

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, 2014

CLACKAMAS COUNTY, OREGON

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Year Ended June 30, 2014

**CLACKAMAS COUNTY, OREGON
TABLE OF CONTENTS**

	<u>Page</u>
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	1
Report of Independent Auditors on Compliance for Each Major Federal Program; Report On Internal Control Over Compliance; and Report on the Schedule of Expenditures Of Federal Awards Required by OMB Circular A-133	3
Schedule of Expenditures of Federal Awards	7
Notes to the Schedule of Expenditures of Federal Awards	13
Schedule of Findings and Questioned Costs	15
Summary Schedule of Prior Audit Findings	21

**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, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Clackamas County, Oregon (the County) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 23, 2014. Our report includes a reference to other auditors who audited the financial statements of the Workforce Investment Council of Clackamas County, Inc. (WICCO), as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2014-001 that we consider to be a significant deficiency.

MOSS ADAMS_{LLP}**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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*.

Clackamas County's Response to Finding

Clackamas County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Eugene, Oregon
December 23, 2014

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

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, 2014. 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.

The County's basic financial statements include the operations of the Housing Authority of Clackamas County (the Authority) and Workforce Investment Council of Clackamas County, Inc. (WICCO), which received \$15,373,258 and \$3,662,009, respectively, in federal awards that are not included in the schedule during the year ended June 30, 2014. Our audit, described below, did not include the operations of the Authority because the Authority elects to prepare its own schedule, which is audited separately. Our audit also did not include the operations of WICCO because WICCO elects to prepare its own schedule, which is audited separately.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

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Basis for Qualified Opinion on CFDA #93.958 – Block Grants for Community Mental Health Services, and CFDA #93.959 – Block Grants for Prevention and Treatment of Substance Abuse

As described in Finding 2014-002 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding the following:

Finding #	CFDA #	Name of Federal Program or Cluster	Compliance Requirement
2014-002	93.958	Block Grants for Community Mental Health Services	Allowable Costs – Payroll Level of Effort Reporting
2014-002	93.959	Block Grants for Prevention and Treatment of Substance Abuse	Allowable Costs – Payroll Level of Effort Reporting

Compliance with this requirement is necessary, in our opinion, for the County to comply with the requirements applicable to the identified major federal programs.

Qualified Opinion on CFDA #93.958 - Block Grants for Community Mental Health Services, and CFDA #93.959 - Block Grants for Prevention and Treatment of Substance Abuse

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA #93.958 - *Block Grants for Community Mental Health Services*, and CFDA #93.959 - *Block Grants for Prevention and Treatment of Substance Abuse* for the year ended June 30, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance 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 2014-003. Our opinion on each major federal program is not modified with respect to these matters.

The County's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an

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opinion on compliance for each major federal program 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness and 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 a 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-002 to be a material weakness.

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 2014-003 to be a significant deficiency.

The County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 23, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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

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and relates directly to the underlying accounting and other records used to prepare the basic 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 basic 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 basic financial statements as a whole.

Moss Adams, LLP

Eugene, Oregon
February 26, 2015

**CLACKAMAS COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

Grantor and Program Title	Federal CFDA Number	Identifying Pass Through Entity Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Agriculture:				
Direct Programs:				
Cooperative Forestry Assistance	10.664		\$ 74,926	\$ -
Watershed Restoration and Enhancement Agreement Authority	10.693		32,000	-
School and Roads - Grants to States	10.665		26,272	-
Passed Through Oregon State Department of Administrative Services:				
School and Roads - Grants to States	10.665	PL 106-343	1,394,545	-
TOTAL FOREST SERVICE SCHOOLS & ROADS CLUSTER:			<u>1,420,817</u>	<u>-</u>
Passed through Oregon Health Authority:				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	280664	1,039,720	-
Total U.S. Department of Agriculture:			<u>2,567,463</u>	<u>-</u>
U.S. Department of Commerce				
Direct Programs:				
ARRA Broadband Technology Opportunities Program	11.557		277,175	-
ARRA Broadband Technology Opportunities Program - Program Income	11.557		76,170	-
TOTAL CFDA 11.557:			<u>353,345</u>	<u>-</u>
Total U.S. Department of Commerce			<u>353,345</u>	<u>-</u>
U.S. Department of Housing and Urban Development:				
Direct Programs:				
Home Investment Partnerships Program	14.239		167,368	67,184
Home Investment Partnerships Program - Program Income	14.239		77,269	-
TOTAL CFDA 14.239:			<u>244,637</u>	<u>67,184</u>
Community Development Block Grants/Entitlement Grants	14.218		2,103,749	25,000
Community Development Block Grants/Entitlement Grants - Program Income	14.218		244,732	-
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT/ENTITLEMENT GRANTS CLUSTER:			<u>2,348,481</u>	<u>25,000</u>
Emergency Solutions Grant Program	14.231		153,825	89,934
Continuum of Care Program	14.267		11,882	-
Supportive Housing Program	14.235		570,474	-
Supportive Housing Program - Program Income	14.235		9,745	-
Passed through Central City Concern:				
Supportive Housing Program	14.235	BH- 13/14	103,560	16,462
Supportive Housing Program	14.235	BH- 14/15	120,278	43,572
TOTAL CFDA 14.235:			<u>804,057</u>	<u>60,034</u>
Total U.S. Department of Housing and Urban Development:			<u>3,562,882</u>	<u>242,152</u>
U.S. Department of the Interior:				
Direct programs:				
Non-Sale Disposals of Mineral Material	15.214		48,019	-
Recreation Resource Management	15.225		27,000	-
Payments in Lieu of Taxes	15.226		570,787	-
Distribution of Receipts to State and Local Governments	15.227		1,647,704	732,971
Secure Rural Schools and Community Self-Determination	15.234		57,357	-
Passed Through Oregon State Marine Board:				
Clean Vessel Act Program	15.616	03020002000011	1,350	-
Total U.S. Department of the Interior:			<u>2,352,217</u>	<u>732,971</u>

**CLACKAMAS COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

Grantor and Program Title	Federal CFDA Number	Identifying Pass Through Entity Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Justice:				
Direct Programs:				
Joint Law Enforcement Operations (JLEO) - US Marshal-Violent Offender Task Force	16.111		\$ 19,454	\$ -
Enhanced Training and Services to End Violence and Abuse of Women Later in Life	16.528		58,264	-
Drug Court Discretionary Grant Program	16.585		6,597	-
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589		42,372	25,605
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Programs	16.590		40,870	-
State Criminal Alien Assistance Program	16.606		78,966	-
Public Safety Partnership and Community Policing Grants	16.710		184,431	-
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745		33,412	-
Second Chance Act Reentry Initiative	16.812		472,490	-
Equitable Sharing Program	16.922		94,822	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738		43,110	-
Passed Through Criminal Justice Commission:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BJ-13-022	107,478	-
TOTAL JUSTICE ASSISTANCE GRANT PROGRAM CLUSTER:			<u>150,588</u>	<u>-</u>
Passed Through Oregon State Police:				
Juvenile Accountability Block Grants	16.523	2012-6303	14,467	-
Passed Through Youth Development Council:				
Juvenile Accountability Block Grants	16.523	2011-GANG	5,489	-
TOTAL CFDA 16.523:			<u>19,956</u>	<u>-</u>
Passed Through Oregon Department of Justice:				
Crime Victim Assistance	16.575	DAVAP-00029	94,753	-
Total U.S. Department of Justice:			<u>1,296,975</u>	<u>25,605</u>
U. S. Department of Labor				
Passed Through Workforce Investment Council of Clackamas County				
WIA Adult Program	17.258	12-13-3	119,846	-
WIA Youth Activities	17.259	13-14-2	36,282	-
WIA Dislocated Worker Formula Grants	17.278	12-13-3	143,064	-
TOTAL WIA CLUSTER:			<u>299,192</u>	<u>-</u>
Reintegration of Ex-Offenders	17.270	12-13-3	457,692	-
Workforce Innovation Fund	17.283	12-13-3	117,376	-
Total U. S. Department of Labor			<u>874,260</u>	<u>-</u>

**CLACKAMAS COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

Grantor and Program Title	Federal CFDA Number	Identifying Pass Through Entity Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Transportation:				
Direct Programs:				
Highway Planning and Construction	20.205		\$ 155,501	\$ -
Passed through Oregon State Department of Transportation:				
Highway Planning and Construction	20.205	25070	113,868	-
Highway Planning and Construction	20.205	27472	442,449	-
Highway Planning and Construction	20.205	28216	43,413	-
Highway Planning and Construction	20.205	27884	87,431	-
Highway Planning and Construction	20.205	26210	45,565	-
Highway Planning and Construction	20.205	27945	477,596	-
Highway Planning and Construction	20.205	25214	225,820	-
Highway Planning and Construction	20.205	15599	1,966	-
Highway Planning and Construction	20.205	28737	45,864	-
Highway Planning and Construction	20.205	27884	53,838	-
Highway Planning and Construction	20.205	26432	4,890	-
Highway Planning and Construction	20.205	1315WKZN-421 EEE	6,882	-
TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER:			1,705,083	-
National Motor Carrier Safety	20.218	29917	67,133	-
National Motor Carrier Safety	20.218	36752	53,664	-
TOTAL CFDA 20.218:			120,797	-
Formula Grants for Rural Areas	20.509	29258	100,384	-
Paul S. Sarbanes Transit in the Parks	20.520	29469	66,283	-
Passed through Ride Connection:				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	02-0803CTC	9,734	-
Passed Through Oregon Dept. of Transportation:				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	29295	69,380	-
Passed through Tri-Met Catch A Ride:				
Job Access And Reverse Commute Program	20.516	JO140191JO	25,000	-
TOTAL TRANSIT SERVICES PROGRAMS CLUSTER:			104,114	-
Passed Through Oregon State Sheriff's Association:				
National Priority Safety Programs	20.616	M5HVE-14-12-21	9,870	-
National Priority Safety Programs	20.616	M1HVE-14-46-08	8,449	-
Oregon State, Dept. of Transportation - Transportation Safety Division				
State and Community Highway Safety	20.600	K4SA-14-25-08	18,592	-
State and Community Highway Safety	20.600	K4SA-13-25-08	35,432	-
State and Community Highway Safety	20.600	SC-13-35-05CCS	8,338	-
State and Community Highway Safety	20.600	PS-10-68-02	2,940	-
TOTAL HIGHWAY SAFETY CLUSTER:			65,302	-
Total U.S. Department of Transportation:			2,180,282	-

**CLACKAMAS COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

Grantor and Program Title	Federal CFDA Number	Identifying Pass Through Entity Number	Federal Expenditures	Amount Provided to Subrecipients
General Services Administration				
Passed Through Dept. of Administrative Services:				
Donation of Federal Surplus Personal Property	39.003	N/A	\$ 163	\$ -
Total General Services Administration			163	-
Environmental Protection Agency:				
Passed Through Oregon Health Authority:				
State Public Water System Supervision	66.432	136933A	49,159	-
ARRA Capitalization Grants for Drinking Water State Revolving Funds	66.468	136933B	49,159	-
Total Environmental Protection Agency:			98,318	-
U.S. Department of Energy:				
Passed through Oregon State Housing and Community Services:				
Weatherization Assistance for Low-Income Persons	81.042	MGA 3046	182,524	-
Total U.S. Department of Energy:			182,524	-
U.S. Department of Education:				
Passed through Oregon State Department of Human Services				
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	142892	14,000	-
Total U.S. Department of Education:			14,000	-
U.S. Department of Health and Human Services:				
Direct Programs:				
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224		470,407	-
Affordable Care Act (ACA) Grants for New and Expanded Services under the Health Center Program	93.527		761,147	-
TOTAL HEALTH CENTERS CLUSTER:			1,231,554	-
Drug-Free Communities Support Program Grants	93.276		50,494	18,172
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		92,400	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance - Program Income	93.243		13,670	-
Passed Through Oregon Health Authority:				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	134303	187,188	-
TOTAL CFDA 93.243:			293,258	-
Passed Through Oregon State Senior & Disabled Services:				
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	142998-2	536,857	176,102
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	142998-2	478,659	136,270
Nutrition Services Incentive Program	93.053	142998-2	137,817	37,161
TOTAL AGING CLUSTER:			1,153,333	349,533
Special Programs for the Aging Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	142998-2	4,304	-
Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	93.043	142998-2	18,542	16,124
National Family Caregiver Support, Title III, Part E	93.052	142998-2	156,180	11,072

**CLACKAMAS COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

Grantor and Program Title	Federal CFDA Number	Identifying Pass Through Entity Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Health and Human Services: (continued)				
Passed Through Oregon Health Authority:				
Public Health Emergency Preparedness	93.069	106213	\$ 176,236	\$ -
Passed Through Washington County:				
Public Health Emergency Preparedness	93.069	CA11-1265	17,813	-
TOTAL CFDA 93.069:			194,049	-
Passed Through Oregon Health Authority:				
Environmental Public Health and Emergency Response	93.070	142002	19,172	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	280549	9,730	-
Family Planning Services	93.217	280558	46,497	-
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525	143912	20,516	-
Passed through Oregon Office of Children & Families				
Promoting Safe and Stable Families	93.556	9478	96,797	96,797
Passed Through Oregon State Housing & Community Services:				
Temporary Assistance for Needy Families	93.558	MGA 3046	35,502	-
TOTAL TANF CLUSTER:			35,502	-
Passed Through Oregon Department of Justice:				
Child Support Enforcement	93.563	07-GOV-DA-03	1,065,018	-
Passed Through Oregon State Housing & Community Services:				
Low Income Home Energy Assistance	93.568	MGA 3046	1,689,309	-
Community Services Block Grant	93.569	MGA 3046	327,668	-
Passed through Providence:				
Health Care Innovation Awards	93.610	CMS330985	286,649	79,732
Passed through Oregon State Department of Human Services:				
Foster Care Title IV-E	93.658	143653	62,523	-
Passed through Oregon State Department of Consumer & Business Services:				
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	SHIBA11-12-4	17,109	-
Passed through Oregon Office of Children and Families:				
Social Services Block Grant	93.667	9878	306,175	306,175
Medical Assistance Program	93.778	9748	38,693	24,632
TOTAL MEDICAID CLUSTER:			38,693	24,632
Passed through Oregon Health Authority:				
Health Information Technology Regional Extension Centers Program	93.718	280501	600	-
HIV Prevention Activities Health Department Based	93.940	280501	108,928	101,189
Block Grants for Community Mental Health Services	93.958	134303	555,971	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	134303	1,752,725	-
Maternal and Child Health Services Block Grant to the States	93.994	180514	147,410	-
Passed through Oregon Healthier Sciences University:				
Maternal and Child Health Services Block Grant to the States	93.994	106212	68,500	-
TOTAL CFDA 93.994:			215,910	-
Total U.S. Department of Health and Human Services:			9,757,206	1,003,426

**CLACKAMAS COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

Grantor and Program Title	Federal CFDA Number	Identifying Pass Through Entity Number	Federal Expenditures	Amount Provided to Subrecipients
Corporation for National and Community Service:				
Direct Programs:				
Retired and Senior Volunteer Program	94.002		\$ 70,211	\$ -
Senior Companion Program	94.016		113,482	-
TOTAL FOSTER GRANDPARTENT/SENIOR COMPANION CLUSTER			<u>113,482</u>	<u>-</u>
Total Corporation for National and Community Service:			<u>183,693</u>	<u>-</u>
Executive Office of the President:				
Passed through Oregon Department of Justice:				
High Intensity Drug Trafficking Areas Program	95.001	G14OR0002A	190,566	-
High Intensity Drug Trafficking Areas Program	95.001	2013-112	10,382	-
High Intensity Drug Trafficking Areas Program	95.001	2014-111	490	-
TOTAL CFDA 95.001:			<u>201,438</u>	<u>-</u>
Total Executive Office of the President:			<u>201,438</u>	<u>-</u>
U.S. Department of Homeland Security				
Passed Through Oregon State Marine Department:				
Boating Safety Financial Assistance	97.012	030200020005011	434,251	-
Passed Through United Way:				
Emergency Food and Shelter National Board Program	97.024	FEMA 28	29,700	-
Passed Through Oregon Military Office of Emergency Management:				
Hazard Mitigation Grant	97.039	DR-1956.0002	24,603	-
Hazard Mitigation Grant	97.039	DR-1956.0003	31,250	-
Hazard Mitigation Grant	97.039	DR-1956.0005	28,798	-
Hazard Mitigation Grant	97.039	DR-1824.008	9,426	-
TOTAL CFDA 97.039:			<u>94,077</u>	<u>-</u>
Emergency Management Performance Grants	97.042	13-503	305,526	-
Emergency Management Performance Grants	97.042	12-504	127,248	-
TOTAL CFDA 97.042:			<u>432,774</u>	<u>-</u>
State Homeland Security Program	97.073	11-213	11,687	-
State Homeland Security Program	97.073	11-335	1,550	-
State Homeland Security Program	97.073	12-204	22,296	-
State Homeland Security Program	97.073	13-204	20,645	-
State Homeland Security Program	97.073	13-205	1,256	-
Passed Through Portland Bureau of Emergency Management				
Non-Profit Security Program - Urban Areas Security Initiative	97.008	30002299	393,984	338,101
Non-Profit Security Program - Urban Areas Security Initiative	97.008	30003611	283,906	240,066
TOTAL Homeland Security Grant Program:			<u>735,324</u>	<u>578,167</u>
Total U.S. Department of Homeland Security			<u>1,726,126</u>	<u>578,167</u>
Total Expenditures of Federal Awards:			<u>\$ 25,350,892</u>	<u>\$ 2,582,321</u>

CLACKAMAS COUNTY, OREGON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in financial position, or the cash flows of the County.
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, and the ongoing compliance requirements relate to the accumulated loan balances listed below.

Gross loans receivable at June 30, 2014 amount to:

	CFDA NUMBER	AMOUNT
Home Investment Partnership Program	14.239	\$ 14,135,798
Community Development Block Grants/Entitlement Grants	14.218	6,882,303
Neighborhood Stabilization Program (Recovery Act Funded)	14.256	825,638

4. Homeland Security Grant Program

The Homeland Security Grant Program, CFDA 97.067, is comprised of several component programs that have been merged or consolidated into the Homeland Security Grant Program, including but not limited to the Urban Areas Security Initiative Program (UASI) and the State Homeland Security Program (SHSP). According to the OMB Circular A-133 Compliance Supplement, these two programs were previously reported under CFDA 97.008 and CFDA 97.073, respectively. Program guidance for this program dictates that when completing the Schedule of Expenditures of Federal Awards

CLACKAMAS COUNTY, OREGON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(SEFA), recipients should record their expenditures using the CFDA number(s) shown on the legal award document for the period in which the funds were awarded. Subawards issued by the primary grantee are legally binding agreements, and, therefore, CFDA numbers cited by the grantee in the subgrant award must be used by the subgrantee as the CFDA reference in the SEFA. As a result, the County has presented expenditures of federal awards for the UASI and SHSP programs under CFDA 97.008 and CFDA 97.073, respectively, as shown on the legal award document for each program.

The total expenditures of federal awards for these two programs have been reported together in the SEFA under the Homeland Security Grant Program where they have each been merged in to this program despite the County not having any expenditures of federal awards under CFDA 97.067 during the current year.

**CLACKAMAS COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

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 federal programs:

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

Yes No

Identification of Major Federal Programs

<i>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor's Report Issued</i>
10.665	Forest Service Schools & Roads Cluster	<i>Unmodified</i>
14.235	Supportive Housing Program	<i>Unmodified</i>
14.239	Home Investment Partnerships Program	<i>Unmodified</i>
14.256	Neighborhood Stabilization Program (Recovery Act Funded)	<i>Unmodified</i>
16.812	Second Chance Act Reentry Initiative	<i>Unmodified</i>
93.044, 93.045, 93.053	Aging Cluster	<i>Unmodified</i>
93.563	Child Support Enforcement	<i>Unmodified</i>
93.667	Social Services Block Grant	<i>Unmodified</i>
93.958	Block Grants for Community Mental Health Services	<i>Qualified</i>
93.959	Block Grants for Prevention and Treatment of Substance Abuse	<i>Qualified</i>
93.994	Maternal and Child Health Services Block Grants to the States	<i>Unmodified</i>
97.008, 97.073	Homeland Security Grant Program	<i>Unmodified</i>

Dollar threshold used to distinguish between type A and type B programs:

\$ 707,502

**CLACKAMAS COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

Section I - Summary of Auditor's Results (Continued)

Auditee qualified as low-risk auditee?

Yes No

Section II - Financial Statement Findings

FINDING 2014-001 - Transferred Property (Significant Deficiency in Internal Controls)

Criteria: The amount of property and equipment recorded in the financial statements should represent a complete listing of the cost of assets purchased, constructed, contributed, or under capital lease by the entity, for which the entity has legal title or similar rights and obligations of ownership. The cost of property transferred to other agencies, sold, or abandoned should be removed from the books.

Condition: A County Board order transferred ownership of infrastructure to the City of Damascus (the City) in fiscal year 2008, but the property was not removed from the County's financial records until 2014.

Context: During the fiscal year 2014 financial close and reporting process, County management identified certain local access roads the County was reporting as an asset within the City's limits. The County initially had rights to the assets until a new development was constructed, and the asset was transferred from the County to the City by way of County Board order in 2008.

Effect: The County's governmental activities overstated assets and net position by approximately \$5.5 million as of June 30, 2013. Since the misstatement is immaterial, the County recorded a correcting entry through its fiscal year 2014 accounting activity.

Cause: In prior years there were not effective controls in place to communicate the completion of capital projects and subsequent transfers to other organizations. In addition, an annual inventory of the County's infrastructure was not reconciled to the County's capital asset listing in a timely manner to correct the entry in prior year financial statements.

Recommendation: In 2012 the County performed a significant review over the existence and rights assertions of its largest capital assets. This capital asset inventory review was scoped by dollar amount to ensure the largest dollar assets were tested. With that project completed, we recommend the County expand the scope of its review. We also recommend the County closely examines completed new developments to ensure the related assets are properly accounted for, such as tax credits and system development charges.

**CLACKAMAS COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

Section II - Financial Statement Findings (Continued)

**FINDING 2014-001 - Transferred Property (Significant Deficiency in Internal Controls)
(Continued)**

Views of responsible officials and planned corrective actions:

Currently, County staff performs an annual inventory of the capital assets. This process now also includes adding existing tracking numbers in order to better identify assets historically recorded. During fiscal year 2014-15, the Department of Transportation and Development reviewed the infrastructure inventory and reconciled it with tracking numbers to agree the existence of the assets to the inventory listing. These tracking numbers are being added to PeopleSoft, the County's system of record, for future cross reference purposes. Future asset additions will require a tracking number when added to the books. In addition, the Department of Finance and the Department of Transportation and Development are collaborating to formally document the procedures and responsibilities for asset management.

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-002 - Allowable Costs: Payroll Level of Effort Reporting (Material Weakness in Internal Controls and Material Instance of Noncompliance)

<i>CFDA Number</i>	<i>Federal Agency/Pass-through Entity - Program Name</i>	<i>Award Number</i>	<i>Award Year</i>	<i>Questioned Costs</i>
93.958	Block Grants for Community Mental Health Services , passed through the State of Oregon, Department of Health & Human Services	134303	2013 - 2014	Unknown
93.959	Block Grants for Prevention and Treatment of Substance Abuse , pass through the State of Oregon, Department of Health & Human Services	134303	2013 - 2014	Unknown

Criteria or specific requirement (including statutory, regulatory, or other citation): OMB Cost Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, 2 CFR Part 225, Appendix B, paragraph 8(h)(4) states where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection 8 (h)(5), such as after-the-fact distribution of the actual activity, account for total activity in which the employee was compensated and must be prepared monthly and signed by the employee. Paragraph 8 (h)(5)(e) goes on to state that budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim account purposes if the estimates produce reasonable approximation of the activity actually performed, if quarterly comparisons are made

**CLACKAMAS COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

Section III - Federal Award Findings and Questioned Costs (Continued)

FINDING 2014-002 – Allowable Costs: Payroll Level of Effort Reporting (Material Weakness in Internal Controls and Material Instance of Noncompliance) (Continued)

Criteria or specific requirement (including statutory, regulatory, or other citation) (Continued):

of actual to budgeted costs and the budgeted estimates are revised quarterly, to reflect changed circumstances. Paragraph 8 (h)(6) states that substitute systems for allocating salaries and wages to Federal awards are acceptable, but are subject to approval by cognizant agency.

Condition: Payroll related expenses for some employees were charged to the award based upon an allocation (budget estimate) setup in the payroll system, irrespective of the actual amount worked on the award.

Context: During the performance of audit procedures, three employees were identified with payroll charged to the federal award based upon a projected work level established through the budget process and not on the actual level of effort incurred. All three employees had payroll related expenses charged to CFDA 93.958, and one employee had payroll related expenses charged to CFDA 93.959. In addition, two supervisory personnel were charged to these awards through journal entry transactions based upon the same methodology. The County was unable to provide supporting documentation to substantiate the actual amount worked on the programs for these five employees.

Questioned Costs: Unknown. We know that some of the allocation of payroll is probably actual time spent on each award, but since we don't have supporting documentation to substantiate the actual hours incurred to the grant, we are unable to determine the actual questioned costs.

Effect: Without adequate supporting documentation for the actual time worked on the program, the County is not in compliance with OMB requirements. Also, federal awards could potentially be overcharged for payroll related expenses.

Cause: During the budget process, the department identified funding resources (federal and non-federal) to support specific individual positions. Each payroll period the department allocates payroll related costs to the initially established funding resource. There was no process in place to evaluate the actual level of effort incurred and no reconciliation was performed to the original estimate. This resulted in payroll charged to federal awards based on a projected level of effort, and not the actual level of effort incurred.

Recommendation: We recommended payroll charged to the award using budgets or estimates include a process substantiating the actual level of effort incurred on the award. This should include a methodology providing a historical context of the actual work performed by employees. This process should occur on a consistent and regular basis (quarterly) and include an evaluation of variances between the estimates and actual amounts. A reconciliation and true up between the estimate and actual amounts should occur at least annually.

**CLACKAMAS COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

Section III - Federal Award Findings and Questioned Costs (Continued)

FINDING 2014-002 – Allowable Costs: Payroll Level of Effort Reporting (Material Weakness in Internal Controls and Material Instance of Noncompliance) (Continued)

Views of responsible officials and planned corrective actions:

The Behavioral Health Division of the Department of Health, Housing, and Human Services agrees with the auditor’s findings and recommendations. It should be noted that the Division has experienced significant staff turnover, which ultimately led to the loss of institutional knowledge related to the charging of payroll for federal awards. The Division is currently working with the Finance Department to implement the practice of charging federal awards based on actual hours worked, supported by timesheets.

FINDING 2014-003 – Subrecipient Monitoring (Significant Deficiency in Internal Control and Instances of Noncompliance) – Repeat Finding

<i>CFDA Number</i>	<i>Federal Agency/Pass-through Entity - Program Name</i>	<i>Award Number</i>	<i>Award Year</i>	<i>Questioned Costs</i>
	Aging Cluster , passed through the State of Oregon, Department of Health & Human Services, comprised of:	Various	2013 - 2014	None Reported
93.044	Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers			
93.045	Special Programs for the Aging_Title III, Part C_Nutrition Services			
93.053	Nutrition Services Incentive Program			

Criteria or specific requirement (including statutory, regulatory, or other citation): 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.

**CLACKAMAS COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

Section III - Federal Award Findings and Questioned Costs (Continued)

FINDING 2014-003 – Subrecipient Monitoring (Significant Deficiency in Internal Control and Instances of Noncompliance) – Repeat Finding (Continued)

Condition: The County's process for obtaining and reviewing subrecipient audit reports was not consistently performed during fiscal year 2014. Once this finding was reported two years ago, the County took corrective action, which included developing policies and procedures for monitoring subrecipients in accordance with OMB Circular A-133. However, due to staffing constraints, the County was not fully able to implement these procedures for this program as of June 30, 2014.

Context: In the prior year, subrecipient monitoring activities were not performed for any of the subrecipients we selected for testing in this program. In the current year subrecipient monitoring activities were performed, with the exception of follow-up actions occurring for nonresponsive subrecipients.

Effect: Monitoring of subrecipient performance, in terms of audit results, was not completed for all subrecipients. Accordingly, funds passed through to subrecipients were potentially not used in compliance with grant provisions or performed for appropriate services.

Cause: Policies and procedures that were developed for monitoring subrecipients in accordance with OMB Circular A-133 were not fully implemented as of fiscal year 2014; specifically relating to tracking responses and following up with nonresponsive subrecipients, as the Finance Department did not have adequate staffing to perform these activities.

Recommendation: We understand that the Finance Department received budget authority in Fiscal Year 2014-15 to recruit and hire a position dedicated to the fiscal monitoring of subrecipients. We recommend the County continue its efforts to fill this position and complete its implementation of policies and procedures for monitoring subrecipients with OMB Circular A-133, including tracking responses and following up with nonresponsive subrecipients.

Views of responsible officials and planned corrective actions:

As the Finance Department did not have budget authority to add a position dedicated to subrecipient monitoring for the year under audit, staff made a concerted effort to address monitoring as time allowed. The County and the Finance Department expected that this audit finding would only be partially resolved, given the need for additional staffing. With approval for a new position in Fiscal Year 2014-15, recruitment efforts for a Compliance Specialist are underway.

**CLACKAMAS COUNTY, OREGON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

Follow-up on findings reported June 30, 2013

Financial Statement Findings

FINDING 2013-001 – Classification of Real Property (Material Weakness in Internal Controls)

Condition: Real property currently used in County operations was misclassified as property available for sale, and other redevelopment property marketed with the intent to sell was misclassified as capital assets.

Recommendation: We acknowledge the County began implementing the prior year recommendation of reconciling the tax assessor real property records with the County's real property listing, particularly properties owned by the County's blended component unit, Clackamas County Development Agency. To prevent misclassifications of real property from occurring, County management should periodically review the real property listing and discuss the ongoing plans for each parcel of property. We understand that such recommendations were identified and implemented during the fiscal year 2013 financial close and reporting process. Although County management established collaborative communications regarding more detailed attention to asset classification, additional review procedures could also include following up on real property transactions periodically during the year.

Status of Finding: Fully resolved.

FINDING 2013-002 – Reporting Community Development Loans (Material Weakness in Internal Controls)

Condition: HUD loans outstanding from borrowers were identified in the current year as omitted from prior year financial statements. While the County does anticipate bad debt for the loans, repayment of the loans has occurred since the inception of the program and the County does expect to receive a significant amount of principle and interest.

Recommendation: We recommend the County design and implement financial close and reporting procedures that report the loan receivable balances maintained in the loan database, and estimate the uncollectible loan receivable balances based on collection history and industry data, in addition to documenting the financial reporting requirements of the revolving loan program.

Status of Finding: Fully resolved.

FINDING 2013-003 – Approval of Hours Worked (Significant Deficiency in Internal Controls)

Condition: A significant number of County electronic time sheets were not approved by supervisors.

Recommendation: The County should document its policy requiring the approval of time sheets and implement procedures to enforce time sheet approval. We recommend supervisors approve timesheets for employees before paychecks are issued. Also, the appropriate members of County management should approve timesheets and delegation should comply with the County's policy.

Status of Finding: Fully resolved.

**CLACKAMAS COUNTY, OREGON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

Federal Award Findings and Questioned Costs

FINDING 2013-004 – Subrecipient Monitoring (Material Weakness in Internal Controls and Material Instance of Non-Compliance) – Repeat Finding

Federal Programs: Aging Cluster – CFDA numbers 93.044, 93.045, and 93.053, Block Grants for Community Mental Health Services – CFDA number 93.958, and Block Grants for Prevention and Treatment of Substance Abuse – CFDA number 93.959

Condition: The County’s process for monitoring subrecipient activities and obtaining and reviewing subrecipient audit reports was not consistently performed during fiscal year 2013. Once this finding was reported in the prior year, with respect to the Block Grants for Prevention of Substance Abuse Program within the Community Health Division (the Division), the County began taking corrective action during fiscal year 2013. This corrective action includes development of policies and procedures for monitoring subrecipients in accordance with OMB Circular A-133; however, the County had not fully implemented these procedures across all federal programs within the Division as of the close of fiscal year 2013.

Recommendation: We recommend the County complete the implementation of policies and procedures within the Community Health Division for monitoring subrecipients in accordance with OMB Circular A-133, including training of staff, to ensure and maintain compliance with subrecipient monitoring requirements.

Status of Finding: The County’s Department of Health, Housing and Human Services (H3S) worked to identify all known subrecipients of their Divisions. County Finance and County Administration completed and finalized a subrecipient monitoring policy and related procedures that were adopted in FY 2013-14.

Aging Cluster – Partially Resolved: Substantial progress was made regarding the implementation of subrecipient monitoring policies and procedures for the Aging Cluster; however, some of the policies and procedures were not fully implemented as of June 30, 2014. This finding is repeated in the current year as Finding 2014-003.

Block Grants for Community Mental Health Services and for Block Grants for Prevention and Treatment of Substance Abuse – Fully Resolved: In the current year subrecipient monitoring policies and procedures for both of these programs were fully implemented.

FINDING 2013-005 – Procurement and Suspension and Debarment (Material Weakness in Internal Controls and Material Instance of Non-Compliance) – Repeat Finding

Federal Programs: Block Grants for Community Mental Health Services – CFDA number 93.958, and Block Grants for Prevention and Treatment of Substance Abuse – CFDA number 93.959

Condition: During our testing of these two programs, we noted the County had treated several contracts with third parties for each program as vendors, when in fact the contracts actually met the subrecipient criteria. Once this finding was reported in the prior year with respect to the Block Grants for Prevention of Substance Abuse Program within the Community Health Division, the County began taking corrective action during fiscal year 2013. This corrective action included development of policies and procedures and the use of a newly developed Contract Checklist for properly determining a vendor versus

**CLACKAMAS COUNTY, OREGON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

subrecipient relationship for contracts in accordance with OMB Circular A-133. However, the County had not fully implemented these procedures across all federal programs within the Division as of the close of fiscal year 2013.

Recommendation: We recommend the County complete the implementation of policies and procedures, including training of staff, to ensure proper vendor versus subrecipient determinations are performed on all contracts within the Community Health Division.

Status of Finding: *Block Grants for Community Mental Health Services and for Block Grants for Prevention and Treatment of Substance Abuse – Fully Resolved:* County Finance has provided training to the Divisions of H3S in making vendor versus subrecipient determinations, in accordance with OMB Circular A-133. In the fall of FY 2013-14, a subrecipient versus vendor checklist was completed for every Federally funded contract or agreement. The Divisions also took actions to amend agreements or contracts that had inappropriately identified subrecipients as vendors.