



Department of Finance

Public Services Building
2051 Kaen Road, Suite 490 | Oregon City, OR 97045

August 18, 2022

Board of County Commissioners
Clackamas County

Members of the Board:

A Resolution Acknowledging Material Weakness in Internal Control over Compliance for Fiscal Year 2020 and Describing Corrective Action in Accordance with ORS 297.466. No general fund dollars are involved.

Purpose/Outcome	Acknowledgement of material weakness in internal control over compliance and the improperly omitted the Clean Water Revolving Funds Cluster from its SEFA and description of the corrective action that will be implemented.
Dollar Amount and Fiscal Impact	The Schedule of Expenditures of Federal Awards (SEFA) was restated for the addition of the Clean Water State Revolving Funds Cluster adding expenditures totaling \$11,794,426 to the SEFA. The restated SEFA reports \$107,196,676 in total federal expenditures.
Funding Source	Federal Grants
Duration	Audits are filed annually. Corrective action to be implemented will be permanent.
Previous Board Action	N/A
Strategic Plan Alignment	This Resolution continues to build public trust as we demonstrate good government by being fiscally responsible for the public's funds.
County Counsel Review	Reviewed and approved by County Counsel by Aug. 9, 2022 ARN
Procurement Review	Was the item processed through Procurement? No, this is a Resolution and it is not required to go through Procurement.
Contact Person	Elizabeth Comfort, Finance Director, 503-936-5345
Contract No.	N/A

BACKGROUND:

As part of the annual audit each year, the County's external audit firm reports on compliance with various Oregon statutes. One of these requirements is to report upon compliance with Office of Management and Budget's (OMB) Uniform Guidance. Federal Grants to the County are reported in the Schedule of Expenditures of Federal Awards (SEFA). During the audit of FY2021 it was identified the Clean Water Revolving Funds Cluster was improperly omitted from FY2020 Single Audit Report. This resulted in a material weakness in internal controls over compliance for FY2020. The detail of this can be found in the Restated Annual Audit of Federal Awards Report. For the full 2020 Annual Report, please visit: <https://www.clackamas.us/finance/financearchive.html>.

ORS 297.466 requires within 30 days after filing an annual report with the Secretary of State that the governing body file with the Secretary of State and a plan of action adopted for addressing any deficiencies noted in the audit report. The resolution is to formally acknowledge the over omission and describes the corrective actions implemented. Corrective action was completed.

This Resolution has been reviewed and approved by County Counsel.

RECOMMENDATION:

Staff respectfully recommends the Board of Clackamas County approve this resolution acknowledging material weakness in internal controls for fiscal year 2020 and describing corrective action in accordance with ORS 297.466.

Respectfully submitted,

Elizabeth Comfort

Elizabeth Comfort,
Finance Director

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

A Resolution Acknowledging Material Weakness
in Internal Control over Compliance for Fiscal
Year 2020 and Describing Corrective Action in
Accordance with ORS 297.466



RESOLUTION NO.

Page 1 of 1

Whereas, Clackamas County’s Schedule of Expenditures of Federal Awards (SEFA) audit for the fiscal year ending June 30, 2020 reports one material weakness in internal control over compliance; and

Whereas, Clackamas County’s Schedule of Expenditures of Federal Awards (SEFA) audit for the fiscal year ending June 30, 2020 improperly omitted the Clean Water Revolving Funds Cluster from its SEFA; and

Whereas, the SEFA was restated for the addition of the Clean Water State Revolving Funds Cluster adding expenditures totaling \$11,794,426 to the SEFA. The restated SEFA reports \$107,196,676 in total federal expenditures; and

Whereas, ORS 297.466(2) requires the governing body of Clackamas County to determine measures considered necessary for corrective actions and a period of time estimated to complete them; and

Whereas, ORS 297.466(3) requires Clackamas County to submit an adopted resolution of corrective measures to the Secretary of State’s Office within 30 days from the submission of Clackamas County’s Annual Report to the Secretary of State; and

NOW, THEREFORE, be it resolved that in order to ensure current and future compliance with the audit for the fiscal year ending on June 30, 2021 additional procedures were incorporated into our SEFA preparation process, including steps to identify loan activity required for reporting. These steps included 1) additional layers of review by Component Units and departments for the Grant Activity Schedules prepared by the Finance Grants team, 2) additional internal review of any confirmations received from state agencies indicating federal funding, and 3) additional review of the draft SEFA for completeness.

NOW, THEREFORE, be it further resolved that in order to ensure current and future compliance with Office of Management and Budget’s (OMB) Uniform Guidance, and to create additional internal controls for compliance with the same, Clackamas County has implemented the procedures outlined above as of Fiscal Year 2021 close and will institute the appropriate review in future reporting periods.

DATED this 18th day of August, 2022.

BOARD OF COUNTY COMMISSIONERS

Chair

Recording Secretary



Elizabeth Comfort
Finance Director

Department of Finance

Public Services Building
2051 Kaen Road, Suite 490 | Oregon City, OR 97045

August 4, 2022

In accordance with OMB Uniform Guidance, we have provided below Clackamas County's response and corrective action plan addressing the findings in the "Report on Federal Awards in Accordance with the OMB Uniform Guidance" for the fiscal year that ended June 30, 2020.

Finding 2020-001: Schedule of Expenditures of Federal Awards (SEFA) – Material Weakness in Internal Control over Compliance

Management agrees with the finding and the auditor's recommendation.

Contact Person responsible for corrective action:

Patrick Williams
Deputy Finance Director
pwilliams@clackamas.us
971-325-5392

Corrective Action Planned:

For the year ended June 30, 2021, additional procedures were incorporated into our SEFA preparation process, including steps to identify loan activity required for reporting. These steps included 1) additional layers of review by Component Units and departments for the Grant Activity Schedules prepared by the Finance Grants team, 2) additional internal review of any confirmations received from state agencies indicating federal funding, and 3) additional review of the draft SEFA for completeness.

Anticipated Completion Date:

Management has resolved this matter.

Sincerely,

Elizabeth Comfort

Elizabeth Comfort
Finance Director

COVER SHEET

- New Agreement/Contract
- Amendment/Change/Extension to _____
- Other _____

Originating County Department: _____

Other party to contract/agreement: _____

Description:

After recording please return to: _____

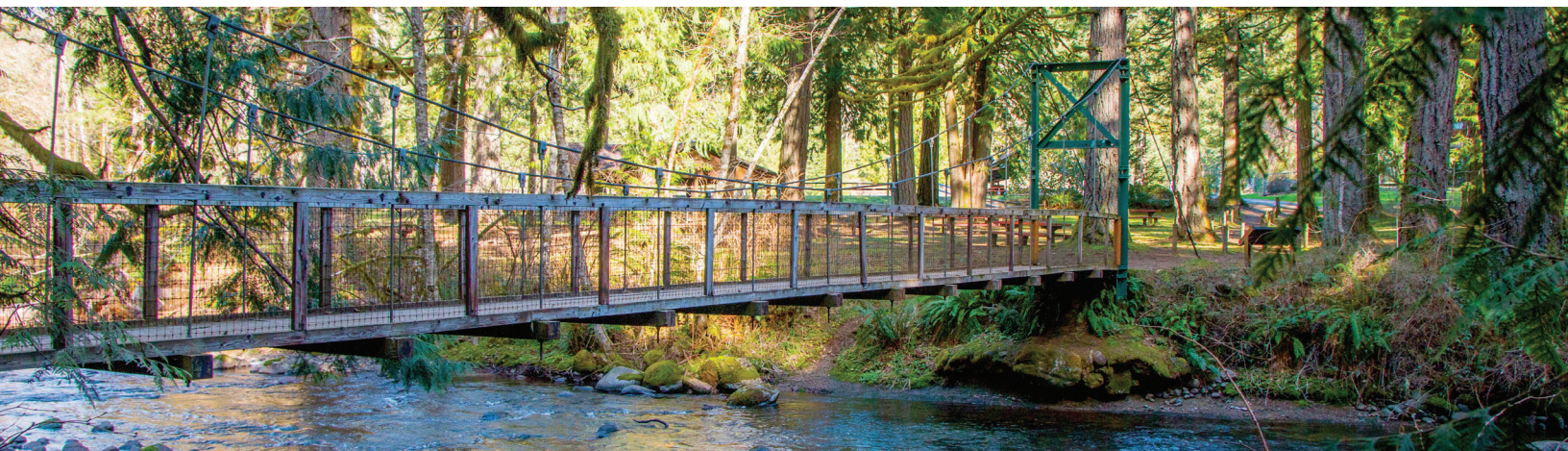
County Admin

Procurement

If applicable, complete the following:

Board Agenda Date/Item Number: _____

Audit of Federal Awards Performed in Accordance with Government Auditing Standards and Uniform Guidance and Supplementary Information



For the fiscal year ended June 30, 2020

**CLACKAMAS COUNTY, OREGON
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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of County Commissioners of
Clackamas County, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Clackamas County, Oregon (the "County") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 31, 2021. Our report includes a reference to other auditors who audited the financial statements of Workforce Investment Council of Clackamas County, Inc. dba Clackamas Workforce Partnership ("WICCO"), a component unit of the County, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on 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) as a basis for designing 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 have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2020-001 that we consider to be a material weakness.

Report on 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 financial statements. 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*.

The County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the finding identified in our audit and 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams LLP

Portland, Oregon

March 31, 2021, except for Finding 2020-001 and the Schedule of Findings and Questioned Costs, as to which the date is August 4, 2022.

Report of Independent Auditors on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of County Commissioners of
Clackamas County, Oregon

Report on Compliance for Each Major Federal Program

We have audited Clackamas County, Oregon's (the County") compliance with the types of compliance requirements described in the OMB 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, 2020. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Housing Authority of Clackamas County (the "Authority") and Workforce Investment Council of Clackamas County, Inc. dba Clackamas Workforce Partnership ("WICCO"), which expended \$22,584,053 and \$2,305,043, respectively, in federal awards which are not included in the County's schedule of expenditures of federal awards during the year ended June 30, 2020. Our audit, described below, did not include the operations of the Authority because the Authority elected to perform a separate audit on compliance over the Authority's separately issued schedule of expenditures of federal awards for the year ended June 30, 2020. Our audit also did not include the operations of WICCO because WICCO engaged other auditors to perform a separate audit on compliance over WICCO's separately issued schedule of expenditures of federal awards for the year ended June 30, 2020.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

Opinion on Each Major Federal Program

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 major federal programs for the year ended June 30, 2020.

Other Matter

As described in Note 6 to the schedule of expenditures of federal awards, the County has restated the schedule of expenditures of federal awards previously reported on April 14, 2021, to properly reflect the inclusion of the federal program Clean Water State Revolving Funds Cluster, CFDA 66.458, after identifying the program was improperly excluded from the originally issued schedule of expenditures of federal awards. The previously issued auditor's report dated April 14, 2021, is not to be relied upon due to the restatement of the schedule of expenditures of federal awards, and is replaced by this report of independent auditors on compliance for each major federal program, report on internal control over compliance, and report on the schedule of expenditures of federal awards. Our audit opinion is not modified with respect to this matter.

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 the Uniform Guidance, 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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a material weakness.

The County's response to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the response.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the County as of and for the year ended June 30, 2020, and have issued our report thereon dated March 31, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion 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 the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Moss Adams LLP

Portland, Oregon

April 14, 2021, except for our opinion on compliance for the Clean Water State Revolving Funds Cluster major program, our report on internal control over compliance, the report on the Schedule of Expenditures of Federal Awards, and the Schedule of Findings and Questioned Costs, as to which the date is August 4, 2022.

CLACKAMAS COUNTY, OREGON
Schedule of Expenditures of Federal Awards - Restated
For the Year Ended June 30, 2020

Federal CFDA Number	Program or Cluster Title	Federal Grantor/Pass-Through Grantor	Identifying Pass-Through Number	Federal Expenditures	Pass-Through to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE					
10.447	The Rural Development (RD) Multi-Family Housing Revitalization Demonstration Program (MPR) - Loans Receivable as of 6/30/2019	U.S. Department of Agriculture	Direct	\$ 50,000	\$ -
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	Pass Through From: Oregon Health Authority	159803	825,259	-
10.664	Cooperative Forestry Assistance	U.S. Department of Agriculture	Direct	57,792	-
10.674	Wood Utilization Assistance	U.S. Department of Agriculture	Direct	75,203	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE				1,008,254	
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
14.218	Community Development Block Grants/Entitlement Grants	U.S. Department of Housing and Urban Development	Direct	2,013,736	62,316
14.218	Community Development Block Grants/Entitlement Grants - Program Income	U.S. Department of Housing and Urban Development	Direct	569,790	-
14.218	Community Development Block Grants/Entitlement Grants - Loans Receivable as of 6/30/2019	U.S. Department of Housing and Urban Development	Direct	5,059,643	-
14.218	Community Development Block Grants/Entitlement Grants - Loans Receivable as of 6/30/2019	Pass Through From: Oregon Housing and Community Services	1088	1,362,079	-
TOTAL Community Development Block Grants/Entitlement Grants - 14.218				9,005,248	62,316
TOTAL CDBG - ENTITLEMENT GRANTS CLUSTER				9,005,248	62,316
14.231	Emergency Solutions Grant Program	U.S. Department of Housing and Urban Development	Direct	168,604	117,117
14.231	COVID-19 - Emergency Solutions Grant Program	U.S. Department of Housing and Urban Development	Direct	449,347	-
TOTAL Emergency Solutions Grant Program - 14.231				617,951	117,117
14.239	Home Investment Partnerships Program	U.S. Department of Housing and Urban Development	Direct	804,656	63,295
14.239	Home Investment Partnerships Program - Program Income	U.S. Department of Housing and Urban Development	Direct	73,322	-
14.239	Home Investment Partnerships Program - Loans Receivable as of 6/30/2019	U.S. Department of Housing and Urban Development	Direct	17,977,239	-
TOTAL Home Investment Partnerships Program - 14.239				18,855,217	63,295
14.256	Neighborhood Stabilizations Program (Recovery Act Funded) - Loans Receivable as of 6/30/2019	Pass Through From: Oregon Housing and Community Services	1123	528,056	-

CLACKAMAS COUNTY, OREGON
Schedule of Expenditures of Federal Awards - Restated
For the Year Ended June 30, 2020

Federal CFDA Number	Program or Cluster Title	Federal Grantor/Pass-Through Grantor	Identifying Pass-Through Number	Federal Expenditures	Pass-Through to Subrecipients
14.267	Continuum of Care Program	U.S. Department of Housing and Urban Development	Direct	\$ 1,212,367	\$ -
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				30,218,839	242,729
U.S. DEPARTMENT OF THE INTERIOR					
15.231	Recreation and Visitor Services	U. S. Department of the Interior	Direct	124	-
15.233	Forests and Woodlands Resource Management	U.S. Department of the Interior	Direct	8,021	-
15.616	Clean Vessel Act	Pass Through From: Oregon State Marine Board	F17AP00482	1,350	-
TOTAL U.S. DEPARTMENT OF THE INTERIOR				9,495	-
U.S. DEPARTMENT OF JUSTICE:					
16.021	Justice System Response to Families	Pass Through From: Clackamas Women's Services	201-FJ-AX-006	9,536	-
16.575	Crime Victim Assistance	Pass Through From: Oregon Department of Justice	VOCA-CFA-2017- CLACKAMASCO.DAVAP-0008	69,734	-
16.575	Crime Victim Assistance	Pass Through From: Oregon Department of Justice	VOCA-CFA-2019- ClackamasCo.DAVAP-00008	336,661	-
16.575	Crime Victim Assistance	Pass Through From: Oregon Department of Justice	VOCA-OT-2016-ClackamasCo.DAVAP- 00116	3,915	-
16.575	Crime Victim Assistance	Pass Through From: Oregon Department of Justice	VOCA-C-2016- CLACKAMASCO.DAVAP-00069	12,976	-
16.575	Crime Victim Assistance	Pass Through From: Oregon Department of Justice	VOCA-STT-2018- CLACKAMASCO.DAVAP-00055	5,006	-
TOTAL Crime Victim Assistance - 16.575				428,292	-
16.585	Drug Court Discretionary Grant Program	U.S. Department of Justice	Direct	105,170	-
16.589	Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	Pass Through From: Clackamas Women's Services	OVW-FED-DOJ-RURAL-0041-2	72,248	-
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	Pass Through From: Clackamas Women's Services	OVW-FED-DOJ-CRJ-4340-01	128,189	89,084
16.754	Harold Rogers Prescription Drug Monitoring Program	Pass Through From: Multnomah County	4400003112-2	16,441	-
16.838	Comprehensive Opioid Abuse Site-Based Program	U.S. Department of Justice	Direct	65,525	2,391

CLACKAMAS COUNTY, OREGON
Schedule of Expenditures of Federal Awards - Restated
For the Year Ended June 30, 2020

Federal CFDA Number	Program or Cluster Title	Federal Grantor/Pass-Through Grantor	Identifying Pass-Through Number	Federal Expenditures	Pass-Through to Subrecipients
16.842	Opioid Affected Youth Initiative	U.S. Department of Justice	Direct	\$ 246,359	\$ -
16.922	Equitable Sharing Program	U.S. Department of Justice	Direct	303,684	-
TOTAL U.S. DEPARTMENT OF JUSTICE				1,375,444	91,475
U.S. DEPARTMENT OF LABOR					
17.259	WIOA Youth Activities	Pass Through From: Clackamas Education Service District	IGA w/CESD	43,000	-
TOTAL WIOA CLUSTER				43,000	-
TOTAL U.S. DEPARTMENT OF LABOR				43,000	-
U.S. DEPARTMENT OF TRANSPORTATION					
20.205	Highway Planning and Construction	Pass Through From: Oregon Department of Transportation	HU-19-10-13	3,185	-
20.205	Highway Planning and Construction	Pass Through From: Oregon Department of Transportation	19278	105,137	-
20.205	Highway Planning and Construction	Pass Through From: Oregon Department of Transportation	24214	564,394	-
20.205	Highway Planning and Construction	Pass Through From: Oregon Department of Transportation	29634	27,327	-
20.205	Highway Planning and Construction	Pass Through From: Oregon Department of Transportation	29996	15,763	-
20.205	Highway Planning and Construction	Pass Through From: Oregon Department of Transportation	31035	471,230	-
20.205	Highway Planning and Construction	Pass Through From: Oregon Department of Transportation	31087	117,253	-
20.205	Highway Planning and Construction	Pass Through From: Oregon Department of Transportation	32533	201,287	-
20.205	Highway Planning and Construction	Pass Through From: Oregon Department of Transportation	32607	199,871	-
TOTAL Highway Planning and Construction - 20.205				1,705,447	-
20.224	Federal Lands Access Program	Department of Transportation	Direct	445,600	-
TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER				2,151,047	-

CLACKAMAS COUNTY, OREGON
Schedule of Expenditures of Federal Awards - Restated
For the Year Ended June 30, 2020

Federal CFDA Number	Program or Cluster Title	Federal Grantor/Pass-Through Grantor	Identifying Pass-Through Number	Federal Expenditures	Pass-Through to Subrecipients
20.507	Federal Transit Formula Grants	Pass Through From: Metro	936289	\$ 7,488	\$ -
20.507	Federal Transit Formula Grants	Pass Through From: Metro	936220	19,133	-
TOTAL Federal Transit Formula Grants - 20.507				26,621	-
TOTAL FEDERAL TRANSIT CLUSTER				26,621	-
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	Pass Through From: Ride Connection	18598	5,000	-
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	Pass Through From: Ride Connection	18599	2,566	-
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	Pass Through From: Ride Connection	18598/18599	27,016	18,266
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	Pass Through From: Ride Connection	18608	63,880	-
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	Pass Through From: Ride Connection	18609	21,538	-
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	Pass Through From: Ride Connection	18627	7,838	-
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	Pass Through From: Oregon Department of Transportation	32828	293,504	-
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities - Program Income	Pass Through From: Oregon Department of Transportation	32828	105,068	-
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	Pass Through From: Oregon Department of Transportation	33561	97,952	27,506
TOTAL Enhanced Mobility of Seniors and Individuals with Disabilities - 20.513				624,362	45,772
TOTAL TRANSIT SERVICES PROGRAMS CLUSTER				624,362	45,772
20.600	State and Community Highway Safety	Pass Through From: Oregon Impact	2020	651	-
20.600	State and Community Highway Safety	Pass Through From: Oregon Department of Transportation	SE-20-35-05111	15,524	-
20.600	State and Community Highway Safety	Pass Through From: Oregon Department of Transportation	SA-19-25-08	3,532	-
TOTAL State and Community Highway Safety - 20.600				19,707	-
20.616	National Priority Safety Programs	Pass Through From: Oregon State Sheriff's Association	M1HVE-18-46-08	2,652	-
20.616	National Priority Safety Programs	Pass Through From: Oregon State Sheriff's Association	M8DDLE-19-20-04	10,163	-
20.616	National Priority Safety Programs	Pass Through From: Oregon Department of Transportation	M1HVE-20-46-03	3,277	-
20.616	National Priority Safety Programs	Pass Through From: Oregon Department of Transportation	M8SE-19-35-11CCS	2,837	-

CLACKAMAS COUNTY, OREGON
Schedule of Expenditures of Federal Awards - Restated
For the Year Ended June 30, 2020

Federal CFDA Number	Program or Cluster Title	Federal Grantor/Pass-Through Grantor	Identifying Pass-Through Number	Federal Expenditures	Pass-Through to Subrecipients
20.616	National Priority Safety Programs	Pass Through From: Oregon Impact	2020	\$ 9,857	\$ -
	TOTAL National Priority Safety Programs - 20.616			28,786	-
	TOTAL HIGHWAY SAFETY CLUSTER			48,493	-
20.509	Formula Grants for Rural Areas and Tribal Transit Program	Pass Through From: Oregon Department of Transportation	33413	154,618	-
20.509	COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program	Pass Through From: Oregon Department of Transportation	34189	46,660	-
	TOTAL Formula Grants for Rural Areas and Tribal Transit Program - 20.509			201,278	-
20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	Pass Through From: Oregon Impact	2020	10,679	-
20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	Pass Through From: Oregon State Sheriff's Association	164AL-19-14-21	6,824	-
	TOTAL Minimum Penalties for Repeat Offenders for Driving While Intoxicated - 20.608			17,503	-
20.614	National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	Pass Through From: National Safety Council	DTNH2215H00473-0002	18,014	-
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	Pass Through From: Oregon State Police	FFY-18-HMEP-Clackamas LEPC	18,872	-
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	Pass Through From: Oregon State Police	FFY-19-HMEP-Clackamas LEPC	12,533	-
	TOTAL Interagency Hazardous Materials Public Sector Training and Planning Grants - 20.703			31,405	-
TOTAL U.S. DEPARTMENT OF TRANSPORTATION				3,118,723	45,772
U.S. DEPARTMENT OF THE TREASURY					
21.016	Equitable Sharing	U.S. Department of Treasury	Direct	445,000	-
21.019	COVID-19 - Coronavirus Relief Fund	Pass Through From: Oregon Health Authority	159803	646,301	-
21.019	COVID-19 - Coronavirus Relief Fund	Pass Through From: Oregon Housing Community Services	5084	74,721	-
21.019	COVID-19 - Coronavirus Relief Fund	Pass Through From: Department of Administrative Services	1003	6,974,317	200,000
	TOTAL Coronavirus Relief Fund - 21.019			7,695,339	200,000
TOTAL U.S. DEPARTMENT OF THE TREASURY				8,140,339	200,000

CLACKAMAS COUNTY, OREGON
Schedule of Expenditures of Federal Awards - Restated
For the Year Ended June 30, 2020

Federal CFDA Number	Program or Cluster Title	Federal Grantor/Pass-Through Grantor	Identifying Pass-Through Number	Federal Expenditures	Pass-Through to Subrecipients
GENERAL SERVICES ADMINISTRATION					
39.002	Disposal of Federal Surplus Real Property	Pass Through From: Oregon Department of Administrative Services	F39002	\$ 3,536	\$ -
39.003	Donation of Federal Surplus Personal Property	Pass Through From: Oregon Department of Administrative Services	ORS 272.085	512	-
TOTAL GENERAL SERVICES ADMINISTRATION				4,048	-
U.S. ENVIRONMENTAL PROTECTION AGENCY					
66.458	Clean Water State Revolving Funds Cluster	Pass Through From: Oregon Department of Environmental Quality	R95030	11,794,426	-
TOTAL CLEAN WATER STATE REVOLVING FUNDS CLUSTER				11,794,426	-
66.468	Capitalization Grants for Drinking Water State Revolving Funds	Pass Through From: Oregon Health Authority	159803	47,193	-
TOTAL DRINKING WATER STATE REVOLVING FUNDS CLUSTER				47,193	-
66.432	State Public Water System Supervision	Pass Through From: Oregon Health Authority	159803	42,910	-
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY				11,884,529	-
U.S. DEPARTMENT OF ENERGY					
81.042	Weatherization Assistance for Low-Income Persons	Pass Through From: Oregon State Housing and Community Services	5084	206,091	-
TOTAL U.S. DEPARTMENT OF ENERGY				206,091	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
93.044	Special Programs for the Aging, Title III, Part B, Disease Prevention and Health Promotion Services	Pass Through From: Oregon Department of Human Services	154433-3	583,561	181,686
93.044	COVID-19 - Special Programs for the Aging, Title III, Part B, Disease Prevention and Health Promotion Services	Pass Through From: Oregon Department of Human Services	154433-3	148,626	122,026
TOTAL Special Programs for the Aging, Title III, Part B, Disease Prevention and Health Promotion Services - 93.044				732,187	303,712
93.045	Special Programs for the Aging, Title III, Title III, Part C, Nutrition Services	Pass Through From: Oregon Department of Human Services	154433-3	555,408	178,286
93.045	COVID-19 - Special Programs for the Aging, Title III, Title III, Part C, Nutrition Services	Pass Through From: Oregon Department of Human Services	154433-3	557,294	319,689
TOTAL Special Programs for the Aging, Title III, Title III, Part C, Nutrition Services - 93.045				1,112,702	497,975
93.053	Nutrition Services Incentive Program	Pass Through From: Oregon Department of Human Services	154433-3	170,300	62,720
TOTAL AGING CLUSTER				2,015,189	864,407
93.224	Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	U.S. Department of Health and Human Services	Direct	1,024,094	-
93.224	COVID-19 - Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	U.S. Department of Health and Human Services	Direct	77,145	-

CLACKAMAS COUNTY, OREGON
Schedule of Expenditures of Federal Awards - Restated
For the Year Ended June 30, 2020

Federal CFDA Number	Program or Cluster Title	Federal Grantor/Pass-Through Grantor	Identifying Pass-Through Number	Federal Expenditures	Pass-Through to Subrecipients
93.224	Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care) - Program Income TOTAL Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care) - 93.224	U.S. Department of Health and Human Services	Direct	\$ 9,891,957	\$ -
				10,993,196	-
93.527	Grants for New and Expanded Services under the Health Center Program	U.S. Department of Health and Human Services	Direct	1,853,213	-
93.527	Grants for New and Expanded Services under the Health Center Program - Program Income TOTAL Grants for New and Expanded Services under the Health Center Program - 93.527	U.S. Department of Health and Human Services	Direct	25,675,111	-
				27,528,324	-
	TOTAL HEALTH CENTER PROGRAM CLUSTER			38,521,520	-
93.558	Temporary Assistance for Needy Families	Pass Through From: Oregon Housing and Community Services	MGA#5084	162,734	-
93.569	Community Service Block Grant	Pass Through From: Oregon Housing and Community Services	MGA#5084	278,396	-
93.569	COVID-19 - Community Service Block Grant	Pass Through From: Oregon Housing and Community Services	MGA#5084	16,823	-
	TOTAL Community Service Block Grant - 93.569			295,219	-
93.041	Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention for Elder Abuse, Neglect, and Exploitation	Pass Through From: Oregon Department of Human Services	154433-3	954	-
93.043	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	Pass Through From: Oregon Department of Human Services	154433-3	46,384	41,545
93.048	Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	Pass Through From: Oregon Department of Consumer and Business Services	IGA40G000140	10,000	-
93.052	National Family Caregiver Support, Title III, Part E	Pass Through From: Oregon Department of Human Services	154433-3	219,282	11,096
93.052	COVID-19 - National Family Caregiver Support, Title III, Part E	Pass Through From: Oregon Department of Human Services	154433-3	27,919	-
	TOTAL National Family Caregiver Support, Title III, Part E - 93.052			247,201	11,096
93.069	Public Health Emergency Preparedness	Pass Through From: Oregon Health Authority	159803	209,423	-
93.136	Injury Prevention and Control Research and State and Community Based Programs	Pass Through From: Oregon Health Authority	159803	70,163	-
93.217	Family Planning Services	Pass Through From: Oregon Health Authority	159803	1,638	-

CLACKAMAS COUNTY, OREGON
Schedule of Expenditures of Federal Awards - Restated
For the Year Ended June 30, 2020

Federal CFDA Number	Program or Cluster Title	Federal Grantor/Pass-Through Grantor	Identifying Pass-Through Number	Federal Expenditures	Pass-Through to Subrecipients
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	Pass Through From: Oregon Health Authority	155011	\$ 107,653	\$ -
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	U.S. Department of Health and Human Services	Direct	369,175	2,228
	TOTAL Substance Abuse and Mental Health Services Projects of Regional and National Significance - 93.243			476,828	2,228
93.268	Immunization Cooperative Agreements	Pass Through From: Oregon Health Authority	159803	29,533	-
93.324	State Health Insurance Assistance Program	Pass Through From: Oregon Department of Consumer and Business Services	45G000224	16,000	-
93.354	Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	Pass Through From: Oregon Health Authority	159803	217,535	-
93.556	MaryLee Allen Promoting Safe and Stable Families Program	Pass Through From: Oregon Department of Education	12573	84,153	53,571
93.563	Child Support Enforcement	Pass Through From: Oregon Department of Justice	19289	1,215,806	-
93.568	Low-Income Home Energy Assistance	Pass Through From: Oregon Housing and Community Services	MGA 4498	1,310,248	-
93.568	Low-Income Home Energy Assistance	Pass Through From: Oregon Housing and Community Services	MGA 5084	673,014	-
93.568	COVID-19 - Low-Income Home Energy Assistance	Pass Through From: Oregon Housing and Community Services	MGA 5084	616	-
	TOTAL Low-Income Home Energy Assistance - 93.568			1,983,878	-
93.658	Foster Care Title IV-E	Pass Through From: Oregon Department of Human Services	145855	60,039	-
93.667	Social Services Block Grant	Pass Through From: Oregon Department of Education	11543	34,424	32,687
93.667	Social Services Block Grant	Pass Through From: Oregon Department of Education	11544	37,220	35,483
93.667	Social Services Block Grant	Pass Through From: Oregon Department of Education	11642	73,939	70,465
93.667	Social Services Block Grant	Pass Through From: Oregon Department of Education	11643	20,739	17,266
93.667	Social Services Block Grant	Pass Through From: Oregon Department of Education	11644	20,824	17,350
93.667	Social Services Block Grant	Pass Through From: Oregon Department of Education	11645	74,910	71,436
	TOTAL Social Services Block Grant - 93.667			262,056	244,688

CLACKAMAS COUNTY, OREGON
Schedule of Expenditures of Federal Awards - Restated
For the Year Ended June 30, 2020

Federal CFDA Number	Program or Cluster Title	Federal Grantor/Pass-Through Grantor	Identifying Pass-Through Number	Federal Expenditures	Pass-Through to Subrecipients
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	Pass Through From: Oregon Department of Consumer and Business Services	IGA 45G000205	\$ 13,000	\$ -
93.788	Opioid STR	Pass Through From: Oregon Health Authority	159803	90,418	-
93.817	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	Pass Through From: Oregon Health Authority	159803	826	-
93.940	HIV Prevention Activities Health Department Based	Pass Through From: Oregon Health Authority	159803	70,453	51,074
93.958	Block Grants for Community Mental Health Services	Pass Through From: Oregon Health Authority	159159	2,312,492	397,845
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Pass Through From: Oregon Health Authority	159159	582,987	546,585
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Pass Through From: Oregon Health Authority	1550011	124,442	-
	TOTAL Block Grants for Prevention and Treatment of Substance Abuse - 93.959			707,429	546,585
93.994	Maternal and Child Health Services Block Grant to the States	Pass Through From: Oregon Health Authority	159803	127,784	-
93.994	Maternal and Child Health Services Block Grant to the States	Pass Through From: Oregon Health Science University	1015198	72,376	-
	TOTAL Maternal and Child Health Services Block Grant to the States - 93.994			200,160	
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				49,321,031	2,213,039
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE					
94.016	Senior Companion Program	Corporation for National and Community Service	Direct	123,904	-
	TOTAL GRANDPARENT/SENIOR COMPANION CLUSTER			123,904	-
94.002	Retired and Senior Volunteer Program	Corporation for National and Community Service	Direct	68,673	-
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				192,577	-
DEPARTMENT OF HOMELAND SECURITY					
97.012	Boating Safety Financial Assistance	Pass Through From: Oregon State Marine Board	250-1920CLACKAMAS-000	359,947	-
97.024	Emergency Food and Shelter National Board Program	Pass Through From: United Way	37-708000-005	58,306	58,306

CLACKAMAS COUNTY, OREGON
Schedule of Expenditures of Federal Awards - Restated
For the Year Ended June 30, 2020

Federal CFDA Number	Program or Cluster Title	Federal Grantor/Pass-Through Grantor	Identifying Pass-Through Number	Federal Expenditures	Pass-Through to Subrecipients
97.029	Flood Mitigation Assistance	Pass Through From: Oregon Military Department	FMA-PJ-10-OR-2016-003	\$ 19,251	\$ -
97.042	Emergency Management Performance Grants	Pass Through From: Oregon Military Department	18-503	85,000	-
97.042	Emergency Management Performance Grants	Pass Through From: Oregon Military Department	19-503	179,504	-
TOTAL Emergency Management Performance Grants - 97.042				264,504	-
97.067	Homeland Security Grant Program	Pass Through From: Oregon Military Department	18-206	94,897	-
97.067	Homeland Security Grant Program	Pass Through From: City of Portland	30006429	478,959	-
97.067	Homeland Security Grant Program	Pass Through From: City of Portland	32001910	20,136	-
97.067	Homeland Security Grant Program	Pass Through From: City of Portland	UA17-013	289,189	-
97.067	Homeland Security Grant Program	Pass Through From: City of Portland	UA18-015	89,117	-
Total Homeland Security Grant Program - 97.067				972,298	-
TOTAL DEPARTMENT OF HOMELAND SECURITY				1,674,306	58,306
TOTAL EXPENDITURE OF FEDERAL AWARDS				\$ 107,196,676	\$ 2,851,321

CLACKAMAS COUNTY, OREGON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Restated
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

1. **Summary of Significant Accounting Policies**
The Schedule of Expenditures of Federal Awards (the Schedule) is presented using the modified accrual basis of accounting, which is described in Note 1 to the basic financial statements of Clackamas County, Oregon (the County). Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) wherein certain types of expenses are not allowable or are limited as to reimbursement. The pass-through entity identifying numbers are presented where applicable.
2. **Election of De Minimis Indirect Cost Rate**
During the fiscal year ended, June 30, 2020, the County did not elect to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. **Basis of Presentation**
The Schedule presents the activity of all federally-funded programs of the County, except for the Housing Authority of Clackamas County (HACC) and the Workforce Investment Council of Clackamas County, Inc. dba Clackamas Workforce Partnership (WICCO), which issue separate reports. The reporting entity is defined in Note 1 to the County's basic financial statements. The information in the Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in financial position, or the cash flows of the County.
4. **Revolving Loan Programs**
The County makes loans to developers for the construction of low-income housing units. The seed money for these loans used to establish the program initially was provided through Federal funds under the Rural Development Multi-Family Housing Revitalization Demonstration Program (CFDA #10.447), Community Development Block Grants/Entitlement Grants (CFDA #14.218), HOME Investment Partnerships Program (CFDA #14.239), and Neighborhood Stabilization Program (CFDA #14.256). The County's responsibility over these loans is to ensure that a specified percentage of the total rental units are rented to low-income individuals, and the ongoing compliance requirements relate to the accumulated loan balances.

In January 2019, the County entered into a Revenue Secured Loan with the Oregon Department of Environmental Quality (ODEQ) for installation of an anaerobic digester, biosolids dewatering and cake loadout facility financing under the Clean Water State Revolving Fund with an amount not to exceed \$37,000,000 for the Tri City Water Resource Recovery Facility Solids Handling Improvements Project (the Project). The first funding was received in September 2019. Construction is anticipated to be completed in July 2021 with annual principal and interest payments on this loan commencing on February 1, 2023 through February 1, 2042 (20-year loan). Interest is fixed at 2.14%. For the year ended June 30, 2020, the County received and expended \$11,794,426 from the U.S. Environmental Protection Agency passed through ODEQ through CFDA #66.458. The outstanding loan balance as of June 30, 2020 is \$11,794,426.

CLACKAMAS COUNTY, OREGON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Restated
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

4. Revolving Loan Programs (continued)

The outstanding loan balances as of June 30, 2020 consists of:

<u>CFDA</u>	<u>Program Name</u>	<u>Outstanding Balance</u>
10.447	The Rural Development (RD) Multi-Family Housing Revitalization Demonstration Program	\$50,000
14.218	Community Development Block Grants/Entitlement Grants (Direct Federal)	\$5,266,837
14.218	Community Development Block Grants/Entitlement Grants (Direct Federal)	\$1,227,138
14.239	Home Investment Partnerships Program	\$19,136,902
14.256	Neighborhood Stabilization Program (Recovery Act Funded) (NSP-2 ARRA Passed through OHCS)	\$478,056
66.458	Clean Water State Revolving Funds Cluster	\$11,794,426

5. Donated PPE (Unaudited)

The County received donated personal protective equipment (PPE) with a fair market value of \$820,116 at the time of receipt.

6. Restatement

The Schedule was restated to add the Clean Water State Revolving Funds Cluster, CFDA 66.458, after identifying the Clean Water State Revolving Funds Cluster was improperly excluded from the originally issued Schedule.

CLACKAMAS COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Restated
FOR THE YEAR ENDED JUNE 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

Identification of major federal programs and type of auditor's report issued on compliance for major federal programs:

<i>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor's Report Issued on Compliance for Major Federal Programs</i>
21.019	COVID-19 – Coronavirus Relief Fund	<i>Unmodified</i>
66.458	Clean Water State Revolving Funds Cluster	<i>Unmodified</i>
93.224, 93.527	Health Center Program Cluster	<i>Unmodified</i>

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

\$ 3,000,000

Auditee qualified as low-risk auditee?

Yes No

Section II - Financial Statement Findings

**FINDING 2020-001—Schedule of Expenditures of Federal Awards (SEFA) Material Weakness in Internal Control over Financial Reporting
 Material Weakness in Internal Control over Compliance**

*Federal agency – Environmental Protection Agency
 Identification of federal program – 66.458, Clean Water State Revolving Funds Cluster
 Award Number/Award Year – 66.458: No. R95030 / 2020*

CLACKAMAS COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Restated
FOR THE YEAR ENDED JUNE 30, 2020

Criteria or specific requirement – Office of Management and Budget’s (OMB) Uniform Guidance requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements that includes total federal awards expended for each individual federal program.

Condition – The County improperly omitted the Clean Water State Revolving Funds Cluster from its SEFA for the year ended June 30, 2020.

Context – Restating the SEFA for the addition of the Clean Water State Revolving Funds Cluster added expenditures totaling \$11,794,426 to the SEFA. The restated SEFA reports \$107,196,676 in total federal expenditures.

Effect – Uniform Guidance places the responsibility for identifying major programs on the auditor, and the SEFA serves as the primary basis for the auditor's major program determination. Appropriate major program determination by the auditor is dependent upon the accuracy and completeness of the information in the SEFA. The original SEFA was understated and incomplete as a result of the CWSRF cluster being omitted, and a major program was not identified in the original audit.

Questioned costs – None.

Cause – After the SEFA was prepared, the County received notice from the Oregon DEQ regarding these federal funds, and there was a misinterpretation of how the loans should be treated in the SEFA.

Repeat Finding – No.

Recommendation – We recommend the County update their SEFA preparation policies and procedures to ensure the amount expended in the SEFA equals the value of new loans made or received during the audit period plus the beginning of the audit period balance of loans from previous years for which the federal government imposes continuing compliance requirements plus any interest subsidy, cash, or administrative cost allowance received. We further recommend the SEFA be reviewed in detail by a knowledgeable person at the County to verify the SEFA is correct.

Response – The County agrees with the recommendation and will implement these changes with the preparation of the June 30, 2021 schedule of expenditures of federal awards.

Section III - Federal Award Findings and Questioned Costs

Finding 2020-001, described in Section II of the schedule of findings and questioned costs, also represents a finding of material weakness in internal control over compliance. See finding reported above.



Elizabeth Comfort
Finance Director

Department of Finance

Public Services Building
2051 Kaen Road, Suite 490 | Oregon City, OR 97045

August 4, 2022

In accordance with OMB Uniform Guidance, we have provided below Clackamas County's response and corrective action plan addressing the findings in the "Report on Federal Awards in Accordance with the OMB Uniform Guidance" for the fiscal year that ended June 30, 2020.

Finding 2020-001: Schedule of Expenditures of Federal Awards (SEFA) – Material Weakness in Internal Control over Compliance

Management agrees with the finding and the auditor's recommendation.

Contact Person responsible for corrective action:

Patrick Williams

pwilliams@clackamas.us

971-325-5392

Corrective Action Planned:

For the year ended June 30, 2021, additional procedures were incorporated into our SEFA preparation process, including steps to identify loan activity required for reporting. These steps included 1) additional layers of review by Component Units and departments for the Grant Activity Schedules prepared by the Finance Grants team, 2) additional internal review of any confirmations received from state agencies indicating federal funding, and 3) additional review of the draft SEFA for completeness.

Anticipated Completion Date:

Management has resolved this matter.

Sincerely,

Elizabeth Comfort
Finance Director