

AUDIT COMMENTS AND FEDERAL GRANT PROGRAMS SECTION

AUDIT COMMENTS

- Report of Independent Auditors on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Basic Financial Statements Performed in Accordance with *Oregon Minimum Auditing Standards*

FEDERAL GRANT PROGRAMS

- 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*
- Report of Independent Auditors on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with *OMB Circular A-133*
- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Schedule of Findings and Questioned Costs
- Management's Views and Corrective Action Plan to Current Year Audit Findings and Questioned Costs
- Summary Schedule of Prior Audit Findings and Questioned Costs

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE AND ON INTERNAL CONTROL OVER
 FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
 ACCORDANCE WITH OREGON MINIMUM AUDIT STANDARDS**

Board of Commissioners
 Multnomah County, Oregon

We have audited the basic financial statements of Multnomah County (“the County”) as of and for the year ended June 30, 2014 and have issued our report thereon dated October 31, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the County’s basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

| OAR | Section | Instances of Non-Compliance Identified? |
|--------------|---|---|
| 162-010-0230 | Accounting Records and Internal Control | None Noted |
| 162-010-0240 | Public Fund Deposits | Yes |
| 162-010-0250 | Indebtedness | None Noted |
| 162-010-0260 | Budget | None Noted |
| 162-010-0270 | Insurance and Fidelity Bonds | None Noted |
| 162-010-0280 | Programs Funded from Outside Sources | None Noted |
| 162-010-0295 | Highway Funds | None Noted |
| 162-010-0300 | Investments | None Noted |
| 162-010-0310 | Public Contracts and Purchasing | None Noted |
| 162-010-0315 | State School Fund | Not applicable |
| 162-010-0316 | Public Charter Schools | Not applicable |
| 162-010-0320 | Other Comments and Disclosures | None Noted |

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 test disclosed one instance of noncompliance that is required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State:

- The County opened two new bank accounts on August 9, 2013 and the State Treasury was not notified until August 16, 2013. The State Treasurer should have been notified within 3 days.

MOSS ADAMS LLP**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2014-001 and 2014-002 that we consider to be significant deficiencies.

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 Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



For Moss Adams LLP
Eugene, Oregon
October 31, 2014

**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***

The Board of County Commissioners
Multnomah 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, the aggregate remaining fund information, and the respective budgetary comparisons for the General Fund and the Federal and State Program Fund of Multnomah County, Oregon (the County) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 31, 2014. Our report includes a reference to other auditors who audited the financial statements of The Library Foundation, as described in our report on the County's financial statements. The financial statements of the Library Foundation were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with The Library Foundation.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

MOSS ADAMS_{LLP}**Compliance and Other Matters**

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the 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

Eugene, Oregon
October 31, 2014

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Board of County Commissioners
Multnomah County, Oregon

Report on Compliance for Each Major Federal Program

We have audited Multnomah County, Oregon's (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2014. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

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, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2014-002. Our opinion on each major federal program is not modified with respect to these matters.

MOSS ADAMS_{LLP}

The County's response to the noncompliance findings identified in our audit are described in the accompanying Management's Views and Corrective Action Plan to Current Year Audit 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.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2014-002 that we consider to be significant deficiencies.

The County's response to the internal control over compliance findings identified in our audit are described in the accompanying Management's Views and Corrective Action Plan to Current Year Audit 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Moss Adams, LLP

Eugene, Oregon
October 31, 2014

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2014

| CFDA | */A Program Title | Grantor | Pass-Through Entity Number | Direct Expenditures | Pass-through Expenditures | Total Federal Expenditures |
|--|---|--|-------------------------------|------------------------|------------------------------|----------------------------------|
| DEPARTMENT OF AGRICULTURE | | | | | | |
| 10.170 | Specialty Crop Block Grant Program - Farm Bill | Oregon Physicians for Social Responsibility | 0701-093013 | - | 21,430 | 21,430 |
| 10.553 | School Breakfast Program | Oregon State, Dept. of Education | 2613007 | - | 50,913 | 50,913 |
| 10.555 | National School Lunch Program | Oregon State, Dept. of Education | 2613007 | - | 101,353 | 101,353 |
| | | <i>Total Child Nutrition Cluster</i> | | - | 152,266 | 152,266 |
| 10.557 | * Children Special Supplemental Nutrition Program for Women, Infants, and State Administrative Matching Grants for the Supplemental | Oregon State, Health Division | 1936002309 | - | 3,199,992 | 3,199,992 |
| 10.561 | Nutrition Assistance Program | Oregon State, Dept. of Human Services | | - | 42,707 | 42,707 |
| 10.665 | Schools and Roads - Grants to States | U.S. Forest Service | | 244,530 | - | 244,530 |
| TOTAL DEPARTMENT OF AGRICULTURE | | | | 244,530 | 3,416,395 | 3,660,925 |
| DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | | | |
| 14.218 | Community Development Block Grants/Entitlement Grants | City of Portland, OR | 30000598 | - | 252,670 | 252,670 |
| 14.218 | Community Development Block Grants/Entitlement Grants | U.S. Dept. of Housing & Urban Dev. | | 326,849 | - | 326,849 |
| | | <i>Total Community Development Block Grants/Entitlement Grants</i> | | 326,849 | 252,670 | 579,519 |
| 14.231 | Emergency Solutions Grant Program | Oregon State, Dept. of Housing & Community | E-11-DC-41-0001 | - | 83,072 | 83,072 |
| 14.235 | Supportive Housing Program | U.S. Dept. of Housing & Urban Dev. | | 2,286,346 | - | 2,286,346 |
| 14.239 | Home Investment Partnerships Program | Home Forward | 7multn02 | - | 78,951 | 78,951 |
| 14.881 | Moving to Work Demonstration Program | Home Forward | 7multn02 | - | 24,442 | 24,442 |
| 14.901 | Healthy Homes Demonstration Grants | U.S. Dept. of Housing & Urban Dev. | | 16,450 | - | 16,450 |
| TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | 2,629,645 | 439,135 | 3,068,780 |
| DEPARTMENT OF THE INTERIOR | | | | | | |
| 15.226 | Payment in Lieu of Taxes | U.S. Dept. of the Interior | | 59,704 | - | 59,704 |
| 15.227 | Distribution of Receipts to State and Local Governments | U.S. Dept. of the Interior | | 248,930 | - | 248,930 |
| TOTAL DEPARTMENT OF THE INTERIOR | | | | 308,634 | - | 308,634 |

* Indicates a Major Federal Program
A Indicates inclusion of ARRA funding

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2014

| CFDA | */A Program Title | Grantor | Pass-Through Entity Number | Direct Expenditures | Pass-through Expenditures | Total Federal Expenditures |
|------------------------------------|---|--|-------------------------------|------------------------|------------------------------|----------------------------------|
| DEPARTMENT OF JUSTICE | | | | | | |
| 16.111 | Joint Law Enforcement Operations (JLEO) | U.S. Dept. of Justice, U.S. Marshal Office | | 122,102 | - | 122,102 |
| 16.203 | Promoting Evidence Integration in Sex Offender Management Discretionary Grant Program | U.S. Dept. of Justice | | 49,952 | - | 49,952 |
| 16.523 | Juvenile Accountability Block Grants | Oregon State, Commission on Children | 2008-6362 | - | 65,954 | 65,954 |
| 16.527 | Supervised Visitation, Safe Havens for Children | U.S. Dept. of Justice | | 173,777 | - | 173,777 |
| 16.543 | Missing Children's Assistance | U.S. Dept. of Justice | | 421,533 | - | 421,533 |
| 16.575 | Crime Victim Assistance | Oregon State, Dept. of Justice | 08-3205/09-3437 | - | 198,088 | 198,088 |
| 16.585 | Drug Court Discretionary Grant Program | U.S. Dept. of Justice | | 111,753 | - | 111,753 |
| 16.590 | Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program | U.S. Dept. of Justice | | 276,177 | - | 276,177 |
| 16.606 | State Criminal Alien Assistance Program | U.S. Dept. of Justice | | 252,511 | - | 252,511 |
| 16.730 | Reduction and Prevention of Children's Exposure to Violence Protecting Inmates and Safeguarding Communities Discretionary Grant Program | U.S. Dept. of Justice | | 219,052 | - | 219,052 |
| 16.735 | Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault | Linn County of Oregon | 2014-032 | | 6,824 | 6,824 |
| 16.736 | Edward Byrne Memorial Justice Assistance Grant Program | U.S. Dept. of Justice | | 86,319 | - | 86,319 |
| 16.738 | * Edward Byrne Memorial Justice Assistance Grant Program | Oregon State, Dept. of Justice | | - | 889,915 | 889,915 |
| 16.738 | * Edward Byrne Memorial Justice Assistance Grant Program | Oregon State, Dept. of Justice | 1936002309 | - | 127,707 | 127,707 |
| 16.738 | * Edward Byrne Memorial Justice Assistance Grant Program | City of Portland, OR, Bureau of Police | 2009-0552 | - | 59,804 | 59,804 |
| 16.738 | * Edward Byrne Memorial Justice Assistance Grant Program | City of Portland, OR, Bureau of Police | 2013-DJ-BX-0329 | - | 119,736 | 119,736 |
| 16.738 | * Edward Byrne Memorial Justice Assistance Grant Program | Oregon State, Dept. of Justice | LEO12-11 | - | 8,234 | 8,234 |
| | <i>Total Edward Byrne Memorial Justice Assistance Grant Program</i> | | | - | <i>1,205,396</i> | <i>1,205,396</i> |
| 16.803 | Recovery Act - Edward Byrne Memorial Justice Assistance Grant * A (JAG) Program/ Grants to States and Territories | Oregon State, Dept. of Justice | ARRA 1936002309 | - | 274,377 | 274,377 |
| | <i>Total Justice Assistance Grant Cluster</i> | | | - | <i>1,479,773</i> | <i>1,479,773</i> |
| 16.752 | Economic High-Tech and Cyber Crime Prevention | City of Portland, OR, Bureau of Police | 1112156 | - | 1,647 | 1,647 |
| 16.754 | Harold Rogers Prescription Drug Monitoring Program | Oregon State, Health Div. | | - | 18,707 | 18,707 |
| 16.817 | Byrne Criminal Justice Innovation Program | U.S. Dept. of Justice | | 223,879 | - | 223,879 |
| TOTAL DEPARTMENT OF JUSTICE | | | | 1,937,055 | 1,770,994 | 3,708,049 |

* Indicates a Major Federal Program
A Indicates inclusion of ARRA funding

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2014

| CFDA | */A | Program Title | Grantor | Pass-Through Entity Number | Direct Expenditures | Pass-through Expenditures | Total Federal Expenditures |
|---|-----|---|---|-------------------------------|------------------------|------------------------------|----------------------------------|
| DEPARTMENT OF TRANSPORTATION | | | | | | | |
| 20.205 | | Highway Planning and Construction | Oregon State, Dept. of Transportation | 1936002309 | - | 10,414,244 | 10,414,244 |
| 20.218 | | National Motor Carrier Safety | Oregon State, Dept. of Transportation | 1936002309 | - | 9,280 | 9,280 |
| 20.232 | | Commercial Driver's License Program Improvement Grant | Oregon State, Dept. of Transportation | 1936002309 | - | 63,079 | 63,079 |
| 20.600 | | State and Community Highway Safety | Alliance for Community Traffic Safety | | - | 1,337 | 1,337 |
| 20.600 | | State and Community Highway Safety | Oregon State, Dept. of Transportation | | - | 19,878 | 19,878 |
| | | | <i>Total State and Community Highway Safety</i> | | - | 21,215 | 21,215 |
| 20.601 | | Alcohol Impaired Driving Countermeasures Incentive Grants I | Oregon State, Dept. of Transportation | K8-13-12-31SPF | - | 5,000 | 5,000 |
| | | | <i>Total Highway Safety Cluster</i> | | | 26,215 | 26,215 |
| 20.933 | * | National Infrastructure Investments | Oregon State, Dept. of Transportation | FHWA FY11 #21 | | 11,988,761 | 11,988,761 |
| | | | TOTAL DEPARTMENT OF TRANSPORTATION | | - | 22,501,579 | 22,501,579 |
| INSTITUTE OF MUSEUM AND LIBRARY SERVICES | | | | | | | |
| 45.310 | | Grants to States | Oregon State, Library Division | | - | 398,317 | 398,317 |
| 45.312 | | National Leadership Grants | Portland State University | | - | 2,009 | 2,009 |
| | | | TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES | | - | 400,325 | 400,325 |
| ENVIRONMENTAL PROTECTION AGENCY | | | | | | | |
| | | Surveys, Studies, Research, Investigations, Demonstrations, and | | | | | |
| 66.034 | | Special Purpose Activities Relating to the Clean Air Act | U.S., Environmental Protection Agency | | 46,793 | - | 46,793 |
| 66.432 | | State Public Water System Supervision | Oregon State, Health Div. | 1936002309 | - | 1,094 | 1,094 |
| 66.468 | A | Capitalization Grants for Drinking Water State Revolving Funds | Oregon State, Health Div. | ARRA 1936002309 | - | 4,191 | 4,191 |
| | | | TOTAL ENVIRONMENTAL PROTECTION AGENCY | | 46,793 | 5,285 | 52,078 |
| DEPARTMENT OF ENERGY | | | | | | | |
| 81.042 | | Weatherization Assistance for Low-Income Persons | Oregon State, Housing & Community Svc. | | - | 286,193 | 286,193 |
| | | | TOTAL DEPARTMENT OF ENERGY | | - | 286,193 | 286,193 |

* Indicates a Major Federal Program
A Indicates inclusion of ARRA funding

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2014

| CFDA | */A Program Title | Grantor | Pass-Through Entity Number | Direct Expenditures | Pass-through Expenditures | Total Federal Expenditures |
|--|---|---|-------------------------------|------------------------|------------------------------|----------------------------------|
| DEPARTMENT OF EDUCATION | | | | | | |
| 84.002 | Adult Education - Basic Grants to States | Portland Community College | 045-09 | - | 23,080 | 23,080 |
| 84.010 | Title I Grants to Local Educational Agencies | Portland Public Schools, Dist. 1J | | - | 240,000 | 240,000 |
| 84.287 | Twenty-First Century Community Learning Centers | Centennial Schools, Dist. 28J | 1213050 | - | 37,885 | 37,885 |
| 84.287 | Twenty-First Century Community Learning Centers | Gresham Barlow School Dist. | 1213049 | - | 73,000 | 73,000 |
| | | <i>Total Twenty-First Century Learning Centers</i> | | - | <u>110,885</u> | <u>110,885</u> |
| | | TOTAL DEPARTMENT OF EDUCATION | | - | <u>373,965</u> | <u>373,965</u> |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | | |
| 93.008 | Medical Reserve Corps Small Grant Program | National Assoc. of City and County Health Officials | | - | 3,882 | 3,882 |
| 93.041 | Special Programs for the Aging Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation | Oregon State, Senior & Disabled Services Div. | 1936002309 | - | 4,387 | 4,387 |
| 93.043 | Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services | Oregon State, Senior & Disabled Services Div. | 1936002309 | - | 34,313 | 34,313 |
| 93.048 | Special Programs for the Aging Title IV and Title II Discretionary Projects | Oregon State, Dept. of Consumer Affairs | 1936002309 | - | 14,342 | 14,342 |
| 93.052 | National Family Caregiver Support, Title III, Part E Special Programs for the Aging Title III, Part B Grants for | Oregon State, Senior & Disabled Services Div. | 1936002309 | - | 232,640 | 232,640 |
| 93.044 | * Supportive Services and Senior Centers | Oregon State, Senior & Disabled Services Div. | 1936002309 | - | 753,057 | 753,057 |
| 93.045 | * Special Programs for the Aging Title III, Part C Nutrition Services | Oregon State, Senior & Disabled Services Div. | 1936002309 | - | 945,868 | 945,868 |
| 93.053 | * Nutrition Services Incentive Program | Oregon State, Senior & Disabled Services Div. | 1936002309 | - | 418,627 | 418,627 |
| | | <i>Total Aging Cluster</i> | | - | <u>2,117,552</u> | <u>2,117,552</u> |
| 93.069 | Public Health Emergency Preparedness | Oregon State, Health Div. | 1936002309 | - | 270,793 | 270,793 |
| 93.069 | Public Health Emergency Preparedness | Washington State, Dept. of Health | | - | 21,954 | 21,954 |
| | | <i>Total Public Health Emergency Preparedness</i> | | - | <u>292,747</u> | <u>292,747</u> |
| 93.070 | Environmental Public Health and Emergency Response | Oregon State, Health Div. | 1936002308 | - | 18,975 | 18,975 |
| 93.071 | Medicare Enrollment Assistance Program | Oregon State, Dept. of Consumer Affairs | MIPPA09-11-12 | - | 140,617 | 140,617 |
| 93.086 | Healthy Marriage Promotion and Responsible Fatherhood Grants | Northwest Family Svcs. | 90AE0160 | - | 309,176 | 309,176 |
| 93.092 | Affordable Care Act (ACA) Personal Responsibility Education Program | Oregon State, Health Div. | | - | 87,206 | 87,206 |
| 93.103 | Food and Drug Administration Research | U.S. Dept. of Health & Human Svcs. | | 59,237 | - | 59,237 |

* Indicates a Major Federal Program
A Indicates inclusion of ARRA funding

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2014

| CFDA | */A Program Title | Grantor | Pass-Through Entity Number | Direct Expenditures | Pass-through Expenditures | Total Federal Expenditures |
|---|--|---|-------------------------------|------------------------|------------------------------|----------------------------------|
| <u>DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</u> | | | | | | |
| 93.110 | Maternal and Child Health Federal Consolidated Programs Project Grants and Cooperative Agreements for Tuberculosis | National Assoc. of County and City Health Officers | | - | 6,000 | 6,000 |
| 93.116 | Control Programs | Oregon State, Health Div. | 1936002309 | - | 55,330 | 55,330 |
| 93.121 | Oral Diseases and Disorders Research | U.S. Dept. of Health & Human Svcs. | | 2,152 | - | 2,152 |
| 93.136 | Injury Prevention and Control Research and State and Community Based Programs | U.S. Dept. of Health & Human Svcs. | | 205,430 | - | 205,430 |
| 93.136 | Injury Prevention and Control Research and State and Community Based Programs | Oregon State, Health Div. | | | 20,289 | 20,289 |
| | <i>Total Injury Prevention and Control Research and State and Community Based Programs</i> | | | <u>205,430</u> | <u>20,289</u> | <u>225,720</u> |
| 93.137 | Program | Cascade AIDS Project | | - | 38,365 | 38,365 |
| 93.145 | AIDS Education and Training Centers | University of Washington | 654951 | - | 101,322 | 101,322 |
| 93.150 | Projects for Assistance in Transition from Homelessness (PATH) Coordinated Services and Access to Research for Women, | Oregon State, Dept. of Human Svcs. | | - | 240,118 | 240,118 |
| 93.153 | Infants, Children, and Youth | U.S. Dept. of Health & Human Svcs. | | 376,602 | - | 376,602 |
| 93.217 | Family Planning Services | Oregon State, Health Div. | 1936002309 | - | 337,147 | 337,147 |
| 93.224 | Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers) | U.S. Dept. of Health & Human Svcs. | | 7,635,721 | - | 7,635,721 |
| 93.235 | Affordable Care Act (ACA) Abstinence Education Program | Oregon State, Div. of Children & Families | | - | 12,948 | 12,948 |
| 93.243 | Substance Abuse and Mental Health Services Projects of Regional and National Significance | Oregon State, Dept. of Human Svcs. | | - | 186,793 | 186,793 |
| 93.243 | Substance Abuse and Mental Health Services Projects of Regional and National Significance | Lifeworks NW | | - | 3,333 | 3,333 |
| | <i>Total S.A.M.H.S. Projects of Regional and National Significance</i> | | | <u>-</u> | <u>190,126</u> | <u>190,126</u> |
| 93.268 | Immunization Cooperative Agreements | Oregon State, Health Div. | | - | 4,596 | 4,596 |
| 93.270 | Adult Viral Hepatitis Prevention and Control | U.S. Dept. of Health & Human Svcs. | | 76,521 | - | 76,521 |
| 93.283 | The Affordable Care Act: Centers for Disease Control and Prevention Investigations and Technical Assistance | Oregon State, Health Div. | | - | 221,315 | 221,315 |
| 93.283 | The Affordable Care Act: Centers for Disease Control and Prevention Investigations and Technical Assistance | Project Access Now | | - | 1,976 | 1,976 |
| | <i>Total Affordable Care Act</i> | | | <u>-</u> | <u>223,291</u> | <u>223,291</u> |

* Indicates a Major Federal Program
A Indicates inclusion of ARRA funding

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2014

| CFDA | */A | Program Title | Grantor | Pass-Through Entity Number | Direct Expenditures | Pass-through Expenditures | Total Federal Expenditures |
|---|-----|---|--|-------------------------------|------------------------|------------------------------|----------------------------------|
| <u>DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</u> | | | | | | | |
| 93.420 | A | ARRA - Community Health Applied Research Network | Oregon Community Health Information Network Inc. | ARRA | - | 84 | 84 |
| 93.501 | | Affordable Care Act (ACA) Grants for School-Based Health Center Capital Expenditures | U.S. Dept. of Health & Human Svcs. | | 473,880 | - | 473,880 |
| 93.505 | | Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program | Oregon State, Health Div. | 132027 | - | 455,531 | 455,531 |
| 93.517 | | Affordable Care Act Aging and Disability Resource Center | Oregon State, Senior & Disabled Svcs. Div. Officials | | - | 72,461 | 72,461 |
| 93.524 | | Strengthen Public Health Infrastructure and Performance | | | - | 6,826 | 6,826 |
| 93.556 | | Promoting Safe and Stable Families | U.S. Dept. of Health & Human Svcs. | | - | - | - |
| 93.558 | | Temporary Assistance for Needy Families | Oregon State, Housing & Community Svcs. | 1936002309 | - | 95,480 | 95,480 |
| 93.563 | | Child Support Enforcement | Oregon State, Dept. of Justice | 1936002309 | - | 1,784,395 | 1,784,395 |
| 93.568 | | Low-Income Home Energy Assistance | Oregon State, Housing & Community Svcs. | 0310559 | - | 5,756,078 | 5,756,078 |
| 93.569 | | Community Services Block Grant | Oregon State, Housing & Community Svcs. | 0310559 | - | 790,367 | 790,367 |
| 93.576 | | Refugee and Entrant Assistance Discretionary | U.S. Dept. of Health & Human Svcs. | | 96,372 | - | 96,372 |
| 93.597 | | Grants to States for Access and Visitation | Oregon State, Dept. of Justice | Multnomah | - | 78,709 | 78,709 |
| 93.600 | | Head Start | Mt. Hood Community College | 0210115-6 | - | 20,758 | 20,758 |
| 93.601 | | Child Support Enforcement Demonstrations and Special Projects | Oregon State, Dept. of Justice | | - | 4,958 | 4,958 |
| 93.610 | | Health Care Innovation Awards (HCIA) | Providence Hospital, Portland OR | | - | 607,419 | 607,419 |
| 93.610 | | Health Care Innovation Awards (HCIA) | Health Share of Oregon | | - | 4,279 | 4,279 |
| <i>Total Health Care Innovation Awards</i> | | | | | - | 611,698 | 611,698 |
| 93.624 | | ACA - State Innovation Models: Funding for Model Design and Model Testing Assistance | Oregon State, Health Div. | | - | 173,307 | 173,307 |
| 93.658 | | Foster Care Title IV-E | Oregon State, Dept. of Human Svcs. | | - | 570,919 | 570,919 |
| 93.667 | | Social Services Block Grant | Oregon State, Dept. of Education | MUL0911 | - | 497,280 | 497,280 |
| 93.736 | | Prevention Public Health Fund: Viral Hepatitis Prevention | U.S. Dept. of Health & Human Svcs. | | 42,482 | - | 42,482 |
| 93.779 | | Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations | Oregon State, Dept. of Human Svcs. | | - | 18,773 | 18,773 |
| 93.779 | | Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations | Oregon State, Dept. of Consumer Svcs. | | - | 20,000 | 20,000 |
| <i>Total C.M.S. Research, Demonstrations and Evaluations</i> | | | | | - | 38,773 | 38,773 |
| 93.837 | | Cardiovascular Diseases Research | Kaiser Research Foundation Institute | R18HL095481-04 | - | 32,059 | 32,059 |

* Indicates a Major Federal Program
A Indicates inclusion of ARRA funding

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

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2014

| CFDA | */A Program Title | Grantor | Pass-Through Entity Number | Direct Expenditures | Pass-through Expenditures | Total Federal Expenditures |
|---|---|---|-------------------------------|------------------------|------------------------------|----------------------------------|
| <u>DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</u> | | | | | | |
| 93.866 | Aging Research | University of Washington | | - | 10,346 | 10,346 |
| 93.889 | National Bioterrorism Hospital Preparedness Program | Oregon State, Health Div. | 1936002309 | - | 321,668 | 321,668 |
| 93.914 | HIV Emergency Relief Project Grants | U.S. Dept. of Health & Human Svcs. | | 3,550,882 | - | 3,550,882 |
| 93.918 | Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease | U.S. Dept. of Health & Human Svcs. | | 850,949 | - | 850,949 |
| 93.924 | Ryan White HIV/AIDS Dental Reimbursement and Community Based Dental Partnership Grants | Oregon Health Sciences University, Sponsored Prof. Admin. | | - | 12,348 | 12,348 |
| 93.926 | Healthy Start Initiative | U.S. Dept. of Health & Human Svcs. | | 927,586 | - | 927,586 |
| 93.928 | Special Projects of National Significance | U.S. Dept. of Health & Human Svcs. | | 384,711 | - | 384,711 |
| 93.940 | HIV Prevention Activities Health Dept. Based Human Immunodeficiency Virus (HIV)/Acquired | Oregon State, Health Div. | 1936002309 | - | 776,266 | 776,266 |
| 93.944 | Immunodeficiency Virus Syndrome (AIDS) Surveillance | Oregon State, Health Div. | 1936002309 | - | 424,642 | 424,642 |
| 93.945 | Assistance Programs for Chronic Disease Prevention and Control | Nat'l Assoc. of Chronic Disease Directors | MCHD#080 | - | 27,646 | 27,646 |
| 93.958 | Block Grants for Community Mental Health Services | Oregon State, Dept. of Health & Human Svcs. | | - | 395,451 | 395,451 |
| 93.959 | * Block Grants for Prevention and Treatment of Substance Abuse Preventive Health Services Sexually Transmitted Diseases | Oregon State, Dept. of Human Svcs. | | - | 4,006,061 | 4,006,061 |
| 93.977 | Control Grants | U.S. Dept. of Health & Human Svcs. | | 49,250 | - | 49,250 |
| 93.994 | Block Grant to the States | Oregon State, Health Div. | 1936002309 | - | 437,552 | 437,552 |
| 93.994 | Block Grant to the States | Oregon Health Sciences University | | - | 120,487 | 120,487 |
| <i>Total Maternal and Child Health Services Block Grant to the States</i> | | | | - | 558,039 | 558,039 |
| TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | 14,731,777 | 22,007,518 | 36,739,295 |
| <u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u> | | | | | | |
| 94.011 | Foster Grandparent Program | Corp. for National & Community Svc. | | 229,716 | - | 229,716 |
| TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE | | | | 229,716 | - | 229,716 |
| <u>EXECUTIVE OFFICE OF THE PRESIDENT</u> | | | | | | |
| 95.001 | High Intensity Drug Trafficking Areas Program | Oregon H.I.D.T.A. Program | | - | 60,000 | 60,000 |
| TOTAL EXECUTIVE OFFICE OF THE PRESIDENT | | | | - | 60,000 | 60,000 |

* Indicates a Major Federal Program
A Indicates inclusion of ARRA funding

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2014

| CFDA | */A | Program Title | Grantor | Pass-Through Entity Number | Direct Expenditures | Pass-through Expenditures | Total Federal Expenditures |
|--|-----|--|--|-------------------------------|------------------------|------------------------------|----------------------------------|
| DEPARTMENT OF HOMELAND SECURITY | | | | | | | |
| 97.008 | | Non-Profit Security Program | Portland Bureau of Emergency Management | | - | 225,362 | 225,362 |
| 97.012 | | Boating Safety Financial Assistance | Oregon State, Marine Board | 1936002309 | - | 805,159 | 805,159 |
| 97.042 | | Emergency Management Performance Grants | Oregon State, Office of Emergency Management | | - | 442,015 | 442,015 |
| 97.067 | | Homeland Security Grant Program | Portland Bureau of Emergency Management | | - | 242,000 | 242,000 |
| 97.073 | | State Homeland Security Program (SHSP) | Portland Bureau of Emergency Management | | - | 1,579 | 1,579 |
| 97.073 | | State Homeland Security Program (SHSP) | Oregon State, Office of Emergency Management | | - | 40,989 | 40,989 |
| 97.074 | | Law Enforcement Terrorism Prevention Program (LETPP) | Portland Bureau of Emergency Management | | - | 42,568 | 42,568 |
| | | | TOTAL DEPARTMENT OF HOMELAND SECURITY | | - | 1,764,041 | 1,764,041 |
| | | | TOTAL FEDERAL FUNDING | | 20,128,150 | 53,025,430 | 73,153,579 |

* Indicates a Major Federal Program
A Indicates inclusion of ARRA funding

MULTNOMAH COUNTY, OREGON
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

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, 2014. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The County's reporting entity is defined in Note 1 to the County's June 30, 2014 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. Expenditures reported on this schedule are recognized following the cost principles in OMB Circular A-87, *Cost Principles for State, Local Governments and Indian Tribal Governments*, where certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

The Highway Planning and Construction grant, CFDA 20.205, was reported on the cash basis due to the nature of this award. The Schedule provides the summary of expenditures of federal awards by program or program cluster (CFDA number), by State Agency, if applicable, and by detailed pass 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.

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 – Non-cash Awards

The accompanying Schedule of Expenditures of Federal Awards includes one non-cash award.

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; \$6,738. This amount is included in the total program value reported on the Schedule of Expenditures of Federal Awards of \$101,353.

MULTNOMAH COUNTY, OREGON
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Note E - Subrecipients

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

| <u>Program Title</u> | <u>Federal CFDA number</u> | <u>Amount provided to subrecipients</u> |
|--|---|--|
| Schools and Roads - Grants to States | 10.665 | 56,481 |
| Community Development Block Grants/Entitlement Grants | 14.218 | 499,069 |
| Emergency Solutions Grant Program | 14.231 | 81,055 |
| Supportive Housing Program | 14.235 | 1,784,611 |
| Healthy Homes Demonstration Grants | 14.901 | 3,584 |
| Supervised Visitation, Safe Havens for Children | 16.527 | 17,055 |
| Missing Children's Assistance | 16.543 | 263,357 |
| Drug Court Discretionary Grant Program | 16.585 | 82,432 |
| Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program | 16.590 | 138,730 |
| Violence, Stalking, or Sexual Assault | 16.736 | 41,050 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 597,092 |
| <i>ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories</i> | 16.803 | 118,491 |
| Byrne Criminal Justice Innovation Program | 16.817 | 45,846 |
| Grants to States | 45.310 | 294,300 |
| Title I Grants to Local Educational Agencies | 84.010 | 270,000 |
| Twenty-First Century Community Learning Centers | 84.287 | 73,000 |
| Special Programs for the Aging Title III, Part D Disease Prevention and Promotion Services | 93.043 | 34,313 |
| Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers | 93.044 | 193,314 |
| Special Programs for the Aging Title III, Part C Nutrition Services | 93.045 | 939,593 |
| National Family Caregiver Support, Title III, Part E | 93.052 | 82,538 |
| Nutrition Services Incentive Program | 93.053 | 422,546 |
| Projects for Assistance in Transition from Homelessness (PATH) | 93.150 | 219,713 |
| Coordinated Services and Access to Research for Women, Infants, Children, and Youth | 93.153 | 79,902 |
| 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 | 231,977 |
| Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program | 93.505 | 349,298 |
| Low-Income Home Energy Assistance | 93.568 | 366,209 |
| Community Services Block Grant | 93.569 | 659,815 |

MULTNOMAH COUNTY, OREGON
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

| Note E - Subrecipients (continued) | Federal CFDA number | Amount provided to subrecipients |
|--|------------------------------------|---|
| <u>Program Title</u> | | |
| Health Care Innovation Awards | 93.610 | 139,438 |
| ACA - State Innovation Models: Funding for Model Design and Model Testing Assistance | 93.624 | 2,587 |
| Foster Care Title IV-E | 93.658 | 114,965 |
| Social Services Block Grant | 93.667 | 458,694 |
| Medical Assistance Program | 93.778 | 395,403 |
| HIV Emergency Relief Project Grants | 93.914 | 2,057,452 |
| Special Projects of National Significance | 93.928 | 218,261 |
| HIV Prevention Activities Health Department Based | 93.940 | 326,120 |
| Block Grants for Community Mental Health Services | 93.958 | 395,368 |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | 3,687,253 |
| Non-Profit Security Program | 97.008 | 90,054 |
| Total Subrecipient pass-through | | <u>15,830,966</u> |

**MULTNOMAH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

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 section 510(a) of Circular A-133?

Yes No

Identification of Major Federal Programs

| <i>CFDA Numbers</i> | <i>Name of Federal Program or Cluster</i> | <i>Type of Auditor's Report Issued</i> |
|---------------------|---|--|
| 10.557 | Special Supplemental Nutrition Program for Women, Infants, and Children | <i>Unmodified</i> |
| 16.738 | JAG Cluster, comprised of: Edward Byrne Memorial Justice Assistance Grant Program | <i>Unmodified</i> |
| 16.803 | Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories | |
| 20.933 | National Infrastructure Investments | <i>Unmodified</i> |
| 93.044 | Aging Cluster, comprised of: Special Programs for the Aging Title III, Part B, Grants for Supportive Services and Senior Centers | <i>Unmodified</i> |
| 93.045 | Special Programs for the Aging Title III, Part C Nutrition Services | |
| 93.053 | Nutrition Services Incentive Program | |
| 93.959 | Block Grants for Prevention and Treatment of Substance Abuse | <i>Unmodified</i> |

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

\$ 2,194,607

**MULTNOMAH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

Auditee qualified as low-risk auditee?

Yes No

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-001 - Unallowed Costs - Significant Deficiency in Internal Control and Instances of Noncompliance

| <i>CFDA Number</i> | <i>Federal Agency/Pass-through Entity - Program Name</i> | <i>Award Number</i> | <i>Award Year</i> | <i>Questioned Costs</i> |
|--------------------|--|---------------------|-------------------|-------------------------|
| 10.557 | Special Supplemental Nutrition Program for Women, Infants, and Children, passed through the State of Oregon, Oregon Health Authority | 142024 | 2014 | \$343 |

Criteria or specific requirement (including statutory, regulatory, or other citation):

OMB Circular A-87 requires that all costs charged to an award be necessary and reasonable for proper and efficient performance and administration of Federal awards.

Condition: Immunizations for County employees that were charged to the award through an internal service fund were charged to the award twice.

Context: Out of 32 transactions selected for testing, one was determined to have been charged to the award twice. Further procedures identified seven total transactions that were charged to the award twice.

Effect: The program was overcharged for duplicative transactions.

Cause: There was insufficient oversight and review of these immunization charges because they were charged through an internal service fund.

Recommendation: It is recommended that the County implement the same review and approval process as other general disbursements for these types of transactions.

Views of responsible officials and planned corrective actions: Management's response is included at "Management's Views and Corrective Action Plan."

**MULTNOMAH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

FINDING 2014-002 –Allowable Costs/Costs Principles– Significant Deficiency in Internal Control and Instance of Noncompliance

| <i>CFDA Number</i> | <i>Federal Agency/Pass-through Entity - Program Name</i> | <i>Award Number</i> | <i>Award Year</i> | <i>Questioned Costs</i> |
|--------------------|---|---------------------|-------------------|-------------------------|
| | JAG Cluster, passed through the State of Oregon, Department of Criminal Justice and the City of Portland, comprised of: | Various | 2014 | \$303 |
| 16.738 | Edward Byrne Memorial Justice Assistance Grant Program | | | |
| 16.803 | Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories | | | |

Criteria or specific requirement (including statutory, regulatory, or other citation): According to OMB Circular A-133, Section 300 (b) the County is responsible for maintaining internal control over Federal programs to ensure program integrity and proper use of federal resources.

Condition: There was an error between an employee's time card and time entry into the payroll module of the accounting system as well as a benefit allocation error within the payroll module.

Context: Out of 31 transactions selected for testing, we identified two transactions with errors. One employee had been underpaid due to an error between the employee's timecard and time entry into the payroll module. Additionally, there was a system error in the allocation of payroll related benefits to the award for one employee as the employee's status changed during the pay period.

Effect: One employee was underpaid and the County was not reimbursed for \$52 due to the data entry error. The County also overcharged the award by \$303 due to the system allocation error.

Cause: The review and approval process over the entry of time and the recording of payroll allocable to grants was not adequate to identify this time entry error and the allocation of payroll related benefits within the payroll module for employees that change employment status during a pay period.

Recommendation: We have noted that the County has already implemented a monitoring control to identify individuals with status changes during the pay period to ensure that the appropriate payroll amount is allocated to the award. In addition to that, we recommend that the County review the time entry and approval controls to ensure that the correct amount of payroll is paid to the employee and charged to the award.

Views of responsible officials and planned corrective actions: Management's response is included at "Management's Views and Corrective Action Plan."

**Management's Views and Corrective Action Plan to Current Year Audit
Findings and Questioned Costs
For the Fiscal Year Ending June 30, 2014**

FINDING 2014-001 Unallowed Costs – Significant Deficiency in Internal Control and Instances of Noncompliance- WIC Program

During the current year's Single Audit, Moss Adams noted one sample out of thirty-two where internal service charges were duplicated and charged twice to this award. Further procedures identified a total of seven duplicate transactions that were erroneously charged to the award.

The County's Health Department Business Services unit has reviewed the Occupational Health internal service charge process and implemented a system-controlled monitoring process effective October 2014. Beginning in October, the Occupational Health subsidiary tracking system began generating a unique numeric identifier (per encounter) that prevents billing duplication.

Prior to implementation of the system-generated tracking system in October, the Health Department Business Services unit manually reviewed and verified the accuracy of all fiscal year 2015 Occupational Health internal billings. No instances of duplication errors occurred while performing the manual review process in fiscal year 2015.

FINDING 2014-002 -Allowable Cost/Cost Principles– Significant Deficiency in Internal Control and Instance of Noncompliance- JAG Cluster

While auditing fiscal year 2014 program expenditures, Moss Adams identified two payroll transactions with errors. One employee had been underpaid due to an error between the hours approved on their timecard and the hours processed during time entry. Additionally, there was a system error in the allocation of payroll related benefits to the award for an employee whose status changed during the pay period.

In response to this finding, the County's Department of Community Justice (DCJ) enhanced communication and provided additional education for those with time entry responsibilities. Management clarified the requirement that approved time entry must match the employee's time attendance report without exception. Additionally, DCJ's Business Services unit conducts a monthly review of all time and attendance reports for employees charged to Federal awards to ensure proper approval. This monthly review will now include a verification process that will ensure that the time entered in SAP agrees to the time recorded on the time attendance report.

The County's Central Finance unit, in coordination with the County's Information Technology Department, has identified the system problem that resulted in allocation errors for payroll-related benefits. A system fix has been developed and implemented within SAP to perform proper allocations when an employee's status changes mid pay period. This system fix will ensure all future postings are correct. Additionally, Central Finance staff reviewed all fiscal year 2015 transactions prior to the system fix and corrected all related posting errors.

Summary Schedule of Prior Audit Findings and Questioned Costs For the Fiscal Year Ending June 30, 2013

FINDING 2013-01 - Capitalization of Software – Significant Deficiency in Internal Control (Repeat Finding)

Condition: The County does not have effective internal controls in place over the process to capture software development related expenditures specified by GASB 51.

Recommendation: It is recommended that management implement an effective process for properly identifying and capturing expenditures that meet the criteria for capitalization. This process should include consideration of the following criteria: identification at project inception of whether the project will have enough expenditures during the Application Development Stage to meet the County's capitalization threshold; use of a project or cost accounting system to identify costs that are to be capitalized; reconciliation between the potential project costs to be capitalized and actual expenditures as recorded in SAP; and a set of internal controls over the process to ensure accuracy and timeliness of information.

Status of Finding: Throughout fiscal year 2014 management made a number of changes to provide more effective internal controls over the process to capture software development related expenditures specified by GASB 51. We improved many of the processes over accounting for internally developed software including revisions to the internal control document over this process to make it clearer and more concise. Additionally, we performed a full reconciliation of hours worked as captured in the subsidiary system, Planview, to the enterprise system, SAP; added an independent review of the expenditures by a Finance Specialist Sr., revised Planview reports to capture additional GASB 51-related information, and enhanced the collaboration between IT, Budget and Finance. In fiscal year 2015, we are planning additional improvements including the development of a flowchart to document key controls, the addition of quarterly reviews of expenses and quarterly reconciliations between Planview and SAP, the development of written instructions for IT staff to assist in interpreting GASB 51 guidelines, identifying GASB 51-eligible projects, and identifying the stage of project tasks, as well as the addition of training for IT project-related staff. We will continue to refine our processes and involve central Finance in these steps.

FINDING 2013-02 - Cutoff - Significant Deficiency in Internal Control – Highway Planning and Construction

Condition: During our testing of disbursements within the Highway Fund, we noted that expenditures related to FY 2012 were recorded in FY 2013 resulting in an under-reporting of construction in process on bridge project, under-reporting of accrued liabilities, and an under-reporting of receivables and revenues for amounts reimbursable from a grant partially financing the bridge project.

Recommendation: We recommend that the County improve processes for recording grant-funded projects that many straddle more than one accounting period to ensure that revenues, expenditures, and related accruals are recorded in the proper period.

Status of Finding: Transportation Finance has reviewed and revised the department's internal controls over recording expenditures and program revenues to ensure transactions are recorded timely and to the proper period. In addition, the department's internal control documents were revised to reflect the revisions in our controls. There was not any cutoff issues in DCS noted during the fiscal year 2014 audit.

FINDING 2013-03 Unallowed Costs – Significant Deficiency in Internal Control and Instances of Noncompliance – Aging Cluster

Federal Programs: Aging Cluster: Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers, CFDA 93.044, Special Programs for the Aging Title III, Part C Nutrition Services, CFDA 93.045, and Nutrition Services Incentive Program, CFDA 93.053

Condition: Personal expenses were charged to the program.

Recommendation: It is recommended that the County improve internal controls over general disbursements to ensure that unallowable expenses are not charged to the grant.

Status of Finding: The Department of County Human Services has enhanced its monitoring of general disbursements and implemented an additional reconciliation process. The additional reconciliation step ensures personal expenses (when part of approved travel) are posted to County General Fund. No instances of unallowable expenses were noted during the current year audit.

FINDING 2013-04 Unallowed Costs – Significant Deficiency in Internal Control and Instances of Noncompliance – JAG Program Cluster

Federal Programs: JAG Cluster: Edward Byrne Memorial Justice Assistance Grant Program, CFDA 16.738 and Recovery Act Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories, CFDA 16.803

Condition: Time and Attendance reports were missing supervisor review and approval.

Recommendation: It is recommended that the County address the internal controls to review Time and Attendance reports to ensure that the correct amount of payroll is charged to the program.

Status of Finding: The Department of Community Justice implemented an additional review process to ensure that all attendance reports have been properly reviewed and approved by those supervising employees charged to Federal awards. No instances of unapproved attendance reports were noted during the current year audit.

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