



Audit of Federal Awards Performed in Accordance with
the U.S. Office of Management and Budget Circular A-133
Federal Grant Programs
Year ended June 30, 2013



Working Toward a Sustainable Tomorrow

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WASHINGTON COUNTY, OREGON

155 N First Avenue
Hillsboro, Oregon 97124-3072

FEDERAL GRANT PROGRAMS

For the fiscal year ended June 30, 2013

Prepared by:

Washington County Finance Division

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**WASHINGTON COUNTY, OREGON
FEDERAL GRANT PROGRAMS**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

December 19, 2013

Board of Commissioners
Washington County
Hillsboro, Oregon

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Washington County, Oregon, (the County) as of and for the year ended June 30, 2013, 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 19, 2013. We did not audit the financial statements of Clean Water Services, a discretely presented component unit of the County. Those statements were audited by other auditors whose report has been furnished to us, and our opinion insofar as it relates to the amounts included for Clean Water Services is based solely on the report of other 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control that we consider to be a material weakness.

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



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS (Continued)**

INDEPENDENT AUDITOR'S REPORT (Continued)

INTERNAL CONTROL OVER FINANCIAL REPORTING (Continued)

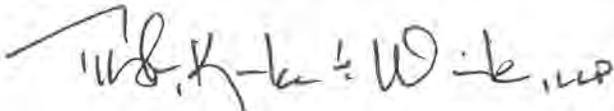
misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2013-01 to be a material weakness.

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*.

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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

INDEPENDENT AUDITOR'S REPORT

December 19, 2013

Audit Committee
Washington County
Hillsboro, Oregon

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of Washington County, Oregon (the County), 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, 2013. 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.

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.

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133
(Continued)**

INDEPENDENT AUDITOR'S REPORT (Continued)

BASIS FOR MODIFIED OPINION ON CFDA NO. 93.069 PUBLIC HEALTH EMERGENCY PREPAREDNESS AND CFDA NO. 93.959 BLOCK GRANT FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE

As described in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding CFDA No. 93.069 Public Health Emergency Preparedness and CFDA No. 93.959 Block Grant for Prevention and Treatment of Substance Abuse for subrecipient monitoring, described in the accompanying Schedule of Findings and Questioned Costs as items 13-02 and 13-04. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to those programs.

MODIFIED OPINION ON CFDA NO. 93.069 PUBLIC HEALTH EMERGENCY PREPAREDNESS AND CFDA NO. 93.959 BLOCK GRANT FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE

In our opinion, except for the noncompliance described in the Basis for Modified Opinion paragraph, 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 No. 93.069 Public Health Emergency Preparedness and CFDA No. 93.959 Block Grant for Prevention and Treatment of Substance Abuse for the year ended June 30, 2013.

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, 2013.

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 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.

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

INDEPENDENT AUDITOR'S REPORT (Continued)

REPORT ON INTERNAL CONTROL OVER COMPLIANCE (Continued)

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 material weaknesses and significant deficiencies.

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 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 13-02 and 13-04 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 deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 13-03, 13-05 and 13-06 to be significant deficiencies.

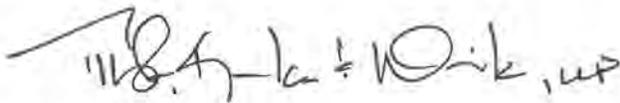
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

INDEPENDENT AUDITOR'S REPORT (Continued)

REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

We have audited the financial statements of the County as of and for the year ended June 30, 2013, and have issued our report thereon dated December 19, 2013, which contained unmodified opinions on those financial statements. We did not audit the financial statements of Clean Water Services, a discretely presented component unit of the County. Those statements were audited by other auditors whose report has been furnished to us, and our opinion insofar as it relates to the amounts included for Clean Water Services is based solely on the report of other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. 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 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 as a whole.



Certified Public Accountants

WASHINGTON COUNTY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

Federal Grantor/Cluster Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Number	Expenditures Year Ended June 30, 2013	Amount Provided to Subrecipients
U. S. DEPARTMENT OF AGRICULTURE:				
Passed through Oregon Department of Education:				
School Breakfast Program	10.553	3408004	\$ 11,256	-
National School Lunch Program	10.555	3408004	22,853	-
<i>Total Child Nutrition Cluster</i>			<u>34,109</u>	<u>-</u>
Passed through Oregon Health Authority				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	135581	2,121,749	-
Breast Feeding Performance Bonus Program for Women, Infants, and Children	10.558	135581	45,955	-
Passed through Pacific Northwest Research Station				
Building Regional Capacity to Implement Multi-Credit Eco-System Services Markets	10.652	10-CA-11261976-016	265,093	28,122
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>2,466,906</u>	<u>28,122</u>
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Community Development Block Grant/Entitlement Grants 11	14.218	DIRECT	1,597,752	1,147,894
Community Development Block Grant/Entitlement Grants 12	14.218	DIRECT	634,783	521,833
Passed through State of Oregon, Oregon Housing and Community Services				
ARRA Neighborhood Stabilization Program	14.218	1095	219,949	209,468
<i>Total CDBG/Entitlement Grants Cluster</i>			<u>2,452,484</u>	<u>1,879,195</u>
Emergency Shelter Grants Program 11	14.231	DIRECT	45,764	39,839
Emergency Shelter Grants Program 12	14.231	DIRECT	69,018	57,206
Supportive Housing Program	14.235	DIRECT	721,354	651,027
Shelter Plus Care	14.238	DIRECT	1,390,351	-
Home Investment Partnerships Program 10	14.239	DIRECT	652,960	524,295
Department of Transportation's TIGER II Planning Grants	14.704	DIRECT	222,834	-
Public and Indian Housing	14.850	DIRECT	522,945	-
Section 8 Housing Choice Vouchers				
<i>Total Housing Voucher Cluster</i>	14.871	DIRECT	<u>18,894,646</u>	<u>-</u>
Public Housing Capital Fund	14.872	DIRECT	507,545	-
<i>Total CFP Cluster</i>			<u>507,545</u>	<u>-</u>
TOTAL U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>25,479,901</u>	<u>3,151,562</u>
U.S. DEPARTMENT OF THE INTERIOR:				
Passed through Oregon State Marine Board				
Marine Safety and Law Enforcement Grant	15.616	12-0643	562	-
Recreation Resources Management - Hagg Lake Accessibility	15.524	DIRECT	54,979	-
TOTAL U.S. DEPARTMENT OF THE INTERIOR			<u>55,541</u>	<u>-</u>
U. S. DEPARTMENT OF JUSTICE:				
Promoting Evidence Integration in Sex Offender Management	16.203	DIRECT	59,430	59,430
Passed through the Oregon Commission on Children and Families				
Juvenile Accountability Block Grant	16.523	2011-6370	27,690	-
Juvenile Accountability Block Grant	16.523	2011-Gang	1,742	-
Passed through the Oregon Department of Justice				
Crime Victim Assistance	16.575	VOCA-NC-2010-00047	34,279	-
Crime Victim Assistance	16.575	VOCA-NC-2012-00057	133,939	-
Crime Victim Assistance	16.575	VOCA-NC-2012-00037	37,500	-
State Criminal Alien Assistance Program	16.606	DIRECT	226,089	-
Passed through Oregon Criminal Justice Commission				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	RE034-11JAG	157,707	148,801
Byrne/JAG Drug Court Grant Program	16.803	BJ/DC-11-05	117,010	86,505
Edward Byrne Memorial Justice Assistance Grant Program	16.803	DC034J-13	140,881	140,881
Byrne Justice Assistance Grant - Juvenile Drug Court Supplement Grant	16.803	BJ/DC-2011	28,576	-
<i>Total JAG Program Cluster</i>			<u>444,174</u>	<u>376,187</u>
Congressionally Recommended Awards 10				
Second Chance Act Prisoner Reentry Initiative	16.753	DIRECT	165,282	129,786
Passed through Oregon Department of Corrections				
Second Chance Act Prisoner Reentry Initiative	16.812	4380	87,970	87,790
			34,481	34,481
TOTAL U. S. DEPARTMENT OF JUSTICE			<u>1,252,576</u>	<u>687,674</u>
U. S. DEPARTMENT OF LABOR:				
Passed through Work Systems, Inc				
Workforce Innovation Fund	17.283	12-60603	36,517	-
TOTAL U. S. DEPARTMENT OF LABOR:			<u>36,517</u>	<u>-</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

WASHINGTON COUNTY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

Federal Grantor/Cluster Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Number	Expenditures Year Ended June 30, 2013	Amount Provided to Subrecipients
U. S. DEPARTMENT OF TRANSPORTATION:				
Passed through Oregon Department of Transportation				
Highway Planning and Construction	20.205	24457	45,309	-
Highway Planning and Construction	20.205	26466	117,627	-
Highway Planning and Construction	20.205	27211	390,608	-
Highway Planning and Construction	20.205	27288	474,228	-
Highway Planning and Construction	20.205	28169	76,789	-
Highway Planning and Construction	20.205	28367	121,387	-
Highway Planning and Construction	20.205	29397	710	-
Highway Planning and Construction	20.205	1113WKZN-421 EEE	17,609	-
<i>Total Highway Planning and Construction Cluster</i>			<u>1,244,267</u>	-
Passed through Oregon Department of Transportation				
National Motor Carrier Safety	20.218	28339	26,070	-
National Motor Carrier Safety	20.218	29030	58,376	-
Passed through Ride Connection, Inc				
Job Access - Reverse Commute	20.516	WCCCTT2003	9,600	-
<i>Total Transit Services Programs Cluster:</i>			<u>9,600</u>	-
Passed through Oregon State Sheriff's Association				
Occupant Protection Incentive Grants	20.600	OSSA	18,750	-
Occupant Protection Incentive Grants	20.601	OSSA	53,143	-
Occupant Protection Incentive Grants	20.602	OSSA	5,038	-
Occupant Protection Incentive Grants	20.602	OSSA	25,181	-
Passed through Oregon Department of Transportation				
Speed Overtime Enforcement	20.600	SC-13-35-05-WCS	8,683	-
<i>Total Highway Safety Cluster</i>			<u>110,795</u>	-
National Infrastructure Investments	20.933	DIRECT	599,447	-
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>2,048,555</u>	-
U.S. DEPARTMENT OF GENERAL SERVICES ADMINISTRATION				
Donation of Federal Surplus Personal Property	39.003	N/A	-	-
Disposal of Federal Surplus Real Property	39.002	N/A	-	-
TOTAL U.S. DEPARTMENT OF GENERAL SERVICES ADMINISTRATION			<u>-</u>	<u>-</u>
U. S. ENVIRONMENTAL PROTECTION AGENCY:				
Passed through Oregon health Authority				
State Public Water System Supervision	66.432	136957	36,752	-
Regional Wetland Program Development Grants	66.461	DIRECT	42,893	259
Regional Wetland Program Development Grants	66.461	DIRECT	72,514	17,693
Regional Wetland Program Development Grants	66.461	DIRECT	13,171	2,418
TOTAL U. S. ENVIRONMENTAL PROTECTION AGENCY:			<u>165,330</u>	<u>20,370</u>
U.S. DEPARTMENT OF ENERGY				
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	DIRECT	108,130	-
TOTAL U.S. DEPARTMENT OF ENERGY			<u>108,130</u>	-
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Passed through the National Association of County and City Health Officials				
Medical Reserve Corps Small Grant Program	93.008	MRC11929	2,388	-
Medical Reserve Corps Small Grant Program	93.008	MRC12929	5,000	-
Medical Reserve Corps Small Grant Program	93.008	MRC130929	601	-
Passed through Oregon Department of Human Services				
Title VII Chapter 3 Prevention of Elder Abuse, Neglect, and Exploitation	93.041	136597	4,772	-
Title III, Part D - Disease Prevention and Health Promotion Services	93.043	136597	12,877	-
Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	136597	649,796	26,049
Title III, Part C - Nutrition Services	93.045	136597	629,263	561,951
Nutrition Services Incentive Program	93.053	136597	176,262	176,262
<i>Total Aging Cluster</i>			<u>1,455,321</u>	<u>764,262</u>
Passed through Oregon Department of Human Services				
Title II and Title IV Discretionary Projects	93.048	138902	31,185	-
National Family Caregiver Support, Title III, Part E	93.052	136597	167,753	51,054
Passed through Oregon Health Authority				
Public Health Emergency Preparedness	93.069	135581	391,247	75,822
Public Health Emergency Preparedness	93.069	135581	240,174	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	135581	24,374	-
Projects for Assistance in Transition from Homelessness (PATH)	93.150	134333	47,035	47,035
Family Planning Title X	93.217	135581	367,829	2,250
Projects of Regional and National Significance	93.243	131286	5,235	-
Projects of Regional and National Significance	93.243	134333	132,026	4,874

See accompanying notes to Schedule of Expenditures of Federal Awards.

WASHINGTON COUNTY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

Federal Grantor/Cluster Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Number	Expenditures Year Ended June 30, 2013	Amount Provided to Subrecipients
Passed through Luke Dorf Projects of Regional and National Significance	93.243	HT10880355	40,246	-
Passed through the Oregon Research Institute Drug Abuse and Additions Research	93.279	1R34 DA031358	10,005	-
Passed through Oregon Health Authority National Public Health Improvement Initiative	93.507	135581	9,991	-
Passed through Oregon Department of Human Services Aging and Disability Resource Center	93.517	MOU	2,099	-
Passed through National Council on Aging, Inc. Affordable Care Act - Medicare Improvements for Patients and Providers	93.518	IGA w/ NCOA	22,229	-
Passed through Oregon Health Authority Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure	93.539	Letter from OHA	600	-
Promoting Safe and Stable Families	93.556	WASH1113	151,409	151,409
Passed through Oregon Department of Justice Child Support Enforcement	93.563	07-GOV-DA-27	1,089,470	-
Passed through Oregon Department of Human Services Child Care and Development Block Grant <i>Total CCDF Cluster</i>	93.575	WASH1113	<u>57,246</u> 57,246	<u>57,246</u> 57,246
Passed through Providence Health and Services - Oregon Health Care Innovation Awards	93.610	CMMI-1C1CMS330985	42,046	42,046
Passed through Oregon Department of Human Services Foster Care - Title IV-E	93.658	WASH1113	2,163	2,163
Passed through Oregon Health Authority Social Services Block Grant	93.667	WASH1113	480,778	480,778
Social Services Block Grant	93.667	136902	54,113	54,113
Passed through City of Beaverton Community Transformation Grants - Small Communities	93.737	2771-13	94,375	-
Community Transformation Grants - Small Communities	93.737	2770-13	1,200	-
Passed through Oregon Health Authority Children's Health Insurance Program	93.767	130919	119,779	117,600
Passed through Oregon Health Authority Medical Assistance Program	93.778	135581	74,886	-
Passed through Oregon Department of Human Services Medical Assistance Program	93.778	WASH1113-MAC	17,879	17,879
Passed through Oregon Health Authority <i>Total Medicaid Cluster</i>			<u>92,765</u>	<u>17,879</u>
Passed through Oregon Department of Consumer and Business Services, SHIBA Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations	93.779	SHIBA 1112-19	5,193	-
Demonstrations and Evaluations	93.779	SHIBA 1213-17	16,000	-
Demonstrations and Evaluations	93.779	MIPPA11-4	12,916	-
Passed through Oregon Health Authority HIV Prevention Activities - Health Department Based	93.940	135581	147,607	147,607
Block Grants for Community Mental Health Services	93.958	134333	296,812	296,812
Block Grant for Prevention and Treatment of Substance Abuse MH37	93.959	134333	1,111,521	1,111,521
Block Grant for Prevention and Treatment of Substance Abuse AD60	93.959	134333	66,948	66,948
Block Grant for Prevention and Treatment of Substance Abuse AD62	93.959	134333	294,347	294,347
Block Grant for Prevention and Treatment of Substance Abuse AD66	93.959	134333	205,039	205,039
Maternal and Child Health Services Block Grant to the States	93.994	135581	339,350	-
Passed through Oregon Health & Science University Maternal and Child Health Services Block Grant to the States	93.994	4B04MC06604-01-044	51,750	-
Maternal and Child Health Services Block Grant to the States	93.994	9004076-WCBOC	16,864	-
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>7,722,676</u>	<u>3,990,805</u>
U.S. EXECUTIVE OFFICE OF THE PRESIDENT				
Passed through the Oregon Office of High Intensity Drug Trafficking Program High Intensity Drug Trafficking Areas	95.001	G12OR002A	65,956	-
High Intensity Drug Trafficking Areas	95.001	G13OR002A	12,844	-
TOTAL U.S. EXECUTIVE OFFICE OF THE PRESIDENT			<u>78,800</u>	<u>-</u>
U. S. DEPARTMENT OF HOMELAND SECURITY:				
Passed through Oregon Emergency Management: Interoperable Emergency Communications	97.001	10-064	1,252	-
Passed through City of Portland Non-Profit Security Program	97.008	10-170	1,025,978	314,922
Non-Profit Security Program	97.008	11-170	129,597	24,086
Passed through Oregon State Marine Board Marine Safety and Law Enforcement Grant	97.012	IGA State Marine Board	18,392	-

See accompanying notes to Schedule of Expenditures of Federal Awards.

WASHINGTON COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2013

Federal Grantor/Cluster			Expenditures	Amount
Pass-Through Grantor/Program Title	CFDA	Pass-Through	Year Ended	Provided to
	Number	Number	June 30, 2013	Subrecipients
Passed through Oregon Emergency Management:				
Hazard Mitigation Grant	97.039	FEMA-DR-1733-OR	322,740	-
Emergency Management Performance Grant	97.042	11-535	85,377	-
Emergency Management Performance Grant	97.042	12-537	168,543	-
State Homeland Security Program (SHSP)	97.073	10-347	75,046	-
State Homeland Security Program (SHSP)	97.073	10-348	19,550	-
State Homeland Security Program (SHSP)	97.073	10-350	40,000	-
State Homeland Security Program (SHSP)	97.073	11-301	4,974	-
State Homeland Security Program (SHSP)	97.073	11-302	13,282	-
State Homeland Security Program (SHSP)	97.073	11-303	1,971	-
State Homeland Security Program (SHSP)	97.073	11-304	18,180	-
State Homeland Security Program (SHSP)	97.073	12-233	11,215	-
State Homeland Security Program (SHSP)	97.073	12-234	80,000	-
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>2,016,097</u>	<u>339,008</u>
TOTAL FEDERAL AWARDS			<u>\$ 41,431,029</u>	<u>8,217,541</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

WASHINGTON COUNTY, OREGON

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2013

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal assistance programs of Washington County, Oregon and its component units. The County's reporting entity is defined in Note 1 to the County's basic financial statements. Financial assistance received directly from Federal agencies as well as financial assistance passed through other government agencies is included on the schedule.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements.

HOME Program

The Office of Community Development 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 Program. The program's responsibility over these loans is to ensure that a specified percentage of the total rental units are rented to low-income individuals.

<u>Program</u>	<u>Federal CFDA* Number</u>		<u>Amount</u>
HOME	14.239	\$	652,960

**Catalog of Federal Domestic Assistance*

Non-cash Federal Financial Assistance

Non-cash Federal Assistance includes food donations provided by the United States Department of Agriculture for the National School Lunch Program.

<u>Description</u>	<u>Federal CFDA Number</u>		<u>Amount</u>
Food Donation	10.553	\$	11,256
Food Donation	10.555		22,853

Section 8 Housing Choice Vouchers Program (CFDA 14.871)

The County interprets guidance such that for the Section 8 Housing Choice Vouchers Program, recognition on the Schedule of Expenditures of Federal Awards should reflect current year program revenue, specifically Section 8 Voucher dollars received, net of year-end adjustments, by the County would be the federal awards expended for the fiscal period under audit.

Reporting Under Clusters

While the CDBG – Entitlement Grants Cluster includes CFDA Nos. 14.218, 14.253, and 14.254, the County only expended funds under the 14.218 programs. Similarly, the Public Housing Capital Fund Cluster encompasses CFDA Nos. 14.872, 14.884, and 14.885, yet the County only expended funds under the 14.872 programs.

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WASHINGTON COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2013

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified not considered to be material weakness(es)?	No
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified not considered to be material weakness(es)	Yes
Type of auditor's report issued on compliance for major programs	Modified
Any audit findings disclosed that are required to be reported in accordance with Section 510 (a) of <i>Circular A-133</i>	Yes

Identification of major programs:

CFDA No. 10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
CFDA No. 14.238	Shelter Plus Care
CFDA No. 14.871	Housing Voucher Cluster
CFDA No. 20.205	Highway Planning and Construction Cluster
CFDA No. 20.933	National Infrastructure Investments
CFDA No. 93.069	Public Health Emergency Preparedness
CFDA No. 93.959	Block Grant for Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish between type A and B programs	\$1,242,931
Auditee qualified as low-risk auditee?	No

WASHINGTON COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 13-01

Criteria: The County should have in place a system of internal controls over financial reporting to ensure complete and accurate reporting of material amounts in the financial statements.

Condition: The County initially recorded an interfund loan as an interfund transfer in the governmental fund statements rather than as advances to and from in the respective funds.

Context: The amount of the interfund loan, between a major governmental fund and a non-major governmental fund was material in amount to the major fund.

Effect: In the major fund, other financing uses (transfers to other funds) were overstated, and assets (advances to other funds) and fund balance were understated.

Cause: The transaction was properly booked as transfers in the budgetary schedules/statements. An oversight in drafting the fund statements resulted in the interfund loan being reported as transfers in and out in the fund statements.

Recommendation: We recommend that the County consider the substance of budgetary transfers in their drafting of the fund financial statements to ensure proper presentation of both transfers and interfund loans when they occur.

Views of responsible officials: The County understands and concurs with the finding.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 13-02

Federal Program: Public Health Emergency Preparedness (CFDA 93.069)

Federal Agencies: Health and Human Services

Award Year: 2012-2013

Pass Through Entity: Oregon Health Authority

WASHINGTON COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2013

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 13-02 (Continued)

Criteria:	The County is required to monitor to ensure that sub-recipients are in compliance with the requirements of OMB Circular A-133, which states that in addition to any programmatic eligibility criteria under E, "Eligibility for Sub-recipients," for sub-awards made on or after October 1, 2010, determining whether an applicant for a non-ARRA sub-award has provided a Dun and Bradstreet Data Universal Numbering System (DUNS) number as part of its sub-award application or, if not, before award (2 CFR section 25.110 and Appendix A to 2 CFR part 25).
Condition:	The County's Department of Health and Human Services (HHS) has not monitored their sub-recipients with respect to ensuring those sub-recipients received audits if required, and did not review audits of those sub-recipients that were performed. Additionally, HHS did not obtain DUNS numbers from sub-recipients or include the CFDA number and title in sub-recipients' awards as required.
Context:	From a population of four sub-recipients, two were selected for testing. Neither were found to have been monitored for audit compliance. Neither submitted DUNS numbers to HHS, and neither were notified of the grant CFDA number and title with their subaward from HHS.
Questioned Costs:	Questioned costs are \$75,822 related to this program, as that is the amount provided to sub-recipients.
Effect:	Non-compliance with monitoring sub-recipient audits may result in HHS entering into a contractual relationship to receive services and provide federal funding to a sub-recipient that it may not otherwise, and also may cause the County to not make appropriate management decisions or adjust the County's financial statements as a result of actions by their sub-recipients. Further, if HHS does not provide required grant identification information, sub-recipients may be less likely to comply with stated requirements of the grant.
Cause:	It appears that the underlying issue is a lack of awareness and understanding of the requirements related to sub-recipient monitoring within HHS, and confusion within the department about the responsibilities related to sub-recipient monitoring.
Recommendation:	TKW recommends that HHS grant and program managers become familiar with the appropriate compliance requirements related to sub-recipient monitoring and OMB Circular to obtain greater awareness of federal monitoring requirements.

WASHINGTON COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2013

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 13-02 (Continued)

Views of
Responsible
Officials: The County understands and concurs with this finding.

Finding 13-03

Federal Program: Public Health Emergency Preparedness (CFDA 93.069)

Federal Agency: Health and Human Services

Award Year: 2012-2013

Pass Through
Entity: Oregon Health Authority

Criteria: OMB Circular A-133 Subpart C, Section .300 requires federal award recipients to maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements -- including those associated with reporting.

Condition: HHS lacked physical evidence of effective review of required semi-annual reports filed under the program.

Context: From a population of two semi-annual reports, one was selected for testing and found to lack evidence of review and/or approval by someone with sufficient knowledge of the program.

Questioned Costs: There are no question costs identified.

Effect: Lack of sufficient documentation in support of effective internal controls may indicate lack of effective application of the control. Ineffective internal controls over reporting may result in reports filed with incomplete or inaccurate information, or not filed in a timely manner.

Cause: Lack of documentation over the review of reports appears to be an oversight on the part of HHS, with respect to evidencing the review.

Recommendation: We recommend HHS develop and implement policies and procedures to provide for documentation supporting the effective review of required reporting under federal programs.

WASHINGTON COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2013

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 13-03 (Continued)

Views of
Responsible
Officials: The County understands and concurs with this finding.

Finding 13-04

Federal Program: Substance Abuse Prevention (CFDA 93.959)

Federal Agency: Health and Human Services

Award Year: 2012-2013

Pass Through
Entity: Oregon Department of Human Services

Criteria: The County is required to monitor to ensure that sub-recipients are in compliance with the requirements of OMB Circular A-133, which states that in addition to any programmatic eligibility criteria under E, "Eligibility for Sub-recipients," for sub-awards made on or after October 1, 2010, determining whether an applicant for a non-ARRA sub-award has provided a Dun and Bradstreet Data Universal Numbering System (DUNS) number as part of its sub-award application or, if not, before award (2 CFR section 25.110 and Appendix A to 2 CFR part 25).

Condition: HHS has not monitored their sub-recipients with respect to ensuring those sub-recipients received audits if required, and did not review audits of those sub-recipients that were performed. Additionally, HHS did not obtain DUNS numbers from sub-recipients or include the CFDA number and title in sub-recipients' awards as required.

This is a reoccurrence of a prior year finding related to this federal program, identified as 2012-03 with respect to provision of DUNS numbers. HHS did not effectively implement the corrective action plan identified in response to Finding 2012-03.

Context: From a population of 26 sub-recipients, four were selected for testing. Of the four tested, none were monitored for audit compliance and none submitted DUNS numbers to HHS as required.

Questioned Costs: Questioned costs are \$1,677,855 related to this program, as that is the total provided to subrecipients.

WASHINGTON COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2013

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 13-04 (Continued)

Effect: Non-compliance with monitoring sub-recipient audits may result in HHS entering into a contractual relationship to receive services and provide federal funding to a sub-recipient that it may not otherwise, and also may cause the County to not make appropriate management decisions or adjust the County's financial statements as a result of actions by their sub-recipients. Further, if HHS does not provide required grant identification information, sub-recipients may be less likely to comply with stated requirements of the grant.

Cause: It appears that the underlying issue is a lack of awareness and understanding of the requirements related to sub-recipient monitoring within HHS, and confusion within the department about the responsibilities related to sub-recipient monitoring.

Recommendation: We recommend that HHS develop and implement procedures for effective monitoring of sub-recipient contracts in conformance with OMB Circular A-133.

Views of Responsible Officials: The County understands and concurs with this finding.

Finding 13-05

Federal Program: Substance Abuse Prevention (CFDA 93.959)

Federal Agency: Health and Human Services

Award Year: 2012-2013

Pass Through Entity: Oregon Department of Human Services

Criteria: The County is required to monitor to ensure that sub-recipients are in compliance with the requirements of OMB Circular A-133, including during-the-award monitoring, i.e. monitoring the sub-recipient's use of federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

WASHINGTON COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2013

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 13-05 (Continued)

Condition: With respect to reports required to be filed with HHS by sub-recipients, HHS failed in one instance to obtain and/or retain a monthly report from a subrecipient, and lacked sufficient evidence of effective review of quarterly reports received.

Context: From a total population of 26 sub-recipients, four were selected for testing. Of the four tested, two sub-recipients were found to lack controls over monitoring, specifically the obtaining, retaining and effective review of reports required to be filed with HHS.

One sub-recipient submitted monthly reports. Eleven out of twelve monthly reports were present for the sub-recipient in question. For the other sub-recipient, quarterly reports were required to be submitted. Out of a total of four, we selected two quarterly reports and both were found to be lacking any physical evidence of review and approval.

Questioned Costs: There are no questioned costs identified.

Effect: Without effective controls in place to ensure required reports are received, reviewed and retained, sub-recipient noncompliance with requirements may go undetected by HHS, resulting in noncompliance with sub-recipient monitoring requirements under the federal program.

Cause: The underlying cause appears to be a deviation in the review process of monthly utilization reports and retaining said reports. Lack of documentation over the review of reports appears to be an oversight on the part of HHS, with respect to evidencing the review.

Recommendation: We recommend that HHS develop and implement control procedures specific to obtaining, reviewing and retaining required sub-recipient reports.

Views of
Responsible
Officials:

The County understands and concurs with this finding.

WASHINGTON COUNTY, OREGON

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2013

Finding 12-01

Federal Programs: Section 8 Housing Choice Vouchers (CFDA 14.871)

Federal Agencies: Housing and Urban Development

Award Year: 2011-2012

Condition: The Authority's controls did not provide for proper review to ascertain that an adjustment of the utility allowance was made when the utilities fluctuated plus or minus 10% causing the Authority to be out of compliance with the Utility Allowance Schedule requirements.

Corrective Action Taken: To comply with the regulation at 24 CFR 982.517, the PHA has completed the revisions to its utility allowances schedule.

Additionally, HAWC has requested a waiver from HUD to use a flat rate utility allowance schedule for fiscal year 2014 similar to the method used in determining the Fair Market Rents, which will include a percentage rate consideration for each unit size (by number of bedrooms) and each unit type. This request is appropriate, as there are more than 15 cities in our jurisdiction and each may have its own utility provider plus a combination of the other cities' providers. Additionally, each city may have a different effective date for the change in its utility rate – further complicating the calculation of consumption schedules for each city based on the effective date of the change. If this request is approved, HAWC will consider engaging an independent, professional utility services provider to complete the schedules.

Finding 12-02

Federal Program: Special Supplemental Nutrition Program for Women, Infants and Children (WIC) (CFDA 10.557)

Federal Agency: US Department of Agriculture

Award Year: 2011-2012

Condition: Costs incurred related to travel expenses for subsequent period travel dates through the WIC grant were expensed as incurred during the current period rather than recorded as a prepaid item and expensed in the proper period. Controls over period of availability in this circumstance appear ineffective.

Corrective Action Taken: The County has added procedures for staff that are responsible for recording expenditures which include looking closely at the expenditure, the timing of purchase, and whether the goods were received or are expected at a future date. The County is also putting in place a communication plan

WASHINGTON COUNTY, OREGON

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2013

where staff checks with the department where expenditures occurred and verifies the timing of the expenditure. This will help ensure the recording of expenditures in the proper period in accordance with County and Federal compliance guidelines.

Finding 12-03

Federal Program: Substance Abuse Prevention (CFDA 93.959)

Federal Agency: Health and Human Services

Award Year: 2011-2012

Condition: Monitoring of sub-recipients was ineffective, in that the County was unaware of certain monitoring requirements related to sub-recipient compliance with OMB Circular A-133, specifically with respect to obtaining DUNS No.'s from sub-recipients prior to sub-award.

Corrective Action
Taken:

The County has implemented a plan for all future contracts where a section with the DUNS number will be listed. In those contracts which are currently in place, the County will obtain the DUNS number of the sub-recipient and include in the contract document packet.

Finding 12-04

Federal Program: Urban Areas Security Initiative (CFDA 97.008)

Federal Agency: US Department of Homeland Security

Award Year: 2011-2012

Condition: Costs incurred related to subrecipient submitted expenses are not reimbursed to the subrecipients before requests for reimbursement are submitted. Cash reimbursement requests are prepared but are not reviewed prior to submittal.

Corrective Action
Taken:

UASI's governance structure, grant management and funding allocation methodologies are formalized in a working group and use a consensus model that assumes all members can and will support decisions made by the group for projects which are mostly considered as "Regional Projects". The establishment of Urban Area Working Group (UAWG) is one of UASI's program requirements. Monthly meetings by the working groups are being held to monitor UASI activities, project management and implementation, budget preparation, cost tracking and procurement approval. Because of this unique structure, the Washington County Sheriff's Office (WCSO) presumed that expenses are considered as being reviewed prior to requesting the expenditure.

WASHINGTON COUNTY, OREGON

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2013

WCSO believes that the impact of the audit finding is limited to the request reimbursement form that is not being signed as evidence that it was reviewed. WCSO will require signature of the person that reviewed the request for reimbursement and supporting documentation. This control will be implemented immediately. WCSO will also reimburse its subrecipients before requesting funds from the City of Portland.

Finding 12-05

Federal Program: Urban Areas Security Initiative (CFDA 97.008)

Federal Agency: US Department of Homeland Security

Award Year: 2011-2012

Condition: The County has intergovernmental agreements with local governmental entities to enhance local security initiatives. Several agencies received funding and/or contributed assets purchased with grant funds to carry out the grant. These entities were not evaluated against the criteria to identify them as subrecipients by the County and therefore subrecipient monitoring was not performed, nor were internal controls put into place to ensure proper compliance was being achieved with regards to monitoring requirements. Known and likely questioned costs total \$177,172, the total amount paid to subrecipients and subject to monitoring by the County.

Corrective Action
Taken:

WCSO will implement the following process to perform monitoring of subrecipients:

- Information required in identifying federal awards and determining subrecipient eligibility (CFDA, DUNS, CCR, etc.) will be included in the Intergovernmental Agreement beginning with the FY 2012 UASI Grant Award.
- A Notification letter will be sent to the local government entities that have intergovernmental agreements with the County informing them that they are a subrecipient of the County and will be subject to subrecipient monitoring per Federal compliance requirements.
- Adequate documentation will be maintained to ensure monitoring is occurring as planned.

WCSO believes that these steps will satisfy the intent of the recommendation. WCSO is taking this opportunity to improve the management of the UASI program and strive to meet all compliance requirements.

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