

BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2008

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ___yes X no
- Significant Deficiency(s) identified that are not considered to be material weaknesses ___X yes ___none reported

Noncompliance material to financial statements noted ___yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___yes X no
- Significant Deficiency(s) identified that are not considered to be material weaknesses? ___X yes ___none reported

Type of auditor's report issued on compliance for major federal programs: Unqualified.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 ___X yes ___no

Major federal programs for Buncombe County for the fiscal year ended June 30, 2008 are:

<u>Program Name</u>	<u>CFDA #</u>
Food Stamp Cluster	10.551, 10.561
Workforce Investment Act Cluster	17.258, 17.259, 17.260, 17.266
CDC Prevention and Tech. Assistance/Bioterrorism	93.283
NC Child Support Enforcement	93.563
Crisis Intervention and Energy Assistance	93.568
Foster Care and Adoption	93.658, 93.659
Title XIX Medicaid	93.778
Child Welfare Services	93.645

The threshold for determining Federal Type A programs for Buncombe County is \$3,000,000.

Buncombe County does qualify as a low risk auditee under Section .530 of Circular No. A-133.

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II. Financial Statement Findings

Finding 08-1

Criteria: G.S. 159-8(a) states that all moneys received and expended by a local government or public authority should be included in the budget ordinance.

Condition: Internal Service Fund expenditures exceeded appropriations by \$60,234.

Recommendation: Budget amendments should be adopted when expenditures exceed estimated expenditures in the budget ordinance prior to expending the funds.

Current Status / Corrective Action plan: The County agrees with this finding. Special care will be taken to insure all necessary budget amendments are made.

Finding 08-2

Condition: Audit procedures discovered a check that had been prepared and recorded as a disbursement, but not distributed until weeks after year-end. Holding checks after preparation presents additional check security issues, as well as distorts cash and accounts payable balances until distributed.

Recommendation: Checks should be prepared and signed only when intended to be distributed immediately.

Current Status / Corrective Action plan: The County agrees with this finding. If for any reason checks are held in the future, appropriate adjustments will be made to cash and accounts payable, and additional security measures will be taken to secure the check while it is being held.

III. Federal Award Findings and Questioned Costs

Finding 08-3

Centers for Medicare and Medicaid Services

Passed through the North Carolina Department of Health and Human Services
Program name: Medical Assistance Program – Direct Benefit Payments

Criteria: Form DMA-5046, Notice of Rights to Transportation, is required to notify Medicaid applicants of their rights concerning transportation options.

Condition: Two files out of our sample did not contain the required Form DMA-5046 or documentation that it was sent to the applicant.

Recommendation: Additional staff training and possibly additional file reviews are needed to insure required documentation is present in all files.

Current Status / Corrective Action plan: The County agrees with this finding. Additional staff training will occur to insure all staff are aware of documentation requirements.

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Finding 08-4

U. S. Department of Health and Human Services, Administration for Children and Families

Passed through the North Carolina Department of Health and Human Services, Division of Social Services

Program name: North Carolina Child Support Enforcement, Crisis Intervention and Energy Assistance, Foster Care and Adoption, child welfare services, and Medical Assistance Program administration.

Criteria: Form DSS-1571 is required to be submitted to the North Carolina Department of Health and Human Services, Division of Social Services monthly to report applicable expenditures of the County's social services programs.

Condition: The County's method of estimating accrued salaries could have resulted in a misstatement of total salaries incurred for a particular month when the month end did not coincide with the end of the pay period.

Recommendation: Changes to the formula used to accrue salaries should be made to better allocate salaries to the month in which they occur.

Current Status / Corrective Action plan: The County agrees with this finding and has implemented measures to correct the formula used to accrue salaries.

IV. State Award Findings and Questioned Costs

Findings 08-3 and 08-4 described above