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

In planning and performing our audit of the financial statements of the County of Barnstable, Massachusetts (County) as of and for the year ended June 30, 2011, 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, we considered the County’s internal control over financial reporting (internal control) 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. Accordingly, we do not express an opinion on the effectiveness of the County’s internal control.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comment and recommendation regarding this matter. This letter does not affect our report dated March 21, 2012, on the financial statements of the County.

The County’s written response to the matter identified in our audit has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of management and others within the organization and should not be used by anyone other than these specified parties.

March 21, 2012
COUNTY OF BARNSTABLE, MASSACHUSETTS

MANAGEMENT LETTER

JUNE 30, 2011

TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comment and Recommendation</td>
<td>1</td>
</tr>
<tr>
<td>Encumbrances</td>
<td>1</td>
</tr>
</tbody>
</table>
Comment and Recommendation

Encumbrances

Comment

In order to encumber funds from the annual budget for a particular fiscal year, a commitment must be made in the form of a binding contractual obligation to purchase goods or services from that fiscal year’s budget appropriation.

We identified approximately $18,000 of fiscal year 2011 encumbrances for open purchase orders originally executed prior to fiscal year 2011. Therefore, these old purchase orders relate to previous years’ budgeted appropriations and do not meet the criteria for encumbrances as described above.

Recommendation

We recommend the County implement procedures to close the open purchase orders identified above.

We recommend the County implement policies and procedures to only encumber remaining appropriations at fiscal year-end for commitments in the form of a binding contractual obligation to purchase goods or services from that fiscal year’s budget appropriation.

Management’s Response

Barnstable County has a policy to review all year-end purchase orders and encumbrances annually with Department Managers to determine if they should be kept open. The County also only encumbers for commitments in the form of an obligation to purchase goods or services. The $18,000 in encumbrances executed prior to fiscal year 2011 are from special exceptions. There are circumstances where projects will be active for more than a fiscal year.