

# CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

## Study Session Worksheet

**Presentation Date:** July 15, 2014    **Approx Start Time:** 10:30 AM    **Approx Length:** 60 min.

**Presentation Title:** Audit Committee Recommendations – Progress Update

**Department:** Finance

**Presenters:** Marc Gonzales, Christa Wolfe, David Bodway, Drew Bisenius, Vicky Anderson, Chris Storey

**Other Invitees:** Laurel Butman

### WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

This is an informational presentation; no Board action is necessary. Staff will provide an update on progress to date responding to recommendations received from the County's Audit Committee.

### EXECUTIVE SUMMARY:

Following receipt of a March 4, 2014 letter from the Audit Committee, a work group was convened to research and generate responses to the recommendations provided by the Committee. The work group included Marc Gonzales, Christa Wolfe, David Bodway, Drew Bisenius, and Vicky Anderson from Finance as well as Deputy County Administrator Laurel Butman. During this study session staff representatives will review with the Board the Audit Committee recommendations and the planned actions, as well as any completed to date, to respond to those recommendations. The County Audit Committee received a similar update at its June 10, 2014 meeting.

### FINANCIAL IMPLICATIONS (current year and ongoing):

None anticipated. A new Senior Accountant position was approved in the FY 2014-15 budget which will assist with Federal fiscal compliance and subrecipient monitoring associated with Audit Committee recommendations. Following this fiscal year, funding for this position will be transitioned from the General Fund and embedded in the County cost allocation model to be borne across all departments that pass through Federal dollars in subrecipient agreements to other local jurisdictions and non-profits.

### LEGAL/POLICY REQUIREMENTS:

The County is mandated by State statutes to prepare and submit an annual Comprehensive Annual Financial Report (CAFR) on its financial condition and activity. These statutes also require that the CAFR be audited by an independent certified financial accounting firm. The County's audit also meets the requirements of the Federal Single Audit Act and OMB circular A-133.

### PUBLIC/GOVERNMENTAL PARTICIPATION:

The Clackamas County Audit Committee is appointed by the Board of County Commissioners. This study session responds to recommendations of this Committee and

the Committee has reviewed the actions, both planned and completed, to satisfy those recommendations.

**OPTIONS:**

Not applicable, informational session only.

**RECOMMENDATION:**

Not applicable, informational session only.

**ATTACHMENTS:**

1. Audit Review Work Plan
2. Chartfield change request form
3. Funds overview and reduction of funds plan
4. Example of revised IGA between a county service district and the County
5. 5-Year Summary of Auditors' Financial Statement Findings
6. 5-Year Summary of Auditors' Findings
7. Definitions
8. 3 Year Trend of Over Expenditures
9. Resolution Acknowledging Expenditures in Excess of Appropriations
10. Payroll Approval Policy

**SUBMITTED BY:**

Division Director/Head Approval CBW *CBW*  
Department Director/Head Approval MG *MG*  
County Administrator Approval LSB *LSB*

For information on this issue or copies of attachments, please contact Christa Wolfe @ 503-742-5407.

**Fiscal Impact Form**

**RESOURCES:**

Is this item in your current work plan and budget?

- YES  
 NO

**START-UP EXPENSES AND STAFFING (if applicable):** N/A

**ONGOING OPERATING EXPENSES/SAVINGS AND STAFFING (if applicable):** N/A

**ANTICIPATED RESULTS:** N/A

**COSTS & BENEFITS:** N/A

**Audit Review - work plan**

1	<b>Reduce the complexity of the CAFR by reducing the number of funds and cleaning up the chart of accounts</b>			
	<b>Work Plan Activity</b>	<b>Timeline</b>	<b>Assigned To</b>	<b>Goal</b>
	Implement Chartfield change form	FY 2014-15	Finance	✓
	<b>FUNDS Phase 1:</b> Funds combined with the General Fund (GASB 54); Capital Project funds; NCPRD funds; CCDAG funds; WES funds	FY 2015-16	Finance	Complete Phase 1
	<b>FUNDS Phase 2:</b> Internal Service funds; Enterprise funds	FY 2016-17	Finance	Complete Phase 2
	<b>FUNDS Phase 3:</b> Special Revenue funds	FY 2017-18	Finance	Complete Phase 3
2	<b>Amend IGAs with component units to recognize all personnel costs</b>			
	<b>Work Plan Activity</b>	<b>Timeline</b>	<b>Assigned To</b>	<b>Goal</b>
	Don Krupp, Laurel Butman, Chris Storey meet	by May 22, 2014	County Administration	✓
	Amend IGAs between County & component units activities TBD	FY 2014-15	County Counsel/ Component Units	All completed with exception of Development Agency.
3	<b>Automate CAFR preparation (will require reduction of funds/accounts to be complete before implementation)</b>			
	<b>Work Plan Activity</b>	<b>Timeline</b>	<b>Assigned To</b>	<b>Goal</b>
	Perform background research	FY 2014-15	Finance	Determine options
	Develop a work plan and timeline	FY 2014-15	Finance	Evaluate costs of various options and determine implementation timeline.
4	<b>Audit findings: develop a matrix and work plan to track and resolve past/current findings</b>			
	<b>Work Plan Activity</b>	<b>Timeline</b>	<b>Assigned To</b>	<b>Goal</b>
	Complete matrix of audit findings	by May 22, 2014	Finance	✓
	Add Senior Accountant to implement Federally mandated subrecipient monitoring on all pass through agreements	by June 30, 2014	County Administration/Finance	Approved in the FY14/15 budget to recruit and hire this position, Recruitment is underway.
	Develop & implement a work plan	FY 2014-15	Finance	Reduction in findings; timely resolution

**5 Deficit fund balances, overexpenditures & negative cash: identify past occurrences and consider reclassifying as liabilities**

Work Plan Activity	Timeline	Assigned To	Goal
Create shared understanding of 3 terms	By June 5, 2014	Finance	✓
Review past occurrences	By June 5, 2014	Finance	✓
Develop & implement work plan	By June 30, 2014	Finance	Educate depts on how to analyze budgets and pull reports to catch over-expenditures.

**6 Payroll approvals: ensure proper submittal and approval of all employee timesheets**

Work Plan Activity	Timeline	Assigned To	Goal
Review New Payroll Policy	by May 22, 2014	Payroll	Work Group understands status
Policy Approval	by July 30, 2014	County Administration/Finance	Distributed through Policy Tech.
Meet with departments out of compliance	FY 2014-15	Payroll	Increased compliance

**7 Consider developing an internal auditor position/function**

Work Plan Activity	Timeline	Assigned To	Goal
Perform research on other jurisdictions and past/current annual expenditures on these activities	FY 2014-15	County Administration/Finance	
Present options/recommendations to Board	FY 2014-15	County Administration/Finance	
Implement Board direction	FY 2015-16	County Administration/Finance	



NAME OF REQUESTOR:		ORIGINATING DEPT. NAME/FUND:	CHARTFIELD EFFECTIVE DATE:
CHARTFIELD ACTION REQUEST: <input type="checkbox"/> Activate <input type="checkbox"/> Inactivate <input type="checkbox"/> Rename		BUSINESS UNIT:	PHONE CONTACT #:
IS THE REQUEST DEALING WITH GRANT FUNDS? <input type="checkbox"/> Yes <input type="checkbox"/> No		If Yes, please provide CFDA #:	

CHARTFIELD REQUEST:
PURPOSE:
SUGGESTED DESCRIPTION: (MAX 30 CHAR):

FILL OUT WHAT APPLIES:

<input type="checkbox"/> Dept	<table border="1"> <tr> <td>Manager:</td> <td></td> </tr> </table>	Manager:		Account:	<table border="1"> <tr> <td>Suggested Number (optional)</td> </tr> <tr> <td></td> </tr> </table>	Suggested Number (optional)	
Manager:							
Suggested Number (optional)							
<input type="checkbox"/> Program		<input type="checkbox"/> Revenue					
<input type="checkbox"/> Project	<table border="1"> <tr> <td>Begin &amp; End Date:</td> <td></td> <td>to</td> <td></td> </tr> </table>	Begin & End Date:		to		<input type="checkbox"/> Expense	
Begin & End Date:		to					

\* Please provide any accounting strings that this new chartfield will be used with.

AUTHORIZATION	DATE
DEPARTMENT APPROVAL:	
FINANCE APPROVAL (PEOPLESOFT):	
BUDGET APPROVAL (BRASS):	

FOR FINANCE DEPARTMENT USE ONLY:	
PEOPLESOFT LONG DESCRIPTION: (MAX 30 CHAR):	
PEOPLESOFT SHORT DESCRIPTION: (MAX 10 CHAR):	

CHARTFIELDS (TO BE ASSIGNED BY FINANCE)				
Fund	Dept	Program	Account	Project

PROCESSED BY:		Copy Distribution: <input type="checkbox"/> Finance <input type="checkbox"/> Requestor  <input type="checkbox"/> Budget
DATE:		
UPDATE SUBSYSTEM(S)? <input type="checkbox"/> Yes <input type="checkbox"/> No		

ENTRY PROCESS:	<input type="checkbox"/> Confirm Valid Tree	<input type="checkbox"/> Tree Incl Confirm & Input (Fund)	<input type="checkbox"/> Build Combo Data	<input type="checkbox"/> Combo Edit Rules
	<input type="checkbox"/> Input to PeopleSoft	<input type="checkbox"/> Fund-Dept Combo Edit	<input type="checkbox"/> Brass	<input type="checkbox"/> Project Master

	Source: OAM 05.20.00; 4/1/13	CAFR; 6/30/2013	CAFR; 6/30/2013	CAFR; 6/30/2013	4/24/2014	Component Units Included in
Example:	State of Oregon	Multnomah County	Washington County	Clackamas County	Clackamas County	Clackamas County
<u>GF Funds</u>	3	1	4	7	7	-
<u>Special Revenue Funds</u>	13	15	38	42	43	9
<u>Debt Service Funds</u>	4	4	2	11	6	5
<u>Capital Projects Fund</u>	1	5	11	10	10	6
<u>Enterprise Funds</u>	14	3	2	14	15	14
<u>Internal Service Funds</u>	7	5	9	10	10	-
<u>Pension and Other Benefit Trust Funds</u>	5	-	-	-	-	-
<u>Agency Funds</u>	2	4	1	1	1	-
<u>Investment Trust Funds</u>	1	-	-	-	-	-
<u>Private Purpose Trust Fund</u>	1	-	-	-	-	-
<u>Permanent Fund</u>	1	-	-	-	-	-
<b>Total</b>	<b>52</b>	<b>37</b>	<b>67</b>	<b>95</b>	<b>92</b>	<b>34</b>

Timeline	Reduction of Funds Plan:	
2015-16 Budget Period	Phase 1:	Funds Combined with the General Fund (GASB 54 requirement); Capital Project Funds; NCPRD Funds; CCDAG Funds; WES Funds
2016-17 Budget Period	Phase 2:	Internal Service Funds; Enterprise Funds
2017-18 Budget Period	Phase 3:	Special Revenue Funds

AMENDMENT NO. 1  
TO  
INTERGOVERNMENTAL AGREEMENT

Between  
ENHANCED LAW ENFORCEMENT DISTRICT and  
CLACKAMAS COUNTY

This amendment no. 1 (this "Amendment") is entered into by and between the Enhanced Law Enforcement District, a county service district organized pursuant to Oregon Revised Statutes ("ORS") Chapter 451 ("District") and Clackamas County, a political subdivision of the State of Oregon ("County") as of the date set forth below.

WHEREAS, the District and the County entered into that certain intergovernmental agreement dated November 6, 2003 (the "Agreement") regarding the provision of services by the County; and

WHEREAS, the District and the County desire to amend the Agreement as set forth herein to clarify certain accounting issues;

NOW, THEREFORE, the parties hereto agree as follows:

1. The Agreement is amended to add two new paragraphs in Section 8 (currently reading "Reserved") to state:

A. Compensated Absences. The ELED contracts with the County for the provision of employment services by County employees consistent with its mission. As part of the normal course of business County employees providing work for the ELED accrue the right to compensated absences such as paid vacation or paid sick time. For clarity of administration, the parties agree that the costs and obligations of such compensated absences shall be reflected in the accounting books and ledgers of the County, and the District shall have only an obligation to pay for such costs when realized as part of consideration for the provision of county employees to accomplish the purposes of the ELED.

B. Pension Obligations. Pursuant to recent Government Accounting Standard Board requirements, the obligations of an employer with respect to its employee's pension payments and other obligations must be reflected in the accounting ledgers and books of the employer. For clarity of administration, the parties agree that all such obligations shall be reflected in the accounting ledgers and books of the County.

2. Except as stated herein, the parties affirm the Agreement and agree that no other provisions have been changed.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their duly authorized officers or representatives as of June 12th, 2014.

ENHANCED LAW ENFORCEMENT DISTRICT	CLACKAMAS COUNTY
By: _____	By: _____
Title: _____	Title: Chair _____
ATTEST: _____	ATTEST: _____



5-Year Summary of Auditors' Financial Statement Findings

Finding Number	Finding/Issue	Recommendation	Department	Multi-Year Issue?		Action Taken
				N	Y	
2009-01	CAFR, as prepared by the County, was not in compliance with GAAP	Evaluate and consider necessary resources required to prepare the CAFR	Finance	N		Hired new Audit Manager Oct 31, 2010
2009-02	Revenue recognition for Medicaid Wrap was not compliant	Implement training revenue recognition and review procedures regarding Medicaid Wrap	Finance/Community Health		Y	In the 10/11 audit, Audit Manager prepared required journal entries for revenue recognition
2009-03	TSDC credit vouchers entries were recorded when there was not evidence of an asset to support the voucher.	Record transactions in accordance with GAAP	Finance/DTD	N		In the 10/11 audit, the Finance Manager implemented a new process for tracking TSDC credit vouchers.
2009-04	GL accrued payroll accounts reporting debit balances at year end	Implement controls over JE and review/reconcile liability accts	Finance	N		In FY 10/11, payroll staff began reconciling all payroll liability accounts.
2009-05	Contracts receivable for SDCs not recognized in period earned (entries were not timely)	Implement procedures to record contracts receivable as earned	Finance/DTD	N		In FY 10/11, staff began recording entries in a timely manner.
2009-06	Expenses not recorded in period incurred	Procedures for review of AP, write offs, deferrals	Community Health		Y	Beginning in Jan 2011, Audit Manager began reviewing Community Health proposed transactions/journal entries for accuracy.
2009-07	County funds classified as agency funds	Review all trust accounts for appropriate classification and close unnecessary accounts	Finance/Treasury		Y	During the 10/11, Treasury reviewed all accounts and closed many of them. Finance began requesting a list of the accounts at June 30th for purposes of the CAFR and audit.
2009-08	Capital asset schedules/documentation insufficient	Training in capital assets system, schedules review	Finance		Y	During the 11/12 audit, the Audit Manager and staff completed the capital assets. Many corrections to prior year work performed were needed.
2009-09	Vaccine in-kind donations not recognized/not properly recorded	CAFR preparers implement a control to ensure adjustments are properly recorded	Community Health		Y	During the 10/11 audit, the Audit Manager requested the information from the Dept. and prepared the necessary journal entries.
2010-01	Federal expenditures needed modification to be in compliance/hard to identify the expenditures for SEFA	Implement internal controls over SEFA reporting and grant accounting	Community Health	N		During 10/11, the Audit Manager addressed this issue with Dept. management. The Dept. managed their own grants and did not account for them in a Federally compliant manner. Audit Manager began reviewing their journal entries and having meetings with Mgmt. on regular basis. Mgmt. no longer employed with the county. Community Health is now separate Divisions. Grant accountant is now under supervision of Finance.
2010-02	Several adjustments needed to ensure deferred revenue, accounts receivable, and revenue comply with GAAP	County Finance provide training [to Community Health] on basic GAAP revenue recognition principles of modified accrual and implement review procedures	Community Health		Y	During 10/11, Audit Manager explained GAAP requirements, began reviewing all journal entries for deferred revenue from Community Health, and reconciled their accounts for the audit.
2010-03	County does not have reliable documented controls throughout the payroll process	Implement documented control procedures for payroll, including element of management review	Finance	N		During 10/11, Audit Manager and Payroll manager worked on improving the documentation of existing procedures and controls for the payroll unit.
2010-04	Per GASB 34, capital assets should be recorded on the Statement of Net Assets and foreclosed property held for sale on the governmental Fund Balance sheet; no updated inventory of tax foreclosed property in accounting system since 2001	Establish procedures to obtain timely/accurate tax foreclosed property information from managing department to Finance for recording	Business Community Services	N		During 10/11 audit, BSS Deputy Director and Finance Manager put in place reporting procedures to Finance for the audit to ensure these assets are reported.
2010-05	County recognized expense based on cash disbursement though no expense had been incurred due to inaccurate departmental journal entries and lack of proper review by Finance	Implement review procedures in Finance to substantiate proper recording of transactions in accordance with GAAP	Finance/Community Health	N		Beginning in Jan 2011, Audit Manager began reviewing Community Health proposed transactions/journal entries for accuracy.

2010-06	Certain contracts/loans receivable not recorded into prior years until 2010	Implement procedures to record contracts receivable and related revenues as they are earned.	Finance		Y	Similar Finding 2009-05
2010-07	In accordance with GAAP, expenditures/expenses should be recorded in the period in which they are incurred.	Implement review procedures over the accrual of accounts payable, write off of accounts payable, and amounts recorded in deferred revenue as of year end.	Community Health		Y	Beginning in Jan 2011, Audit Manager began reviewing Community Health proposed transactions/journal entries for accuracy.
2010-08	In accordance with GAAP, accounts receivable should be recorded net of an allowance for doubtful accounts approximating what will be realized.	The County should re-evaluate its year end accrual process to mitigate inaccuracies.	Community Health	N		Beginning in Jan 2011, Audit Manager began reviewing Community Health proposed transactions/journal entries for accuracy.
2011-01	The financial close and reporting process requires policies, procedures, internal controls and a formal plan designed to address the "off general ledger" accounting adjustments and entries necessary to adjust from the budgetary basis to the other bases of accounting in a timely manner.	Recommendation that the County revise its policies and procedures to improve its ability to prepare financial statements and complete the audit by the six month filing deadline.	Finance	N		Audit Manager & Finance Manager created internal tracking documents(with dues dates, staff assignments, details), set year end deadlines for County and component units, and began County's annual Year End Kick-off.
2012	No Financial Statement Findings!					
2013-01	Real property currently used in County operations was misclassified as property available for sale, and other redevelopment property marketed with the intent to sell was misclassified as capital assets.	County Management should periodically review the real property listing and discuss the ongoing plans for each parcel of property. Additional review procedures could also include following up on real property transactions periodically during the year.	Development Agency		Y	Note = problem identified by County Audit Manager (not audit firm). Finding was repeated in CCDAG's financial statements. Similar to previous findings regarding capital assets. CCDAG staff now report property transactions or marketing to Finance for capital assets. Periodic and annual reviews are performed.
2013-02	HUD loans outstanding from borrowers were identified in the current year as omitted from prior year financial statements.	We recommend the County design and implement financial close and reporting procedures that report the loan receivable balances maintained in the loan database, and estimate the uncollectible loan receivable balances based on collection history and industry data, in addition to documenting the financial reporting requirements of the revolving loan program.	Finance/Community Development	N		Note = problem identified by County Audit Manager (not audit firm). Changes have been made to the year end process for the loan program.
2013-03	A significant number of County electronic time sheets were not approved by supervisors.	The County should document its policy requiring the approval of time sheets and implement procedures to enforce time sheet approval. We recommend supervisors approve timesheets for employees before paychecks are issued. Also, the appropriate members of County management should approve timesheets and delegation of authority should comply with the County's policy.	County-wide	N		New payroll policy developed and implemented in response.

5-Year Summary of Auditors' Findings

Finding Number	Finding/Issue	Recommendation	County Dept	Multi-Year Issue?		Action Taken
				N	Y	
2009-10:	CFDA 93.268: Control over the vaccine administration record was ineffective to prevent and/ or detect the insufficient documentation.	The County conduct training on how to properly execute and document vaccine administration in accordance with 42 USC 300aa-25 and implement a quality control review procedure that ensures that existing controls are effective.	H3S - Community Health	N		A-133 Report (2010): Subsequent to the FY09 audit, the County re-evaluated this program and it was determined that the County acts as a vendor rather than a subrecipient; therefore, the provisions of the OMB Circular A-133 no longer apply.
2009-11:	CFDA 93.268: The County did not evidence the proper recording of receipt, transfer, and usage of the vaccine.	The county implement a document procedure to reconcile receipts, transfers and usage to monthly ending inventory to ensure proper recording and usage.	H3S - Community Health	N		A-133 Report (2010): Subsequent to the FY09 audit, the County re-evaluated this program and it was determined that the County acts as a vendor rather than a subrecipient; therefore, the provisions of the OMB Circular A-133 no longer apply.
2009-12	CFDA 93.268: There was incomplete or inconsistent documentation of vaccine eligibility codes on the Vaccine Administration Records (VARs) inspected.	The County Conduct training on how to properly execute and document vaccine administration in accordance with 42 USC 1396s and implement a quality control review procedure that ensures the existing controls are effective.	H3S - Community Health	N		A-133 Report (2010): Subsequent to the FY09 audit, the County re-evaluated this program and it was determined that the County acts as a vendor rather than a subrecipient; therefore, the provisions of the OMB Circular A-133 no longer apply.
2009-13	CFDA 93.224: The County does not retain supporting documentation for their income determinations.	The County should implement a procedure to document income.	H3S - Community Health	N		A-133 Report (2010): The County continues to use the signed financial form as supporting documentation and believes that this is sufficient for the requirements of the grant.
2009-14	CFDA 93.224: The County did not submit the Financial Status Report to HRSA within 90 days after the period of availability ended nor could they substantiate in accordance with GAAP the amount reported as revenue on the SF-269.	The County implement control procedures to ensure both the timeliness and accuracy of reporting in accordance with the aforementioned criteria.	H3S - Community Health	N		A-133 Report (2010): The Department has implemented procedures to monitor reporting due dates in order to submit the required financial status reports on time or request an extension and uses the amount of revenue as posted in the County financial system in accordance with GAAP.
2009-15	CFDA 81.042: The County's field personnel approving application files do not consistently document their approval of eligibility through signature on the application.	The County implement procedures to evidence the existing internal control procedures.	H3S - Community Solutions	N		A-133 Report (2010): The County has emphasized the requirement to document the control procedures for the eligibility requirements.

5-Year Summary of Auditors' Findings

Finding Number	Finding/Issue	Recommendation	County Dept	Multi-Year Issue?		Action Taken
				N	Y	
2009-16; 2009-17; 2009-18; 2010-09; 2010-13; 2010-14	2009 CFDA (10.665; 15.227; 93.044; 93.045; 93.053) 2010 CFDA (66.458; 15.227; 93.044; 93.045; 93.053): The County did not consistently check the excluded parties list before entering into contracts exceeding \$25K as required.	The County should consistently apply a documented procedures that ensures that new contractors are not included on the excluded parties list per website.	County-wide Application		Y	A-133 Report (2010): The County has implemented the necessary procedures to ensure that new contractors are not on the excluded parties list. The County is continuing to work with Departments on improving their documentation of the procedures performed. Additional Comment: Per follow up procedures performed over contracts entered into under this CFDA during the Current year, it was noted that suspension and debarment was not consistently checked prior to entering into contracts; this finding is repeated in 2010-13, 2010-14. A-133 Report (2011): In fiscal year 2011, WES, updated their contract template to include the necessary suspension and debarment clause. The County requested that WES also retain proof of the verification of the vendor in their files. In addition, WES decided to hold an in-house staff training including these topics. A-133 Report (2011): 2010-13, the County Finance Dept. purchasing unit was aware of the prior year finding and updated their internal form to include documentation of checking vendors. The internal form was updated in February, prior to issuance of auditing findings on March 31, 2010; however, this was seven months into fiscal year 2010 and therefore repeated. A-133 Report (2011): 2010-14, the social services dept. has decided to implement a contract database as a way to better manage their contracts and also electronically document verification of the vendor on epls.gov, the database was operational July 2011.
2010-10	CFDA: 93.563: The County did not comply with the requirement to secure and enforce medical support obligations. In addition, The county does not have reliable controls in place to ensure compliance with this requirement.	The County implement a control that would effectively prevent or detect non-compliance with the requirement to secure and enforce medical support obligations.	District Attorney	N		A-133 Report (2011): Of the noted cases, the District Attorney Dept. had secured proof of medical coverage from the obligor but the obligee had failed to provide the required proof of coverage. In fiscal year 2011, the Dept. implemented comprehensive procedures to detect cases of noncompliance and enforce the medical coverage requirements. These procedures include written notification to obliges that coverage is required, notice to employers, and potential enforcement by the state.
2010-11; 2010-12	CFDA 14.218; 14.253; 14.239: The County did not comply with Section 3 Summary Reporting requirement. In addition, the County does not have reliable controls in place to ensure compliance with this requirement.	The County should receive training in Section 3 reporting requirements and implement a control that would effectively prevent or detect non-compliance.	H3S - Community Development	N		A-133 Report (2011): The Community Development Division has been informally notified by HUD that the Section 3 reporting is not required. Although the Community Development Division has operated to date without receiving any requests or notifications of failure to comply with HUD Section 3 reporting, the Division reinstated the required reporting in July 2010.

5-Year Summary of Auditors' Findings

Finding Number	Finding/Issue	Recommendation	County Dept	Multi-Year Issue?		Action Taken
				N	Y	
2011-02	CFDA 93.568: During payroll testing, it was noted that this program did not compare actual costs to budgeted distributions on a quarterly basis, did not perform an annual reconciliation of budgeted payroll expenditures charged to federal awards compared to actual personnel costs expended, nor were those differences adjusted accordingly.	The County should delegate responsibility for the quarterly assessments and annual reconciliation to the grant accountant(s), with an oversight and review process by County Management.	H3S - Social Services	N		A-133 Report (2012): Fully Corrected, beginning October 2011, the social services division retroactively reinstated the quarterly assessments and annual reconciliation of personnel costs charged to LIHEAP and other Energy assistance program grants for the fiscal year 2012. Monthly time reports are submitted to administrative staff for preparation of the quarterly assessment and the annual reconciliation, with results and proposed adjustments communicated to management. Quarterly assessments, annual reconciliations, and adjustments are reviewed and approved by county management.
2011-03	CFDA 66.458: The County's designed control over the payment of wages at prevailing wage rates requires management review and signature on monthly invoices.	The County should implement its designed control requiring documenting the review of payroll certifications. Documented evidence of such review can be included on a certification log or the actual certified payroll form.	WES		Y	A-133 Report (2012): Partially Corrected: In November 2011, CCSD No.1 immediately implemented the recommended control. The construction inspector now initials and dates each certified payroll submitted, as evidence of his review. The control was confirmed to be in place during a recent monitoring visit by Oregon Department of Environmental Quality.
2012-01; 2013-04	2012 (CFDA 93.959); 2013 (CFDA: 93.044; 93.045; 93.053; 93.958; 93.959): The County often provides federal awards to other nonfederal entities, known as subrecipients, to carry out federal programs, Community Health Department did not perform monitoring activities for three subrecipients within this program during the year. Subrecipient monitoring activities were not being performed on other federal programs with the department whose federal funds were passed through to subrecipients.	The County should implement internal control procedures to monitor subrecipients to ensure that they are in compliance with OMB Circular A-133.	H3S-Community Health & Finance Dept		Y	A-133 Report (2013): Partially Resolved, this finding is substantially repeated in the current year as finding 2013-04; the county's department of health and human services has identified all known subrecipients of their divisions. County Finance and county administration are in the process of finalizing a subrecipient monitoring policy and related procedures to be adopted in FY 2013-14. County Finance is currently assessing the monitoring work to be performed in collaboration with H3S.
2012-02; 2013-05	2012 (CFDA 93.959); 2013 (CFDA 93.958; 93.959) : The County was treating several contracts with third parties as vendors, when in fact the contracts actually met the subrecipient criteria.	The County provide additional training to its staff involved in the vendor versus subrecipient determinations. In addition, the county should review the contract checklist to ensure it focuses on the key characteristics important to the vendor versus subrecipient determination, is accurately prepared, and a review and approval process is implemented.	H3S-Community Health & Finance Dept		Y	A-133 Report (2013): Partially Resolved, this finding is substantially repeated in the current year as finding 2013-04; county finance has provided training to the divisions of H3S in making vendor versus subrecipient determinations, in accordance with OMB Circular A-133. IN the fall of FY 2013-14, a subrecipient vs. vendor checklist was completed for every federally funded contract or agreement. The Divisions are taking actions to amend agreements or contracts that inappropriately identified subrecipients as vendors.
2012-03	CFDA 20.205; 66.458: The County Parks & Forest Department, which administers the Highway planning and construction program, obtained and reviewed weekly time certifications for the prime contractor. However the dept. did not obtain or review weekly time certifications for four subcontractors. CCSD No.1 has two of eight subcontractors met the definition of laborers or mechanics and were required to follow Davis-bacon requirements, they were determined to be not applicable by the program manager.	The County Should implement controls to 1) adequately define those subcontractors who are subject to the Davis-Bacon Act requirements and 2) obtain and review time certifications for all applicable subcontractors.	WES & County Parks	N		A-133 Report (2013): Fully resolved, in the current year there were no federal expenditures for the highway planning and construction program in the department where the issue was identified in the prior year. Additionally, the county did not have federal expenditures related to the capitalization grants for clean water program in the current year as it was completed in the prior fiscal year. Lastly, the highway planning and construction program was audited as a major program in the current year and no issues related to Davis bacon were identified.

**Definitions:**

**Expenditures in Excess of Appropriations:** occurs when actual expenditures exceed the legally adopted budget.

**Deficit Fund Balance:** occurs when actual expenditures exceed revenues and revenue reserves for the fund as a whole.

**Negative Cash:** Cash overdrafts occur when the expenditures have been paid in a fund but the cash balance does not cover the expenditures on the books. This is essentially a short-term loan from the general fund of the county. It shows up as a liability on the balance sheet if this occurs.

**Appropriation:** means an authorization granted by the governing body to make expenditures and to incur obligations for specific purposes. An appropriation is limited to a single fiscal year for municipal corporations preparing annual budgets, or to the budget period for municipal corporations preparing biennial budgets. **(ORS 294.311 (3))**

**Budget Law:**

**294.338 Compliance with Local Budget Law required prior to expenditure or tax certification; exceptions.**

(1) A municipal corporation may not expend money or certify to the assessor an ad valorem tax rate or estimated amount of ad valorem taxes to be imposed in any year unless the municipal corporation has complied with ORS 294.305 to 294.565.

(2) Subsection (1) of this section does not apply to the expenditure of grants, gifts, bequests or devises transferred to a municipal corporation in trust for specific purposes or to other special purpose trust funds at the disposal of municipal corporations. **A municipal corporation may not make an expenditure under this subsection unless the governing body of the municipal corporation enacts appropriation ordinances or resolutions authorizing the expenditure.**

**294.100 Public official expending money in excess of amount or for different purpose than provided by law unlawful; civil liability.**

**(1) It is unlawful for any public official to expend any moneys in excess of the amounts provided by law, or for any other or different purpose than provided by law.**

(2) Any public official who expends any public moneys in excess of the amounts or for any other or different purpose than authorized by law shall be civilly liable for the return of the money by suit of the district attorney of the district in which the offense is committed, or at the suit of any taxpayer of such district, if the expenditure constitutes malfeasance in office or willful or wanton neglect of duty.

Over Expenditures

<b>6/30/2013</b>		<b>6/30/2012</b>		<b>6/30/2011</b>	
<b>Fund / Function</b>	<b>Amount</b>	<b>Fund / Function</b>	<b>Amount</b>	<b>Fund / Function</b>	<b>Amount</b>
General Fund - County Courier	\$ 31,153.00				
County School Fund - M&S	\$ 87,392.00				
<b>Community Solutions Fund - Capital Outlay</b>	<b>\$ 26,503.00</b>	<b>Community Solutions - Personal Svcs</b>	<b>\$ 23,742.00</b>		
Law Library Fund - Personal Svc	\$ 6,907.00				
Emergency Management Fund - Capital Outlay	\$ 25,650.00				
<b>Transient Room Tax Fund</b>					
	<b>M&amp;S \$ 14,499.00</b>	<b>Transient Room Tax Fund - M&amp;S</b>	<b>\$ 1,623.00</b>		
	<b>Transfers Out \$ 374,069.00</b>				
<b>Justice Court Fund - M&amp;S</b>	<b>\$ 163,864.00</b>	<b>Justice Court Fund - Personal Svcs</b>	<b>\$ 3,656.00</b>		
			<b>M&amp;S \$ 183,830.00</b>		
Public Svc Building Debt Svc	\$ 561.00				
Government Camp Development Area Fund M&S	\$ 21,604.00				
<b>Technology Services Fund - Personal Services</b>	<b>\$ 108,286.00</b>	<b>Technology Services Fund - Personal Services</b>	<b>\$ 20,532.00</b>	<b>Technology Services Fund - Personal Services</b>	<b>\$ 136,704.00</b>
		Community Corrections Fund - M&S	\$ 280,782.00		
		<b>Electronic Services Fund - Personal Services</b>	<b>\$ 3,013.00</b>	<b>Electronic Services Fund - PS</b>	<b>\$ 46,296.00</b>
				General Fund - County Counsel	\$ 77,565.00
				General Fund - Veteran Services	\$ 297.00
				Community Health - Transfers out	\$ 182,722.00
				Sheriff's Fund - Transfers Out	\$ 83,543.00
				Community Development Fund - Personal Services	\$ 14,691.00
				Family Court Service Fund - M&S	\$ 5,029.00
				Code Enforcement & Sustainability Fund	\$ 38,499.00
				District Attorney Fund - Capital Outlay	\$ 1,344.00
				Tourism Development Council - PS	\$ 3,632.00
				North Clackamas Revitalization Area Fund - M&S	\$ 98,532.00
				Facilities Management - Capital Outlay	\$ 46,557.00
				Central Dispatch Fund - M&S	\$ 18,365.00

**BEFORE THE BOARD OF COUNTY COMMISSIONERS  
OF CLACKAMAS COUNTY, STATE OF OREGON**

**FILED**

JAN 27 2014

Sherry Hall  
Clackamas County Clerk

A Resolution Acknowledging Expenditures in Excess of Appropriations for Fiscal Year 2013 and Describing Corrective Action in Accordance with ORS 297.466

RESOLUTION NO. 2014-03  
Page 1 of 1

WHEREAS, the County's Comprehensive Annual Financial Report for the fiscal year ending June 30, 2013 reports expenditures in excess of appropriations; and

WHEREAS, Oregon Local Budget Law does not allow the expenditure of monies beyond the legal appropriation authority; and

WHEREAS, ORS 297.466(2) requires the County to determine measures considered necessary for corrective action and a period of time estimated to complete them; and

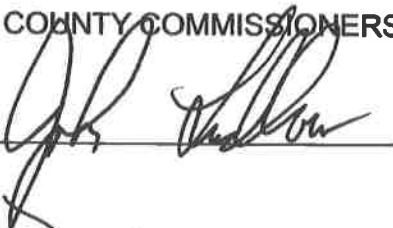
WHEREAS, ORS 297.466(3) requires the Board of County Commissioners to submit an adopted resolution of corrective measures to the Secretary of State's Office within 30 days from the submission of the County's Comprehensive Annual Financial Report to the Secretary of State;

NOW, THEREFORE, BE IT RESOLVED that in order to ensure current and future compliance with Oregon Local Budget Law, all County Departments will perform a quarterly analysis to review and evaluate expenditures incurred to date compared to the total final adopted budget. Any over-expenditure will be further analyzed, discussed with the Department of Finance's Budget Office, and evaluated for further corrective measures.

Dated this 23rd day of January, 2014.

BOARD OF COUNTY COMMISSIONERS

Chair



Mary Raetnke  
Recording Secretary

Clackamas County Official Records  
Sherry Hall, County Clerk  
Commissioners' Journals  
Agreements & Contracts

2014-0146

01/27/2014 4:01:15 PM





<b>Finance</b> <b>Payroll Approval</b> <b>Policy</b>	POLICY: <b>Payroll</b> DATE: 7/8/2014 REVISION: <b>1.1</b> REVIEW: Annual <b>Approved BCC: TBD</b> <b>Board Agenda #: TBD</b>
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**1. PURPOSE**

To ensure payroll is properly documented in Workforce Software (WFS) for accurate reporting. These internal controls aid in reporting for PERS, requirements for the Affordable Care Act, etc., and in preventing errors and omissions or fraud.

**2. SCOPE**

- Submission and approval of timesheets for **all** employees (represented and non-represented) is required, including Department Directors.
- This policy applies to all employees **except** Elected Officials. Elected Officials' timesheets do not require approval. Elected Officials receive a set salary and are not required to account for absences.

**3. AUTHORITY**

- For (non-elected) management positions, the County Administrator can approve those timesheets or delegate authority to another individual through WFS.
- Only employees in management positions can review and approve timesheets.
- Only direct supervisors, Department Directors, and County Administrators can delegate time entry and review/approval authority in WFS.
- Represented employees may receive delegated authority to perform time entry for other represented employees but cannot approve timesheets for any employee.

**4. DEFINITIONS**

- Employee – all full or part-time, permanent or temporary, represented or non-represented staff who record hours worked for payroll purposes.
- Management Position (Managers) – The director, manager, or supervisor of a department authorized to sign off on time worked in WFS. Managers do not include represented employees in Lead positions.
- Timesheet Approval – The action of approving a timesheet in WFS by checking the approval box and submitting the timesheets for payroll processing.
- Review – The action whereby the accuracy of a timesheet is checked by an individual knowledgeable of its veracity to ensure correct recording and to eliminate any questions or inconsistencies.
- Time Entry – The act of physically entering hours worked and leave taken into WFS. Time entry is not a substitute for or equivalent to timesheet review or approval.

**5. PROCESS**

- An employee's electronic submission of a timesheet is equivalent to their signature or certification that the submitted hours are true and correct and an accurate representation of their time worked or leave taken.
- A manager's electronic approval indicates they have reviewed and approved the employee's entered hours submitted in WFS.

## **PROCESS, continued**

- Time entry into WFS should be completed promptly to allow sufficient time for management review and approval.
- Those supervisors/managers with authority to review and approve timesheets are notified by Payroll for any unapproved timesheets nearing the deadline; prompt review and approval is critical for accurate payroll processing.

## **6. KEY OTHER RESTRICTIONS**

- The same employee *cannot* both enter time and approve time.
- A represented employee may enter time on behalf of other represented employees, but *cannot* approve timesheets for any employee.
- Represented employees who are acting in a Temporary Out-of-Class (TOC) supervisory position *may not* approve timesheets for those employees they are temporarily supervising.

## **7. EXCEPTIONS**

- In certain situations, where employees are on approved leave status (such as Family Medical Leave) and physically unable to enter their time in WFS, the manager should enter the appropriate time on behalf of the employee and approve the timesheet. The manager must have knowledge of the appropriate leave codes to be entered (such as the codes designated by the employee when requesting FMLA or an email indicating time and coding). As the employee is physically unable to enter and submit their timesheet in this situation, this will not be considered a violation of this policy.
- Any office or department which seeks to record time entry and/or exception reporting in an alternative manner to that outlined in this policy must take the following steps:
  1. Consult with County Payroll to develop the department/office's alternative timekeeping process.
  2. Submit written documentation of the department/office's timekeeping process to County Administration.
  3. Receive approval for the alternative timekeeping process from County Administration.
  4. Ensure employee and supervisor signatures are on file for all timesheets.
  5. Submit copies of any paper documents used to Payroll on a pay period basis.
- A list of departments/offices with approved alternative timekeeping methods is kept on file with County Payroll, along with documentation of the practice and written approval from County Administration.

## **8. QUESTIONS & RESOURCES**

For questions related to this policy, please contact Christa Bosserman Wolfe, Audit Manager or Vicky Anderson, Payroll Manager.















Counts			Not Exempt				Exempt (salary and exempt from OT)			
FT	PT	Employee name	Position	Not Exempt	OT?	TimeSheets?	Not Exempt	OT?	TimeSheets?	Default Hours
<i>City Manager's Office</i>										
1		Jordan, Chris	City Manager				Salary & Exempt	No	Exceptions Only	40hrs/Awk
1		<i>Vacant</i>	City Attorney				Salary & Exempt	No	Exceptions Only	40hrs/Awk
1		Wyatt, Kirsten	Asst to the City Mgr				Salary & Exempt	No	Exceptions Only	40hrs/Awk
	0.6	<i>Vacant</i>	Paralegal	Not Exempt	Yes	Required				
1		<i>Vacant</i>	<i>tbd</i>	Not Exempt	Yes	Required				
1		Lynch, Tina	City Recorder	Not Exempt	Yes	Required				
<i>Human Resources Department</i>										
1		Knudson, Jeri	Human Res Director				Salary & Exempt	No	Exceptions Only	40hrs/Awk
1		Digby, Shellee	HR Generalist	Not Exempt	Yes	Required				
<i>Finance Department</i>										
1		Seals, Richard	Finance Director				Salary & Exempt	No	Exceptions Only	40hrs/Awk
1		Camors, Casey	Accounting Manager				Salary & Exempt	No	Exceptions Only	40hrs/Awk
<i>Information Technology Department</i>										
1		Amdt, Steve	Chief Technology Officer				Salary & Exempt	No	Exceptions Only	40hrs/Awk
<i>Municipal Court</i>										
1		Karabeika, Heather	Muni Court Judge				Salary & Exempt	No	Yes - PT	varies
<i>Public Works - Operations</i>										
1		Green, Gene	Public Works Director				Salary & Exempt	No	Exceptions Only	40hrs/Awk
1		Wright, Dennis	Asst City Engineer				Salary & Exempt	No	Exceptions Only	40hrs/Awk
1		Piatski, Boris	Civil Engineer				Salary & Exempt	No	Exceptions Only	40hrs/Awk
<i>Planning</i>										
1		<i>Vacant</i>	Planning Director				Salary & Exempt	No	Exceptions Only	40hrs/Awk
1		Kerr, Chris	Senior Planner				Salary & Exempt	No	Exceptions Only	40hrs/Awk
<i>Library Fund - Fulltime positions</i>										
1		<i>Vacant</i>	Library Director				Salary & Exempt	No	Exceptions Only	40hrs/Awk
1		Credle, Eileen	Senior Librarian				Salary & Exempt	No	Exceptions Only	40hrs/Awk
1		Malone, Linda	Senior Librarian				Salary & Exempt	No	Exceptions Only	40hrs/Awk
	0.80	McIntyre, Sarah	Senior Librarian				Salary & Exempt	No	Yes - PT	varies
<i>Parks &amp; Recreation</i>										
1		Worcester, Ken	Parks & Rec Director				Salary & Exempt	No	Exceptions Only	40hrs/Awk
1		Warner, Ken	Recreation Manager				Salary & Exempt	No	Exceptions Only	40hrs/Awk
1		Rupert, John	Park Maint Supervisor	Not Exempt	Yes	Required				
<i>Building Inspections</i>										
1		Davies, David	Building Official				Salary & Exempt	No	Exceptions Only	40hrs/Awk
<i>Police Department</i>										
1		Timeus, Terry	Police Chief				Salary & Exempt	No	Exceptions Only	40hrs/Awk
1		Lancaster, Victor	Police Captain				Salary & Exempt	No	Exceptions Only	40hrs/Awk
1		Schwartz, Ronald	Police Captain				Salary & Exempt	No	Exceptions Only	40hrs/Awk
1		Gove, Holly	Records Supervisor	Not Exempt	Yes	Required				
1		Boyd, Michael	Sergeant	Not Exempt	Yes	Required				
1		Schleining, Randall	Sergeant	Not Exempt	Yes	Required				
1		Hennelly, Neil	Sergeant	Not Exempt	Yes	Required				
1		Kempas, David	Sergeant	Not Exempt	Yes	Required				
1		Corbin, Burvil	Sergeant	Not Exempt	Yes	Required				
1		Tonkin, Kirk	Sergeant	Not Exempt	Yes	Required				
1		Taylor, Stephan	Sergeant	Not Exempt	Yes	Required				
<i>Streets</i>										
1		Foxworthy, Samuel	Operations Supervisor	Not Exempt	Yes	Required				
<i>Water</i>										
1		Whynot, Jimmy	Operations Supervisor	Not Exempt	Yes	Required				
<i>Environmental Svcs</i>										
1		Cardwell, Michael	Operations Supervisor	Not Exempt	Yes	Required				