

COUNTY OF LOUDOUN, VIRGINIA

Audit of Federal Awards Programs

Year ended June 30, 2005

(With Independent Auditors' Reports Thereon)

COUNTY OF LOUDOUN, VIRGINIA

Audit of Federal Awards Programs

Year ended June 30, 2005

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KPMG LLP
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Washington, DC 20036

**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***

The Board of Supervisors
County of Loudoun, Virginia:

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Loudoun, Virginia (the County), as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 30, 2005. Our report indicated that the County implemented a new accounting standard effective July 1, 2004. We conducted our audit 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 the *Specifications for Audits of Counties, Cities, and Towns* (the Specifications) issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's basic 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. Also, the Auditor of Public Accounts of the Commonwealth of Virginia requires us to test the County's compliance with certain matters specified in the Code of Virginia, including budget and appropriations laws; cash and investments; conflicts of interest; debt provisions; procurement; local retirement systems; unclaimed property; enhanced 911 service taxes; the Personal Property Tax Relief Act; intragovernmental revenues and agreements; inmate canteen and other auxiliary funds; state agency requirements for education; State Route 28 Highway Transportation Improvement District; Comprehensive Services Act funds; and social services. 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* or the Specifications.



We noted certain matters that we reported to County management in a separate letter dated November 30, 2005.

This report is intended solely for the information and use of the Board of Supervisors, County management, the Auditor of Public Accounts of the Commonwealth of Virginia, 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.

KPMG LLP

November 30, 2005



KPMG LLP
2001 M Street, NW
Washington, DC 20036

**Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Program, Internal Control over Compliance, and the
Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133**

The Board of Supervisors
County of Loudoun, Virginia:

Compliance

We have audited the compliance of the County of Loudoun, Virginia (the County), 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 June 30, 2005. The County'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 grant agreements applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's 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'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 on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to in the first paragraph of this report that are applicable to each of its major federal programs for the year ended June 30, 2005. However, the results of our auditing procedures disclosed instances of noncompliance with the requirements referred to in the first paragraph of this report, which are required to be reported in accordance with OMB Circular A-133 and are described in the accompanying schedule of findings and questioned cost as items 2005-01 and 2005-02.



Internal Control over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grant agreements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2005-01 and 2005-02.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grant agreements caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions identified above is a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Loudoun, Virginia (the County), as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 30, 2005. Our report indicated that the County implemented a new accounting standard effective July 1, 2004. 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 Board of Supervisors, County management, the Auditor of Public Accounts of the Commonwealth of Virginia, 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.

KPMG LLP

November 30, 2005

COUNTY OF LOUDOUN, VIRGINIA
Schedule of Expenditures of Federal Awards
Year ended June 30, 2005

<u>Federal Granting Agency/Pass-through Agency/Program</u>	<u>Federal Catalog Number</u>	<u>Total Federal Expenditures</u>
<u>United States Department of Agriculture:</u>		
Pass through Payments:		
State Department of Agriculture:		
Food Distribution - Non-cash Commodities		
National School Lunch Program	10.555	\$ 679,969
State Department of Juvenile Justice:		
National School Lunch Program	10.555	36,423
State Department of Social Services:		
State Administrative Matching Grants for Food Stamp Program	10.561	773,232
State Department of Education:		
School Breakfast Program	10.553	156,979
National School Lunch Program	10.555	2,064,489
Special Milk Program for Children	10.556	80,060
Total United States Department of Agriculture		3,791,152
<u>United States Department of Commerce:</u>		
Economic Development Administration		
Direct Payments:		
Economic Development Technical Assistance	11.303	45,414
Total United States Department of Commerce		45,414
<u>United States Department of Housing and Urban Development:</u>		
Direct Payments:		
Community Development Block Grant	14.228	111,074
Supportive Housing Program - Transitional Housing Assistance	14.235	134,821
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	3,913
Section 8 Housing Choice Vouchers	14.871	7,455,861
Pass through Payments:		
Virginia Housing Development Authority:		
Housing Counseling Assistance	14.169	1,560
State Department of Housing and Community Development:		
Emergency Shelter Grants Program	14.231	18,235
Northern Virginia Planning District Commission:		
Housing Opportunities for Persons With Aids	14.241	65,197
Total United States Department of Housing and Urban Development		7,790,661
<u>United States Department of Justice:</u>		
Direct Payments:		
Gang-Free School & Communities - Community-Based Gang Interventior	16.544	894,198
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Gran	16.580	708,304
Grants to Encourage Arrest Policies and Endorsement of Protection Orders	16.590	123,207
Local Law Enforcement Block Gran	16.592	23,822
State Criminal Alien Assistance Program	16.606	36,530
Public Safety Partnership and Community Policing Grants	16.710	247,214
Pass through Payments:		
State Department of Criminal Justice Services:		
Juvenile Accountability Incentive Block Gran	16.523	16,994
Juvenile Justice and Delinquency Prevention Allocation to State:	16.540	105,226
Title V Delinquency Prevention Program	16.548	57,384
Byrne Formula Grant Program	16.579	80,270
Violence Against Women Formula Grants	16.588	26,470
State Department of Emergency Services:		
State Domestic Preparedness Equipment Support Program	16.007	25,714
Total United States Department of Justice		2,345,333

(Continued)

COUNTY OF LOUDOUN, VIRGINIA
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2005

<u>Federal Granting Agency/Pass-through Agency/Program</u>	<u>Federal Catalog Number</u>	<u>Total Federal Expenditures</u>
<u>United States Department of Labor:</u>		
Pass through Payments:		
State Department for the Aging:		
Senior Community Service Employment Program	17.235	\$ 8,204
Total United States Department of Labor		8,204
<u>United States Department of Transportation, Federal</u>		
<u>Highway Administration:</u>		
Pass through Payments:		
State Department of Transportation:		
Highway Planning and Construction	20.205	1,065,269
State Department of Motor Vehicles:		
State and Community Highway Safety (154Funds)	20.000	7,776
State and Community Highway Safety	20.600	8,649
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grant:	20.601	371
Safety Incentives to Prevent Operation Of Motor Vehicles by Intoxicated Person:	20.605	10,031
Total United States Department of Transportation		1,092,096
<u>National Endowment of Humanities:</u>		
Direct Payments:		
Promotion of the Humanities - Public Programs	45.164	1,320
State Library Program	45.310	325
Total National Endowment of Humanities		1,645
<u>United States Environmental Protection Agency:</u>		
Direct Payment:		
Wetland Program Development Grant	66.461	11,315
Total United States Environmental Protection Agency		11,315
<u>United States Department of Education:</u>		
Direct Payments:		
Impact Aid	84.041	136,643
Fund for Improvement of Education	84.215	84,874
Pass through Payments:		
State Department of Mental Health and Mental Retardation:		
Special Education - Grants for Infants and Families with Disabilities	84.181	166,070
State Department of Education:		
Adult Education-State Grant Program	84.002	105,284
Title I - Grants to Local Educational Agencies:	84.010	908,454
Special Education - Grants to State	84.027	4,521,432
Vocational Education - Basic Grants to States	84.048	148,216
Special Education - Preschool	84.173	261,927
Safe and Drug-Free Schools and Communities - State Grants	84.186	127,633
State Grants for Innovative Program	84.298	67,929
Education Technology State Grants	84.318	60,662
Advanced Placement Program	84.330	3,848
English Language Acquisition Grant	84.365	49,179
Title II Improving Teacher Quality State Grants:	84.367	300,339
Grant for State Assessments and Related Activities	84.369	137,937
Total United States Department of Education		7,080,427

(Continued)

COUNTY OF LOUDOUN, VIRGINIA
Schedule of Expenditures of Federal Awards
Year ended June 30, 2005

<u>Federal Granting Agency/Pass-through Agency/Program</u>	<u>Federal Catalog Number</u>	<u>Total Federal Expenditures</u>
<u>United States Department of Health and Human Services:</u>		
Direct Payments:		
Drug-Free Communities Support Program Grant	93.276	\$ 106,746
Head Start	93.600	794,134
Pass through Payments:		
State Department of Mental Health and Mental Retardation:		
Public Health and Social Services Emergency Fund	93.003	3,900
Projects for Assistance in Transition from Homeless (PATH)	93.150	35,128
Consolidated Knowledge Development and Application Program	93.230	41,053
Block Grants for Community Mental Health Services	93.958	16,532
Block Grant for Prevention and Treatment of Substance Abuse	93.959	417,555
State Department for the Aging:		
Special Programs for the Aging - Title VII Chapter 3	93.041	653
Special Programs for the Aging - Title III, Part D	93.043	5,635
Special Programs for the Aging - Title III, Parts B	93.044	51,812
Special Program for the Aging - Title III, Part C-Nutrition Service:	93.045	52,590
National Family Caregiver Support	93.052	18,842
Nutrition Services Incentive Program	93.053	40,366
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations	93.779	8,100
State Department of Social Services:		
Fraud Free Program	93.000	4,201
Promoting Safe and Stable Families	93.556	33,405
Temporary Assistance to Needy Families	93.558	727,780
Refugee and Entrant Assistance State Administered Program	93.566	127,450
Low-Income Home Energy Assistance	93.568	3,505
Child Care and Development Block Grant	93.575	1,257,815
Refugee and Entrant Assistance Discretionary Grants	93.576	2,411
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	919,791
Adoption Incentive Payments	93.603	2,500
Foster Care-Title IV-E	93.658	1,525,339
Adoption Assistance	93.659	119,174
Social Services Block Grant	93.667	438,662
Chafee Foster Care Independence Program	93.674	3,454
Medicaid Assistance Program	93.778	452,500
State Department of Housing and Community Development:		
Child Care and Development Block Grant-Child Care	93.575	25,228
Total United States Department of Health and Human Services		7,236,261
<u>Corporation for National and Community Service:</u>		
Direct Payments:		
Retired Seniors' Volunteer Program	94.002	29,405
Total Corporation for National and Community Service		29,405
<u>United States Department of Homeland Security:</u>		
Pass through Payments:		
State Department of Criminal Justice Services:		
State Domestic Preparedness Equipment Support Program - FY 2003	97.004	295,310
State Department of Emergency Services:		
State Domestic Preparedness Equipment Support Program - FY 2003	97.004	367,215
Emergency Management Performance Grants - FY 2002	97.042	7,026
Emergency Management Performance Grants - FY 2003	97.042	2,162
Emergency Management Performance Grants - LCAR - FY 2005	97.042	2,000
Metropolitan Washington Council of Governments:		
Urban Areas Security Initiative - FY 2004	97.008	244,044
Total United States Department of Homeland Security		917,757
Total		\$ 30,349,670

See accompanying notes to the Schedule of Expenditures of Federal Awards.

COUNTY OF LOUDOUN, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2005

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The accompanying schedule of expenditures of federal awards (the Schedule) includes the activity of all federal award programs administered by the County of Loudoun, Virginia (the County), and its component unit, the Loudoun County Public Schools. The County's reporting entity is defined in note I (A) of the County's basic financial statements.

Federal award programs include direct expenditures, monies passed through to other governmental entities (i.e., payments to subrecipients), and nonmonetary assistance.

(b) Basis of Presentation

The information 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 the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Federal award program titles are reported as presented in the Catalog of Federal Domestic Assistance (CFDA) in effect for the year in which the award was granted.

(c) Basis of Accounting

The Schedule has been prepared on the modified accrual basis of accounting as defined in note I (C) of the County's basic financial statements.

(d) Matching Costs

Matching costs, the nonfederal share of certain program costs, are not included in the Schedule.

(2) Relationship to Federal Financial Reports

The regulation and guidelines governing the preparation of federal financial reports vary by federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the federal financial reports do not necessarily agree with the amounts reported in the accompanying Schedule.

(3) Noncash and Other Programs

The County received \$244,044 in non-capitalized assets under the Urban Area Security Initiative grant (CFDA 97.008). Such amounts are reflected in the accompanying Schedule, but not in the basic financial statements.

Also, due to a change in policy at the U. S. Department of Agriculture (USDA) and the Commonwealth of Virginia Department of Agriculture and Consumer Services, the value of USDA commodities remaining on hand at June 30, 2005 for CFDA number 10.555 is no longer required to be reported separately. Therefore, the amounts received are reported as federal expenditures in the accompanying Schedule.

COUNTY OF LOUDOUN, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2005

(4) Amounts Passed-Through to Subrecipients

There were no amounts passed-through to subrecipients for the major programs audited for the year ended June 30, 2005. It was not practicable to determine amounts passed through to subrecipients for nonmajor programs.

COUNTY OF LOUDOUN, VIRGINIA
Schedule of Findings and Questioned Costs
Year ended June 30, 2005

I. Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued on the financial statements: Unqualified

Internal control over financial reporting:

Material weakness identified? No

Reportable conditions identified that are not considered to be material weaknesses? None Reported

Noncompliance material to financial statements noted? No

Federal Awards:

Internal control over major programs:

Material weaknesses identified? No

Reportable conditions identified that are not considered to be material weaknesses? Yes

Major Programs with Reportable Conditions:

Type of report issued on compliance for major programs: Unqualified

Any findings which are required to be reported under Section 0.510(a) of OMB Circular A-133? Yes

Identification of major programs:

<u>Grant program</u>	<u>Federal CFDA numbers</u>
Section 8 – Housing Choice Vouchers	14.871
Special Education Cluster	84.027, 84.173, 84.330, 84.369
Foster Care – Title IV-E	93.658
Child Care Cluster	93.575, 93.596

Dollar threshold used to distinguish between Type A and Type B programs: \$910,490

Auditee qualified as a low-risk auditee? No

II. Findings Related to Financial Statements

None noted.

COUNTY OF LOUDOUN, VIRGINIA

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

III. Findings Related to Federal Awards

Finding:

<u>No.</u>	<u>Program</u>	<u>Compliance requirement</u>	<u>Questioned costs</u>
2005-01	Special Education Cluster (Nos. 84.027, 84.173, 84.048, 84.369)	Allowable Costs / Cost Principles	None

Condition:

Loudoun County Public Schools (LCPS) Special Education Department did not maintain appropriate effort-reporting documentation in compliance with OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, to support payroll costs charged to the Special Education grant for four of the 25 employees selected for testing. We reviewed the personnel file for these four employees and noted that their job description indicated that they are special education professionals. Biweekly payroll costs charged to the Special Education program during fiscal year 2005 for these four employees amounted to \$10,887.52. During our audit, we noted that there are no documented controls to ensure that all applicable employees submit the semi-annual Time and Effort Certifications required by OMB Circular A-87 in a timely manner.

Criteria:

OMB Circular A-87 states that compensation of employees for the time devoted and identified specifically to the performance of a federal program’s objectives represents a direct cost chargeable to the federal award. Under OMB Circular A-87, compensation costs must be supported by employee time sheets, employee semi-annual certifications of time worked solely on the applicable grant, or “moment in time” time studies approved by the federal government, estimating the amount of time to be allocated to applicable grants. Effective internal controls over compliance with federal laws and regulations should be an integral part of operations

Cause:

The County payroll for full-time employees is under an “exception reporting” system, where only exceptions (e.g. holiday, sick-time, leave, over-time) are reported. There is no after-the-fact reporting of personnel time charged to the Special Education grant. The program requires all individuals who work solely on the applicable grant to complete semi-annual payroll certifications in accordance with the requirements of OMB Circular A-87. However, the Special Education Department has not instituted a formal process for ensuring the timely return of the semi-annual payroll certifications

Effect:

Personnel salaries comprise almost all the costs charged to the Special Education grant. Failure to have an adequate process in place to ensure compliance with the employee time and effort reporting requirements could lead to the administration of the federal program contrary to laws, regulations, and the terms of the grant agreement. Further, it results in noncompliance with the requirements of OMB Circular A-87.

Recommendation:

We recommend that LCPS implement a firm due date and a monitoring control to ensure that all applicable employees submit the semi-annual Time and Effort Certifications in a timely manner. All employees who

COUNTY OF LOUDOUN, VIRGINIA

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

are required to submit the semi-annual certifications should be reminded to do so two weeks before the due date. Follow-up action should be taken with those employees who fail to comply with this requirement.

Management Response:

Management concurs with this finding and has instituted controls to obtain the semi-annual payroll certifications timely.

COUNTY OF LOUDOUN, VIRGINIA

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

Finding:

<u>No.</u>	<u>Program</u>	<u>Compliance requirement</u>	<u>Questioned costs</u>
2005-02	State Domestic Preparedness Equipment Support Program (No. 16.007)	Period of availability of federal funds; Cash management.	None

Condition:

During our procurement testwork in conjunction with the financial statement audit, we noted that the Loudoun County Fire-Rescue Department reported grant expenditures prior to the delivery and acceptance of certain equipment allowable under the grant. The equipment ordered under the grant was received after the expiration of the grant's period of availability and the subsequent extension granted from the Virginia Department of Emergency Management. Subsequent to our finding, the County reversed \$79,478 of the previously recorded federal revenue and expenditure out of the special revenue fund. Therefore, the accompanying Schedule does not reflect any questioned costs related to this transaction.

Criteria:

Effective internal controls over compliance with federal laws and regulations should be an integral part of operations. The OMB Circular A-102 Common Rule, *Grants and Agreements with State and Local Governments*, requires that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

Non-federal entities subject to the A-102 Common Rule are required to liquidate all obligations incurred under the award not later than 90 days after the end of the funding period (or as specified in the program regulation). The Federal agency may extend this deadline upon request (A-102 Common Rule, §___23); and

Further, when funds are advanced, recipients should follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement.

Cause:

County staff improperly reported as expended funds which had only been encumbered for the purchase of the equipment. The ultimate delivery of the equipment was delayed by the vendor, and staff were trying to ensure the funds were reported as expended within the period of availability.

Effect:

The finding results in non-compliance with the requirements of OMB Circular A-102 Common Rule and the grant agreement. Instances of non-compliance with laws and regulations and lack of effective internal controls over compliance with program requirements may jeopardize Loudoun County's future ability to participate in this program.

COUNTY OF LOUDOUN, VIRGINIA

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

Recommendation:

We recommend that the Fire-Rescue Department strengthen controls over the management of the federal awards in accordance with the requirements of OMB Circular A-102 and the grant agreement. We also recommend that the County take the following specific actions:

- Modify their previous grant report submitted to the Virginia Department of Emergency Management to indicate that the grant monies received in advance were not spent during fiscal year 2005.
- Apply for another extension of the period of availability of the grant award.

Management Response:

Management concurs with this finding and has already implemented all the recommendations outlined above.