Division of Marketing, administers the United States Department of Agriculture (USDA) donated food program within the Commonwealth of Virginia. USDA provides values for all donated food. For the National School Lunch Program (CFDA No. 10.555), the County received donated food in the amount of \$77,030 for the year ended June 30, 2008.

The U.S. Department of Housing and Urban Development (HUD) has insured certain mortgage loan borrowings made by the County through the FCRHA in connection with certain low income housing projects. These loans had outstanding principal due of \$3,802,072 at June 30, 2008. In addition, FCRHA held Federal Housing Administration (FHA)-insured mortgage revenue bonds secured by land, buildings, and equipment of \$5,135,000 at June 30, 2008. Finally, FCRHA issued certain bonds and notes to permanently finance certain public housing projects. Principal and interest on these bonds and notes are paid by HUD through the Annual Contributions Contract of the Public and Indian Housing grant (CFDA No. 14.850). Such payments totaled \$234,011 during the year ended June 30, 2008.

**COUNTY OF FAIRFAX, VIRGINIA**

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2008

The Homeland Security Grant Program (CFDA No. 97.067) is granted by the U.S. Department of Homeland Security to enhance the capacity of State and local emergency responders to prevent, respond to, and recover from weapons of mass destruction terrorism incidents involving chemical, biological, radiological, nuclear, and explosive devices or cyber attacks. Several Washington, DC metropolitan jurisdictions receive funding under this program. In addition to purchasing equipment or supplies for their own jurisdiction, they may purchase these items for surrounding jurisdictions and then transfer or donate the items to other jurisdictions per the federal government or pass-through entity's instructions. For the year ended June 30, 2008, the County purchased and transferred equipment or supplies valued at \$2,903,668 to other jurisdictions under this Homeland Security Grant Program.

**(3) Subrecipients**

Of the federal expenditures presented in the schedule, the County provided federal awards to subrecipients as follows:

<b>Program Title</b>	<b>Number</b>	<b>Subrecipients</b>
Food Donation	10.550	\$ 298,372
Community Development Block Grant/Entitlement Grants	14.218	1,779,065
Supportive Housing Program	14.235	179,468
Shelter Plus Grant III	14.238	1,256,000
Special Programs for the Aging – Title III B	93.044	40,253
Special Programs for the Aging – Title III C - Nutrition Services	93.045	323,227
Head Start	93.600	1,495,675

**COUNTY OF FAIRFAX, VIRGINIA**

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

**(1) Summary of Auditors' Results**

Type of report issued on the financial statements: **Unqualified**

Internal control over financial reporting:

Significant deficiencies identified that are not considered a material weakness? **None reported**

Material weakness identified? **None reported**

Noncompliance material to financial statements noted? **None reported**

Significant deficiencies in internal control over major programs noted? **Yes, findings 2008-01 and 2008-02**

Material weaknesses in internal control over major programs noted? **None reported**

Type of report issued on compliance for major programs: **Unqualified**

Any findings which are required to be reported under Section .510(a) of OMB Circular A-133? **Yes**

Major programs are as follows:

- (1) Child Nutrition Cluster (CFDA Nos. 10.553, 10.555, and 10.559)
- (2) Child and Adult Care Food Program (CFDA No. 10.558)
- (3) Improving Teacher Quality State Grants (CFDA No. 84.367)
- (4) Foster Care – Title IV-E (CFDA No. 93.658)
- (5) Block Grants for Prevention and Treatment of Substance Abuse (CFDA No. 93.959)
- (6) Child Care Cluster (CFDA Nos. 93.575 and 93.596)
- (7) Medicaid Cluster (CFDA Nos. 93.775 and 93.778)
- (8) Homeland Security Cluster (CFDA Nos. 97.067 and 97.073)

Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**

Auditee qualified as a low-risk auditee? **Yes**

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

**None**

**COUNTY OF FAIRFAX, VIRGINIA**

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

**(3) Findings and Questioned Costs for Federal Awards**

**Item No. 2008-01 – Allowable Costs – Time Certifications**

***Program***

Improving Teacher Quality State Grants (CFDA No. 84.367, State Contract No. S367A070044, Grant Year 2008)

***Condition***

Salaries and wages for the teachers charged to the program were not supported by periodic time certifications that signify the teachers worked solely on the Title II Part A-Improving Teacher Quality program, in accordance with OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*.

***Criteria***

OMB Circular A-133 Compliance Supplement (March 2008) Sec. B. 2.b.(2).(a). “requires that grantees must document time and effort for an employee who works solely on a single cost objective (i.e., a single Federal program whose funds have not been consolidated or Federal programs whose funds have been consolidated but not with State and local funds) and must furnish a semi-annual certification that he/she has been engaged solely in activities supported by the applicable source in accordance with OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, Attachment B, paragraph 8.h.(3).” Attachment B, Par.8.h.(3) requires that “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***

Management was not aware of the compliance requirement in the Attachment B, Par.8.h.(3) of the OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, that semi annual certifications of time are required.

***Questionable Cost***

Undeterminable; however, total payroll costs charged to the grant approximated \$2,900,000 for fiscal year 2008.

***Recommendation***

We recommend that Fairfax County Public Schools (FCPS) establish and maintain a periodic (at least semi-annually) certification process for full-time teachers compliant with OMB Circular A-87. FCPS should ensure that these certifications are signed by the respective teacher or their direct supervisory official having first hand knowledge of the daily work they perform.

## COUNTY OF FAIRFAX, VIRGINIA

### Schedule of Findings and Questioned Costs

Year ended June 30, 2008

#### ***Management Response***

The guidance in OMB Circular A-87 does not specify the time of the year when the certifications should be collected. In April 2008, emails were sent to the principals of all schools who received positions through the Improve Teacher Quality program. The principals were asked to validate and send the name of the teacher or coach who was hired at their school, which was provided by each principal.

We have collected all of the required forms certifying the teachers or coaches through June 30, 2008. In addition, we obtained certification in December 2007 and June 2008 for all the non school-based positions paid from this grant.

Schools that receive Title II-A positions are determined through a yearly “needs assessment”. In the future, the finance officer of the selected schools will be included in the needs assessment process to ensure they understand the additional reporting requirements entailed in receiving these funds.

A database has been created to track the schools receiving Title II-A funds and the contact information for the principals. Certification forms will be scanned and emailed to the appropriate schools bi-annually for completion. The completed forms will be collected by the Finance and Administration Office of the Department of Instructional Services in June and December of each year.

#### **Item No. 2008-02 – Allowable Costs – Child Care Payments**

##### ***Program***

Child Care Cluster (CFDA Nos. 93.575 and 93.596, Grant Year 2008)

##### ***Condition***

For 30 payments to child care providers selected for cost internal control and compliance testing, 4 providers were paid using incorrect rates, as detailed below:

1. Per the Provider Agreement, the rate was \$17.80/day for kindergarten children after-school care. The County’s Office of Children paid the provider \$14/day.
2. Per the Provider Agreement, the rate was \$11/day for school-age children after-school care. The County’s Office of Children paid the provider \$10/day.
3. Per the Provider Agreement, the rate was \$34/day for kindergarten children attending the child care full-time. The County’s Office of Children paid the provider \$30.40/day.
4. Per the Provider Agreement, the rate was \$27.15/ for infants attending the child care 75% of the time. The County’s Office of Children paid the provider \$22.50/day.

## COUNTY OF FAIRFAX, VIRGINIA

### Schedule of Findings and Questioned Costs

Year ended June 30, 2008

#### ***Criteria***

Participants in the Child Care program attend day care approved by the County and all approved child care providers sign agreements with the Fairfax County Office of Children outlining the agreed-upon Fairfax County reimbursement rates. Once the agreement is signed by the provider, the rates are uploaded to the Office of Children Information System (OFCIS). Payments to the child care providers should be based on approved vendor agreements and the monthly Enrollment/Attendance Verification Form submitted by the providers.

#### ***Cause***

The Child Care Assistance and Referral (CCAR) program staff did not update OFCIS for the new negotiated rates per the Provider Agreement on a timely basis and Department of Administration for Human Services (DAHS) personnel failed to verify the accuracy of the rates used before making the payments.

#### ***Questionable Cost***

None reported as federal monies were under spent.

#### ***Recommendation***

We recommend the Office of Children personnel perform periodic reviews over child care rates uploaded in OFCIS and agree the rates to signed Vendor Agreements. In addition, we recommend that the DAHS provide adequate training to related staff and implement a supervisory quality control review process related to payments issued to ensure accuracy of rates used for payments.

#### ***Management Response***

The finding that four provider rates were not entered correctly in OFCIS, and therefore caused inaccurate payments to providers, is correct. Staff from the Child Care Assistance and Referral (CCAR) program and the Department of Administration for Human Services (DAHS) work together to ensure that provider payments are accurate according to the vendor agreement and EAV (daily attendance form). It is the responsibility of the CCAR Child Care Specialist to enter the provider's rates accurately. It is the responsibility of the DAHS staff to audit the attendance form to the vendor agreement to confirm the accuracy of the payment.

It is likely that the errors in the finding are attributed to two areas. Staff was transitioning to the new CCAR automated recordkeeping system with a different process and a different location for the data. The second factor attributing to these errors was staff turnover and the use of contracted temporary help to do the work during this period.

To address this finding and shore up the process, when part time care is authorized, the Child Care Specialist will ensure that the part time rate is accurate in the OFCIS. In addition, DAHS staff will verify that the vendor agreement, containing the rates, matches the rates in OFCIS.

Though staff turnover cannot be eliminated, the proposed additional review steps should reduce the chance of reoccurrence of such errors.