

COUNTY OF BARNSTABLE, MASSACHUSETTS
REPORTS ON FEDERAL AWARD PROGRAMS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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Certified Public Accountants

SULLIVAN, ROGERS & COMPANY, LLC
Corporate Place I, Suite 204 • 99 South Bedford Street
Burlington, Massachusetts 01803
P • 781-229-5600 F • 781-229-5610 www.sullivan-rogers.com

**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***

To the Assembly of Delegates and County Commissioners
County of Barnstable, Massachusetts

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Barnstable, Massachusetts, as of and for the fiscal year ended June 30, 2007, which collectively comprise the County of Barnstable, Massachusetts' basic financial statements and have issued our report thereon dated February 4, 2008. 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

In planning and performing our audit, we considered the County of Barnstable, Massachusetts' 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 of Barnstable, Massachusetts' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Barnstable, Massachusetts' 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 County of Barnstable, Massachusetts' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County of Barnstable, Massachusetts' financial statements that is more than inconsequential will not be prevented or detected by the County of Barnstable, Massachusetts' 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 financial statements will not be prevented or detected by the County of Barnstable, Massachusetts' 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 of Barnstable, Massachusetts' 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*.

We noted certain matters that we reported to management of the County of Barnstable, Massachusetts, in a separate letter dated February 4, 2008.

This report is intended solely for the information and use of management, the Assembly of Delegates, County Commissioners, 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 black ink that reads "Sullivan, T. J. & Company, LLC". The signature is written in a cursive style with a large initial 'S' and a stylized 'T'.

February 4, 2008



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Burlington, Massachusetts 01803
P • 781-229-5600 F • 781-229-5610 www.sullivan-rogers.com

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

To the Assembly of Delegates and County Commissioners
County of Barnstable, Massachusetts

Compliance

We have audited the compliance of the County of Barnstable, Massachusetts 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 fiscal year ended June 30, 2007. The County of Barnstable, Massachusetts' 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 of Barnstable, Massachusetts' management. Our responsibility is to express an opinion on the County of Barnstable, Massachusetts' 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 of Barnstable, Massachusetts' 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 of Barnstable, Massachusetts' compliance with those requirements.

As described in item 07-1 in the accompanying schedule of findings and questioned costs, the County of Barnstable, Massachusetts did not comply with requirements regarding procurement that are applicable to its Centers for Disease Control & Prevention – Investigations and Technical Assistance program. Compliance with such requirements is necessary, in our opinion, for the County of Barnstable, Massachusetts to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the County of Barnstable, Massachusetts, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2007.

Internal Control Over Compliance

The management of the County of Barnstable, Massachusetts 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 of Barnstable, Massachusetts' 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 of Barnstable, Massachusetts' 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 material weaknesses.

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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 07-1 to be a significant deficiency.

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 consider the significant deficiency in internal control over compliance as described above 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, each major fund, and the aggregate remaining fund information of the County of Barnstable, Massachusetts, as of and for the fiscal year ended June 30, 2007, which collectively comprise the County of Barnstable, Massachusetts' basic financial statements, and have issued our report thereon dated February 4, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County of Barnstable, Massachusetts' 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 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 of Barnstable, Massachusetts' 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 of Barnstable, Massachusetts' responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Assembly of Delegates, County Commissioners, 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.

Bill J. Conroy, LLC

February 4, 2008

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

<u>Federal Grantor/ Pass-Through Grantor/ Program</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture		
<u>Direct Program:</u>		
Cooperative Forestry Assistance (Wildfire)	10.664	\$ 4,726
<u>Passed through the University of Massachusetts:</u>		
Aquaculture	10.500	10,000
USDA Nutrition Education	10.561	8,352
<u>Passed through the State Department of Education:</u>		
Summer Food Service Program for Children	10.559	<u>19,546</u>
Total U.S. Department of Agriculture		<u>42,624</u>
U.S. Department of Commerce		
<u>Passed through the WHOI/Sea Grant Program:</u>		
Coastal Geologist	11.417	<u>119,008</u>
U.S. Department of Housing and Urban Development		
<u>Passed through the State Department of Housing and Community Development:</u>		
HOME Investment Partnerships Program	14.239	<u>730,857</u>
U.S. Department of Justice		
<u>Direct Programs:</u>		
State Criminal Alien Assistance Program	16.606	108,588
Bulletproof Vest Partnership Grant	16.607	9,013
Day Reporting	16.unk	293,622
Housing of Federal Prisoners	16.unk	192,701
Asset Forfeiture	16.unk	5,000
<u>Passed through the State Executive Office of Public Safety:</u>		
Byrne Formula Grant Program	16.579	46,503
Residential Substance Abuse Treatment - Incarcerated Females	16.580	33,963
<u>Passed through the State Office for Victim Assistance:</u>		
Crime Victim Assistance	16.575	<u>52,200</u>
Total U.S. Department of Justice		<u>741,590</u>
U.S. Department of Transportation		
<u>Passed through the State Highway Department:</u>		
Highway Planning and Construction	20.205	449,660
<u>Passed through the Cape Cod Regional Transit Authority:</u>		
Local Transportation Center Site Selection and Design	20.500	2,745
<u>Passed through the Executive Office of Transportation and Construction:</u>		
Federal Transit Metropolitan Planning Grant	20.505	<u>16,158</u>
Total U.S. Department of Transportation		<u>468,563</u>

(continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

<u>Federal Grantor/ Pass-Through Grantor/ Program</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Environmental Protection Agency		
<u>Direct Program:</u>		
Nitrogen Control in Coastal Watersheds	66.643	15,588
<u>Passed through the State Department of Environmental Protection:</u>		
Massachusetts Alternative Septic System Test Center IV	66.605	30,445
Massachusetts Alternative Septic System Test Center V	66.605	51,285
Massachusetts Alternative Septic System Test Center VI	66.605	84,716
		<u>182,034</u>
U.S. Department of Education		
<u>Passed through the State Department of Education:</u>		
Adult Education	84.002	95,123
Title I	84.010	43,011
Vocational Education	84.048	10,000
		<u>148,134</u>
U.S. Department of Health and Human Services		
<u>Direct Program:</u>		
Women Achieving Vital Empowerment	93.243	446,521
<u>Passed through the State Department of Public Health:</u>		
Centers for Disease Control & Prevention - Investigations & Technical Assistance	93.283	155,278
HIV/AIDS County Jails	93.941	42,963
<u>Passed through the State Department of Social Services:</u>		
Sexual Assault Intervention Network	93.667	79,081
<u>Passed through the State Department of Health and Human Services:</u>		
Healthcare Disparity	93.unk	125
		<u>723,968</u>
U.S. Corporation for National and Community Service		
<u>Passed through the Massachusetts Service Alliance:</u>		
Green Grant Youth Council	94.004	2,008
AmeriCorps	94.006	319,233
		<u>321,241</u>

(continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Federal Grantor/ <u>Pass-Through Grantor/ Program</u>	Federal CFDA Number	Federal Expenditures
U.S. Department of Homeland Security		
<u>Passed through the Emergency Management Agency:</u>		
Local Emergency Planning Committee	97.042	<u>973</u>
Total		\$ <u><u>3,478,992</u></u>
		(concluded)

See notes to schedule of expenditures of federal awards.

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County of Barnstable, Massachusetts and is presented on the cash basis of accounting. The information included in the 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 financial statements.

Note 2 – U.S. Department of Agriculture Programs

The amounts reported for the Aquaculture, USDA Nutrition Education, and Summer Food Service Program for Children programs represent cash receipts from federal reimbursements.

Note 3 – U.S. Department of Justice Programs

The amounts reported for the Day Reporting and Housing of Federal Prisoners programs represent cash receipts from federal reimbursements.

Note 4 – Subrecipients

The County of Barnstable, Massachusetts provided the following awards to subrecipients for the fiscal year ended June 30, 2007:

<u>Program Description</u>	<u>CFDA Number</u>	<u>Amount</u>
HOME Investment Partnerships Program	14.239	\$ 591,739

A. Summary of Auditors' Results

1. The auditors' report expresses an unqualified opinion on the financial statements of the County of Barnstable, Massachusetts.
2. There were no significant deficiencies disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the County of Barnstable, Massachusetts, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. One significant deficiency (considered to be a material weakness) was disclosed during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for the County of Barnstable, Massachusetts expresses a qualified opinion on the Centers for Disease Control & Prevention - Investigations and Technical Assistance program and an unqualified opinion on all other major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule on page 11.
7. The programs tested as major programs were:

<u>Program Description</u>	<u>CFDA Number</u>
HOME Investment Partnerships Program	14.239
Day Reporting	16.unk
Highway Planning and Construction	20.205
Centers for Disease Control & Prevention - Investigations and Technical Assistance	93.283

8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The County of Barnstable, Massachusetts qualified as a low-risk auditee.

B. Findings - Financial Statement Audit

None.

C. Findings and Questioned Costs – Major Federal Award Programs Audit

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Significant Deficiency Considered to be a Material Weakness

07-1 Centers for Disease Control & Prevention – Investigations and Technical Assistance – CFDA No. 93.283; Fiscal year ended June 30, 2007

Condition and Criteria: Program management did not enter into a formal written agreement with one of the consultants paid from federal grant funds. As prescribed in the A-102 Common Rule, a contract administration system which ensures that all consultants and contractors perform in accordance with the terms and conditions of the contracts must be maintained.

Cause: Procedures were not in place to obtain formal written agreements with every consultant who provided services for the grant program and were paid from federal grant funds.

Effect: The consulting service expenditures charged to the grant program for the consultant being paid from federal grant funds without a formal written contract are subject to disallowance and are therefore considered a questioned cost. Program management is not in compliance with federal grant procurement requirements.

Questioned Costs: Questioned costs related to this finding total \$13,712. This is considered material to the grant program.

Auditors' Recommendation: Procedures must be implemented to ensure that formal written contracts are obtained for all expenditures paid from federal grant funds, and that a contract administration system is maintained to ensure that the contracted service expenditures are in accordance with the written contracts and are for allowable costs.

Grantee Response: In the process of assisting towns with preparation for Emergency Dispensing Sites for vaccinations in the event of an outbreak, we have obtained the services with a number of contractors (for whom we have contracts) to assist the various towns. We needed some additional assistance in an area which a certain individual had demonstrated some expertise during a period when he had volunteered some services. The process for acquiring a contract for this individual was overlooked, and we have subsequently hired this person as an employee.

Current grant management procedures through the Resource Development Office require a contract for consultants or contractors paid from federal funds. A new grant contract procedure, which includes a periodic review through the course of the budget year, has been implemented through the Barnstable County Resource Development Office Grant Administration and Management Manual. This appropriate periodic check is designated to ensure that all formal written contracts are obtained and maintained for federal grant funds. The Resource Development Office grant management staff has been trained to ensure that all consultants and contractors perform in accordance with the terms and conditions of the contract.

D. Summary of Prior Audit Findings

None.