

Clackamas County, Oregon

Audit of Federal Awards Performed in
Accordance with U.S. Office of Management and
Budget Circular A-133
and Supplemental Information



For The Fiscal Year Ended June 30, 2012

CLACKAMAS COUNTY, OREGON

Audit of Federal Awards Performed in
Accordance with U.S. Office of Management and
Budget Circular A-133
and Supplementary Information
Year Ended June 30, 2012

**CLACKAMAS COUNTY, OREGON
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**REPORT OF INDEPENDENT AUDITORS 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***

Board of County Commissioners of
Clackamas County, Oregon
Oregon City, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clackamas County, Oregon (the County), as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 31, 2013. Our report includes a reference to other auditors. 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. Other auditors audited the financial statements of the discretely presented component unit of the County, as described in our report on the County's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those auditors. However, this report, insofar as it relates to the results of other auditors, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the 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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 previously.



REPORT OF INDEPENDENT AUDITORS 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* (continued)

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the 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*.

We noted certain matters that we reported to management of the County in a separate letter dated January 31, 2013.

This report is intended solely for the information and use of management, the Audit Committee, Board of County Commissioners, others within the County, Oregon Secretary of State Audits Division, 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 black ink that reads "Moss Adams, LLP".

Eugene, Oregon
January 31, 2013

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of County Commissioners of
Clackamas County, Oregon
Oregon City, Oregon

Compliance

We have audited Clackamas County's (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2012. The 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'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 of the County's compliance with those requirements.

As described in items 2012-1 and 2012-2 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding subrecipient monitoring, and procurement and suspension and debarment, that are applicable to its CFDA #93.959 Block Grants for Prevention and Treatment of Substance Abuse program. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. 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 item 2012-3.

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**
(continued)

Internal Control Over Compliance

Management of the 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's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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, 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's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be *material weaknesses* and other deficiencies that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2012-1 and 2012-2 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2012-3 to be a significant deficiency.

MOSS ADAMS_{LLP}**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

(continued)

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2012, and have issued our report thereon dated January 31, 2013. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the County'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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

The purpose of this report is solely to 1) describe the scope of our testing of internal control over compliance and the results that testing; and (2) express an opinion on compliance based on our audit. This report is an integral part of an audit performed in accordance with OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Eugene, Oregon
February 19, 2013

**CLACKMAS COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

Federal Grantor/ Pass-Through Grantor Program Title	CFDA Number	Pass Through Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE:				
Direct:				
Forest Service				
Cooperative Forestry Assistance	10.664	Direct Federal	\$ 78,650	\$ -
Passed Through:				
Food & Nutrition Service - Oregon Health Authority				
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	109323	1,027,024	-
WIC Grants to States (WGS)	10.578	109323	18,000	-
Forest Service - Columbia River Basin Council				
Watershed Restoration & Enhancement Agreement Authority	10.693	11-SA-11-60-60008	142,156	-
Schools and Roads Cluster:				
Direct:				
Forest Service				
School and Roads - Grants to States (Dumpstoppers)	10.665	Direct Federal	72,699	-
Passed Through:				
Forest Service - Oregon Department of Administrative Services				
School and Roads - Grants to States (Timber Receipts)	10.665	ORS 293.560	1,870,618	-
TOTAL SCHOOLS & ROADS CLUSTER			1,943,317	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE			\$ 3,209,147	\$ -
US DEPARTMENT OF COMMERCE:				
Direct:				
National Telecommunications & Information Administration				
ARRA - Broadband Technology Opportunities Program (BTOP)	11.557	Direct Federal	4,779,848	-
TOTAL U.S. DEPARTMENT OF COMMERCE			\$ 4,779,848	\$ -
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Direct:				
Office of Community Planning & Development				
Emergency Solutions Grant Program	14.231	Direct Federal	99,349	95,587
ARRA - Homelessness Prevention & Rapid Re-Housing Program	14.257	Direct Federal	208,423	164,163
Supportive Housing Program	14.235	Direct Federal	333,158	-
HOME Investment Partnership Program	14.239	Direct Federal	236,412	-
Passed Through:				
Office of Community Planning & Development - Oregon Housing & Community Services				
ARRA - Neighborhood Stabilization Program (Recovery Act Funded NSP-2)	14.256	1123	42,206	-
Office of Community Planning & Development - Central City Concern				
Supportive Housing Prog - Chez Ami	14.235	BH-111 11/12	196,902	86,512
CDBG - Entitlement (HUD-Administered) Grants Cluster				
Direct:				
Office of Community Planning & Development				
Community Development Block Grants/Entitlement Grants	14.218	Direct Federal	2,267,477	12,232
Passed Through:				
Office of Community Planning & Development - Oregon Housing & Community Services				
Community Development Block Grants/Entitlement Grants (NSP-1 HERA)	14.218	1088	215,629	-
TOTAL CDBG - Entitlement (HUD-Administered) Grants Cluster			2,483,106	12,232
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			\$ 3,599,556	\$ 358,494
U.S. DEPARTMENT OF INTERIOR:				
Direct:				
Bureau of Land Management				
Non-sale Disposals of Mineral Material - LAW ENF SVCS	15.214	Direct Federal	57,093	-
Recreation Resource Management	15.225	Direct Federal	40,112	40,112
Payments in Lieu of Taxes	15.226	Direct Federal	210,430	-
Distribution of Receipts to State & Local Governments - Oregon and California Land Grant	15.227	Direct Federal	1,320,145	-
Secure Rural Schools & Community Self-Determination (dumpstoppers)	15.234	Direct Federal	78,141	-

(Continued)

**CLACKMAS COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

Federal Grantor/ Pass-Through Grantor Program Title	CFDA Number	Pass Through Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. DEPARTMENT OF INTERIOR (Continued):				
Passed Through:				
U.S. National Park Service - Oregon State Historic Preservation Office Historic Preservation Fund Grants-in-Aid	15.904	OR-10-05	399	-
TOTAL U.S. DEPARTMENT OF INTERIOR			\$ 1,706,320	\$ 40,112
U.S. DEPARTMENT OF JUSTICE:				
Direct:				
Equitable Sharing Program (Federal Forfeiture)	16.922	Direct Federal	5,183	-
Office of Community Oriented Policing Services Public Safety Partnership & Community Policing Grants	16.710	Direct Federal	293,093	-
Violence Against Women Office Enhanced Training and Services to End Violence and Abuse of Women Later in Life	16.528	Direct Federal	20,393	-
Bureau of Justice Assistance State Criminal Alien Assistance Program	16.606	Direct Federal	134,444	-
Bulletproof Vest Partnership Program	16.607	Direct Federal	4,188	-
Criminal & Juvenile Justice & Mental Health Collaborating Program	16.745	Direct Federal	27,101	-
Second Chance Act Prisoner Reentry Initiative - HOPE grant	16.812	Direct Federal	39,013	-
JAG Program Cluster				
Direct:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Direct Federal	12,740	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Direct Federal	31,017	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Direct Federal	7,530	-
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to Units of Local Government (VOCA)	16.804	Direct Federal	58,766	-
Passed Through:				
Bureau of Justice Assistance - Oregon State, Criminal Justice Commission Edward Byrne Memorial Justice Assistance Grant Program - CCITF	16.738	LE020-10JAG	25,996	-
Edward Byrne Memorial Justice Assistance Grant Program - CCITF	16.738	LE020-11JAG	39,677	-
TOTAL JAG PROGRAM CLUSTER			175,726	-
Passed Through:				
Bureau of Justice Assistance - Department of Corrections Second Chance Act Prisoner Reentry Initiative	16.812	2010-CZ-BW-0037	14,590	-
Office of Juvenile Justice & Delinquency Prevention - Oregon State Police Juvenile Accountability Block Grant	16.523	05-602	31,050	-
Office of Juvenile Justice & Delinquency Prevention - Oregon Criminal Justice Juvenile Justice & Delinquency Prevention Allocation to States (Disproportionate Minority Cont	16.540	FG2008-02	63,875	-
Office of Victims of Crime - Oregon Department of Justice ARRA - Crime Victim Assistance (VOCA BASIC)	16.575	99-3389	117,753	-
ARRA - Crime Victim Assistance (VOCA PROJECT)	16.575	09-VOCA-3491	9,335	-
Crime Victim Assistance (VOCA PROJECT)	16.575	DAVAP-00016	48,892	-
<i>Total CFDA 16.575</i>			175,980	-
Bureau of Justice Assistance - Oregon State, Department of Justice Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Pro	16.580	9646	14,598	-
Bureau of Justice Assistance - University of Cincinnati Drug Court Discretionary Grant Program (Evaluation)	16.585	COEUS #005251	2,844	-
Violence Against Women Office - Oregon Criminal Justice ARRA - Violence Against Women Formula Grants (Corrections VAWA)	16.588	09-ARRA-VAWA- 3519	14,622	-
TOTAL U.S. DEPARTMENT OF JUSTICE			\$ 1,016,700	\$ -
U. S. DEPARTMENT OF LABOR:				
Direct:				
Employment Training Administration WIA Pilots, Demonstrations, and Research Projects	17.261	Direct Federal	247,835	-
Veteran's Employment & Training Service Homeless Veterans Reintegration Project	17.805	Direct Federal	471,165	-

(Continued)

**CLACKMAS COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

Federal Grantor/ Pass-Through Grantor Program Title	CFDA Number	Pass Through Number	Federal Expenditures	Amount Provided to Subrecipients
U. S. DEPARTMENT OF LABOR (Continued):				
Passed Through:				
Employment Training Administration - Oregon State Senior & Disabled Senior Community Service Employment Program	17.235	136158	110,511	-
WIA Cluster:				
Passed Through:				
Employment Training Administration - Clackamas County Workforce Investment Council WIA Adult Program	17.258	11-12-3	274,393	-
Employment Training Administration - Clackamas Education Service District ARRA - WIA Youth Activities (C-TEC)	17.259	Contract	30,804	-
<i>Total WIA Cluster</i>			305,197	-
TOTAL U.S. DEPARTMENT OF LABOR			\$ 1,134,708	\$ -
U.S. DEPARTMENT OF TRANSPORTATION:				
Passed Through:				
Federal Motor Carrier Safety Administration (FMCSA) - Oregon Dept of Transportation National Motor Carrier Safety (MCSAP)	20.218	24778	73,754	-
National Motor Carrier Safety (MCSAP)	20.218	36752	37,346	-
Highway Planning and Construction Cluster:				
Federal Highway Administration (FHWA) - Oregon Dept of Transportation				
ARRA - Highway Planning and Construction - SUNNYSIDE ROAD PAVING	20.205	25507	770	-
ARRA - Highway Planning and Construction - KING ROAD PAVING	20.205	25507	1,050	-
Highway Planning and Construction - BARLOW ZIMMERMAN INTERSECTION	20.205	25070	67,172	-
Highway Planning and Construction - HENRICI-ATHENS	20.205	26210	91,248	-
Highway Planning and Construction - E. Barlow (Fd215)	20.205	27884	1,032	-
Highway Planning and Construction - PUDDING RIVER	20.205	27472	60,582	-
Highway Planning and Construction - 122ND	20.205	28216	6,238	-
Highway Planning and Construction - Bear Creek	20.205	28581	338,589	-
ARRA - Highway Planning and Construction - 172nd to Mult City	20.205	25784	90,898	-
Highway Planning and Construction - CEDAR CREEK BRIDGE	20.205	26210	11,194	-
Highway Planning and Construction - Salmon River Bridge	20.205	27945	79,472	-
Highway Planning and Construction - Salmon River Elk Park Rd Bridge	20.205	25214	58,834	-
Highway Planning and Construction - Springwater Trail	20.205	26432	1,750	-
Highway Planning and Construction - Stafford Rd/Mountain Rd	20.205	22262	320,712	-
ARRA - Highway Planning and Construction - Stafford Rd/Mountain Rd	20.205	22262	541,372	-
Highway Planning and Construction - Clackamas Regional Center Area Pedestrian/Bicycle Con	20.205	27204	64,289	-
Highway Planning and Construction - Work Zone Enforcement	20.205	070908WKZN-421	8,161	-
Federal Highway Administration (FHWA) - Oregon Parks and Recreation Department				
Recreational Trails Program - Springwater Trail	20.219	RT09-006	50,800	-
<i>Total Highway Planning and Construction Cluster</i>			1,794,163	-
Transit Services Programs Cluster:				
Passed Through:				
Federal Transit Administration (FTA) - Tri-Met Job Access_Reverse Commute	20.516	JC120177	28,968	-
Federal Transit Administration (FTA) - Ride Connection Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	02-0803CTC	30,974	-
<i>Total Transit Services Programs Cluster</i>			59,942	-
Highway Safety Cluster:				
Passed Through:				
National Highway Traffic Safety Administration (NHTSA) - Oregon Dept of Transportation - Transportation Safety Division				
State and Community Highway Safety - Distracted Driving	20.600	SC-12-35-05CCS	2,905	-
State and Community Highway Safety - Safe Communities	20.600	K4SA-12-25-08	25,273	-
State and Community Highway Safety - Safe Communities	20.600	K4SA-11-25-08	12,837	-
National Highway Traffic Safety Administration (NHTSA) - Oregon State Sheriff's Association				
State and Community Highway Safety	20.600	OP-11-45-02	8,832	-
State and Community Highway Safety	20.600	OP-12-45-02	19,286	-
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	K8-12-12-21	18,931	-
<i>Total Highway Safety Cluster (20.600 thru 20.613)</i>			88,064	-
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			\$ 2,053,269	\$ -

(Continued)

**CLACKMAS COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

Federal Grantor/ Pass-Through Grantor Program Title	CFDA Number	Pass Through Number	Federal Expenditures	Amount Provided to Subrecipients
ENVIRONMENTAL PROTECTION AGENCY:				
Passed Through:				
Office of Water - Oregon Health Authority				
State Public Water System Supervision	66.432	136933A	58,988	-
Capitalization Grants for Drinking Water State Revolving Funds (CH)	66.468	136933B	27,895	-
Office of Water - Oregon State Dept of Environmental Quality				
Capitalization Grants for Clean Water State Revolving Funds (WES)	66.458	R22403	621,517	-
ARRA - Capitalization Grants for Clean Water State Revolving Funds (WES)	66.458	R06224	142,142	-
<i>Total CFDA #66.458</i>			763,659	-
TOTAL ENVIRONMENTAL PROTECTION AGENCY			\$ 850,542	\$ -
U.S. DEPARTMENT OF ENERGY:				
Direct:				
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	Direct Federal	1,617,174	595,001
Passed Through:				
Oregon State Dept of Energy				
ARRA - State Energy Program	81.041	SEP 10-1125	147,385	-
Oregon State Housing & Community Services Division				
Weatherization Assistance for Low-Income Persons (DOE 11)	81.042	120611-01	151,864	-
ARRA - Weatherization Assistance for Low-Income Persons - (DOE 09)	81.042	12060A/02	661,038	-
Weatherization Assistance for Low-Income Persons (BPA)	81.042	120210/00	28,982	-
<i>Total CFDA 81.042</i>			841,884	-
City of Portland				
ARRA - Energy Efficiency and Renewable Energy Info Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117	N/A	9,000	-
Oregon State Housing & Community Services Division				
ARRA - Energy Efficiency Appliance Rebate Program (EEARP)	81.127	12010A-00	3,446	-
TOTAL U.S. DEPARTMENT OF ENERGY			\$ 2,618,889	\$ 595,001
U.S. ELECTION ASSISTANCE COMMISSION:				
Passed Through:				
Oregon State Secretary of State				
Help America Vote Act Requirements Payments	90.401	N/A	47,500	-
TOTAL U.S. ELECTION ASSISTANCE COMMISSION			\$ 47,500	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Direct:				
Health Resources & Services Administration				
ARRA - Grants to Health Center Programs HRSA (CIP & ISHC)	93.703	Direct Federal	76,441	-
Affordable Care Act (ACA) Grants for Capital Development in Health Centers	93.526	Direct Federal	8,756	-
Substance Abuse & Mental Health Services Administration				
Drug-Free Communities Support Program Grants	93.276	Direct Federal	184,588	-
Substance Abuse & Mental Health Services_Projects of Regional and National Significance	93.243	Direct Federal	164,632	58,380
Health Centers Cluster:				
Direct:				
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	93.224	Direct Federal	1,094,748	-
<i>Total Health Centers Cluster</i>			1,094,748	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Passed Through:				
Centers for Disease Control & Prevention - Oregon Health Authority				
Public Health Emergency Preparedness (BioTerrorism)	93.069	106213	176,569	-
Centers for Disease Control & Prevention - Washington County				
Public Health Emergency Preparedness (BioTerrorism)	93.069	CA11-1265	16,303	-
<i>Total CFDA 93.069</i>			192,872	-
Centers for Disease Control & Prevention - Oregon Health Authority				
Project Grants & Cooperative Agreements for Tuberculosis Control Programs	93.116	280549	15,273	-
Office of Population Affairs - Oregon Health Authority				
Family Planning_Agency Grant	93.217	280558	85,156	-

(Continued)

**CLACKMAS COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

Federal Grantor/ Pass-Through Grantor Program Title	CFDA Number	Pass Through Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued):				
Immunization Cluster:				
Passed Through:				
Centers for Disease Control & Prevention - Oregon Health Authority Immunization Cooperative Agreements	93.268	280540	9,710	-
<i>Total Immunization Cluster</i>			9,710	-
Passed Through:				
Centers for Disease Control & Prevention - Oregon Health Authority HIV Prevention Activities_Health Department Based (HIV Prevention Block Grant)	93.940	280501	101,367	89,895
Substance Abuse & Mental Health Services Administration - Oregon Health Authority Block Grants for Community Mental Health Services (MHS20 & 22)	93.958	134303	594,312	594,312
Block Grants for Prevention and Treatment of Substance Abuse (MHS66 & 70)	93.959	134303	658,006	632,367
Substance Abuse & Mental Health Services Administration - Oregon Dept of Human Services Block Grants for Prevention and Treatment of Substance Abuse (MHS66 & 70)	93.959	134303	358,827	-
Health Resources & Services Administration - Oregon Health Sciences University Maternal & Child Health Services Block Grant to the States (Cacoon)	93.994	106212	59,642	-
Health Resources & Services Administration - Oregon Health Authority Maternal & Child Health Services Block Grant to the States	93.994	180514	163,310	-
Maternal & Child Health Services Block Grant to the States (Family Planning Expansion Prgm FPEP)	93.994	4B04MC06604-01-044	58,819	-
<i>Total CFDA 93.994</i>			281,771	-
Substance Abuse & Mental Health Services Administration - Oregon Health Authority Substance Abuse & Mental Health Services_Projects of Regional and National Significance	93.243	134303	71,511	-
Centers for Disease Control & Prevention - Oregon Health Authority PPHF 2012 National Public Health Improvement Initiative	93.507	280641	50,000	-
Administration for Children and Families - Oregon State Dept. of Consumer and Business Services, SHIBA Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	SHIBA11-12-4	20,133	-
Administration for Community Living - Oregon State Senior & Disabled Services Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, N	93.041	136598-1	5,185	-
Special Programs for the Aging_Title III, Part D_Disease Prevention & Health Promotion Service	93.043	136598-1	14,057	-
Aging Cluster:				
Passed Through:				
Administration for Community Living - Oregon State Senior & Disabled Services Special Programs for the Aging_Title III, Part B_Grants for Supportive Services & Senior Center	93.044	128568	573,712	-
Special Programs for the Aging_Title III, Part C_Nutrition Services (Title III-Part C (C-1)	93.045	136598-1	197,550	-
Special Programs for the Aging_Title III, Part C_Nutrition Services (Title III-Part C (C-2)	93.045	136598-1	300,805	-
Nutrition Services Incentive Program (Nutrition Prgm for the Elderly -Commodities)	93.053	136598-1	142,101	-
<i>Total Aging Cluster</i>			1,214,168	-
Passed Through:				
Administration for Community Living - Oregon State Senior & Disabled Services National Family Caregiver Support, Title III, Part E	93.052	136598-1	143,400	-
Administration for Children and Families - Oregon Office of Children and Families Promoting Safe and Stable Families (Family Preservation & Support Services)	93.556	CLAC1113	88,429	88,429
Administration for Children and Families - Mid-Columbia Health Refugee & Entrant Assistance_State Administered Programs (Refugee Screening)	93.566	460000168	8,525	-
Temporary Assistance for Needy Families (TANF) Cluster:				
Administration for Children and Families - Oregon State Housing & Community Services Division Temporary Assistance for Needy Families	93.558	MGA1367	30,473	-
Administration for Children and Families - Oregon Dept of Human Services Temporary Assistance for Needy Families	93.558	136239	9,750	-
<i>Total TANF Cluster</i>			40,223	-

(Continued)

**CLACKMAS COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

Federal Grantor/ Pass-Through Grantor Program Title	CFDA Number	Pass Through Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued):				
Passed Through:				
Administration for Children and Families - Oregon Department of Justice Child Support Enforcement (DA)	93.563	07-GOV-DA-03	1,045,339	-
Administration for Children and Families - Oregon State Office of Children and Families Social Services Block Grant (Youth Investment Grant)	93.667	CLAC1113	364,566	364,566
Medicaid Cluster:				
Passed Through:				
Centers for Medicare & Medicaid Services - Oregon Office of Children and Families Medical Assistance Program (Title XIX - OCF)	93.778	CLA-MAC1113	93,965	93,965
Total Medicaid Cluster (93.776,93.778, 93.775, 93.777)			93,965	-
Administration for Children and Families - Oregon State Housing & Community Services Division Low Income Home Energy Assistance: SSD LIEAP	93.568	120411/02	517,878	-
Low Income Home Energy Assistance: SSD LIEAP	93.568	MGA1367	1,458,867	-
Total CFDA 93.568			1,976,745	-
CSBG Cluster:				
Passed Through:				
Administration for Children and Families - Oregon State Housing & Community Services Division Community Services Block Grant	93.569	MGA1367	366,818	-
Total CSBG Cluster			366,818	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 9,329,523	\$ 1,921,914
CORPORATION FOR NATIONAL SERVICE:				
Direct:				
Retired and Senior Volunteer Program	94.002	Direct Federal	56,020	
Foster Grandparent/Senior Companion Cluster:				
Direct:				
Senior Companion Program	94.016	Direct Federal	99,700	
Total Foster Grandparent/Senior Companion Cluster (94.011 & 94.016)			99,700	-
TOTAL CORPORATION FOR NATIONAL SERVICE			\$ 155,720	-
EXECUTIVE OFFICE OF THE PRESIDENT:				
Passed Through:				
Oregon Department of Justice High Intensity Drug Trafficking Areas Program	95.001	18PORP501Z	52,189	-
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT:			\$ 52,189	\$ -
U.S. DEPARTMENT OF HOMELAND SECURITY:				
Passed Through:				
Oregon Military Office of Emergency Management Hazard Mitigation Grant	97.039	DR-1824	215,506	-
Hazard Mitigation Grant	97.039	N/A	21,040	
Emergency Mgmt Performance Grants	97.042	FFY08-97.042	491,257	-
Citizens-Community Resilience Innovation Challenge (2009 Citizens Corp)	97.053	09-102	13,837	-
State Homeland Security Program (Interoperable Communications)	97.073	SHSP11-212	19,729	-
Oregon State Marine Dept Boating Safety Financial Assistance	97.012	030200020005011	367,831	-
Portland Bureau of Emergency Management Non-Profit Security Program	97.008	52306	225,131	-
Emergency Food & Shelter Cluster:				
United Way Emergency Food and Shelter National Board Program (28)	97.024	FEMA 28	105,874	-
Total Emergency Food & Shelter Cluster (CFDA 97.024 & 97.114)			105,874	-
TOTAL DEPT OF HOMELAND SECURITY			\$ 1,460,205	\$ -

(Continued)

CLACKMAS COUNTY, OREGON
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2012

Federal Grantor/ Pass-Through Grantor Program Title	CFDA Number	Pass Through Number	Federal Expenditures	Amount Provided to Subrecipients
STATE JUSTICE INSTITUTE				
Direct:				
Assistance Formulating and Implementing Strategic Plan	SJI-10-T-044	Direct Federal	48,460	-
TOTAL STATE JUSTICE INSTITUTE			\$ 48,460	\$ -
GRAND TOTAL			\$ 32,062,576	\$ 2,915,521

CLACKAMAS COUNTY, OREGON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

1. The Schedule of Expenditures of Federal Awards presents the activity of all federally funded programs of Clackamas County, Oregon, except for the Housing Authority of Clackamas County and the Workforce Investment Council of Clackamas County, Inc. (WICCO), which issue separate reports. The reporting entity is defined in Note 1 to Clackamas County, Oregon's basic financial statements.
2. The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to Clackamas County, Oregon's basic financial statements. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
3. Revolving Loan Programs

Clackamas County makes loans to developers for the construction of low-income housing units. The seed money for these loans used to establish the program initially was provided through Federal funds under the HOME Investment Partnerships Program (CFDA #14.239), Community Development Block Grants/Entitlement Grants (CFDA #14.218) and Neighborhood Stabilization Program (Recovery Act Funded, CFDA #14.256). The County's responsibility over these loans is to ensure that a specified percentage of the total rental units are rented to low-income individuals.

Gross loans receivable at June 30, 2012 amount to:

	CFDA Number	Amount
HOME Investment Partnerships Program	14.239	\$ 13,530,440
Community Development Block Grants/Entitlement Grants	14.218	6,915,057
Neighborhood Stabilization Program (Recovery Act Funded)	14.256	757,582

**CLACKAMAS COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

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 No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for major programs: Unqualified for all major programs except for CFDA #93.959 Block Grants for Prevention and Treatment of Substance Abuse program, which is qualified.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes None reported

Identification of Major Programs

<i>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>
11.557	Broadband Technology Opportunities Program (BTOP)
14.218	Community Development Block Grants/Entitlement Grants
14.239	Home Investment Partnerships Program
20.205	Highway Planning and Construction
66.458	Capitalization Grants for Clean Water State Revolving Funds
81.042	Weatherization Assistance for Low-Income Persons
81.128	Energy Efficiency and Conservation Block Grant Program (EECBG)
93.568	Low-Income Home Energy Assistance
93.959	Block Grants for Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish between type A and type B programs: \$ 1,597,970

Auditee qualified as low-risk auditee? Yes No

**CLACKAMAS COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

II. Findings Related to Financial Statements which are Required to be Reported in Accordance with *Governmental Auditing Standards*

None reported.

III. Federal Award Findings and Questioned Costs

***FINDING 2012-1 – Subrecipient Monitoring
(Material Weakness in Internal Controls and Material Instance of Non-Compliance)***

<i>CFDA Number</i>	<i>Federal Agency - Program Name</i>	<i>Award Year</i>
93.959	Department of Health and Human Services – Block Grants for Prevention and Treatment of Substance Abuse	2011 to 2012

Criteria: OMB Circular A-133, Section 400(d) outlines the responsibilities of recipients of Federal awards regarding funds passed-through to other organizations. Specifically, the pass-through entity is to: (1) monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contract or grant agreements and that performance goals are achieved; and (2) ensure that subrecipients, as qualified, meet the audit requirements of OMB Circular A-133, and to review subrecipient audit findings and corrective action.

Condition: The County will often provide federal awards to other nonfederal entities, known as subrecipients, to carry out federal programs. The County has certain responsibilities as the pass-through entity awarding federal awards to subrecipients. Responsibility for the County lies in ensuring subrecipients receive audits in accordance with the OMB Circular A-133 requirements and reviewing those audit reports in a timely manner. We noted no evidence of ongoing subrecipient monitoring activities occurring, such as obtaining A-133 audit reports, if applicable, and reviewing the reports for audit findings and corrective actions.

Questioned Costs: None

Context: The County’s Community Health Department (the Department) did not perform subrecipient monitoring activities for three subrecipients within this program during the year. In addition, subrecipient monitoring activities were not being performed on other federal programs within the Department whose federal funds were passed through to subrecipients. The Department passed federal funds to subrecipients from four other federal programs.

Effect: The County is not in compliance with subrecipient monitoring requirements. Further, the County was potentially unaware of subrecipient non-compliance, was potentially not fulfilling its requirement to work with other agencies to develop corrective action plans, and could jeopardize its ability to obtain future federal awards.

Cause: Internal control procedures were not in place during the year to monitor subrecipients for compliance in accordance with OMB Circular A-133.

**CLACKAMAS COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

FINDING 2012-1 – Subrecipient Monitoring (Continued)

Recommendation: We recommend that the Community Health Department implement internal control procedures to monitor subrecipients to ensure that they are in compliance with OMB Circular A-133.

Views of responsible officials and planned corrective actions: The Community Health Division is working in collaboration with County Finance to develop controls that ensure appropriate monitoring of subrecipients. This will include written policies and procedures, detailing the types of reviews to be conducted. In addition, the Division will submit a report to the Health, Housing, and Human Services Director and County Finance Director summarizing the monitoring activities performed for the fiscal year.

***FINDING 2012-2 – Procurement and Suspension and Debarment
(Material Weakness in Internal Controls and Material Instance of Non-Compliance)***

<i>CFDA Number</i>	<i>Federal Agency - Program Name</i>	<i>Award Year</i>
93.959	Department of Health and Human Services – Block Grants for Prevention and Treatment of Substance Abuse	2011 to 2012

Criteria: Part of the responsibility of an entity receiving federal awards is to accurately determine whether a vendor or subrecipient relationship exists when expending those federal awards. OMB Circular A-133, Section .210(d) states, when making the determination of whether a subrecipient or vendor relationship exists, the substance of the relationship is more important than the form of the agreement. Section 210 further outlines the characteristics of a vendor versus a subrecipient.

Condition: During our testing of the program, we noted the County was treating several contracts with third parties as vendors, when in fact the contracts actually met the subrecipient criteria.

Questioned Costs: None

Context: We found incorrect determinations were made on three out of five contracts reviewed.

Effect: The County did not perform the required oversight responsibilities for three contracts.

Cause: Staff were either unaware of the characteristics that are indicative of a subrecipient or inaccurately used the Contract Checklist when making the vendor versus subrecipient determination.

Recommendation: We recommend the County provide additional training to its staff involved in the vendor versus subrecipient determinations. In addition, we recommend the County review the Contract Checklist to ensure it focuses on the key characteristics important to the vendor versus subrecipient determination, is accurately prepared, and a review and approval process is implemented.

**CLACKAMAS COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

FINDING 2012-2 – Procurement and Suspension and Debarment (Continued)

Views of responsible officials and planned corrective actions: County Finance is currently providing training to the Community Health Division in making vendor versus subrecipient determinations, in accordance with OMB Circular A-133. The Division’s Contract Checklist will be revised to ensure that it focuses only on the key characteristics that provide the distinction between a vendor or subrecipient. The Contract Checklist will be completed with all new service contracts that are Federally funded. The Division Director will review and approve the determination.

***FINDING 2012-3 – Davis-Bacon Act
(Significant Deficiency in Internal Controls and Instances of Non-Compliance)***

<i>CFDA Number</i>	<i>Program Name</i>	<i>Award Year</i>
20.205	Department of Transportation – Highway Planning and Construction	2011 to 2012
66.458	Department of Environmental Protection Agency – Capitalization Grants for Clean Water	2011 to 2012

Criteria: OMB Circular 110 (2 CFR part 215, Appendix A, paragraph 3 & 4) states that all construction contracts shall comply with the Davis Bacon Act requirements as noted in 29 CFR Part 5, Subpart A. Paragraph 5.2 of the Act defines contractor as the prime contractor and any subcontractors to the prime contract. Laborers or mechanics includes apprentices, trainees, and helpers and does not apply to workers whose duties are primarily administrative, executive or clerical. Paragraph 5.5 requires that contractors shall be required to pay wages to laborers and mechanics at a rate not less than the minimum wages specified in a wage determination made by the Secretary of Labor. In addition, contractors shall be required to submit weekly payrolls which include a certification or Statement of Compliance.

Condition: During our testing of the Highway Planning and Construction and Program, we noted certified time or payroll certificates were not obtained for subcontractors. In addition, during our testing of the Capitalization Grants for Clean Water Program, we identified certified time or payroll certifications were not obtained for independent contractors employing laborers or mechanics, as defined by the Davis-Bacon Act.

Questioned Costs: Unknown

Context: The Clackamas County Parks & Forest Department, which administers the Highway Planning and Construction Program, obtained and reviewed weekly time certifications for the prime contractor. However, the department did not obtain or review weekly time certifications for four subcontractors. For the Capitalization Grants for Clean Water Program, administered by Clackamas County Service District No. 1, two of eight subcontractors met the definition of laborers or mechanics and were required to follow Davis-Bacon requirements. The program manager incorrectly determined weekly time certifications were not applicable. As a result, time certifications were not properly obtained for those two subcontractors.

Effect: An error on the payroll certifications for subcontractors could go undetected and result in incorrect wages paid to employees working on the project.

**CLACKAMAS COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

FINDING 2012-3 – Davis-Bacon Act (Continued)

Cause: The internal control currently in place is not adequately designed to ensure that certifications for subcontractors are obtained and reviewed. In addition, County personnel do not fully understand which contractors are subject to Davis-Bacon Act requirements.

Recommendation: We recommend the County implement controls to 1) adequately define those subcontractors who are subject to the Davis-Bacon Act requirements and 2) obtain and review time certifications for all applicable subcontractors.

Views of responsible officials and planned corrective actions: The County Parks & Forest Department and the Clackamas County Service District No. 1 program managers will receive additional Davis Bacon training by the Community Development Division, as this Division excels in certified payroll reviews. In addition, a checklist will be utilized to ensure that all certified payrolls, including subcontractors, have been received and reviewed prior to issuing payments to the prime contractors. Both Departments retroactively requested and reviewed the certified payrolls for the subcontractors; no compliance issues were noted.

CLACKAMAS COUNTY, OREGON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

Follow-up on findings reported June 30, 2011

Financial Statement Findings

Finding 2011-01 - Financial Close and Reporting Significant Deficiency in Internal Controls

Condition: The County maintains the day-to-day transaction accounting in the general ledger on the budgetary basis of accounting. While the County has an understanding of financial close and reporting elements necessary to adjust its budgetary basis general ledger balances to both modified accrual and full accrual basis of accounting, as well as to combine its component unit financial statements into the County's financial statements, they lacked an adequate overall organized plan or system designed specifically to allow the statements to be completed in a more timely and accurate manner.

The challenges to completing the project timely stem from several factors. One is the volume of work necessary to analyze the accounts and make necessary entries to adjust to the modified and full accrual bases of accounting after year-end. Another is the time and effort to make adjustments to properly report the beginning fund balance or net assets on the modified and full accrual bases of accounting.

There are constraints on the Finance staff's time available to work on this project as well as their normal daily and weekly activities and coordinating the audits of all the component units that must be completed before the County can complete its financial statements. In addition, there is a high level of coordination currently required with the audit firm engaged to draft the financial statements to get information, like fund balances for governmental funds to complete certain classification entries as of year-end, necessary to complete the statements.

Recommendation: The County should revise its policies and procedures to improve its ability to prepare financial statements and complete the audit by the six month filing deadline. Elements to the policies and procedures could include:

- identification of information necessary to complete each step of the financial reporting process,
- the individual responsible for each step,
- an estimate of the time required to prepare the information,
- identification of information that will be determined in coordination with the external auditor if the auditor continues to be engaged to draft the County's CAFR,
- scheduling the work assigned to each person for each step, and
- due to the decentralized nature of the County, monitoring of other departments responsible for preparing financial information.

In addition, management should explore maintaining modified accrual basis information in the general ledger, along with the ability to track and report the budgetary basis, to simplify the financial close process and the time and effort required after year-end, and reduce the level of collaboration required with the auditor if the County continues to outsource the financial statement drafting process.

CLACKAMAS COUNTY, OREGON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

Finding 2011-01 - Financial Close and Reporting Significant Deficiency in Internal Controls
(Continued)

Status of Finding: Fully Corrected: County Finance created a detailed schedule of all work for the financial close and reporting process. This schedule included the work needing to be performed, individuals responsible, due dates, and delivery dates. Information regarding the financial close and audit was presented to County departments in a year end kick off meeting. The use of these tools allowed for a much more successful close of year end. In addition, County Finance hired an experienced senior accountant to assist management with the financial close and reporting process.

Federal Award Findings and Questioned Costs

Finding 2011-02 - Allowable Costs (Payroll) – Significant Deficiency in Internal Controls and Instance of Non-Compliance

Federal Program: CFDA 93.568 Low Income Home Energy Assistance Program

Condition: During the testing of payroll for the award listed above, it was noted that this program did not compare actual costs to budgeted distributions on a quarterly basis, did not perform an annual reconciliation of budgeted payroll expenditures charged to federal awards compared to actual personnel costs expended, nor were those differences adjusted accordingly.

Recommendation: Moss Adams recommends the County delegate responsibility for the quarterly assessments and annual reconciliation to the grant accountant(s), with an oversight and review process by County management. This should be done as soon as possible, as the County has the opportunity to get the time studies complete before this could have a negative impact on future audits.

Status of Finding: Fully Corrected: Beginning October 2011, the Social Services Division retroactively reinstated the quarterly assessments and annual reconciliation of personnel costs charged to LIHEAP and other Energy Assistance Program grants for the fiscal year 2012. Monthly time reports are submitted to administrative staff for preparation of the quarterly assessment and the annual reconciliation, with results and proposed adjustments communicated to management. Quarterly assessments, annual reconciliations, and adjustments are reviewed and approved by county management.

Finding 2011-03 - Davis-Bacon Act – Significant Deficiency in Internal Controls

Federal Program: CFDA 66.458 Capitalization Grants for Clean Water State Revolving Funds

Condition: The County's designed control over the payment of wages at prevailing wage rates requires management review and signature on monthly invoices. Moss Adams reviewed a certified payroll for one contract, and noted the certified payroll lacked evidence of review or approval. Upon further inquiry of County personnel, it was determined documentation of such review was not occurring. The County represented to Moss Adams that review is performed, and Moss Adams found no evidence of non-compliance with prevailing wage rates based on their testing.

CLACKAMAS COUNTY, OREGON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

Finding 2011-03 - Davis-Bacon Act – Significant Deficiency in Internal Controls (Continued)

Recommendation: Moss Adams recommends the County implement its designed control requiring documenting the review of payroll certifications. Documented evidence of such review can be included on a certification log or on the actual certified payroll form.

Status of Finding: Partially Corrected: In November 2011, Clackamas County Service District No. 1 immediately implemented the recommended control. The construction inspector now initials and dates each certified payroll submitted, as evidence of his review. The control was confirmed to be in place during a recent monitoring visit by Oregon Department of Environmental Quality.