

County of Caroline, Virginia
 Schedule of Findings and Questioned Costs
 For the year ended June 30, 2008

Section I-Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: unqualified
 Internal control over financial reporting:
 Material weakness(es) identified? ✓ yes no
 Significant deficiencies identified that are
 not considered to be material weakness(es)? yes ✓ none reported
 Noncompliance material to financial statements noted? yes ✓ no

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? yes ✓ no
 Significant deficiencies identified that are
 not considered to be material weakness(es)? yes ✓ none reported

Type of auditor's report issued on compliance
 for major programs: unqualified

Any findings disclosed that are required to be
 reported in accordance with section 510(a) of
 Circular A-133? yes ✓ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	National School Lunch Program
84.010	Title I
84.027/84.173	Title VI-B, Special Education Cluster

Dollar threshold used to distinguish between type A
 and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes ✓ no

Section II-Financial Statement Findings

2008-01

Financial Reporting

Condition: Inadequate internal controls over financial statement reporting. The County's financial records were not ready for audit until April 2009 and all adjusting entries were not posted until June 2009.

Criteria: Internal controls should be in place that provides assurance that audited financial statements reconcile to the County's internal documents.

Effect: Audited financial statements, including related footnotes, may contain an undetected material misstatement.

Recommendation: Procedures should be implemented providing for the posting of all year-end adjusting entries on a timely basis to allow for reconciliation between the audited financial statements and the County's general ledger reports.

Management's Response: The County plans corrective action for FY09.

2008-02

General Ledger

Condition: There were over thirty adjusting entries proposed by the auditors at year-end to record, reclassify and correct various postings to the County's general ledger. There were many debt issuances that were not recorded properly especially as related to the capitalized interest.

Criteria: Internal controls should be in place that provide assurance that general ledger accounts reflect all accounting transactions on a timely basis.

Effect: General ledger balances may contain an undetected material misstatement.

Recommendation: Procedures should be established regarding a monthly reconciliation and closing process that includes a review of the financial statements for reasonableness and the posting of current adjustments including debt issuances on a timely basis.

Management's Response: The County plans corrective action for FY09.

2008-03

Bank
Balances

- Condition:** There were material duplicate payments made to several vendors during the year.
- Criteria:** Internal controls should be in place that provide assurance that duplicate payments are not made to vendors.
- Effect:** General ledger balances may contain an undetected material misstatement.
- Recommendation:** Procedures should be put in place to include the review of duplicate invoice numbers and more general oversight of the disbursement function, to ensure that duplicate payments are not made to vendors.
- Management's Response:** The County plans corrective action for FY09.

Section III - Federal Award Findings and Questioned Costs

None