



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

Federal *Grant* Programs



year ended June 30, 2014

photo courtesy of the Washington County Visitors Association

This page intentionally left blank.

WASHINGTON COUNTY, OREGON

155 N First Avenue
Hillsboro, Oregon 97124-3072

FEDERAL GRANT PROGRAMS

For the fiscal year ended June 30, 2014

Prepared by:

Washington County Finance Division

This page intentionally left blank.

**WASHINGTON COUNTY, OREGON
FEDERAL GRANT PROGRAMS**

Table of Contents

	Page
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditor’s Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	3
Schedule of Expenditures of Federal Awards	7
Notes to Schedule of Expenditures of Federal Awards	10
Schedule of Findings and Questioned Costs	11
Summary Schedule of Prior Audit Findings.....	16

This page intentionally left blank.



Talbot, Korvola
& Warwick, LLP

Certified Public Accountants
- Consultants

ACHIEVE MORE

4800 Meadows Road, Suite 200
Lake Oswego, Oregon 97035-4293

P 503.274.2849
F 503.274.2853

www.tkw.com

**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

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, 2014, and the related notes to financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 22, 2014. Our report includes a reference to other auditors who audited the financial statements of Clean Water Services, a discretely presented component unit of the County as described in our report on the County's financial statements. The financial statements of Clean Water Services were not audited in accordance with *Government Auditing Standards*.

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

**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)

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.

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*.

COUNTY'S RESPONSE TO FINDINGS

The 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 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.



Lake Oswego, Oregon
December 22, 2014



Talbot, Korvola
& Warwick, LLP

Certified Public Accountants
& Consultants

ACHIEVE MORE

4800 Meadows Road, Suite 200
Lake Oswego, Oregon 97035-4293

P 503.274.2849
F 503.274.2853

www.tkw.com

**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

Audit Committee
Washington County
Hillsboro, Oregon

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited Washington County, Oregon'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.

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.

BASIS FOR MODIFIED OPINION ON CFDA NO. 16.606; STATE CRIMINAL ALIEN ASSISTANCE PROGRAM

As described in 2014-004 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding CFDA No. 16.606 State Criminal Alien Assistance Program for Eligibility. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

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)

MODIFIED OPINION ON CFDA NO. 16.606; STATE CRIMINAL ALIEN ASSISTANCE PROGRAM

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. 16.606; State Criminal Alien Assistance Program 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 items 2014-002 and 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 responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on these responses.

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.

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.

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)

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 deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2014-004 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 deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-002 and 2014-003 to be significant deficiencies.

The County's responses 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 responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on these responses.

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

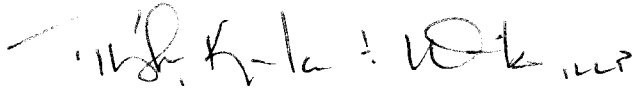
We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and we have issued our report thereon dated December 22, 2014, 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 basic financial statements.

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 (Continued)

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 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 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 Expenditure of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

A handwritten signature in black ink, appearing to read "William K. ...".

Lake Oswego, OR
December 22, 2014

WASHINGTON COUNTY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

Federal Grantor/Cluster Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Number	Expenditures Year Ended June 30, 2014	Amount Provided to Subrecipients
U. S. DEPARTMENT OF AGRICULTURE:				
Passed through Oregon Department of Education:				
School Breakfast Program	10.553	3408004	\$ 7,057	-
National School Lunch Program	10.555	3408004	11,996	-
<i>Total Child Nutrition Cluster</i>			<u>19,053</u>	<u>-</u>
Passed through Oregon Health Authority				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	142031	1,976,250	-
PEER Counseling	10.557	142031	137,100	-
			<u>2,113,350</u>	<u>-</u>
Passed through Pacific Northwest Research Station				
Building Regional Capacity to Implement Multi-Credit Eco-System Services Markets	10.652	10-CA-11261976-016	312,756	38,226
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>2,445,159</u>	<u>38,226</u>
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Community Development Block Grant/Entitlement Grants 12	14.218	DIRECT	1,864,518	1,401,413
Community Development Block Grant/Entitlement Grants 13	14.218	DIRECT	576,471	415,397
Community Development Block Grant - Dept of Transportation SW 173rd Ave Sidewalk Infill	14.218	4130	191,663	-
<i>Total CDBG/Entitlement Grants Cluster</i>			<u>2,632,652</u>	<u>1,816,810</u>
Emergency Shelter Grants Program 11	14.231	DIRECT	3,843	3,843
Emergency Shelter Grants Program 12	14.231	DIRECT	88,481	88,481
Emergency Shelter Grants Program 13	14.231	DIRECT	99,950	89,842
			<u>192,274</u>	<u>182,166</u>
Home Investment Partnerships Program 10	14.239	DIRECT	331,918	-
Home Investment Partnerships Program 11	14.239	DIRECT	255,104	-
			<u>587,022</u>	<u>-</u>
Supportive Housing Program	14.235	DIRECT	58,967	57,587
Shelter Plus Care	14.238	DIRECT	506,747	-
Continuum of Care	14.267	DIRECT	1,849,164	532,446
Department of Transportation's TIGER II Planning Grants	14.704	DIRECT	123,416	-
Public and Indian Housing	14.850	DIRECT	897,324	-
Section 8 Housing Choice Vouchers	14.871	DIRECT	19,508,239	-
<i>Total Housing Voucher Cluster</i>			<u>19,508,239</u>	<u>-</u>
Public Housing Capital Fund	14.872	DIRECT	430,341	-
<i>Total CFP Cluster</i>			<u>430,341</u>	<u>-</u>
TOTAL U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>26,786,146</u>	<u>2,589,009</u>
U.S. DEPARTMENT OF THE INTERIOR:				
Passed through Oregon State Bureau of Land Management				
Tualatin Watershed, Fish Habitat & Water Quality Assessment	15.234	L12AC20592	13,779	-
TOTAL U.S. DEPARTMENT OF THE INTERIOR			<u>13,779</u>	<u>-</u>
U. S. DEPARTMENT OF JUSTICE:				
Passed through the Oregon Youth Development Division & Council				
Juvenile Accountability Block Grant	16.523	2012-6370	16,718	-
Juvenile Accountability Block Grant	16.523	2011-Gang	609	-
			<u>17,327</u>	<u>-</u>
Passed through the Oregon Department of Justice				
Crime Victim Assistance	16.575	VOCA-NC-2012-00057	135,580	-
Crime Victim Assistance - Elder Safe	16.575	VOCA-NC-2012-WCSO-00037	37,500	-
			<u>173,080</u>	<u>-</u>
State Criminal Alien Assistance Program	16.606	DIRECT	226,089	-
Passed through Oregon Criminal Justice Commission				
Edward Byrne Memorial JAG - Offender Re-entry Program	16.738	RE034-11JAG	42,579	38,553
Edward Byrne Memorial JAG - Adult Drug Treatment Court Program	16.803	DC034A-13	21,606	20,769
Edward Byrne Memorial Justice Assistance Grant 2012	16.738	DIRECT	33,659	-
Edward Byrne Memorial Justice Assistance Grant 2013	16.738	DIRECT	22,441	-
<i>Total JAG Program Cluster</i>			<u>120,285</u>	<u>59,322</u>
Passed through the National Institute of Justice				
Paul Coverdell Forensic Science Improvement	16.742	2013-CD-BX-0060	88,408	-
TOTAL U. S. DEPARTMENT OF JUSTICE			<u>625,189</u>	<u>59,322</u>
U. S. DEPARTMENT OF LABOR:				
Passed through Work Systems, Inc				
Workforce Innovation Fund	17.283	12-60603	53,463	-
TOTAL U. S. DEPARTMENT OF LABOR			<u>53,463</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, 2014

Federal Grantor/Cluster Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Number	Expenditures Year Ended June 30, 2014	Amount Provided to Subrecipients
U. S. DEPARTMENT OF TRANSPORTATION:				
Passed through Oregon Department of Transportation				
Highway Planning and Construction	20.205	24457	11,475	-
Highway Planning and Construction	20.205	26466	189,780	-
Highway Planning and Construction	20.205	27288	1,884,091	-
Highway Planning and Construction	20.205	28169	76,522	-
Highway Planning and Construction	20.205	29397	28,600	-
Highway Planning and Construction	20.205	1315WKZN-421 JJJ	32,011	-
Highway Planning and Construction	20.205	HU-14-10-14	22,671	-
<i>Total Highway Planning and Construction Cluster</i>			<u>2,245,150</u>	-
Passed through Oregon Department of Transportation				
National Motor Carrier Safety 12/13	20.218	29030	16,387	-
National Motor Carrier Safety 13/14	20.218	29817	41,969	-
			<u>58,356</u>	-
Passed through Ride Connection, Inc				
Job Access and Reverse Commute	20.516	931981 WCC	9,888	-
<i>Total Transit Services Programs Cluster:</i>			<u>9,888</u>	-
Passed through Oregon State Sheriff's Association				
Alcohol Impaired Driving Countermeasures Incentive 13-14	20.616	OSSA	50,744	-
Safety Belt Performance 13-14	20.616	OSSA	14,939	-
			<u>65,683</u>	-
State and Community Highway Safety - Safety Belt 12-13	20.600	OSSA	11,053	-
Alcohol Impaired Driving Countermeasures Incentive 12-13	20.601	OSSA	19,980	-
Passed through Oregon Department of Transportation				
State and Community Highway Safety - Speed Overtime Enforcement	20.600	SC-13-35-05-WCS	33,484	-
State Traffic Safety Information System Improvement - eCitation and eCrash Project	20.610	K9-13-54-03-WCS	86,583	-
<i>Total Highway Safety Cluster</i>			<u>151,100</u>	-
National Infrastructure Investments	20.933	DIRECT	475,447	-
			<u>3,005,624</u>	-
TOTAL U.S. DEPARTMENT OF TRANSPORTATION				
U. S. ENVIRONMENTAL PROTECTION AGENCY:				
Passed through Oregon Health Authority				
Public Water System Supervision Grant	66.432	142031	17,805	-
Drinking Water State Revolving Funds Capitalization Grant	66.468	142031	10,264	-
<i>Total Drinking Water State Revolving Fund Cluster</i>			<u>10,264</u>	-
Regional Wetland Program Development	66.461	DIRECT	1,269	1,269
Regional Wetland Program Development- Watershed Based Stream Mitigation/OR	66.461	DIRECT	24,336	24,336
Regional Wetland Program Development - OR Stream Assessment	66.461	DIRECT	48,917	48,917
			<u>74,522</u>	<u>74,522</u>
			<u>102,591</u>	<u>74,522</u>
TOTAL U. S. ENVIRONMENTAL PROTECTION AGENCY				
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	MRC130929	1,396	-
Passed through Oregon Department of Human Services				
Title VII Chapter 3 Prevention of Elder Abuse, Neglect, and Exploitation	93.041	142999	161	-
Title III, Part D - Disease Prevention and Health Promotion Services	93.043	142999	42,072	-
Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	142999	518,612	-
Title III, Part C-1 - Congregate Meals	93.045	142999	226,411	-
Title III, Part C -2 Home Delivered Meals	93.045	142999	384,494	-
Nutrition Services Incentive Program	93.053	142999	172,986	-
<i>Total Aging Cluster</i>			<u>1,302,503</u>	-
Title III, Part E - National Family Caregiver Support	93.052	142999	174,651	19,280
Passed through Oregon Health Authority				
Public Health Emergency Preparedness - City Readiness	93.069	142031	341,081	68,470
Public Health Emergency Preparedness - Communicable Disease Response Program	93.069	142031	207,911	-
Public Health Emergency Preparedness - Communicable Disease Response Program	93.069	142031	9,691	-
			<u>558,683</u>	<u>68,470</u>
Environmental Public Health and Emergency Response	93.070	142031	7,146	-
Tuberculosis Control Programs	93.116	142031	25,236	-
Projects for Assistance in Transition from Homelessness (PATH)	93.150	134333	3,272	3,272
Health Program for Toxic Substances and Disease Registry	93.161	142031	1,243	-
Family Planning Services	93.217	142031	345,893	-
CDC and Prevention-Investigations & Technical Asst - West Nile Virus	93.283	145696	2,500	-

See accompanying notes to Schedule of Expenditures of Federal Awards.

WASHINGTON COUNTY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

Federal Grantor/Cluster Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Number	Expenditures Year Ended June 30, 2014	Amount Provided to Subrecipients
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES: (continued)				
Passed through Oregon Health Authority Substance Abuse & Mental Health Services-Proj of Regional and National Significance	93.243	141429	180,000	18,735
Passed through Luke Dorf Substance Abuse and Mental Health Services Administration	93.243	HT10880355	18,808	-
			<u>198,808</u>	<u>18,735</u>
Passed through National Council on Aging, Inc. Medicare Improvements - Benefits Enrollment Centers for Senior & Disabled Individuals	93.518	IGA w/ NCOA	13,276	-
Passed through National Assoc of County and City Health Officials Building Capacity of Public Health System to Improve Population Health	93.524	2013-121218	11,945	-
Passed through Providence Health and Services - Oregon Health Care Innovation - Redesign Service Delivery through TriCounty Health Commons	93.610	CMMI-1C1CMS330985-01-00	68,638	68,638
Passed through Oregon Department of Human Services Promoting Safe and Stable Families	93.556	9771-A	151,410	151,410
Child Support Enforcement	93.563	07-GOV-DA-27	1,269,704	-
Foster Care Title IV - Enhanced DA Participation in Juvenile Dependency Proceedings	93.658	143685	34,480	-
Foster Care Title IV - Casey Foundation- Child Welfare - Title IV-E	93.658	WASH1113	616	-
			<u>35,096</u>	<u>-</u>
Social Services Block Grant - Youth Investment	93.667	9099	464,273	464,273
Empowering Older Adults & Adults with Disabilities - Living Well Grant	93.734	141013	3,567	-
Passed through City of Beaverton Community Transformation Grants - Small Communities - Beaverton	93.737	2771-13	173,674	-
Community Transformation Grants - Small Communities - Beaverton Health Partnership	93.737	2770-13	40,743	-
			<u>214,417</u>	<u>-</u>
Passed through Oregon Department of Consumer and Business Services Centers for Medicare & Medicaid Services Research - SHIBA 12-13	93.779	SHIBA 1112-19	3,000	-
Centers for Medicare & Medicaid Services Research - SHIBA 13-14	93.779	SHIBA 1314-16	22,000	-
Center for Medicare & Medicaid Services-Building Sustainable Partnerships for Housing	93.779	DIRECT	5,999	-
			<u>30,999</u>	<u>-</u>
Passed through Oregon Health Authority HIV Prevention Activities - Health Department Based	93.940	142031	59,330	46,422
Block Grants for Community Mental Health Services MH 37	93.958	141429	266,812	153,712
Block Grant for Prevention and Treatment of Substance Abuse MH37	93.959	141429	1,388,044	1,388,044
Block Grant for Prevention and Treatment of Substance Abuse AD60	93.959	141429	53,677	50,792
Block Grant for Prevention and Treatment of Substance Abuse AD61	93.959	141429	190,554	190,554
Block Grant for Prevention and Treatment of Substance Abuse AD67	93.959	141429	76,084	76,084
			<u>1,708,359</u>	<u>1,705,474</u>
Passed through Oregon Department of Human Services Maternal & Child Health Services - Child & Adolescent Health Title V	93.994	142031	54,700	-
Maternal & Child Health Services - Flex Funds Title V	93.994	142031	127,633	-
Maternal & Child Health Services - Family Planning Title V	93.994	142031	159,851	-
Passed through Oregon Health & Science University Maternal and Child Health Services - CaCoon 12/13	93.994	4B04MC06604-01-044	17,250	-
Maternal and Child Health Services - CaCoon 13/14	93.994	9004076_WashingtonCDHHS	73,875	-
			<u>433,309</u>	<u>-</u>
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>7,394,699</u>	<u>2,699,686</u>
U.S. EXECUTIVE OFFICE OF THE PRESIDENT				
Passed through the Oregon Office of High Intensity Drug Trafficking Program High Intensity Drug Trafficking Areas 12/13	95.001	G13OR002A	209,510	-
High Intensity Drug Trafficking Areas 13/14	95.001	G14OR002A	65,626	-
TOTAL U.S. EXECUTIVE OFFICE OF THE PRESIDENT			<u>275,136</u>	<u>-</u>
U. S. DEPARTMENT OF HOMELAND SECURITY:				
Passed through City of Portland Non-Profit Security Program - UASI 11	97.008	11-170	549,627	386,052
Non-Profit Security Program - UASI 12	97.008	12-170	24,009	4,304
			<u>573,636</u>	<u>390,356</u>
Passed through Oregon Office of Emergency Management: Emergency Management Performance Grant 12/13	97.042	12-537	86,784	-
Emergency Management Performance Grant 13/14	97.042	13-534	197,579	-
			<u>284,363</u>	<u>-</u>
State Homeland Security Program (SHSP)	97.073	12-233	18,682	-
State Homeland Security Program (SHSP)	97.073	13-246	15,000	-
State Homeland Security Program (SHSP)	97.073	13-247	41,670	-
			<u>75,352</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>933,351</u>	<u>390,356</u>
TOTAL FEDERAL AWARDS			<u>\$ 41,635,137</u>	<u>5,851,121</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

This page intentionally left blank.

WASHINGTON COUNTY, OREGON

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2014

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal assistance programs of Washington County, Oregon (County) 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 others 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 County’s 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>	<u>Loans Outstanding</u>
HOME	14.239	\$	587,022	23,863,826

**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	\$	7,057
Food Donation	10.555		11,996

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.

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.

This page intentionally left blank.

WASHINGTON COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2014

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	Yes
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. 14.267	Continuum of Care
CFDA No. 14.871	Housing Voucher Cluster
CFDA No. 16.606	State Criminal Alien Assistance Program
CFDA No. 93.044, 93.045, 93.053	Aging Cluster
CFDA No. 93.217	Family Planning Title X
CFDA No. 93.667	Social Services Block Grant – Youth Investment
CFDA No. 93.959	Block Grant for Prevention and Treatment of Substance Abuse
CFDA No. 97.042	Emergency Management Performance Grant

Dollar threshold used to distinguish between type A and B programs	\$1,249,054
Auditee qualified as low-risk auditee?	No

WASHINGTON COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2014

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2014-001

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, including those related to capital assets.

Condition: The County initially overstated capital assets of the governmental activities in the entity-wide financial statements.

Context: A calculation error caused approximately \$235,000 of capital additions in a department to be capitalized as \$23.5M. Manager review of the calculation within the department failed to detect the error or the resulting misstatement. The amount of the error was not material to the County’s entity-wide financial statements, and was corrected so as to properly report capital assets in the financial statements as of June 30, 2014.

Effect: The financial statements as initially presented were overstated by approximately \$23.2M.

Cause: A decimal point was misplaced in the calculation of additions to street infrastructure. The error nor the resulting misstatement were detected or corrected in the department’s management review process.

Recommendation: We recommend that the County have a system in place to ensure effective review related to the complete and accurate calculations of significant capital asset additions.

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

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2014-002

Federal Program: Section 8 Housing Choice Voucher Program Cluster (CFDA 14.871)

Federal Agencies: Department of Housing and Urban Development

Award Year: 2013-2014

WASHINGTON COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2014

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

Finding 2014-002 (Continued)

Criteria:	<p>Per 24 CFR §982.405(a) the Public Housing Agency (PHA) must inspect the unit leased to a family prior to the initial term of the lease, at least annually during assisted occupancy, and at other times as needed, to determine if the unit meets the HQS.</p> <p>In addition per 24 CFR §982.404(a)(3) the PHA must not make any housing assistance payments for a dwelling unit that fails to meet the HQS, unless the owner corrects the defect within the period specified by the PHA and the PHA verifies the correction. If a defect is life threatening, the owner must correct the defect within no more than 24 hours. For other defects, the owner must correct the defect within no more than 30 calendar days (or any PHA-approved extension).</p>
Condition:	<p>Initial inspections of three housing units and one re-inspection were not performed within the time frames outlined in the Authority’s Housing Choice Voucher Program Administrative Plan.</p>
Context:	<p>From a population of 3,132 participants, 25 participants were selected for testing. Of the 25 participants selected for testing, three participants did not have an initial inspection of their unit performed within the time frame outlined in the Authority’s Housing Choice Voucher Program Administrative Plan. In addition, from a population of 492 failed inspections, 40 failed inspections were selected for testing. Of the 40 failed inspections selected for testing, one of the failed inspections did not have a re-inspection performed within the time frame outlined in the Authority’s Housing Choice Voucher Program Administrative Plan.</p>
Questioned Costs:	<p>There are no questioned costs identified at this time.</p>
Effect:	<p>Failure to inspect or re-inspect units on a timely basis as outlined in the Authority’s Housing Choice Voucher Program Administrative Plan, could result in housing assistance payments made for units that do not meet the HQS.</p>
Cause:	<p>It appears that the underlying causes relate to a software upgrade with unexpected complications to the Authority’s inspection scheduling software, and human error.</p>
Recommendation:	<p>The Authority should consider designing and implementing a review process that ensures inspections and re-inspections are performed within time frames required by Authority’s Housing Choice Voucher Program Administrative Plan.</p>

WASHINGTON COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2014

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

Finding 2014-002 (Continued)

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

Finding 2014-003

Federal Program: Continuum of Care Program (CoCC), CFDA 14.267

Federal Agency: Department of Housing and Urban Development

Award Year: 2013-2014

Criteria: Per 24 CFR section 582.305 (a), the PHA must inspect the unit leased to a family prior to the initial term of the lease, at least annually during assisted occupancy, and at other times as needed, to determine if the unit meets the HQS.

Condition: Inspection of one housing unit was not performed within the time frame outlined in the County's CoCC Program Administrative Plan.

Context: From a population of 287 participants, 60 participants were selected for testing. Of the 60 participants selected for testing, one participant did not have an inspection of their unit performed within the time frame outlined in the County's CoCC Program Administrative Plan.

Questioned Costs: There are no questioned costs identified at this time.

Effect: Failure to inspect units on a timely basis as outlined in the County's CoCC Program Administrative Plan, could result in housing assistance payments made for units that do not meet the HQS.

Cause: It appears that the underlying causes relate to a software upgrade with unexpected complications to the County's inspection scheduling software, and human error.

Recommendation: The County should consider designing and implementing a review process that ensures inspections and re-inspections are performed within a time frame required by County's Housing Choice Voucher Program Administrative Plan.

WASHINGTON COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2014

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

Finding 2014-003 (Continued)

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

Finding 2014-004

Federal Program: State Criminal Alien Assistance Program, CFDA 16.606

Federal Agency: U.S. Department of Justice

Award Year: 2013-2014

Criteria: In accordance with applicable SCAAP Guidelines, funding is provided to localities that incur correctional officer salary costs for incarcerating undocumented aliens with at least one felony or two misdemeanor convictions for violations of state or local law, and incarcerated for at least four (4) consecutive days during the reporting period.

Condition: The County is providing grant information to the DOJ based on charges filed, rather than for felony or misdemeanor convictions as required under the program

Context: The total population of inmates was 439. All information submitted was based on charges and not convictions. 100 percent of the population is subject to potential ineligibility.

Questioned Costs Likely questioned costs equal the total reported expenditures amount of \$226,089.

Effect: Award amounts are based on total correctional officer salary costs and inmates that meet the eligibility requirements. The County is submitting information that are charged with a felony or second misdemeanor without verifying that the inmate was convicted, resulting in the collection of an award amount for potentially ineligible inmates.

Cause: The County's software does not track convictions, only charges. The information provided to the granting agency was based on charges, as that information was more readily available.

Recommendation: We recommend that the grant program managers become more familiar with the grant requirements related to eligibility determinations and implement procedures to verify convictions prior to submission to the granting agency.

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

This page intentionally left blank.

WASHINGTON COUNTY, OREGON

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2014

Finding 2013-001

Fiscal Year: 2012-2013

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.

Corrective Action Taken: The County has implemented a process for reviewing all significant budgetary transfers which are not completed on an annual basis as to their substance to ensure proper presentation of both transfers and interfund loans when they occur.

Finding 2013-002

Federal Program: Public Health Emergency Preparedness (CFDA 93.069)

Federal Agency: Health and Human Services

Award Year: 2012-2013

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 Dun and Bradstreet Data Universal Numbering System (DUNS) numbers from sub-recipients or include the Catalog of Federal Domestic Assistance (CFDA) number and title in sub-recipients' awards as required.

Corrective Action Taken: This finding is related to the Public Health Emergency Preparedness – Cities Readiness Initiative grant. The contracts referred to are Intergovernmental Agreements (IGA's) with other counties. We were not aware that the sub-recipient guidelines applied to IGA's. We have now obtained the DUNS numbers from the other counties. We have also obtained copies of their most recent audits and reviewed them. We have requested that County Counsel modify the IGA template to include the DUNS number and audit requirements. We will provide the sub-recipients with the CFDA number and title, and will include that information with any future IGA's with them.

WASHINGTON COUNTY, OREGON

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (Continued)

YEAR ENDED JUNE 30, 2014

Finding 2013-003

Federal Program: Public Health Emergency Preparedness (CFDA 93.069)

Federal Agency: Health and Human Services

Award Year: 2012-2013

Condition: The County's Department of Health and Human Services (HHS) lacked physical evidence of effective review of required semi-annual reports filed under the Program.

Corrective Action Taken: The reports were reviewed before they were submitted to the State, but the reviewer didn't sign the reports indicating that the review had been done. In the future, the reviewer will sign all reports after the review has been completed.

Finding 2013-004

Federal Program: Substance Abuse Prevention (CFDA 93.959)

Federal Agency: Health and Human Services

Award Year: 2012-2013

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 no review audits of those sub-recipients that were performed. Additionally, HHS did not obtain Dun and Bradstreet Data Universal Numbering System (DUNS) numbers from sub-recipients or include the Catalog of Federal Domestic Assistance (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 2012-003, with respect to the provision of DUNS numbers. HHS did not effectively implement the corrective action plan identified in response to Finding 2012-003

Corrective Action Taken: We have requested that County Counsel add the DUNS number and audit requirement terms to all contract templates that could possibly be used for sub-recipient contracts. We have obtained DUNS numbers from those providers identified as sub-recipients, and have requested or obtained audits from them if they meet the dollar threshold level that would require an audit. We previously thought that the DUNS number requirement only applied to providers who met

WASHINGTON COUNTY, OREGON

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (Continued)

YEAR ENDED JUNE 30, 2014

Finding 2013-004 (Continued)

the threshold for an audit. Current contracts will be amended as needed to add the audit requirement language. We will provide the sub-recipients with the CFDA number and title for all contracts, and will include that information in any future contracts with them. Procedures have been implemented to closely monitor the receipt and review of any required audits. Tracking will be done to ensure that all of the audits are received and reviewed as required.

Finding 2013-005

Federal Program: Substance Abuse Prevention (CFDA 93.959)

Federal Agency: Health and Human Services

Award Year: 2012-2013

Condition: With respect to reports required to be filed with the County's Department of Health and Human Services (HHS) by sub-recipients under the Substance Abuse Prevention program, HHS failed in one instance to obtain and/or retain a monthly report from a sub-recipient, and lacked sufficient evidence of effective review of quarterly reports received.

Corrective Action

Taken: The missing report was obtained from the sub-recipient by the program manager after it was discovered that she forgot to print it. The program manager has implemented steps to more closely track and record the receipt of monthly and quarterly reports from sub-recipients. The program manager has been reviewing reports as they are received, but she was not signing the reports to indicate that she had reviewed them. The program manager is now signing and dating the cover page of each report as she completes her review of them.

This page intentionally left blank.

This page intentionally left blank.



155 N. First Ave., Hillsboro, OR 97124-3072
(503) 846-8811
www.co.washington.or.us