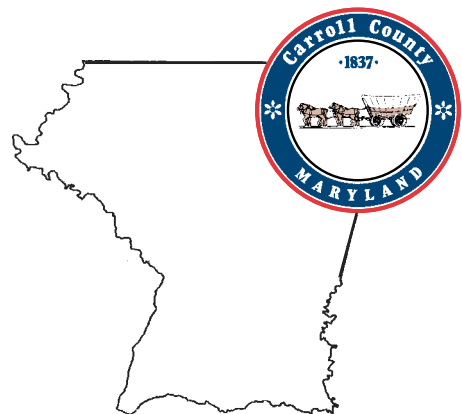


Single Audit Section



**Independent Auditor's 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 County Commissioners
of Carroll County
Westminster, Maryland

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the budgetary comparison of the General Fund, and the aggregate remaining fund information of the County Commissioners of Carroll County as of and for the year ended June 30, 2009, which collectively comprise the County Commissioners of Carroll County's basic financial statements and have issued our report thereon dated November 18, 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County Commissioners of Carroll County'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 Commissioners of Carroll County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County Commissioners of Carroll County's 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 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.

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 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 Commissioners of Carroll County'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*.

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

Clifton Henderson LLP

Baltimore, Maryland
November 18, 2009

**Independent Auditor's Report on Compliance With
Requirements Applicable to Each Major Program and on
Internal Control Over Compliance in Accordance with
OMB Circular A-133**

The County Commissioners
of Carroll County
Westminster, Maryland

Compliance

We have audited the compliance of the County Commissioners of Carroll 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, 2009. The County Commissioners of Carroll County's major federal programs are identified in the summary of auditor's 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 Commissioners of Carroll County's management. Our responsibility is to express an opinion on the County Commissioners of Carroll 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 Commissioners of Carroll 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 of the County Commissioners of Carroll County's compliance with those requirements.

In our opinion, the County Commissioners of Carroll County 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 June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 09-01, 09-02, and 09-03.

Internal Control Over Compliance

The management of the County Commissioners of Carroll County 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 Commissioners of Carroll County'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 Commissioners of Carroll County's 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 County Commissioners of Carroll County'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 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 09-01, 09-02, and 09-03 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. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

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

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the budgetary comparison of the General Fund, and the aggregate remaining fund information of The County Commissioners of Carroll County as of and for the year ended June 30, 2009 and have issued our report thereon dated November 18, 2009. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise June 30, 2009's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The information in that schedule 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 Commissioners, management 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.

Clifton Henderson LLP

Baltimore, Maryland
November 18, 2009

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2009**

Federal Grantor Program Title	Federal CFDA Number	Federal Grant Number	Pass- Through Grantor's Number	Program/ Award Amount	Expenditures
MAJOR PROGRAMS					
U.S. Department of Housing and Urban Development					
Direct Programs:					
Housing Section 8 Subsidies					
Section 8 Housing Choice Voucher Federal Funded Subsidy FY08					
	14.871	P-3532	N/A	\$ 3,940,392	\$ 4,299,989
Section 8 Administrative Federal Funded Subsidy FY08					
	14.871	P-3532	N/A	375,066	393,925
Section 8 FSS Coordinator Salary Federal Funded Subsidy FY08					
	14.871	P-3532	N/A	55,118	<u>57,960</u>
Total U.S. Department of Housing and Urban Development					<u>4,751,874</u>
U.S. Department of Health and Human Services					
Passed Through Maryland Office on Aging:					
Title III, Part B 10/1/07-9/30/08					
	93.044	3-24-AAA-005	N/A	129,657	29,861
Title III, Part B 10/1/08-9/30/09					
	93.044	3-24-AAA-005	N/A	129,889	<u>90,076</u>
					<u>119,937</u>
Title III, Part C 10/1/07-9/30/08					
	93.045	3-24-AAA-005	N/A	104,971	55,261
Title III, Part C 10/1/08-9/30/09					
	93.045	3-24-AAA-005	N/A	117,911	88,905
Home Delivered Meals 10/1/07-9/30/08					
	93.045	3-24-AAA-005	N/A	52,341	14,692
Home Delivered Meals 10/1/08-9/30/08					
	93.045	3-24-AAA-005	N/A	60,140	<u>42,343</u>
					<u>201,201</u>
Total U.S. Department of Health and Human Services					<u>321,138</u>
U.S. Department of Labor					
Passed Through Howard County Manpower Resources:					
Employment and Training Assistance					
Economically Disadvantaged IIA 7/1/07-6/30/08					
	17.258	POOB7200008-B	24-02-07	42,516	8,455
Economically Disadvantaged IIA 7/1/08-6/30/09					
	17.258	POOB7200008-B	24-02-07	36,387	47,547
Economically Disadvantaged Youth IIC FY08					
	17.259	POOB7200008-C	24-02-07	39,902	7,848
Economically Disadvantaged Youth IIC FY09					
	17.259	POOB7200008-C	24-02-07	34,256	33,393
ARRA-Economically Disadvantaged Youth IIC FY10					
	17.259	N/A	N/A	54,637	5,743
Administration FY09					
	17.260	POOB7200008-A	24-02-07	42,861	46,496
Dislocated Workers III 7/1/07-6/30/08					
	17.260	POOB7200008-D	24-02-07	327,080	86,757
Dislocated Workers III 7/1/06-6/30/07					
	17.260	POOB7200008-D	24-02-07	315,102	<u>267,805</u>
Total U.S. Department of Labor					<u>504,044</u>
U.S. Department of Transportation					
Passed Through Maryland Transits Administration:					
Section 5307 08/09					
	20.507	MD-90-4089/MD90-4101	N/A	236,273	199,405
Section 5307 (Capital) 07/08					
	20.507	MD-90-0101	N/A	219,168	22,504
Section 5307 (Capital) 08/09					
	20.507	MD-90-0101	N/A	273,032	<u>263,079</u>
Total U.S. Department of Transportation					<u>484,988</u>
Federal Aviation Administration					
Airport Improvement Program:					
Runway Expansion					
	20.106	N/A	N/A	5,205,048	<u>401,991</u>
Total Major Programs					<u>6,464,035</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2009
(CONTINUED)

Federal Grantor Program Title	Federal CFDA Number	Federal Grant Number	Pass- Through Grantor's Number	Program/ Award Amount	Expenditures
OTHER FEDERAL PROGRAMS					
U.S. Department of Housing & Community Development					
Passed Through Maryland Department of Community Development:					
Youth Service Bureau-Department of Housing & Community Development	14.228	N/A	MD-09-CD-27	\$ 600,000	\$ 612,372
Emergency Shelter Grant FY08	14.231	07-ESG-BOS-05	N/A	44,643	7,197
Emergency Shelter Grant FY09	14.231	08-ESG-BOS-05	N/A	31,700	<u>27,994</u>
Total U.S. Department of Housing and Community Development					<u>647,563</u>
U.S. Department of Health and Human Services					
Passed Through State Department of Human Resources:					
Safe & Stable FY09	93.556	N/A	N/A	143,925	97,232
Cooperative Reimbursement 07/08 (Circuit Ct)	93.563	CSEA/CR-99-035	N/A	28,872	4,240
Cooperative Reimbursement 07/08 (St. Atty)	93.563	CSEA/CR-99-035	N/A	763,863	113,098
Cooperative Reimbursement 07/08 (Sheriff)	93.563	CSEA/CR-99-035	N/A	154,338	23,245
Cooperative Reimbursement 08/09 (Circuit Ct)	93.563	CSEA/CR-99-035	N/A	28,872	13,216
Cooperative Reimbursement 08/09 (St. Atty)	93.563	CSEA/CR-99-035	N/A	745,337	378,487
Catastrophic Health Planners FY08	93.563	CSEA/CR-99-035	N/A	159,400	67,338
Cooperative Reimbursement 08/09 (Sheriff)	93.558	CRRL/FIA 07-010	N/A	112,500	<u>56,250</u>
					<u>753,106</u>
Passed Through State Department of Health & Mental Hygiene:					
Enhanced Fitness FY09	93.283	CH837AIA	N/A	4,092	<u>3,399</u>
Passed Through Maryland Office on Aging:					
Title III, Part D 10/1/07-9/30/08	93.043	3-24-AAA-005	N/A	9,000	6,143
Title III, Part D 10/1/08-9/30/09	93.043	3-24-AAA-005	N/A	9,000	<u>4,003</u>
					<u>10,146</u>
Title III, Part E 10/1/07-9/30/08	93.052	3-24-AAA-005	N/A	46,490	7,963
Title III, Part E 10/1/08-9/30/09	93.052	3-24-AAA-005	N/A	46,647	<u>39,216</u>
					<u>47,179</u>
MA Waiver FY09	93.779	4-24-AAA-005	N/A	68,474	76,993
SHIP FY08	93.779	4-24-AAA-005	N/A	9,202	7
SHIP FY09	93.779	4-24-AAA-005	N/A	22,607	22,607
Senior Medical Patrol Program FY09	93.779	4-24-AAA-005	N/A	6,391	<u>6,391</u>
					<u>105,998</u>
Ombudsman/Elderly Abuse FY09	93.042	3-24-AAA-005	N/A	16,099	<u>16,099</u>
Total U.S. Department of Health and Human Services					<u>935,927</u>
U.S. Department of Transportation					
Passed Through Maryland Transits Administration:					
Section 5311 08/09	20.509	MD-18-4023	N/A	132,036	<u>99,405</u>
U.S. Department of Agriculture					
Commodities	10.555	3-24-AAA-005	N/A	24,550	19,715
The Emergency Food Assistance Program FY09	10.568	N/A	N/A	15,000	<u>5,700</u>
Total U.S. Department of Agriculture					<u>25,415</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2009
(CONTINUED)

Federal Grantor Program Title	Federal CFDA Number	Federal Grant Number	Pass- Through Grantor's Number	Program/ Award Amount	Expenditures
U.S. Department of Homeland Security					
Passed Through Maryland Emergency Management Administration:					
Citizen Corps FFY07	97.067	N/A	N/A	\$ 9,700	\$ 3,226
State Homeland Security FY08	97.067	N/A	N/A	164,295	69,365
State Homeland Security FY09	97.067	N/A	N/A	316,462	192,374
LETPP FFY07	97.067	N/A	N/A	153,761	40,676
Homeland Security Admin FFY07	97.067	N/A	N/A	13,272	38
Homeland Security 2nd Planner	97.067	N/A	N/A	69,200	34,350
State Homeland Security FY08	97.067	N/A	N/A	265,679	94,310
Command Vehicle Maintenance FY09	97.008	N/A	N/A	35,725	34,201
Vulnerable Population Plans & Training	97.008	N/A	N/A	3,400	405
Urban Area Security Initiative Lic Plate Reader/Tacticle Equip FFY08	97.008	N/A	N/A	128,142	100,559
Urban Area Security Initiative Lic Plate Reader/Tacticle Equip FFY08	97.008	N/A	N/A	50,000	3,596
Urban Area Security Initiative WebEOC Dialogic FFY08	97.008	N/A	N/A	8,500	4,459
Urban Area Security Initiative WebEOC FFY09	97.008	N/A	N/A	26,000	10,992
HAZMAT FY07	97.021	N/A	N/A	166,933	119,392
Emergency Management Performance FY09	97.042	N/A	N/A	88,569	4,971
Immigration & Custom Enforcement (ICE)	16.590	N/A	N/A	10,000	812
Total U.S. Department of Homeland Security					<u>713,726</u>
U.S. Department of Energy					
Passed Through State Department of Human Resources:					
Weatherization FY08	81.042	N/A	N/A	113,122	9,928
Weatherization FY09	81.042	N/A	N/A	108,918	<u>175,399</u>
Total U.S. Department of Energy					<u>185,327</u>
U.S. Department of Justice					
Passed Through The Governor's Office of Crime Control and Prevention:					
Violence Against Women Act FY08 (St. Atty)	16.588	VAWA-98-036	N/A	93,625	25,069
Violence Against Women Act FY08 (Sheriff)	16.588	VAWA-98-036	N/A	47,505	11,930
Violence Against Women Act FY09 (St. Atty)	16.588	VAWA-98-036	N/A	79,095	78,975
Violence Against Women Act FY09(Sheriff)	16.588	VAWA 2000-1004	N/A	48,325	39,501
Junction Inc FY08 Treatment for Chemically Involved Adolescents	16.738	BJAG-2005-1013	N/A	46,321	13,069
Substance Abuse Jail Diversion FY08	16.738	BJAG-2005-1032	N/A	61,620	42,999
Crime Analysis Seminar FY09	16.738	BJAG-2005-1107	N/A	1,050	1,050
CAP-WIN Initiative FY09	16.738	BJAG-2005-1007	N/A	27,468	17,892
Crash FY08	20.601	N/A	N/A	6,733	10,590
Crash FY09	20.601	N/A	N/A	2,992	2,991
Anti-Gang Strategy Grant	16.744	G-37 1296	N/A	135,822	<u>53,433</u>
					<u>297,499</u>
National Network of Children's Advocacy Center Grant FY09	16.582	PS-9429	N/A	10,000	4,470
Advocacy Center Grant FY08	16.582	PS-9429	N/A	10,000	<u>6,931</u>
Total U.S. Department of Justice					<u>11,401</u>
Total Other Federal Programs					<u>2,916,263</u>
TOTAL FEDERAL PROGRAMS					<u>\$ 9,380,298</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2009

NOTE 1 – REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards presents the expenditures of all federal award programs of the County Commissioners of Carroll County for the year ended June 30, 2009.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards has been prepared using the modified accrual basis of accounting as fully described in the Summary of Significant Accounting Policies accompanying the County Commissioners of Carroll County's basic financial statements.

NOTE 3 – RELATION TO BASIC FINANCIAL STATEMENTS AND FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree with amounts reported in the County Commissioners of Carroll County's basic financial statements and the related federal financial reports submitted by the County Commissioners of Carroll County.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009**

Section 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(ies) identified that are not considered to be material weaknesses? _____ yes X none reported
- Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? X yes _____ none reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Voucher Program
17.258,17.259,17.260	Workforce Investment Act (WIA) Cluster
93.044, 93.045	Aging Cluster
20.507	Federal Transit Cluster
20.106	Airport Improvement Program

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

Auditee qualified as low-risk auditee? X yes _____ no

Section II—Financial Statement Findings

None

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009**

Section III—Federal Award Findings and Questioned Costs

Finding Reference: 09-01

Federal Agency: U.S. Department of Health and Human Services

Federal Program: 93.044, 93.045 Aging Cluster

Compliance

Requirement: Allowable Costs/Cost Principles

Type of Finding: Significant Deficiency in Internal Control, Noncompliance

Condition

The Bureau of Aging (Bureau) has 2 full-time employees that are charged 100% to the Aging program. However, there were no periodic time and effort certifications prepared to support that these 2 employees worked solely on the program during the period under audit. 6 of the 25 payroll transactions selected for allowable costs testwork related to these 2 employees and it was noted that the Bureau did not have effort reports to support the activities related to the payroll costs charged to the grant. The total salaries charged to the Aging Cluster for the 2 employees were \$67,891.

Criteria

Where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee (OMB Circular A-87, Attachment B.8.h.3).

Cause

The Bureau's procedures did not include performance of effort certifications for the employees charged 100% to the Aging program.

Effect

The Bureau is not in compliance with federal allowability guidelines to allocate time to grants based on actual time spent working on each grant.

Questioned Costs

The questioned costs associated with this finding are undeterminable based on lack of time and effort certifications.

Recommendation

We recommend that the Bureau implement procedures and controls to ensure that time and effort certifications are obtained from the employees on at least a semi-annual basis, stating the percentage of time worked related to the Aging program during the period covered by the certification.

Management's Response

The Bureau of Aging will immediately implement the reporting requirements on Time and Effort Accounting and Reporting as stated in OMB Circular A-87, attachment B.8.h.3.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009**

Finding Reference: 09-02

Federal Agency: U.S. Department of Housing and Urban Development

Federal Program: 14.871 Housing Choice Voucher Program

Compliance

Requirement: Eligibility

Type of Finding: Significant Deficiency in Internal Control, Noncompliance

Condition

We selected 25 tenant files for testing of eligibility compliance requirements and noted that three tenant files had the following exceptions: for 2 files, the County did not properly document the calculation of tenant's income or obtain third-party verification of income amounts used to calculate tenant rent and; for 1 file, the County did not correctly determine the medical expense deduction.

Criteria

Relating to annual reexaminations, 24 CFR 982.516 states "The PHA must obtain and document in the tenant file third party verification of the following factors, or must document in the tenant file why third party verification was not available: (i)Reported family annual income; (ii)The value of assets; (iii) Expenses related to deductions from annual income...."

Cause

In one case, the County failed to obtain a zero-income certification from the tenant. In the other two cases, the County calculated the amounts using an incorrect basis. For example, insurance premiums were calculated on a monthly basis instead of quarterly per the invoice.

Effect

The County is not in compliance with program regulations regarding the determination and verification of tenant income and this could result in adjustments to tenant rent amounts.

Questioned Costs

The questioned costs associated with this finding are undeterminable. The total housing assistance payments made by the County on behalf of these tenants were \$14,084.

Recommendation

We recommend that the Carroll County Department of Citizen Services continue to perform quality control checks of tenant files to ensure all required information is included in the files.

Management's Response

Carroll County Department of Citizen Services made changes to their quality control procedures to insure the required information will be kept current and will be kept on file.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009

Finding Reference: 09-03

Federal Agency: U.S. Department of Housing and Urban Development

Federal Program: 14.871 Housing Choice Voucher Program

Compliance

Requirement: Special Tests (Reasonable Rent)

Type of Finding: Significant Deficiency in Internal Control, Noncompliance

Condition

We selected 25 tenant files for testing of reasonable rent compliance requirements and noted that four tenant files used rent information for at least one of the three comparable units that was more than 2 years old. A separate sample of 25 tenant files that had contract rent changes during the year had two files which used comparable information over two years old.

Criteria

24 CFR 982.507(b) states "The PHA must determine whether the rent to owner is a reasonable rent in comparison to rent for other comparable unassisted units."

Cause

The housing inspector is responsible for gathering comparison information and performing the rent reasonableness determination. When comparable information becomes outdated, the inspector is responsible for obtaining updated rent amounts and adding this information to the binders which contain rental data by location and bedroom size. In addition, the inspector is responsible for adding this information into the computer system. According to the Housing Manager, there is no formal review process for checking the comparison information. Although the units used for comparison may be comparable based on location, quality, size, amenities, etc, using rent amounts from more than two years ago does not present an accurate picture of current local market rents.

Effect

The County is not in compliance with program regulations and there is the potential that the rent to owners is unreasonable.

Questioned Costs

None

Recommendation

We recommend that the County implement procedures to verify that rents used for rent reasonableness determination purposes are current for the location.

Management's Response

Carroll County Department of Citizen Services reviewed their current records. Management made immediate changes in their process for collecting comparable unit information in the tracking system so better rent reasonableness determinations are produced.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2009**

No prior year audit findings.



Department of the Comptroller
Carroll County Government
225 North Center Street
Westminster, Maryland