

***MARION COUNTY, OREGON  
FEDERAL GRANT COMPLIANCE REPORT  
Year Ended June 30, 2013***

**MARION COUNTY, OREGON, FEDERAL GRANT COMPLIANCE REPORT**  
**TABLE OF CONTENTS**

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	<u>Page</u>
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1-2
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	3-5
Schedule of Expenditures of Federal Awards	6-9
Notes to Schedule of Expenditures of Federal Awards	10
Schedule of Findings and Questioned Costs	11-12
Summary Schedule of Prior Findings	13



## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
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### ***INDEPENDENT AUDITOR'S 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***

Board of Commissioners  
Marion County  
Salem, 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, each major fund, and the aggregate remaining fund information of Marion County, Oregon (the County), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 4, 2013.

#### ***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 County'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.

#### ***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 results of that testing, and not to provide an opinion on the effectiveness of the County'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.

  
CERTIFIED PUBLIC ACCOUNTANTS

December 4, 2013



## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
475 Cottage Street NE, Suite 200, Salem, Oregon 97301  
(503) 581-7788

### ***INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133***

Board of Commissioners  
Marion County  
Salem, Oregon

#### ***Report on Compliance for Each Major Federal Program***

We have audited Marion 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, 2013. 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, Marion County, Oregon 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, 2013.

### ***Other Matters***

The results of our auditing procedures disclosed certain instances of noncompliance, which is 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 item 2013-001. Our opinion on each major federal program is not modified with respect to these matters.

The County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### ***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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2013-001, that we consider to be a significant deficiency.

### ***Schedule of Expenditures of Federal Awards***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2013, and have issued our report thereon dated December 4, 2013, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial

statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Purpose of this Report***

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.

  
CERTIFIED PUBLIC ACCOUNTANTS

March 18, 2014

**MARION COUNTY, OREGON, FEDERAL GRANT COMPLIANCE REPORT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2013**

	<b>Federal CFDA Number</b>	<b>Pass Through Organization</b>	<b>Pass Through ID</b>	<b>Expenditures</b>	<b>ARRA</b>
<b><u>DEPARTMENT OF AGRICULTURE</u></b>					
Child Nutrition Cluster:					
School Breakfast Program	10.553	Oregon Department of Education	unknown	\$ 32,523	
National School Lunch Program	10.555	Oregon Department of Education	unknown	54,530	
National School Lunch Program (non-cash assistance)	10.555	Oregon Department of Education	unknown	5,263	
				<u>92,316</u>	
Special Supplemental Nutrition Program for Women, Infants, and Children					
	10.557	Oregon Health Authority	280559/280664	1,508,416	
WIC Grants to States	10.578	Oregon Health Authority	280650	24,967	
Forest Service Schools and Roads Cluster:					
Schools and Roads - Grants to States	10.665	Oregon Department of Administrative Services	AGR665	1,663,363	
Total Department of Agriculture				<u>3,289,062</u>	
<b><u>DEPARTMENT OF THE INTERIOR</u></b>					
Distribution of Receipts to State and Local Governments	15.227	Oregon Department of Administrative Services	BLM227	93	
Secure Rural Schools and Community Self-Determination:					
Title I - Secure Payments	15.UNK	Direct	n/a	440,393	
Title II - Special Projects	15.234	Direct	n/a	48,591	
Title III - County Projects	15.UNK	Direct	n/a	90,771	
				<u>579,755</u>	
Total Department of the Interior				<u>579,848</u>	
<b><u>DEPARTMENT OF JUSTICE</u></b>					
Juvenile Accountability Block Grants	16.523	Oregon Department of Education	2010-6360	21,082	
Crime Victim Assistance	16.575	Oregon Department of Justice	VOCA-2010/12	129,429	
Edward Byrne Memorial State and Local Law Enforcement					
Assistance Discretionary Grants Program	16.580	Oregon Department of Justice	unknown	3,052	
Drug Court Discretionary Grant Program	16.585	Direct	n/a	96,515	
Violence Against Women Formula Grants	16.588	Oregon Department of Justice	VAWA-2012	50,680	
State Criminal Alien Assistance Program	16.606	Direct	n/a	118,802	
Bulletproof Vest Partnership Program	16.607	Direct	n/a	10,709	
Public Safety Partnership and Community Policing Grants	16.710	Direct	n/a	120,523	
Enforcing Underage Drinking Laws Program	16.727	Oregon Health Authority	242301	12,000	

See notes to schedule of expenditures of federal awards.



**MARION COUNTY, OREGON, FEDERAL GRANT COMPLIANCE REPORT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**YEAR ENDED JUNE 30, 2013**

	<b>Federal CFDA Number</b>	<b>Pass Through Organization</b>	<b>Pass Through ID</b>	<b>Expenditures</b>	<b>ARRA</b>
<b><u>DEPARTMENT OF JUSTICE (Continued)</u></b>					
JAG Program Cluster:					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	City of Salem	unknown	\$ 17,753	
Edward Byrne Memorial Justice Assistance Grant Program Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program - Grants to States and Territories	16.738	Oregon Criminal Justice Commission	535000	256,328	
Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program - Grants to States and Territories (ARRA)	16.803	Oregon Criminal Justice Commission	545000	209,749	
	16.803	Oregon Criminal Justice Commission	545000	<u>493,730</u>	Y
				<u>977,560</u>	
Criminal and Juvenile Justice and Mental Health Collaboration	16.745	Direct	n/a	36,203	
Second Chance Act Prisoner Reentry Initiative	16.812	Direct	n/a	795,008	
Total Department of Justice				<u>2,371,563</u>	
<b><u>DEPARTMENT OF TRANSPORTATION</u></b>					
Highway Planning and Construction Cluster:					
Highway Planning and Construction	20.205	Direct	n/a	1,983,291	
Highway Planning and Construction	20.205	Oregon Department of Transportation	various	<u>828,933</u>	
				<u>2,812,224</u>	
National Motor Carrier Safety	20.218	Oregon Department of Transportation	various	20,649	
Highway Safety Cluster:					
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	Oregon State Sheriffs' Association	unknown	17,399	
Safety Belt Performance Grants	20.609	Oregon State Sheriffs' Association	unknown	<u>8,347</u>	
				<u>25,746</u>	
Total Department of Transportation				<u>2,858,619</u>	
<b><u>ENVIRONMENTAL PROTECTION AGENCY</u></b>					
State Public Water System Supervision	66.432	Oregon Health Authority	280557	47,552	
Capitalization Grants for Drinking Water State Revolving Funds	66.468	Oregon Health Authority	280655	<u>23,555</u>	
Total Environmental Protection Agency				<u>71,107</u>	

See notes to schedule of expenditures of federal awards.

**MARION COUNTY, OREGON, FEDERAL GRANT COMPLIANCE REPORT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**YEAR ENDED JUNE 30, 2013**

	<b>Federal CFDA Number</b>	<b>Pass Through Organization</b>	<b>Pass Through ID</b>	<b>Expenditures</b>	<b>ARRA</b>
<b><u>DEPARTMENT OF ENERGY</u></b>					
Energy Efficiency and Conservation Block Grant Program	81.128	Direct	n/a	\$ 89,371	Y
Total Department of Energy				<u>89,371</u>	
<b><u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>					
Medical Reserve Corps Small Grant Program	93.008	National Assoc County City Health Officials	MRC13-1575	4,000	
Public Health Emergency Preparedness	93.069	Oregon Health Authority	280618/280619	149,889	
Affordable Care Act Personal Responsibility Education Program	93.092	Oregon Health Authority	280529	75,184	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	Oregon Health Authority	280549	13,509	
Projects for Assistance in Transition from Homelessness	93.150	Oregon Health Authority	207001	90,008	
Family Planning Services	93.217	Oregon Health Authority	280558	164,700	
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	Oregon Health Authority	280582	23,480	
Occupational Safety and Health Program	93.262	Oregon Health & Science University	AHPSM0020MARI	9,429	
Immunization Cooperative Agreements	93.268	Oregon Health Authority	280540	1,812	
Adult Viral Hepatitis Prevention and Control	93.270	Oregon Health Authority	280514	7,860	
Prevention and Public Health Fund - Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance	93.539	Oregon Health Authority	280643	95,270	
Promoting Safe and Stable Families	93.556	Oregon Department of Education	MAR1113	149,493	
Child Support Enforcement	93.563	Oregon Department of Justice	07-GOV-DA-18	1,072,085	
Low-Income Home Energy Assistance	93.568	Mid-Willamette Valley Community Action Agency	unknown	5,340	
CCDF Cluster - Child Care and Development Block Grant	93.575	Oregon Employment Department	OED 12-009	11,789	
Foster Care - Title IV-E	93.658	Oregon Department of Education	unknown	3,281	
Social Services Block Grant	93.667	Oregon Department of Education	MAR1113	444,071	
Social Services Block Grant	93.667	Oregon Department of Human Services	111092	41,505	
				<u>485,576</u>	
Medicaid Cluster - Medical Assistance Program	93.778	Oregon Department of Education	unknown	49,889	
National Bioterrorism Hospital Preparedness Program	93.889	Oregon Health Authority	280609	20,783	
HIV Care Formula Grants	93.917	Oregon Health Authority	280544	104,796	
HIV Prevention Activities - Health Department Based	93.940	Oregon Health Authority	280501/280646	84,194	

See notes to schedule of expenditures of federal awards.

**MARION COUNTY, OREGON, FEDERAL GRANT COMPLIANCE REPORT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**YEAR ENDED JUNE 30, 2013**

	<b>Federal CFDA Number</b>	<b>Pass Through Organization</b>	<b>Pass Through ID</b>	<b>Expenditures</b>	<b>ARRA</b>
<b><u>DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</u></b>					
Block Grants for Community Mental Health Services	93.958	Oregon Health Authority	112001	\$ 383,477	
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Oregon Health Authority	135001	1,454,708	
Maternal and Child Health Services Block Grant to the States	93.994	Oregon Health Authority	180514	198,691	
Maternal and Child Health Services Block Grant to the States	93.994	Oregon Health & Science University	4B04MC06604-01-04	128,514	
				<u>327,205</u>	
Total Department of Health and Human Services				<u>4,787,757</u>	
<b><u>DEPARTMENT OF HOMELAND SECURITY</u></b>					
Boating Safety Financial Assistance	97.012	Oregon State Marine Board	unknown	52,777	
Disaster Grants - Public Assistance	97.036	Oregon Military Department	DR-4055	149,007	
Emergency Management Performance Grants	97.042	Oregon Military Department	various	153,567	
Citizens Community Resilience Innovation Challenge	97.053	Oregon Military Department	various	13,915	
State Homeland Security Program	97.073	Oregon Military Department	12-108	7,295	
Total Department of Homeland Security				<u>376,561</u>	
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<u><u>\$ 14,423,888</u></u>	

See notes to schedule of expenditures of federal awards.

**MARION COUNTY, OREGON, FEDERAL GRANT COMPLIANCE REPORT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2013**

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**PURPOSE OF THE SCHEDULE**

The accompanying schedule of expenditures of federal awards (SEFA) is a supplementary schedule to Marion County, Oregon’s basic financial statements and is presented for purposes of additional analysis. Because the SEFA presents only a selected portion of the activities of the County, it is not intended to and does not present the financial position or changes in net position of the County, or the revenues, expenditures or changes in fund balances of its operating funds.

**SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Presentation*

The information in the SEFA is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

*Federal Financial Assistance*

Pursuant to the Single Audit Act Amendment of 1996 and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the SEFA, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the County and the federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

*Major Programs*

The Single Audit Act Amendment of 1996 and OMB Circular A-133 establish criteria to be used in defining major federal financial assistance programs. Major programs for the County are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in OMB Circular A-133. Programs with similar requirements may be grouped into a cluster for testing purposes.

*Reporting Entity*

The reporting entity is fully described in the notes to the basic financial statements. This SEFA includes all federal programs administered by the County for the year ended June 30, 2013.

*Revenue and Expenditure Recognition*

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting. Revenues are recorded as received in cash or on the accrual basis when measurable and available. Expenditures are recorded when the liability is incurred.

**PAYMENTS TO SUBRECIPIENTS**

Program expenditures reported in the SEFA include amounts provided to subrecipients as follows:

<b>CFDA #</b>	<b>Program Name</b>	<b>Amount</b>
16.523	Juvenile Accountability Block Grants	\$ 19,916
16.803	Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program - Grants to States and Territories	108,575
93.150	Projects for Assistance in Transition from Homelessness	31,979
93.556	Promoting Safe and Stable Families	71,310
93.667	Social Services Block Grant	128,844
93.959	Block Grants for Prevention and Treatment of Substance Abuse	754,831

**MARION COUNTY, OREGON, FEDERAL GRANT COMPLIANCE REPORT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2013**

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**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control reporting:	
· Material weakness(es) identified?	No
· Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
· Material weakness(es) identified?	No
· Significant deficiency(ies) identified?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	Yes

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
15.UNK	Secure Rural Schools and Community Self-Determination: Title I – Secure Payments
16.738 & 16.803	JAG Program Cluster
93.556	Promoting Safe and Stable Families
93.563	Child Support Enforcement
93.667	Social Services Block Grant
93.959	Block Grants for Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish between type A and type B programs:	\$432,717
Auditee qualifies as low-risk auditee?	Yes

**FINANCIAL STATEMENT FINDINGS**

None.

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding 2013-001 Subrecipient Monitoring (Significant Deficiency)**

**Department of Justice**

Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program – CFDA #16.803,  
subrecipient awards = \$108,575

**Department of Health and Human Services**

**Promoting Safe and Stable Families – CFDA #93.556**

Investment for Community Progress, subrecipient awards = \$71,310

**Social Services Block Grant – CFDA #93.667**

Investment for Community Progress, subrecipient awards = \$97,204

Youth Projects, subrecipient awards = \$31,640

**MARION COUNTY, OREGON, FEDERAL GRANT COMPLIANCE REPORT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**YEAR ENDED JUNE 30, 2013**

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**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)**

**Finding 2013-001 Subrecipient Monitoring (Significant Deficiency) (Continued)**

**Condition:** The County did not meet all of the requirements for subrecipient monitoring outlined in the compliance supplement to OMB Circular A-133 prior to the beginning of audit fieldwork.

**Criteria:** The County was deficient in meeting the following requirement for monitoring subrecipients: Ensuring that subrecipients expending \$500,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of OMB Circular A-133. As of the beginning of audit fieldwork, the County had not obtained single audit reports from subrecipients for the current or preceding fiscal years, nor had the County obtained assurance from subrecipients that single audits were not required for those years.

**Questioned Costs:** None; all compliance requirements were met but not on a timely basis.

**Cause:** The County did not have procedures in place to determine if subrecipients of these programs were required to have single audits, or to obtain and review copies of single audit reports if required.

**Effect:** Subrecipients may not have obtained single audits when required, they may not have properly identified themselves as subrecipients of the Federal awards noted above, or they may not have taken timely and appropriate corrective action on any audit findings related to these Federal awards. This could therefore impact the County's ability to comply with the requirements of these Federal awards.

**Recommendation:** We recommend that the County implement procedures to determine whether or not subrecipients were required to have single audits, and that copies of required single audit reports are received and evaluated on a timely basis.

**Views of Responsible Officials and Corrective Action Plan:** The County concurs with the finding; however, we believe the impact is mitigated by the following:

- For the JAG program, the subrecipient's single audit for FY2013 was not available at the time of audit fieldwork. The County obtained a copy of the FY2012 single audit and noted no findings for this award.
- For the Investment for Community Progress (iCP) program, with combined funding from CFDA #93.556 and #93.667, subgrants were made to eight subrecipients ranging from \$7,309 to \$76,358. Of the eight subrecipients, only one was required to have a single audit for FY2013. The County obtained a copy and noted no findings for this award.
- For Youth Projects under CFDA #93.667, subgrants were made to three subrecipients ranging from \$6,640 to \$15,000. Of the three subrecipients, the FY2013 single audit was complete with no findings for the first, the FY2013 single audit was in progress and the FY2012 single audit was complete with no findings for the second, and a single audit was not required for the third.

The County's Community Services Department, which is responsible for administering these grants, is currently in the process of developing a checklist to insure timely completion of the following: single audit certifications are obtained from all subrecipients, single audit reports are received and reviewed, and findings are addressed and are corrected.

**MARION COUNTY, OREGON, FEDERAL GRANT COMPLIANCE REPORT**  
**SUMMARY SCHEDULE OF PRIOR FINDINGS**  
**YEAR ENDED JUNE 30, 2013**

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**PRIOR YEAR FINANCIAL STATEMENT FINDINGS**

None.

**PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding 2012-001: Subrecipient Monitoring -Social Services Block Grant – CFDA #93.667**

**Condition:** Approximately 15% of the County’s total expenditures under the Social Services Block Grant were for subawards made to subrecipients (\$47,234 out of \$312,063). There were a total of 9 subrecipients; one subrecipient received \$22,958 in fiscal 2012, the others received smaller amounts ranging from \$1,125 to \$4,585. With regards to the subaward for \$22,958, the County did not meet all of the requirements for subrecipient monitoring outlined in the compliance supplement to OMB Circular A-133.

**Recommendation:** We recommend that County personnel responsible for administering this grant receive additional training to ensure that they are aware of all Federal requirements for subrecipient monitoring. Additionally, we recommend that the County review their procedures for ensuring that Federal subawards are properly identified at the time of award, and that single audit reports are timely requested from subrecipients and evaluated.

**Current Status:** The referenced subrecipient was not a subrecipient in the year ended June 30, 2013.