

# **MULTNOMAH COUNTY, OREGON**

## **Schedule of Expenditures of Federal Awards and Reports of Independent Certified Public Accountants**

**For the Fiscal Year Ended June 30, 2008**



Prepared by:  
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**MULTNOMAH COUNTY, OREGON**  
**Schedule of Expenditures of Federal Awards and**  
**Reports of Independent Certified Public Accountants**  
**For the Year Ended June 30, 2008**  
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

The Board of County Commissioners  
Multnomah County, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Multnomah County, Oregon (the County) as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 25, 2008. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of The Library Foundation, a discretely presented component unit, as described in our report of the County's financial statements. The financial statements of The Library Foundation were not audited in accordance with *Government Auditing Standards*.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County in a separate letter dated November 25, 2008.

This report is intended solely for the information and use of the audit committee, management, the Board of County Commissioners and the Secretary of State, Divisions of Audits, of the State of Oregon and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Moss Adams, LLP*

Eugene, Oregon  
November 25, 2008



**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Board of County Commissioners  
Multnomah County, Oregon

**COMPLIANCE**

We have audited the compliance of Multnomah County (County) with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2008-01 and 2008-02.

**INTERNAL CONTROL OVER COMPLIANCE**

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2008-01 and 2008-02 to be significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

#### ***SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Multnomah County, Oregon (the County) as of and for the year ended June 30, 2008, and have issued our report thereon dated November 25, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, the Board of County Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Moss Adams, LLP*

Eugene, Oregon  
January 20, 2009, except for  
the Schedule of Expenditure of  
Federal Awards, which is dated November 25, 2008



**MULTNOMAH COUNTY, OREGON**  
**Schedule of Expenditures of Federal Awards**  
**For the Year ended June 30, 2008**

<b>Grantor and Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<u>U.S. Department of Agriculture</u>			
Passed Through State Department of Administrative Services:			
Schools and Roads Grants to States	10.665	PL 106-393	\$ 1,038,348
Passed Through State Department of Education:			
Commodity Supplemental Food Program	10.555	2613007	34,418
School Breakfast Program	10.553	2613007	63,448
National School Lunch Program	10.555	2613007	113,160
Passed Through State Department of Human Services:			
Special Supplemental Nutrition Program for Women, Infants and Children *	10.557	1936002309	2,370,828
WIC Grants to States (WGS)	10.578	1936002309	1,725
State Administrative Matching Grants for Food Stamp Program *	10.561	1936002309	1,880,565
Total Department of Agriculture			<u>5,502,492</u>
<u>U.S. Department of Defense</u>			
Passed Through Oregon Department of Administrative Services:			
Payments to States in Lieu of Real Estate Taxes	12.112	1936002309	2,250
Total Department of Defense			<u>2,250</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Community Development Block Grants/Entitlement Grants	14.218		399,162
Supportive Housing Program *	14.235		2,246,930
Healthy Homes Demonstration Grants	14.901		345,714
Passed Through City of Portland-Bureau of Community Development:			
Housing Opportunities for Persons with AIDS	14.241	37470	15,657
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	35679	16,581
Passed Through City of Portland-Water Bureau:			
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	36728	120,000
Total Department of Housing and Urban Development			<u>3,144,044</u>
<u>U.S. Department of Interior</u>			
Direct Programs:			
Payment in Lieu of Taxes	15.226		15,151
Distribution of Receipts to State and Local Governments	15.227		1,242,813
Total Department of Interior			<u>1,257,964</u>
<u>U.S. Department of Justice</u>			
Direct Programs:			
Services for Trafficking Victims	16.320		78,823
Supervised Visitation, Safe Havens for Children	16.527		181,401
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590		389,492

\* Indicates a Major Program

(continued)

**MULTNOMAH COUNTY, OREGON**  
**Schedule of Expenditures of Federal Awards**  
**For the Year ended June 30, 2008**

<b>Grantor and Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<u>U.S. Department of Justice</u> (continued)			
Community Capacity Development Office	16.595		217,282
State Criminal Alien Assistance Program	16.606		211,591
Bulletproof Vest Partnership Program	16.607		10,516
Community Prosecution and Project Safe Neighborhoods	16.609		160,582
Public Safety Partnership and Community Policing Grants	16.710		255,079
Reduction and Prevention of Children's Exposure to Violence	16.730		177,558
Anti-Gang Initiative	16.744		324,139
Passed Through City of Portland Bureau of Police:			
Public Safety Partnership and Community Policing Grants	16.710	2006CKw0500	52,170
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2005-F3851-OR-DJ	369,388
Passed Through SE Uplift:			
Community Capacity Development Office	16.595	Multnomah County	6,003
Passed Through Oregon Department of Corrections:			
Prisoner Reentry Initiative Demonstration	16.202	3518	15,000
Passed Through State Department of Justice:			
Crime Victim Assistance	16.575	04-2266/05-2440	138,054
Passed Through State Police:			
Juvenile Accountability Incentive Block Grants	16.523	2006-6362	55,685
Juvenile Accountability Incentive Block Grants	16.523	03-659/04-625	55,686
Violence Against Women Formula Grants	16.588	05-766/06-761	50,000
Byrne Memorial Formula Grant Program	16.579	01-05/10-02	83,433
Total Department of Justice			<u>2,831,882</u>
<u>U.S. Department of Labor</u>			
Passed Through Worksystems, Inc.:			
WIA Pilots, Demonstrations, and Research Projects	17.261	07-75059	86,641
Total Department of Labor			<u>86,641</u>
<u>U.S. Department of Transportation</u>			
Passed Through State Department of Transportation:			
Highway Planning and Construction	20.205	1936002309	2,734,972
Total Department of Transportation			<u>2,734,972</u>
<u>Institute of Museum and Library Services</u>			
Passed Through Oregon State Library:			
Grants to States	45.310	08-05-5P	33,857
Grants to States	45.310	08-04-5P	5,782
Grants to States	45.310	05-05-1P	4,547
Grants to States	45.310	05-0-1/06-01-1	255,415
Grants to States	45.310	07-06-5P	41,526
Total Institute of Museum and Library Services			<u>341,127</u>

(continued)

**MULTNOMAH COUNTY, OREGON**  
**Schedule of Expenditures of Federal Awards**  
**For the Year ended June 30, 2008**

<b>Grantor and Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<u>National Endowment for the Humanities</u> (continued)			
Direct Programs:			
Promotion of the Humanities Division of Preservation and Access	45.149		5,000
Total National Endowment for the Humanities			5,000
<u>U.S. Environmental Protection Agency</u>			
Direct Programs:			
Brownsfield Assessment and Cleanup Cooperative Agreement	66.818		22,243
Passed Through State Department of Human Resources:			
State Public Water System Supervision	66.432	113327-1	7,960
Capitalization Grants for Drinking Water State Revolving Funds	66.468	122710-1	7,690
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707	1936002309	10,000
Surveys, Studies, Training Demonstrations and Educational Outreach	66.716	1936002309	32,183
Total U.S. Environmental Protection Agency			80,076
<u>U.S. Department of Energy</u>			
Passed Through Oregon Housing and Community Services:			
Weatherization Assistance for Low-Income Persons	81.042	210009	148,458
Total Department of Energy			148,458
<u>U.S. Department of Education</u>			
Passed Through Oregon Department of Education:			
Twenty-First Century Community Learning Centers	84.287	02-21CCLC	527,661
Passed Through Oregon Department of Human Resources:			
Safe and Drug Free Schools and Communities State Grants	84.186	1936002309	100,000
Passed Through Portland Community College:			
Adult Education State Grant Program	84.002	0410557-2	24,180
Total Department of Education			651,841
<u>Elections Assistance Commission</u>			
Passed Through Oregon Secretary of State:			
Help America Vote Requirements Payments	90.401	1936002309	37,136
Total Elections Assistance Commission			37,136
<u>U.S. Department of Health &amp; Human Services</u>			
Direct Programs:			
Community-Based Abstinence Education (CBAE)	93.010		578,831
Admin for Children & Families - Enhanced the safety of affected by Parental Methamphetamine Abuse	93.087		447,789
Injury Prevention and Control Research and State and Community Based Programs	93.136		540,772

(continued)

**MULTNOMAH COUNTY, OREGON**  
**Schedule of Expenditures of Federal Awards**  
**For the Year ended June 30, 2008**

<b>Grantor and Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<u>U.S. Department of Health &amp; Human Services</u> (continued)			
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	93.224		6,499,859
Substance Abuse and Mental Health Services Projects of State Capacity Building	93.240		86,566
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		546,470
Drug Abuse and Addiction Research Programs	93.279		83,016
Centers for Disease Control and Prevention Investigations and Technical Assistance *	93.283		31,633
Cancer Cause and Prevention Research	93.393		32,221
Refugee and Entrant Assistance Discretionary Grants	93.576		150,000
Health Care and Other Facilities	93.887		20,828
HIV Emergency Relief Project Grants	93.914		3,074,530
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918		839,501
Healthy Start Initiative	93.926		884,962
Special Projects of National Significance	93.928		28,847
Passed Through John Hopkins University:			
Nursing Research	93.361	1936002309	11,683
Passed Through Mount Hood Community College Head Start: Head Start	93.600	0210115-6	61,500
Passed Through National Association of City and County Health Officials:			
Centers for Disease Control and Prevention Investigations and Technical Assistance *	93.283	2007-050201	25,875
Centers for Disease Control and Prevention Investigations and Technical Assistance *	93.283	2007-092705	8,448
Medical Reserve Corps Small Grant Program	93.008	MRC 07223	5,038
Passed Through NW Family Services:			
Healthy Marriage Promotion and Responsible Fatherhood	93.086	90FE0079	298,123
Passed Through Oregon Association of Hospitals and Health Systems:			
National Bioterrorism Hospital Preparedness Program	93.889	Multnomah County	23,737
Passed Through Oregon Commission on Children and Families:			
Promoting Safe and Stable Families	93.556	1936002309	204,203
Child Care and Development Block Grant	93.575	1936002309	277,422
Social Services Block Grant	93.667	1936002309	563,884
Social Services Block Grant	93.667	0709Mult	108,346
Passed Through Oregon Housing and Community Services:			
Temporary Assistance for Needy Families	93.558	0310559	105,395
Low-Income Home Energy Assistance *	93.568	0310559	3,977,749
Community Services Block Grant	93.569	0310559	783,623

\* Indicates a Major Program

(continued)



**MULTNOMAH COUNTY, OREGON**  
**Schedule of Expenditures of Federal Awards**  
**For the Year ended June 30, 2008**

<b>Grantor and Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<u>U.S. Department of Health &amp; Human Services</u> (continued)			
Passed Through Oregon Health Sciences University:			
Nursing Research	93.361	GS0N00191-MUL.1	65,920
Ryan White HIV/AIDS Dental Reimbursements / Community Based Partnerships	93.924	GPBH0012A©	14,157
Maternal and Child Health Services Block Grant to the States	93.994	4 B04MC06604-01-03	127,382
Passed Through State Department of Human Resources:			
Special Programs for the Aging Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect and Exploitation	93.041	1936002309	9,096
Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	93.043	1936002309	52,045
Special Programs for the Aging Title III, Part B Grants for Supportive Services & Senior Centers	* 93.044	1936002309	764,091
Special Programs for the Aging Title III, Part C Nutrition Services	* 93.045	1936002309	944,672
Special Programs for the Aging Title IV and Title III Discretionary Projects	93.048	1936002309	60,226
National Family Caregiver Support	93.052	1936002309	296,713
Nutrition Services Incentive Program	* 93.053	1936002309	402,506
Project Grants & Cooperative Agreements for Tuberculosis Control Programs	93.116	1936002309	151,879
Projects for Assistance in Transition From Homelessness (PATH)	93.150	1936002309	235,063
State Capacity Building	93.240	1936002309	23,300
Family Planning Services	93.217	1936002309	257,245
Immunization Grants	* 93.268	1936002309	2,170,635
Centers for Disease Control and Prevention Investigations and Technical Assistance	* 93.283	1936002309	660,797
Temporary Assistance for Needy Families	93.558	1936002309	214,788
National Bioterrorism Hospital Preparedness Program	93.889	1936002309	323,089
HIV Care Formula Grants	93.917	1936002309	12,756
HIV Prevention Activities Health Department Based	93.940	1936002309	876,213
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	1936002309	183,207
Block Grants for Community Mental Health Services	93.958	1936002309	516,163
Block Grant for Prevention and Treatment of Substance Abuse	* 93.959	1936002309	3,592,991
Maternal and Child Health Services Block Grant to the States	93.994	1936002309	446,887
Passed Through Oregon Department of Justice:			
Child Support Enforcement	93.563	1936002309	1,557,200
Passed Through Oregon Research Institute:			
Alcohol Research Programs	93.273	R01 AA011510	84,541

(continued)

\* Indicates a Major Program

**MULTNOMAH COUNTY, OREGON**  
**Schedule of Expenditures of Federal Awards**  
**For the Year ended June 30, 2008**

<b>Grantor and Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<u>U.S. Department of Health &amp; Human Services</u> (continued)			
Passed Through Portland State University:			
Injury Prevention and Control Research and State and Community Based Programs	93.136	CDC sub050139 MCHD	416,933
Passed Through University of California:			
Drug Abuse and Addiction Research Programs	93.279	2000 G FN565	63,661
Passed Through University of Washington:			
AIDS Education and Training Centers	93.145	269812	99,311
Passed Through Washington County Public Health:			
Centers for Disease Control and Prevention Investigations and Technical Assistance	* 93.283	CA 08-0271 PO# 141766	48,000
Passed Through Washington State Department of Health:			
Centers for Disease Control and Prevention Investigations and Technical Assistance	* 93.283	N15002	50,262
Total Department of Health and Human Services			<u>35,022,580</u>
<u>US Department of Homeland Security</u>			
Passed Through City of Portland Department of Emergency Communications:			
Urban Areas Security Initiative	* 97.008	52304	403,146
Passed Through Oregon State Police:			
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	1936002309	188,869
Emergency Management Performance Grants	97.042	1936002309	164,398
Passed Through Oregon State Marine Board:			
Boating Safety Financial Assistance	97.012	1936002309	707,722
Passed Through United Way:			
Emergency Food and Shelter National Board Program	97.024	708000-009	236,234
Total Department of Homeland Security			<u>1,700,369</u>
Total Federal Expenditures			<u><u>53,546,832</u></u>

\* Indicates a Major Program

**MULTNOMAH COUNTY, OREGON**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2008**

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**Note A – General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of Multnomah County, Oregon (the County) for the year ended June 30, 2008. The County's reporting entity is defined in Note 1 to the County's June 30, 2008 basic financial statements.

**Note B – Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified-accrual basis of accounting, as described in Note 1 to the County's basic financial statements. The Schedule provides the summary of expenditures of federal awards by program or program cluster, by State Agency, if applicable, and by detailed passed through agency, if applicable. Federal CFDA numbers are from the Catalog of Federal Domestic Assistance (CFDA) published by the Office of Management and Budget and the General Services Administration. Any programs without a CFDA number are presented with only the federal agency's two-digit prefix in place of a CFDA number.

**Note C – Relationship to Basic Financial Statements**

Federal financial assistance revenues reported in the County's basic financial statements are included with operating grants and contributions.

**Note D – Noncash Awards**

The accompanying Schedule of Expenditures of Federal Awards includes three noncash awards.

An award from the State Department of Education provides food donations (CFDA #10.555 Commodity Supplemental Food Program) for the Juvenile Detention Center. The value of the food is determined by the Grantor; \$34,418.

An award from the Department of Health and Human Resources is in the form of vaccines (CFDA #93.268 – Childhood Immunization Grants). The value of the Childhood Immunization Grant award was determined by the granting agency. The amount expended and advanced at June 30, 2008 is calculated on a proportionate basis; \$2,096,037.

An award from the Department of Homeland Security (CFDA #97.008 Urban Areas Security Initiative) passed through the City of Portland provided an Emergency Response Vehicle valued at \$55,614.

**MULTNOMAH COUNTY, OREGON**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2008**

**Note E - Subrecipients**

Of the Federal expenditures presented in the schedule, Multnomah County provided federal awards to subrecipients as follows:

Program Title	Federal CFDA number	Amount provided to subrecipients
Community Development Block Grants/Entitlement Grants	14.218	\$ 357,970
Supportive Housing Program	14.235	1,843,150
Supervised Visitation, Safe Havens for Children	16.527	117,508
Edward Byrne Memorial Formula Grant Program	16.579	43,067
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	150,953
Community Capacity Development Office	16.595	217,160
Community Prosecution and Project Safe Neighborhoods	16.609	53,913
Public Safety Partnership and Community Policing Grants	16.710	17,115
Reduction and Prevention of Children's Exposure to Violence	16.730	140,241
Anti-Gang Initiative	16.744	166,727
Safe and Drug-Free Schools and Communities	84.186	650,014
Twenty-First Century Community Learning Centers	84.287	359,978
Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	93.043	38,474
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	223,214
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	944,672
Special Programs for the Aging Title IV and Title II Discretionary Projects	93.048	51,692
National Family Caregiver Support, Title III, Part E	93.052	97,175
Nutrition Services Incentive Program	93.053	150,583
Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse	93.087	304,263
Injury Prevention and Control Research and State and Community Based Programs	93.136	90,316
Projects for Assistance in Transition From Homelessness (PATH)	93.150	206,250
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	499,740
Alcohol Research Programs	93.273	1,325
Drug Abuse and Addiction Research Programs	93.279	7,518
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	14,500
Temporary Assistance for Needy Families	93.558	93,549
Low-Income Home Energy Assistance Program	93.568	453,780
Community Services Block Grant	93.569	635,741
Social Services Block Grant	93.667	601,591
HIV Emergency Relief Project Grants	93.914	2,039,103
HIV Care Formula Grants	93.917	20,755
HIV Prevention Activities Health Department Based	93.940	298,001
Block Grants for Community Mental Health Services	93.958	329,470
Block Grants for Prevention and Treatment of Substance Abuse	93.959	3,321,662
Urban Area Security Initiative	97.008	157,795
Total subrecipient pass-through		<u>\$ 14,698,965</u>



**MULTNOMAH COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

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**Section I - Summary of Auditor's Results**

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*Financial Statements*

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes      X   no
- Significant deficiencies(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      X   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes      X   no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes      X   no
- Significant deficiencies (s) identified that are not considered to be material weaknesses?   X   yes    \_\_\_\_\_ none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?   X   yes    \_\_\_\_\_ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
10.561	Food Stamp Cluster
14.235	Supportive Housing Program
93.268	Immunization Grants
93.283	Centers for Disease Control
93.568	Low Income Home Energy Assistance Program
93.959	Block Grant for Prevention and Treatment of Substance Abuse
97.008	Urban Areas Security Initiative
	<u>Aging Cluster</u>
93.044	Special Programs for the Aging Title III, Part B Grants for Supportive Services & Senior Centers
93.045	Special Programs for the Aging Title III, Part C Nutrition Services
93.053	Nutrition Services Incentive Program

**MULTNOMAH COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2008**

Dollar threshold used to distinguish  
between type A and type B programs:           \$   1,606,405

Auditee qualified as low-risk auditee?             X   yes          no

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**Section II - Financial Statement Findings**

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None

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**Section III - Federal Award Findings and Questioned Costs**

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**FINDING 2008-1 - Allowable Costs: Payroll Level of Effort Reporting – Significant Deficiencies in Internal Control and Instances of Noncompliance (Repeat Finding)**

**Federal Programs:** Supportive Housing Program, 14.235;  
Aging Cluster, 93.044, 93.045, 93.053  
Centers for Disease Control, 93.283;  
Low-Income Home Energy Assistance Program, 93.568;  
Urban Areas Security Initiative, 97.008

**Federal Agency:** U.S. Department of Housing and Urban Development, U.S. Department of Health and Human Services, U.S. Department of Homeland Security

**Award Year:** 2007-2008

**Criteria:** Per OMB Cost Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, 2 CFR Part 225, Appendix B, paragraph 8(h)(3) states where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee. In addition, paragraph 8(h)(4) states where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection 8 (h)(5), such as after-the-fact distribution of the actual activity, account for total activity in which the employee was compensated and must be prepared monthly and signed by the employee. Paragraph 8 (h)(5)(e) goes on to state that budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim account purposes if the estimates produce reasonable approximation of the activity actually performed, if quarterly comparisons are made of actual to budgeted costs and the budgeted estimates are revised quarterly, to reflect changed

circumstances. Paragraph 8 (h)(6) states that substitute systems for allocating salaries and wages to Federal awards are acceptable, but are subject to approval by cognizant agency.

**Condition:** During the prior year audit, as part of a finding in Allowable Costs and Activities, a recommendation was made to the County in January 2008 regarding the documentation of time and effort reporting for payroll costs. Upon notification of the recommendation, the County implemented Time and Effort study procedures and processes, however, this occurred for the second half of the current fiscal year and was not retroactively applied for the entire fiscal year. Therefore, for the first six months of the current fiscal year, the County did not require periodic certifications where the employee worked solely on a single Federal award or cost objective, or require actual time records, time studies or the equivalent thereof in order to properly allocate actual time to Federal grants. Personnel costs, including benefits, were charged to the Federal grants based on budgeted or estimated amounts. As of June 30, 2008, it appears that the County has implemented policies and procedures to address documentation of time and effort reporting of payroll costs going forward. However, due to not applying these procedures retroactively for the entire fiscal year, there is a repeat finding regarding time and effort payroll allocation.

**Questioned Costs:** Questioned costs for payroll allocation are approximately \$344,000. Specifically, questioned costs for each program are as follows: approximately \$10,000 for the Supportive Housing Program, \$188,000 for the Centers for Disease Control, \$109,000 for the Low Income Energy Assistance Program and \$37,000 for the Urban Areas Security Initiative Program. For the Aging Cluster, we did not question those payroll costs as the employees were working solely on a single Federal award and we were able to obtain job descriptions, time cards and other supporting documentation to substantiate those costs. However, periodic certifications were not obtained or were not completed timely and we will therefore document this in our recommendation.

**Context:** The County requires semi-monthly timesheets that are certified by supervisors. However, for the first half of the fiscal year, employees were not required to record their actual time per program or the County did not perform time studies to document actual payroll costs charged to the grant. Instead, budgeted amounts are used to charge payroll costs to the individual Federal grants. In addition, for those employees that work solely on a single Federal award, the County employees are not consistently completing periodic certifications signed by the employee or supervisor having first hand knowledge of the work performed by the employee.

**Effect:** Personnel costs charged to the Federal grant are not adequately supported per OMB Circular A-87 and may not be reflective of the personnel costs actually attributable to the program.

**Cause:** Prior year recommendation was made in January 2008 and the County implemented a corrective action for only the second half of the fiscal year. Therefore, for the first six months of fiscal year 2008, recording actual time for employees working on grants, or the equivalent thereof, was not being done. In addition, periodic certifications for employees working solely on single Federal awards were not consistently being obtained.

**Recommendation:** We recommend that the County continue to develop and implement a system to track actual personnel compensation for those individuals working on multiple Federal grants. We recommend that those allocations, based on actual amounts, be reflected in the accounting system and properly allocated to the federal grants. We also recommend that for those employees working 100% on Federal awards, the County should consistently obtain periodic certifications, at

least semi-annually, and that they be signed by the employee or supervisor having first hand knowledge of the work performed by the employee. Finally, as the County did in fact implement a Time and Effort system in accordance with OMB A-87 during January 2008, we recommend that the County consider a retroactive review (time study) of the first six months of the fiscal year.

**Management's Response:** Management's response is included at "Management's Views and Corrective Action Plan"

## **FINDING 2008-2 – Program Subrecipient Monitoring - Significant Deficiency in Internal Control and Instance of Noncompliance**

**Federal Program:** Urban Areas Security Initiative, 97.008

**Federal Agency:** U.S. Department of Homeland Security

**Award Year:** 2007-2008

**Criteria:** OMB Circular A-133, Section 400(d) outlines the responsibilities of recipients of Federal awards regarding funds passed-through to other organizations. Specifically, the pass-through entity is to: (1) monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contract or grant agreements and that performance goals are achieved. In addition, the Intergovernmental agreement between the County and the pass-through entity (the City of Portland), item #9 states that "Neither party will subcontract or assign any part of this agreement without the written consent of the other party."

**Condition:** While testing all 16 subrecipient invoices, there was no clear indication of review over the subrecipient invoices by County personnel overseeing the program, although the activities appear to be allowable. In addition, four of the 16 invoices tested contained mathematical errors that were not noticed by County personnel. Finally, there was no written consent found between the County and the pass-through entity (the City of Portland) with respect to subcontracting and/or assigning of program services.

**Questioned Costs:** Questioned costs were well below the reporting threshold of \$10,000.

**Context:** The County is responsible for ensuring that invoices submitted by the subrecipient are both accurate and in compliance with program requirements. In all subrecipient reimbursement requests tested, there was no clear indication of the invoices being reviewed. Also, the lack of proper dollar amount review is pervasive to the program, as indicated by the mathematical errors noted. Furthermore, the agreement with the funding agency required written consent for subcontracting and/or assigning of program work, yet no such written consent was found. However, the pass-through entity did receive and pay these invoices, so they were aware of the assigned program services.

**Effect:** As evidenced by mathematical errors found in the subrecipient reimbursement requests, the County requested and provided inaccurate amounts to the funding agency. These mathematical errors were immaterial and did not rise to the level of questioned costs to be reported. In addition, although the funding agency paid the reimbursement requests, all such transactions by and with



subrecipients could be considered in violation of the agreement as there was no clear indication of written consent for subcontracting and/or assigning of program services.

***Cause:*** Proper controls over the review of subrecipient invoices did not exist. County personnel considered programmatic review of subrecipient invoices adequate and believed that the funding agency bore the responsibility for mathematical review. Finally, with respect to the contract terms, it appears that the requirement for written consent was overlooked.

***Recommendation:*** We recommend that the County develop and implement program monitoring procedures over subrecipients, specifically over the review of subrecipient invoices. In addition, we recommend that the County obtain proper written consent to subcontract program services from the funding agency, as required within their agreement.

***Management's Response:*** Management's response is included at "Management's Views and Corrective Action Plan"

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## MULTNOMAH COUNTY OREGON

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### Management's Views and Corrective Action Plan to Current Year Audit Findings and Questioned Costs

For the Fiscal Year Ending June 30, 2008

#### **FINDING 2008-1 Allowable Costs: Payroll Level of Effort Reporting – Significant Deficiencies in Internal Control and Instances of Noncompliance (Repeat Finding)**

**Federal Programs:** Supportive Housing Program, 14.235;  
Aging Cluster, 93.044, 93.045, 93.053;  
Centers for Disease Control, 93.283;  
Low-Income Home Energy Assistance Program, 93.568;  
Urban Areas Security Initiative, 97.008

Management understands the importance of accurately accounting, tracking, and documenting actual personnel costs charged to Federal awards in-order to adhere to OMB Circular A-87. Due to the wide array of services provided by multiple County departments, procedures and processes to track and record actual payroll costs charged to Federal awards will vary across the County. Therefore, County departments may be addressing this finding differently in order to best fit the Department's operations and business needs.

The Health Department (HD) provided presentations to staff on tracking actual personnel costs charged to multiple Federal grants. The presentations were used to develop time and effort accounting and reporting processes in HD service areas and to comply with the Federal rules and requirements. Effective December 2008 Health Department staff working under multiple Federal funding sources are required to record time charged to grants on their time sheet. Automatic system allocations based on budgets have been eliminated. In addition, semi-annual time certifications have been required of HD staff working solely on one Federal grant activity since the beginning of fiscal year 2009.

The Department is currently implementing a time study method for payroll costs charged to Federal grants for the period from July 2008 through November 2008. The time study will be used to document HD staff time charged to multiple Federal funding sources. Finally, the Health Department has developed a matrix to track the various methods used across the Department for time and effort reporting on Federal awards. The matrix notes each Federal award by CFDA number along with the current methodology for time and effort reporting. This matrix will be updated routinely and used by the Department to ensure continuous compliance to A-87 time and effort guidelines.

The Department of County Human Services (DCHS) has worked closely with our external auditors and our cognizant agency in order to develop time and effort reporting processes over specific Federal awards to meet the requirements of OMB A-87. Due to the timing of the completion of the fiscal year 2007 single audit, there were two quarters in fiscal year 2008 that did not have documented time studies. For all of fiscal year 2009, DCHS has implemented time studies to ensure payroll costs charged to Federal awards in the Department are substantiated and in compliance with OMB A-87. In addition the Department will review all DCHS personnel costs charged to Federal awards to ensure time and effort reporting is not a repeat finding for next year's single audit.

The Multnomah County Sheriff's Office (MCSO) uses a public safety scheduling system, Telestaff, in order to manage law enforcement schedules, track staff time, overtime and related costs. Telestaff was used as the system of record for law enforcement time charged to the UASI grant. The Telestaff system does not interface with the County's enterprise system, SAP, where payroll is recorded in the general ledger and charged to grants. During the audit of the UASI grant, the auditors informed MCSO management that Telestaff does not have adequate review and time approvals in order to be in compliant with OMB A-87 for time and effort reporting. Before the end of fiscal year 2009, the Sheriff's Office will review payroll costs charged to Federal awards and develop and implement an approach that meets the Federal rules and requirements. An approved time and effort approach will be implemented in fiscal year 2009 in order for MCSO's Federal awards to be in compliance with the OMB for next year's single audit. MCSO will require semi-annual time certifications for any staff time charged to a single cost objective. The time certifications will be signed by the individual working on a Federal award along with an approval from his or her supervisor.

**FINDING 2008-2 – Program Subrecipient Monitoring – Significant Deficiency in Internal Control and Instance of Noncompliance**

***Federal Program:*** Urban Areas Security Initiative, 97.008

Multnomah County is responsible for programmatic and fiscal subrecipient monitoring of Federal pass through awards. Programmatic subrecipient monitoring occurs at the department or program level and fiscal subrecipient monitoring is managed by central fiscal compliance. At the program level, the Department is responsible for reviewing and approving subrecipient invoices for accuracy and completeness as well as monitoring the program activities of the subrecipient to ensure Federal pass-through awards are used appropriately and in compliance with laws, regulations and provisions of the contract. The Emergency Management (EM) program will assure programmatic subrecipient monitoring activities are performed in order to meet legal, grantor and contractual requirements as well as any performance goals noted in contracts. Program staff shall evidence their review and approval of subrecipient invoices for accuracy and completeness by noting an authorized signature and date on invoices or other supporting documentation. In addition, EM will closely review contracts and sub-award agreements and obtain the appropriate written consent prior to assigning or delegating program activities, if applicable, in order to be in compliance with contract provisions.



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### Summary Schedule of Prior Year Audit Findings and Questioned Costs For the Fiscal Year Ending June 30, 2007

#### **FINDING 2007-02 Allowable Costs: Payroll Level of Effort Reporting – Significant Deficiencies in Internal Control and Instances of Noncompliance**

**Federal Programs:**

- Supportive Housing Program, 14.235
- Centers for Disease Control, 93.283
- Low-Income Home Energy Assistance Program, 93.568
- Block Grant for Treatment of Substance Abuse, 93.959

**Condition:** The County does not currently require periodic certifications that the employee worked solely on a single Federal award or cost objective. In addition, the County does not currently require actual time records, time studies or the equivalent in order to properly allocate actual time to Federal grants. Personnel costs, including benefits, are charged to the Federal grants based on budgeted or estimated amounts. The County has not adopted a substitute system as permitted by Circular A-87.

**Recommendation:** We recommend that the County develop and implement a system to track actual personnel compensation by program for those individuals working on multiple Federal grants. Further, while initial allocations may be made based on budget estimates, we recommend that the County revise its processes so that adjustments are made to reflect actual payroll costs by program on at least a quarterly basis to enable proper allocations to each Federal grant. We also recommend that for those employees working on Federal awards, the County should obtain periodic employee certifications, at least semi-annually, signed by the employee or supervisor having first hand knowledge of the work performed by the employee.

**Status of Finding:** *In-progress:* The County has been working closely with our auditors and certain State agencies to develop and implement methods to allocate payroll costs in compliance with A-87. The approved methods, however, were not implemented until late in fiscal year 2008 or in some instances in fiscal year 2009, and therefore the County received this comment as a repeat finding for the fiscal year 2008 single audit. Management is confident that the payroll allocation methods implemented by the Departments will meet the OMB requirements and this will not be a repeat finding for fiscal year 2009.

#### **FINDING 2007-03 Eligibility – Instance of Noncompliance**

**Federal Program:** Low-Income Home Energy Assistance Program, 93.568

**Condition:** Weatherization program staff has procedures in place to verify applicant information. However, during testing we noted that one out of the five applications sampled did not have an income verification completed, though the proper documents were filed. Therefore, the person did not meet the eligibility requirements to receive Weatherization awards.

**Recommendation:** We recommend that income eligibility calculations are performed on all weatherization applications, regardless of applicants' eligibility determination by another program.

**Status of Finding:** *Fully Corrected:* Income verification procedures are being performed on each Weatherization applicant.

**FINDING 2007-4 Allowable Costs – Fraud, Significant Deficiency in Internal Controls and Instance of Noncompliance**

**Federal Program:** Centers for Disease Control, CFDA #93.283

**Condition:** From March 2006 to August 2007, a County employee embezzled Federal funds from a petty checking account. The funds were intended to be used to issue checks to clients in exchange for completing a survey. The employee issued checks to herself from this account and created fraudulent client names for the check register, passing them off as client payments. The fraud was eventually detected by a program manager during budget development. The County performed an investigation, and the internal controls over petty checking accounts within the Health Department have been revised.

**Recommendation:** We recommend the continued implementation of revised internal controls over petty checking and petty cash accounts in the Health Department. We also recommend the review of internal controls in all petty checking accounts across Multnomah County to ensure proper segregation of duties and monitoring.

**Status of Finding:** *Fully Corrected:* The County has made changes to strengthen internal controls over bank accounts in addition to providing additional training on petty cash accounts.