



Department of Finance

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

September 8, 2022

Board of County Commissioners
Clackamas County

Members of the Board:

A Resolution Acknowledging Significant Deficiencies in Internal Control over Compliance for Fiscal Year 2021 and Describing Corrective Action in Accordance with ORS 297.466

Purpose/Outcome	Acknowledgement of two significant deficiencies in internal control over compliance as part of the Single Audit for the year ended June 30, 2021 and description of the corrective action being implemented.
Dollar Amount and Fiscal Impact	No questioned costs related to audit findings. <ul style="list-style-type: none"> - One finding related to time sheet approval, no fiscal impact noted. - One finding related to five errors in the payroll calculation, known misstatements from the errors totaled to a \$49 undercharge to the program.
Funding Source	Federal Grants
Duration	Audits are filed annually. Corrective action to be implemented will be permanent.
Previous Board Action	At the time of the completion of the fiscal year (FY21) Annual Comprehensive Financial Report (ACFR), the auditors noted one financial statement finding (2021-001) related to Material Weakness in Controls over Financial Reporting – Major Fund Reporting. The Board of County Commissioners previously passed a resolution related to corrective action plan for the Material Weakness over Financial Reporting at the May 12 th , 2022 Business Meeting.
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 AN 8.31.2022
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 over federal awards. One of the requirements is to report upon compliance with Office of Management and Budget’s (OMB) Uniform Guidance. During the audit of FY2021, the auditors identified two Significant Deficiencies in Internal Control Over Compliance.

Federal program – Assistance Listing Number (ALN) 14.218, CDBG – Entitlement Grants Cluster.

Criteria – Evidence of timesheet approval by the department supervisor should be maintained for all federal programs in accordance with OMB Uniform Guidance §200.303 – Internal Controls to ascertain the allowability of costs incurred under the program.

Condition – The auditors identified three timesheets that did not have appropriate approval of the selected timecard.

Federal program – ALN 97.036, Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Criteria – The County should ensure the accuracy of grant related payroll calculations for all federal programs in accordance with OMB Uniform Guidance §200.303 – Internal Controls to ascertain the allowability of costs incurred under the program.

Condition – The auditors identified five errors in the payroll calculation that resulted in the grant being incorrectly charged due to a lack of review in the payroll calculation.

The detail of the audit report can be found in the Annual Audit of Federal Awards Report for the year ended June 30, 2021. See Exhibit A, page 16 of document. For the full 2021 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 audit findings and describe the corrective actions implemented. Corrective action related to both audit findings has been implemented.

This Resolution has been reviewed and approved by County Counsel.

RECOMMENDATION:

Staff respectfully recommends the Board of Clackamas County approve this resolution acknowledging the two Significant Deficiencies in Internal Controls for fiscal year 2021 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 Significant Deficiencies in Internal Control over Compliance for Fiscal Year 2021 and Describing Corrective Action in Accordance with ORS 297.466

} RESOLUTION NO.
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WHEREAS, Clackamas County's Schedule of Expenditures of Federal Awards (SEFA) audit for the fiscal year ending June 30, 2021 reports two significant deficiencies in internal control over compliance for federal awards; and

WHEREAS, evidence of timesheet approval by the department should be maintained for all federal programs in accordance with Office of Management and Budget (OMB) Uniform Guidance 2 C.F.R. §200.303 – Internal Controls to ascertain the allowability of costs incurred under the program; and

WHEREAS, the auditors identified an allowable cost significant deficiency in internal control over compliance related to three timesheets that did not have appropriate approval of the selected timecard for Assistance Listing Number 14.218, CDBG – Entitlement Grants Cluster; and

WHEREAS, the auditors identified an allowable cost significant deficiency in internal control over compliance related to five errors in the payroll calculation that resulted in the grant being incorrectly charged due to a lack of review in the payroll calculation for Assistance Listing Number 97.036, Disaster Grants – Public Assistance (Presidentially Declared Disasters); and

WHEREAS, the County should ensure the accuracy of grant related payroll calculations for all federal programs in accordance with OMB Uniform Guidance 2 C.F.R. §200.303 – Internal Controls to ascertain the allowability of costs incurred under the program; 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 OMB Uniform Guidance, additional procedures will be incorporated immediately to follow up on time sheets missing approval by department supervisors at time of processing payroll, as well as procedures to verify calculations for grant reporting prior to submission.

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 August 17th, 2022, the date of the audit Corrective Action Plan.

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

A Resolution Acknowledging Significant
Deficiencies in Internal Control over Compliance
for Fiscal Year 2021 and Describing Corrective
Action in Accordance with ORS 297.466



RESOLUTION NO.
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Dated this 8th day of September, 2022.

BOARD OF COUNTY COMMISSIONERS

Chair

Recording Secretary

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



For the fiscal year ended June 30, 2021

**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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 20, 2022. 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.

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 item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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
April 20, 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, 2021. 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 \$24,595,344 and \$2,040,502, respectively, in federal awards which are not included in the County's schedule of expenditures of federal awards for the year ended June 30, 2021. 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, 2021. 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, 2021.

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, 2021.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-002 and 2021-003, that we consider to be significant deficiencies.

The County's response to the internal control over compliance findings 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, 2021, and have issued our report thereon dated April 20, 2022, 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
August 17, 2022

CLACKAMAS COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Assistance Listing 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 6/30/2020	U.S. Department of Agriculture	Direct	50,000	-
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	Pass Through From: Oregon Health Authority	159803	928,065	-
10.664	Cooperative Forestry Assistance	U.S. Department of Agriculture	Direct	22,309	-
10.665	Schools and Roads-Grants to States	U.S. Department of Agriculture	Direct	25,731	-
TOTAL SCHOOLS AND ROADS-GRANTS TO STATES CLUSTER				25,731	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE				1,026,105	-
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	1,617,446	64,110
14.218	COVID-19 - Community Development Block Grants/Entitlement Grants	U.S. Department of Housing and Urban Development	Direct	418,862	-
14.218	Community Development Block Grants/Entitlement Grants - Program Income	U.S. Department of Housing and Urban Development	Direct	511,879	-
14.218	Community Development Block Grants/Entitlement Grants - Loans Receivable as of 6/30/2020	U.S. Department of Housing and Urban Development	Direct	5,266,837	-
14.218	Community Development Block Grants/Entitlement Grants - Loans Receivable as of 6/30/2020	Pass Through From: Oregon Housing and Community Services	1088	1,227,138	-
TOTAL Community Development Block Grants/Entitlement Grants - 14.218				9,042,162	64,110
TOTAL CDBG - ENTITLEMENT GRANTS CLUSTER				9,042,162	64,110
14.231	Emergency Solutions Grant Program	U.S. Department of Housing and Urban Development	Direct	197,159	114,801
14.231	COVID-19 - Emergency Solutions Grant Program	U.S. Department of Housing and Urban Development	Direct	702,997	528,535
14.231	Emergency Solutions Grant Program	Pass Through From: Oregon Housing and Community Services	MGA #5084	2,000	2,000
TOTAL Emergency Solutions Grant Program - 14.231				902,156	645,336
14.239	Home Investment Partnerships Program	U.S. Department of Housing and Urban Development	Direct	158,634	40,348
14.239	Home Investment Partnerships Program - Loans Receivable as of 6/30/2020	U.S. Department of Housing and Urban Development	Direct	19,136,902	-
TOTAL Home Investment Partnerships Program - 14.239				19,295,536	40,348
14.256	Neighborhood Stabilizations Program (Recovery Act Funded) - Loans Receivable as of 6/30/2020	Pass Through From: Oregon Housing and Community Services	1123	478,056	-
14.267	Continuum of Care Program	U.S. Department of Housing and Urban Development	Direct	1,123,068	-
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				30,840,978	749,794
U.S. DEPARTMENT OF THE INTERIOR					
15.233	Forests and Woodlands Resources Management	U.S. Department of the Interior	Direct	37,624	-
TOTAL U.S. DEPARTMENT OF THE INTERIOR				37,624	-
U.S. DEPARTMENT OF JUSTICE:					
16.021	Justice System Response to Families	Pass Through From: Clackamas Women's Services	2019-FJ-AX-006-01	43,834	-
16.034	COVID-19 - Coronavirus Emergency Supplemental Funding	U.S. Department of Justice	Direct	135,287	-

The notes to the SEFA are an integral part of this statement.

CLACKAMAS COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

16.034	COVID-19 - Coronavirus Emergency Supplemental Funding	Pass Through From: Oregon Department of Corrections	19,944	-
16.034	COVID-19 - Coronavirus Emergency Supplemental Funding	Pass Through From: Oregon Health Authority	29,954	-
16.034	COVID-19 - Coronavirus Emergency Supplemental Funding	Pass Through From: Oregon State Criminal Justice Commission	30,300	-
	TOTAL Coronavirus Emergency Supplemental Funding - 16.034		215,485	-
16.575	Crime Victim Assistance	VOC/ICFA-2019-ClackamasCo.DAVAP-00008	407,170	-
16.575	Crime Victim Assistance	VOC/ICFA-2019-ClackamasCo.DAVAP-00008	1,278	-
	TOTAL Crime Victim Assistance - 16.575		408,448	-
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	Direct	210,903	197,510
16.838	Comprehensive Opioid, Stimulant, and Substance Abuse Program	Direct	382,299	207,715
16.842	Opioid Affected Youth Initiative	Direct	305,138	105,812
16.922	Equitable Sharing Program	Direct	11,426	-
	TOTAL U.S. DEPARTMENT OF JUSTICE		1,577,533	511,037
	U.S. DEPARTMENT OF LABOR			
17.259	WIOA Youth Activities	IGA W/ Clack ESD Service District	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 (Federal-Aid Highway Program)	Pass Through From: Oregon Department of Transportation	64,457	-
20.205	Highway Planning and Construction (Federal-Aid Highway Program)	Pass Through From: Oregon Department of Transportation	196,789	-
20.205	Highway Planning and Construction (Federal-Aid Highway Program)	Pass Through From: Oregon Department of Transportation	435,541	-
20.205	Highway Planning and Construction (Federal-Aid Highway Program)	Pass Through From: Oregon Department of Transportation	114,238	-
20.205	Highway Planning and Construction (Federal-Aid Highway Program)	Pass Through From: Oregon Department of Transportation	189,197	-
	TOTAL Highway Planning and Construction (Federal-Aid Highway Program) - 20.205		1,000,222	-
20.224	Federal Lands Access Program	Direct	448,567	-
20.224	Federal Lands Access Program - Program Income	Direct	3,606	-
	TOTAL Federal Lands Access Program - 20.224		452,173	-
	TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER		1,452,395	-
20.507	Federal Transit Formula Grants	Pass Through From: Metro	12,291	-
	TOTAL FEDERAL TRANSIT CLUSTER		12,291	-
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	Pass Through From: Oregon Department of Transportation	77,843	12,808
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	Pass Through From: Ride Connection	19	-
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	Pass Through From: Ride Connection	11,104	10,229
	TOTAL Enhanced Mobility of Seniors and Individuals with Disabilities - 20.513		88,966	23,037
	TOTAL TRANSIT SERVICES PROGRAMS CLUSTER		88,966	23,037
20.600	State and Community Highway Safety	Pass Through From: Oregon Department of Transportation	1,565	-
20.600	State and Community Highway Safety	Pass Through From: Oregon Impact	2,365	-
	TOTAL State and Community Highway Safety - 20.600		3,930	-
20.616	National Priority Safety Programs	Pass Through From: Oregon Department of Transportation	1,104	-
		SE-21-35-05 LLL 2021		
		MHVE-20-46-03 DDD		

The notes to the SEFA are an integral part of this statement.

CLACKAMAS COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

20.616	National Priority Safety Programs	Pass Through From: Oregon Department of Transportation	M1HVE-21-46-03 222	329	-
20.616	National Priority Safety Programs	Pass Through From: Oregon Impact	2021	756	-
	TOTAL National Priority Safety Programs - 20.616			2,189	-
	TOTAL HIGHWAY SAFETY CLUSTER			6,119	-
20.509	Formula Grants for Rural Areas and Tribal Transit Program	Pass Through From: Oregon Department of Transportation	32847	77,168	-
20.509	Formula Grants for Rural Areas and Tribal Transit Program	Pass Through From: Oregon Department of Transportation	33413	80,762	-
20.509	Formula Grants for Rural Areas and Tribal Transit Program - Program Income	Pass Through From: Oregon Department of Transportation	33413	8,610	-
20.509	COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program	Pass Through From: Oregon Department of Transportation	34189	267,630	-
	TOTAL Formula Grants for Rural Areas and Tribal Transit Program - 20.509			434,170	-
20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	Pass Through From: Oregon Impact	2021	7,363	-
20.614	National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	Pass Through From: National Safety Council	DTNH2215H00473-0002	135,547	-
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	Pass Through From: Oregon State Police	FFY-19-HMEP-Clackamas LEPC	16,710	-
	TOTAL U.S. DEPARTMENT OF TRANSPORTATION			2,153,561	23,037
	U.S. DEPARTMENT OF THE TREASURY				
21.023	COVID-19 - Emergency Rental Assistance Program	U.S. Department of Treasury	Direct	3,403,353	3,100,354
21.019	COVID-19 - Coronavirus Relief Fund	Pass Through From: Oregon Health Authority	159803	2,886,811	-
21.019	COVID-19 - Coronavirus Relief Fund	Administrative Services	2503	4,168,536	4,168,536
21.019	COVID-19 - Coronavirus Relief Fund	Pass Through From: Oregon Department of Administrative Services	2603	11,861	-
21.019	COVID-19 - Coronavirus Relief Fund	Pass Through From: Oregon Business Development Department	C2020385	155,000	155,000
21.019	COVID-19 - Coronavirus Relief Fund	Pass Through From: Oregon Department of Administrative Services	1003	10,674,174	1,794,100
21.019	COVID-19 - Coronavirus Relief Fund	Pass Through From: Oregon Housing and Community Services	MGA #5084	4,857,356	1,837,125
	TOTAL COVID-19 - Coronavirus Relief Fund - 21.019			22,753,738	7,954,761
	TOTAL U.S. DEPARTMENT OF THE TREASURY			26,157,091	11,055,115
	U.S. ENVIRONMENTAL PROTECTION AGENCY				
66.468	Capitalization Grants for Drinking Water State Revolving Funds	Pass Through From: Oregon Health Authority	159803	53,089	-
	TOTAL DRINKING WATER STATE REVOLVING FUND CLUSTER			53,089	-
66.432	State Public Water System Supervision	Pass Through From: Oregon Health Authority	159803	40,556	-
66.458	Capitalization Grants for Clean Water State Revolving Funds - Loan Payable as of 6/30/2020	Pass Through From: Oregon Department of Environmental Quality	CS410001FY	11,794,426	-
66.458	Capitalization Grants for Clean Water State Revolving Funds	Pass Through From: Oregon Department of Environmental Quality	CS410001FY	4,828,092	-
	TOTAL Capitalization Grants for Clean Water State Revolving Funds - 66.458			16,622,518	-
	TOTAL CLEAN WATER STATE REVOLVING FUND CLUSTER			16,622,518	-
	TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			16,716,163	-
	U.S. DEPARTMENT OF ENERGY				
81.U01	Low-income Energy Efficiency Program (LIEE)	Pass Through From: Oregon State Housing and Community Services	5084	3,823	-

The notes to the SEFA are an integral part of this statement.

CLACKAMAS COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

81.042	Weatherization Assistance for Low-Income Persons	5084	31,043	-
TOTAL U.S. DEPARTMENT OF ENERGY			34,866	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
93.044	Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers and CARES Act for Supportive Services Under Title III-B of the Older Americans Act	160440	736,868	191,659
93.044	COVID-19 - Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers and CARES Act for Supportive Services Under Title III-B of the Older Americans Act	160440	47,605	-
TOTAL Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers and CARES Act for Supportive Services Under Title III-B of the Older Americans Act - 93.044				
93.045	Nutrition Services and CARES Act for Nutrition Services under Title III-C of the Older Americans Act	160440	784,473	191,659
93.045	COVID-19 - Nutrition Services and CARES Act for Nutrition Services under Title III-C of the Older Americans Act	160440	875,040	381,600
TOTAL Nutrition Services and CARES Act for Nutrition Services under Title III-C of the Older Americans Act - 93.045				
93.053	Nutrition Services Incentive Program	160440	1,217,786	556,838
TOTAL AGING CLUSTER			169,886	61,221
			2,171,945	809,718
93.224	Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	Direct	944,190	-
93.224	COVID-19 - Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	Direct	2,158,361	-
93.224	Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care) - Program Income	Direct	9,458,649	-
TOTAL Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care) - 93.224				
93.527	Grants for New and Expanded Services under the Health Center Program	Direct	12,561,200	-
93.527	Grants for New and Expanded Services under the Health Center Program - Program Income	Direct	2,048,568	-
			25,846,270	-
TOTAL Grants for New and Expanded Services under the Health Center Program - 93.527				
TOTAL HEALTH CENTER PROGRAM CLUSTER			27,894,838	-
			40,456,038	-
93.568	Temporary Assistance for Needy Families	MGA #5084	145,518	-
93.569	Community Service Block Grant	MGA #5084	299,472	-
93.569	COVID-19 - Community Service Block Grant	MGA #5084	267,578	-
TOTAL Community Service Block Grant - 93.569				
93.043	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	160440	13,873	10,250
93.048	Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	IGA 40G000140	10,000	-
93.048	Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	90CCDGO001-01-00	83,250	-
TOTAL Special Programs for the Aging, Title IV, and Title II, Discretionary Projects - 93.048				
93.052	National Family Caregiver Support, Title III, Part E	160440	338,076	5,555
93.052	COVID-19 - National Family Caregiver Support, Title III, Part E	160440	33,285	-
TOTAL National Family Caregiver Support, Title III, Part E - 93.052				
93.069	Public Health Emergency Preparedness	159803	195,205	-
			371,361	5,555

The notes to the SEFA are an integral part of this statement.

CLACKAMAS COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

93.136	Injury Prevention and Control Research and State and Community Based Programs	Association of Food & Drug Officials	2021	4,285	-
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	U.S. Department of Health and Human Services	Direct	637,091	111,181
93.268	Immunization Cooperative Agreements	Pass Through From: Oregon Health Authority	159803	160,721	-
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Pass Through From: Oregon Health Authority	159803	1,628,482	-
93.323	COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Pass Through From: Oregon Health Authority	159803	862,026	-
	TOTAL Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) - 93.323			2,490,508	-
93.324	State Health Insurance Assistance Program	Pass Through From: Oregon Department of Consumer and Business Services	45G000224	24,000	-
93.421	Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	The National Association of County and City Health Officials	2021	16,818	-
93.498	COVID-19 - Provider Relief Fund	U.S. Department of Health and Human Services	Direct	554,669	-
93.568	Low-Income Home Energy Assistance	Pass Through From: Oregon Housing and Community Services	MGA #5084	1,744,009	-
93.568	COVID-19 - Low-Income Home Energy Assistance	Pass Through From: Oregon Housing and Community Services	MGA #5084	441,386	-
	TOTAL Low-Income Home Energy Assistance - 93.568			2,185,395	-
93.658	Foster Care Title IV-E	Pass Through From: Oregon Department of Human Services	145855	21,386	-
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	Pass Through From: Oregon Department of Consumer and Business Services	IGA 45G000232	4,875	-
93.788	Opioid STR	Pass Through From: Oregon Health Authority	159803	169,793	-
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	Pass Through From: Oregon Health Authority	159803	76,671	60,261
93.958	Block Grants for Community Mental Health Services	Pass Through From: Oregon Health Authority	159159 / 166036	723,900	342,181
93.982	Mental Health Disaster Assistance and Emergency Mental Health	Pass Through From: Oregon Health Authority	168033	200,417	-
93.994	Maternal and Child Health Services Block Grant to the States	Pass Through From: Oregon Health Authority	159803	75,206	-
93.994	Maternal and Child Health Services Block Grant to the States	Pass Through From: Oregon Health Science University	1015198	83,389	-
	TOTAL Maternal and Child Health Services Block Grant to the States - 93.994			158,595	-
93.563	Child Support Enforcement	Pass Through From: Oregon Department of Justice	19289	1,065,500	-
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Pass Through From: Oregon Health Authority	155011	222,600	-
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Pass Through From: Oregon Health Authority	159159 / 166036	220,026	211,016
	TOTAL Block Grants for Prevention and Treatment of Substance Abuse - 93.959			442,626	211,016
93.667	Social Services Block Grant	Pass Through From: Oregon Department of Education	12758	47,701	46,990
93.667	Social Services Block Grant	Pass Through From: Oregon Department of Education	12759	125,175	114,826
93.667	Social Services Block Grant	Pass Through From: Oregon Department of Education	12760	178,527	168,734

The notes to the SEFA are an integral part of this statement.

CLACKAMAS COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

93.667	Social Services Block Grant	Pass Through From: Oregon Department of Education	12761	62,594	56,517
93.667	Social Services Block Grant	Pass Through From: Oregon Department of Education	12762	178,595	168,650
93.667	Social Services Block Grant	Pass Through From: Oregon Department of Education	12763	124,913	114,564
	TOTAL Social Services Block Grant - 93.667			717,505	670,281
93.556	MaryLee Allen Promoting Safe and Stable Families Program	Pass Through From: Oregon Department of Education	12573	85,763	85,763
93.434	Every Student Succeeds Act/Preschool Development Grants	Pass Through From: Oregon Department of Education	13320	23,000	-
	TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			53,777,759	2,306,206
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE					
94.016	Senior Companion Program	Corporation for National and Community Service	Direct	110,073	-
	TOTAL FOSTER GRANDPARENT/SENIOR COMPANION CLUSTER			110,073	-
94.002	Retired and Senior Volunteer Program	Corporation for National and Community Service	Direct	72,379	-
	TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			182,452	-
OFFICE OF NATIONAL DRUG CONTROL POLICY					
95.007	Research and Data Analysis	University of Baltimore	9988	65,681	-
	TOTAL OFFICE OF NATIONAL DRUG CONTROL POLICY			65,681	-
DEPARTMENT OF HOMELAND SECURITY					
97.024	Emergency Food and Shelter National Board Program	Pass Through From: United Way	LRO7080-00-005	49,042	49,042
97.029	Flood Mitigation Assistance	Pass Through From: Oregon Military Department	FMA-PJ-10-OR-2016-003	411,065	-
97.042	Emergency Management Performance Grants	Pass Through From: Oregon Military Department	20-503	222,213	-
97.067	Homeland Security Grant Program (HSGP)	Pass Through From: City of Portland	30006429	21,483	-
97.067	Homeland Security Grant Program (HSGP)	Pass Through From: City of Portland	32001910	29,864	-
97.067	Homeland Security Grant Program (HSGP)	Pass Through From: City of Portland	UA18-015	126,131	-
97.067	Homeland Security Grant Program (HSGP)	Pass Through From: Oregon Military Department	18-206	100,072	-
	Total Homeland Security Grant Program (HSGP) - 97.067			277,550	-
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Pass Through From: Oregon Military Department	4499-DR-OR	1,969,777	-
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Pass Through From: Oregon Military Department	4599-DR-OR	1,823,192	-
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Pass Through From: Oregon Military Department	4562-DR-OR	1,505,216	-
	TOTAL Disaster Grants - Public Assistance (Presidentially Declared Disasters) - 97.036			5,318,185	-
	TOTAL DEPARTMENT OF HOMELAND SECURITY			6,278,055	49,042
TOTAL EXPENDITURE OF FEDERAL AWARDS				138,890,867	14,694,231

The notes to the SEFA are an integral part of this statement.

CLACKAMAS COUNTY, OREGON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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, 2021, 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. (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 (ALN #10.447), Community Development Block Grants/Entitlement Grants (ALN #14.218), HOME Investment Partnerships Program (ALN #14.239), and Neighborhood Stabilization Program (ALN #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 was completed subsequent to the County's June 30, 2021 year-end 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, 2021, the County received and expended \$4,828,092 from the U.S. Environmental Protection Agency passed through ODEQ through ALN 66.458. The outstanding loan balance as of June 30, 2021 is \$16,622,518.

**CLACKAMAS COUNTY, OREGON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

4. Revolving Loan Programs (continued)

The outstanding loan balances as of June 30, 2021 consists of:

<u>ALN</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)	\$5,142,245
14.218	Community Development Block Grants/Entitlement Grants (NSP-1 HERA Passed through OHCS)	\$1,177,138
14.239	Home Investment Partnerships Program	\$18,971,443
14.256	Neighborhood Stabilization Program (Recovery Act Funded) (NSP-2 ARRA Passed through OHCS)	\$428,223
66.458	Clean Water State Revolving Funds	\$16,622,518

CLACKAMAS COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

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>Federal Assistance Listing Numbers</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor's Report Issued on Compliance for Major Federal Programs</i>
14.239	Home Investment Partnerships Program	<i>Unmodified</i>
14.218	CDBG – Entitlement Grants Cluster	<i>Unmodified</i>
21.019	COVID-19 – Coronavirus Relief Fund	<i>Unmodified</i>
21.023	COVID 19 – Emergency Rental Assistance Program	<i>Unmodified</i>
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	<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

CLACKAMAS COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section II - Financial Statement Findings

FINDING 2021-001—Material Weakness in Controls over Financial Reporting – Major Fund Reporting

Criteria – Generally accepted accounting principles require the County report major funds as separate columns in the basic fund financial statements and subject major funds to a separate opinion in the independent auditor’s report.

Condition – The County improperly omitted the Social Services Fund (the Fund) from major fund reporting in its basic fund financial statements.

Context – The liabilities and deferred inflows of resources for the Fund increased by \$12,397,314 since the prior fiscal year end. As of June 30, 2021, the Fund’s liabilities and deferred inflows of resources were greater than 10% of the County’s total governmental fund liabilities and deferred inflows of resources and 5% of the County’s total governmental fund and enterprise fund liabilities and deferred inflows of resources.

Effect – The Fund was reported as a non-major special revenue fund, rather than a major fund.

Cause – The County’s calculation did not include a calculation that identified a major fund when liabilities exceeded 10% of the governmental fund liabilities and deferred inflows of resources and 5% of the County’s total governmental fund and enterprise fund liabilities and deferred inflows of resources. Rather, the calculation only included an analysis of revenues and expenditures/expenses.

Recommendation – We recommend the County update their calculation in accordance with generally accepted accounting principles. We further recommend the calculation be reviewed to ensure major funds are appropriately identified and reported in the County’s basic financial statements.

Response – The County agrees with the recommendation and will implement these changes with the preparation of the June 30, 2022 financial statements.

CLACKAMAS COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section III - Federal Award Findings and Questioned Costs

FINDING 2021-002—Allowable Costs – Significant Deficiency in Internal Control over Compliance

Identification of federal program – 14.218, CDBG – Entitlement Grants Cluster

Criteria or specific requirement – Evidence of timesheet approval by the department supervisor should be maintained for all federal programs in accordance with OMB Uniform Guidance §200.303 – Internal Controls to ascertain the allowability of costs incurred under the program.

Condition – We identified three timesheets that did not have appropriate approval of the selected timecard.

Context – We selected 14 payroll charges from the entire population of payroll charges for the fiscal year. Of the 14 items selected for testing, three timesheets were identified that did not have an approval noted by the department supervisor to verify the number of hours worked and the allocation of these hours to the grant job code which determines the payroll allocation to grant.

Effect – Hours worked and the allocation of time to federal programs could be inaccurately captured on the timesheet and not discovered and corrected.

Questioned costs – None.

Cause – It is the County’s practice to allow payroll to be processed prior to a timesheet being approved by the department supervisor; however, it is the County’s policy that payroll would follow up with the department subsequent to the pay date to obtain the approval. For the three selections we identified, either the evidence of such approval was not retained or the departments did not perform the timesheet review.

Repeat finding – No.

Recommendation – We recommend that evidence of timesheet approval by the department supervisor be obtained and maintained for Federal programs and for future review.

Views of responsible officials and planned corrective actions - Our Payroll department currently makes several attempts to obtain approval from timesheet approvers for time that has not been approved. In addition to continuing with this effort, the Payroll department will follow up with the offending department’s Director if no response is received from the original approver during the following pay period. If the issue can’t be resolved at this level, it will be escalated to the County’s Finance Director in the following period who will address it at the Department and/or County Administrator level and approvals will be obtained and retained.

FINDING 2021-003—Allowable Costs – Significant Deficiency in Internal Control over Compliance

Identification of federal program – 97.036, Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Criteria or specific requirement – The County should ensure the accuracy of grant related payroll calculations for all federal programs in accordance with OMB Uniform Guidance §200.303 – Internal Controls to ascertain the allowability of costs incurred under the program.

Condition – We identified five errors in the payroll calculation that resulted in the grant being incorrectly charged due to a lack of review in the payroll calculation.

CLACKAMAS COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

FINDING 2021-003—Allowable Costs – Significant Deficiency in Internal Control over Compliance (continued)

Context – We selected 40 payroll charges from the entire population of payroll charges for the fiscal year. Of the 40 items selected for testing, the following errors were identified:

- One instance where the overtime hours of an employee were included in both the overtime and regular fringe benefits calculations.
- One instance of an incorrect longevity rate applied to an employee's pay rate.
- Two instances where an outdated payrate was charged to the grant rather than the current payrate.
- One instance where overtime hours were charged at the regular fringe rate, rather than the overtime fringe rate.

Known misstatements from the five errors totaled to a \$49 undercharge to the program.

Effect – Improperly reviewing payroll calculations could lead to mischarges to the federal program.

Questioned costs – None

Cause – Upon the completion of the timesheet approval, the FEMA accountant manually calculates the appropriate amount to be charged to the grant. The process includes multiplying the hours worked for the FEMA project obtained from the approved timesheet to the corresponding rates (e.g. regular, overtime, fringe benefits). There was no review in this process to verify the accuracy of the calculation in the event of an error.

Repeat finding – No.

Recommendation – We recommend that the payroll calculation be reviewed prior to the FEMA portal submission.

Views of responsible officials and planned corrective actions - Following the FEMA accountant's manual calculation of the appropriate amount to be charged to a grant or reimbursement application, a manager in the Finance Department (a Deputy Director, Accounting Manager, or Grant Manager) will review the numbers, formulas, and calculations in the spreadsheets to verify the accuracy of them.



Department of Finance

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

August 17, 2022

In accordance with OMB Uniform Guidance, we have provided below Clackamas County's response and corrective action plans addressing the findings in the "Report on Federal Awards in Accordance with the OMB Uniform Guidance" for the fiscal year that ended June 30, 2021.

Finding 2021-002: Allowable Costs – Significant Deficiency in Internal Controls

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

Contact Person responsible for corrective action:

Patrick Williams
pwilliams@clackamas.us
971-325-5392

Correction Action Planned:

Our Payroll department currently makes several attempts to obtain approval from timesheet approvers for time that has not been approved. In addition to continuing with this effort, the Payroll department will follow up with the offending department's Director if no response is received from the original approver during the following pay period. If the issue can't be resolved at this level, it will be escalated to the County's Finance Director in the following period who will address it at the Department and/or County Administrator level and approvals will be obtained and retained.

Finding 2021-003: Allowable Costs – Significant Deficiency in Internal Controls

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

Contact Person responsible for corrective action:

Patrick Williams
pwilliams@clackamas.us
971-325-5392

Correction Action Planned:

Following the FEMA accountant's manual calculation of the appropriate amount to be charged to a grant or reimbursement application, a manager in the Finance Department (a Deputy Director, Accounting Manager, or



Elizabeth Comfort
Finance Director

Department of Finance

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

Grant Manager) will review the numbers, formulas, and calculations in the spreadsheets to verify the accuracy of them.

Anticipated Completion Date

Management anticipates this will be resolved immediately.

Sincerely,

A handwritten signature in cursive script that reads "Elizabeth Comfort".

Elizabeth Comfort
Finance Director



Summary Schedule of Prior Audit Findings for the Fiscal Year Ended June 30, 2020

Financial Statement Finding

**Finding 2020-01 – 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

Federal Program: 66.458, Clean Water State Revolving Funds Cluster

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

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.

Status of Finding: *Fully implemented:* Management has resolved this matter with additional procedures incorporated into our SEFA process, including steps to identify loan activity required for reporting.

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: _____