

# COUNTY OF BARRY, MICHIGAN



## SINGLE AUDIT ACT COMPLIANCE

**For the Year Ended December 31, 2008**



**BARRY COUNTY, MICHIGAN  
SINGLE AUDIT ACT COMPLIANCE**

**Table of Contents  
For the Year Ended December 31, 2008**

---

	<u>PAGE</u>
Schedule of Expenditures of Federal Awards .....	1-2
Notes to Schedule of Expenditures of Federal Awards .....	3
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 <i>Government Auditing Standards</i> .....	4-5
Independent Auditors' Report on Compliance with Requirements Applicable to Major Programs and Internal Control over Compliance in Accordance with OMB Circular A-133 .....	6-8
Schedule of Findings and Questioned Costs .....	9-14

\* \* \* \* \*

**BARRY COUNTY, MICHIGAN**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2008**

Federal/Pass-through Grantor Program Title	CFDA Number	Pass-through Grantor Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>			
Passed through the State Department of Office on Services to the Aging and Region III-B Area Agency on Aging:			
Food Donation	10.550	08BCCOA1	\$ 17,054
Food Donation	10.550	09BCCOA1	13,786
Passed through the Michigan Agricultural Farmland Preservation Program:			
Farm and Ranch Lands Protection Program	10.913	791B7200006	<u>38,813</u>
<b>Total U.S. Department of Agriculture</b>			<u>69,653</u>
<b>U.S. Department of Housing and Urban Development</b>			
Passed through the Michigan State Housing Development Authority:			
Community Development Block Grant	14.228	MSC-2007-0769-HOA	22,447
Home Investment Partnership Program (HOME)	14.239	M-2007-0769	<u>173,639</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>196,086</u>
<b>U.S. Department of Justice</b>			
Passed through the Michigan Department of Community Health and the State Office of Drug Control Policy:			
Edward Byrne Memorial Justice Assistance Grant Program:			
07/08 Adult Felony Drug Court	16.738	SCAO-2008-042	92,238
08/09 Juvenile Drug Court	16.738	SCAO-2009-051	11,397
2007 Southwest Enforcement Team	16.738	70888-9-08-B	<u>24,486</u>
<b>Total U.S. Department of Justice</b>			<u>128,121</u>
<b>U.S. Department of Transportation</b>			
Passed through the Michigan State Police:			
State and Community Highway Safety	20.600	PT-08-13	<u>22,473</u>
<b>U.S. Department of Health and Human Services</b>			
Passed through the State Department of Office on Services to the Aging and Region III-B Area Agency on Aging:			
Title III-B Special Programs for the Aging, Grants for Supportive Services and Senior Centers:			
07/08	93.044	08BCCOA1	10,320
08/09	93.044	09BCCOA1	4,113

continued...

**BARRY COUNTY, MICHIGAN**  
**Schedule of Expenditures of Federal Awards (Concluded)**  
**For the Year Ended December 31, 2008**

Federal/Pass-through Grantor Program Title	CFDA Number	Pass-through Grantor Number	Federal Expenditures
<b>U.S. Department of Health and Human Services (continued)</b>			
Passed through the State Department of Office on Services to the Aging and Region III-B Area Agency on Aging (continued):			
Title III-C Special Programs for the Aging, Nutrition Services:			
07/08 Nutrition Congregate	93.045	08BCC0A1	\$ 49,413
08/09 Nutrition Congregate	93.045	09BCC0A1	22,396
07/08 Nutrition Home Delivered Meals	93.045	08BCC0A1	20,130
08/09 Nutrition Home Delivered Meals	93.045	09BCC0A1	4,872
07/08 Title III-E/National Family Caregiver Support Program	93.052	SFSC-04-08001-5	4,954
08/09 Title III-E/National Family Caregiver Support Program	93.052	SFSC-04-09001-5	2,505
Passed through the Michigan Department of Human Services:			
Promoting Safe and Stable Families	93.556	WRAP-08-08001	29,557
Temporary Assistance for Needy Families	93.558	WRAP-08-08001	29,556
Child Support Enforcement:			
Friend of the Court 07/08	93.563	CS/FOC-08-08001	366,616
Friend of the Court 08/09	93.563	CS/FOC-09-08001	134,582
Incentive Payments	93.563	-n/a-	81,788
Prosecuting Attorney 07/08	93.563	CS/PA-08-08002	23,256
Prosecuting Attorney 08/09	93.563	CS/PA-09-08002	8,964
<b>Total U.S. Department of Health and Human Services</b>			<b>793,022</b>
<b>U.S. Department of Homeland Security</b>			
Direct programs:			
Emergency Food and Shelter Program	97.024	464600-013	670
Passed through the Michigan State Police:			
Homeland Security Grant Program:			
2008 Emergency Management Performance Grant	97.042	-n/a-	17,069
2006 State Homeland Security Grant Program	97.067	-n/a-	983
Passed through the Michigan Department of Human Resources:			
Boating Safety Financial Assistance	97.012	-n/a-	87,506
<b>Total U.S. Department of Homeland Security</b>			<b>106,228</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 1,315,583</b>

# BARRY COUNTY, MICHIGAN

## Notes to Schedule of Expenditures of Federal Awards

---

### 1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of Barry County, Michigan (the "County"). Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule.

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 financial statements.

### 2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note I of the County's financial statements.

Amounts presented on the Schedule of Expenditures of Federal Awards agree with or reconcile to amounts presented in the financial statements.

\* \* \* \* \*

**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***

June 22, 2009

To the Board of Commissioners  
of Barry County, Michigan  
Hastings, Michigan

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 Barry, Michigan*, as of and for the year ended December 31, 2008, which collectively comprise the basic financial statements, and have issued our report thereon dated June 22, 2009. 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. We did not audit the financial statement of the Barry County Road Commission discretely presented component unit, the Barry County Medical Care Facility (Thornapple Manor) enterprise fund, the Barry County Transit enterprise fund, or the Barry County Substance Abuse Services special revenue fund. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our report on these financial statements insofar as it related to the amounts included for the Barry County Road Commission, the Barry County Medical Care Facility (Thornapple Manor), the Barry County Transit, and Barry County Substance Abuse Services was based solely on the reports of other auditors. The financial statements of the Barry County Medical Care Facility (Thornapple Manor) were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County of Barry's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Barry's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Barry's internal control over financial reporting.

Our consideration of the 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. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 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. We consider the deficiencies in internal control over financial reporting described in the accompanying schedule of findings and questioned costs as items 2008-1 to 2008-3 to be significant deficiencies in internal control over financial reporting.

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 entity's internal control.

Our consideration of the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2008-1 to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Barry County, Michigan's 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 Barry County, Michigan in a separate letter dated June 22, 2009.

Barry County, Michigan's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Barry County, Michigan's responses, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of the audit committee, management, others within the organization, Board of 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 cursive script that reads "Lehmann Johnson".

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO MAJOR PROGRAMS  
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

June 22, 2009

To the Board of Commissioners  
of Barry County, Michigan  
Hastings, Michigan

**Compliance**

We have audited the compliance of the *County of Barry, Michigan* 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 December 31, 2008. The County of Barry, Michigan'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 of Barry, Michigan's management. Our responsibility is to express an opinion on the County of Barry, Michigan's compliance based on our audit. The County of Barry, Michigan's basic financial statements include the operations of Barry County Substance Abuse Services, which received \$317,811 in federal awards which is not included in the schedule during the year ended December 31, 2008. Our audit, described below, did not include the operations of Barry County Substance Abuse Services because the entity engaged other auditors to perform an audit in accordance with *Government Auditing Standards*.

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 Barry, Michigan'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 of Barry, Michigan's compliance with those requirements.

As described in item 2008-4 in the accompanying schedule of findings and questioned costs, Barry County, Michigan did not comply with requirements regarding eligibility that are applicable to its Title IV-D major federal program. Compliance with such requirements is necessary, in our opinion, for the County of Barry, Michigan to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the County of Barry, Michigan, 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 December 31, 2008. The results of our auditing procedures also 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 2008-5.

### **Internal Control Over Compliance**

The management of the County of Barry, Michigan 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 Barry, Michigan'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 of Barry, Michigan's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control 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 2008-4 and 2008-5 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. However, of the significant deficiencies described above, we consider item 2008-4 to be a material weakness.

Barry County, Michigan's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Barry County, Michigan'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 of Barry, Michigan*, as of and for the year ended December 31, 2008, which collectively comprise the basic financial statements, and have issued our report thereon dated June 22, 2009. We did not audit the financial statement of the Barry County Road Commission discretely presented component unit, the Barry County Medical Care Facility (Thornapple Manor) enterprise fund, the Barry County Transit enterprise fund, or the Barry County Substance Abuse Services special revenue fund. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our report on these financial statements insofar as it related to the amounts included for the Barry County Road Commission, the Barry County Medical Care Facility (Thornapple Manor), the Barry County Transit, and Barry County Substance Abuse Services was based solely on the reports of other auditors.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Barry County, Michigan's basic financial statements. 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 audit committee, management, others within the organization, Board of 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 cursive script that reads "Lehmann Johnson".

**BARRY COUNTY, MICHIGAN**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2008**

---

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?  X  yes   no

Significant deficiency(ies) identified  
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 programs:

Material weakness(es) identified?  X  yes   no

Significant deficiency(ies) identified  
not considered to be material weaknesses?  X  yes   none reported

Type of auditors' report issued on compliance  
for major programs: Qualified

Any audit findings disclosed that are required  
to be reported in accordance with  
Circular A-133, Section 510(a)?  X  yes   no

**BARRY COUNTY, MICHIGAN**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended December 31, 2008**

---

**SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)**

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.239	Home Investment Partnerships Program
93.563	Child Support Enforcement Program

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

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes   X   no

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding 2008-1                      Material Audit Adjustment**  
**Material Weakness in Internal Control over Financial Reporting**

**Criteria:** Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).

**Condition:** During our audit, we identified and proposed a material adjustment, which was approved and posted by management, to record a liability for a construction invoice for services performed during the year under audit, but not paid until the subsequent year.

**Cause:** This condition was caused by an oversight in identifying 2009 payments that were actually expenses of 2008 and should have been accrued.

**Effect:** As a result of this condition, the County's accounting records were initially misstated by an amount material to the financial statements.

**Recommendation:** We recommend that the County carefully review disbursements made in the beginning of a given fiscal year to determine whether they are being recorded in the appropriate period.

**View of Responsible Officials:** This material weakness was related to a construction activity accounted for in a capital projects fund for assets to be transferred to a separately-administered enterprise fund. The County currently has processes in place to monitor all disbursements made in the beginning of a fiscal year, to determine whether they are being recorded in the appropriate period. The County will expand this process to include the Thornapple Manor Addition capital projects fund.

**BARRY COUNTY, MICHIGAN**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended December 31, 2008**

---

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

<b>Finding 2008-2</b>	<b>Segregation of Incompatible Duties</b> <b>Significant Deficiency in Internal Control over Financial Reporting</b>
<b>Criteria:</b>	Management is responsible for establishing and maintaining effective internal controls in order to safeguard the assets of the County. A key element of internal control is the segregation of incompatible duties within the accounting function.
<b>Condition:</b>	The County has several transaction cycles that are performed by the same individual or are not subject to independent review and approval, including: (1) physically receiving cash, recording cash receipts, balancing the cash drawers, and reconciling accounts receivable, (2) reconciling bank statements and processing cash receipts and disbursements, (3) initiating, evaluating, and approving investment transactions and maintaining/reconciling the general ledger for such accounts, (4) processing/approving the final payroll register prior to the release of checks, and (5) initiating and approving non-routine transactions, such as general journal entries.
<b>Cause:</b>	This condition is the result of staffing constraints typical of smaller governmental units.
<b>Effect:</b>	As a result of this condition, the County is exposed to increased risk that misstatement or misappropriations may occur and not be detected by management on a timely basis.
<b>Recommendation:</b>	While there are, of course, no easy answers to the challenge of balancing the costs and benefits of internal controls and the segregation of incompatible duties, we would nevertheless encourage management to actively seek ways to further strengthen its internal control structure by requiring as much independent review, reconciliation, and approval of accounting functions by qualified members of management as possible.
<b>View of Responsible Officials:</b>	Management will evaluate the internal controls for each of these area including contracting with an outside accountant to perform various function to provide greater independent review.



**BARRY COUNTY, MICHIGAN**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended December 31, 2008**

---

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding 2008-4**

**Internal Controls over Eligibility**  
**U.S. Department of Health and Human Services**  
**CFDA #93.568 – Child Support Enforcement Program**  
**Material Weakness/Material Noncompliance**

**Criteria:**

Grant recipients are required to have a process for determining whether individuals receiving assistance with such funding meet eligibility requirements as set by the grantor agency. In the case of this program, the number of eligible individuals directly affects the reimbursement received by the County. Individuals receiving services may not be included in the case count used for reimbursement until all required eligibility documentation is obtained.

**Condition:**

During our audit, we selected a sample of 40 individuals receiving assistance under the Title IV-D program. Of this sample, five files initially lacked evidence of eligibility. While supporting documentation was subsequently obtained for each of these cases, the County inappropriately included two individuals in its Title IV-D case count prior to obtaining required documentation establishing eligibility.

**Cause:**

The condition was caused by an improperly designed process at the Friend of the Court for tracking whether signed IV-D applications are returned and filed before such cases are used for reimbursement purposes.

**Effect:**

As a result of this condition, the County is exposed to the risk that the case counts used as the basis for its reimbursement requests may be inaccurate and result in overpayments from the grantor agency.

**Questioned Costs:**

No costs were questioned as a result of this finding inasmuch as the error in the eligible case count resulted in an inconsequential over-reimbursement to the County for the period audited.

**Recommendation:**

We recommend that the County revise its procedures related to determining eligibility to ensure that (1) case files contain appropriate documentation to support eligibility, and (2) individuals are not included in the case count for eligible services prior to such documentation being obtained and filed.

**View of Responsible Officials:**

In November 2008 the Friend of the Court began the process of revising its procedures related to determining eligibility to ensure that (1) case files contain appropriate documentation to support eligibility, and (2) individuals are not included in the case count for eligible services prior to such documentation being obtained and filed.

**BARRY COUNTY, MICHIGAN**  
**Schedule of Findings and Questioned Costs (Concluded)**  
**For the Year Ended December 31, 2008**

---

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Concluded)**

**Finding 2008-5**

**Activities Allowed or Unallowed**  
**U.S. Department of Housing and Urban Development**  
**CFDA #14.239 – Home Investment Partnership Program**  
**Significant Deficiency/Immaterial Noncompliance**

**Criteria:**

Grant recipients are required to expend funds for allowable costs as detailed in *OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments*, and the agreement with the grantor or pass-through agency.

**Condition:**

During the year under audit, the County transferred \$18,171 in advance reimbursement from this grant to cover cash deficits in another grant-funded program.

**Cause:**

The condition was caused by a misconception by the County's contracted Home Investment Program administrator in thinking that these grant funds were interchangeable since they both flow through the same pass-through agency.

**Effect:**

As a result of this condition, the County disbursed grant funds for unallowable costs.

**Questioned Costs:**

At December 31, 2008, \$2,471 of the \$18,171 transferred to another federal program had not yet been repaid.

**Recommendation:**

We recommend that the County review allowable costs for each of its grant awards prior to expending funds. If the allowability of a cost is in question, the County should contact the pass-through agency for clarification.

**View of Responsible Officials:**

The County's contracted Home Investment Partnership Program administrator has been notified that these grant funds are not interchangeable, even though they both flow through the same pass-through agency. If the allowability of any future costs is in question, the Home Investment Partnership Program administrator will contact the pass-through agency for clarification.

**SECTION IV – PRIOR YEAR FEDERAL AWARD FINDINGS**

**Finding 2007-1**

**Internal Controls over Jury Fee Disbursements**  
This finding was corrected in the current year.

**Finding 2007-2**

**Segregation of Incompatible Duties**  
Corrective action was not sufficient. Refer to Finding 2008-2.

**Finding 2007-3**

**Material Audit Adjustments**  
Finding was repeated for unrelated audit adjustments. Refer to Finding 2008-1.

\*\*\*\*\*