



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

March 8, 2016

To the Board of Commissioners of Coos County:

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

We have audited Coos County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. Coos 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 Coos 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 Coos 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 on Coos County's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Coos County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2015.

**Report on Internal Control Over Compliance**

Management of Coos 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, we considered the Coos County's internal control over compliance with types of requirements that could have a direct and material effect on a major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance 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.

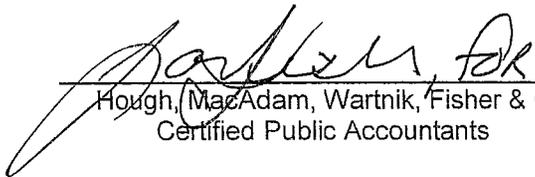
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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, material weaknesses may exist that have not been identified. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-01 that we consider to be significant deficiencies.

Coos County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Coos 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.

#### **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.

  
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Hough, MacAdam, Wartnik, Fisher & Gorman, LLC  
Certified Public Accountants



## SECTION II FINDINGS - FINANCIAL STATEMENT FINDINGS

None

## SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2015-01 CFDA 93.959 Substance Abuse Block Grant – Allowable Activities

*Condition:* Costs were charged to the grant for activities unrelated to the grant objectives.

*Criteria:* Federal grant awards are to be expended only for activities allowed under each federal grant award.

*Perspective:* Auditor inspected 38 invoices charged to this grant and determined that 13 were not related to the grant objectives. The dollar amount of the invoices was approximately \$5,400.

*Cause/Effect:* Invoices were coded to the wrong grant program. The County may be required to return \$5,400 to the granting agency or reduce its grant allotment for the 2015-17 biennium. There was no staff person assigned to perform a secondary review of the costs charged to the grant. This is considered a significant deficiency in internal controls over compliance.

*Auditor's Recommendation:* Management should contact the granting agency for their suggested corrective action. Management should implement internal controls over grants that include a secondary review of expenses to ensure only allowable activities are charged to each grant.

*Grantee Response:* Management agrees with the finding and took corrective action in November 2015. Coos Health & Wellness staff received training specifically on activities allowable under each grant which they supervise. They are required to follow purchasing policy and procedures to correctly identify allowable expenditures for each grant they oversee. Grant expenses will be reviewed by a supervisor to ensure that only costs that are related to allowable activities are charged to each grant. Monthly reports will be generated and distributed to supervisors showing these expenses. In addition, Coos Health & Wellness financial staff received training specifically on purchases allowable under each grant so that they are aware of the allowable activities per grant and can review costs as they are processed. Financial staff will also receive and review copies of each grants biennial plans to ensure a better understanding of the grant activities associated with each grant. Mike Rowley, Coos Health & Wellness Finance Director, is responsible for ensuring the corrective action is taken.

**COOS COUNTY, OREGON**  
**SUMMARY OF PRIOR AUDIT FINDINGS RELATED TO FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2015**

**Questioned Costs:**

There were no questioned costs for the year ended June 30, 2014.

**Findings:**

There were no findings for the year ended June 30, 2014.

COOS COUNTY, OREGON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2015  
Revised 8/11/2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Expenditures
<b>U.S. Department of Agriculture</b>		
<i>Passed through Oregon Health Authority:</i>		
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	279,089.04
<i>Passed through State of Oregon Department of Administrative Services:</i>		
Forest Service - Schools and Roads--Grants to States	10.665	274,442.96
Subtotal U.S. Department of Agriculture		<u>553,532.00</u>
<b>U.S. Department of Commerce</b>		
<i>Passed through State of Oregon Department of Land Conservation and Development:</i>		
Coastal Zone Management Administration Awards	11.419	40,975.00
Subtotal U.S. Department of Commerce		<u>40,975.00</u>
<b>U.S. Department of Interior</b>		
Payments in Lieu of Taxes	15.226	389,708.00
Distribution of Receipts to State and Local Governments	15.227	* 2,276,285.58
Secure Rural Schools and Community Self-Determination	15.234	69,494.31
National Wildlife Refuge Fund	15.659	20,895.00
<i>Passed through State of Oregon Marine Board</i>		
Clean Vessel Act	15.616	14,000.00
Subtotal U.S. Department of Interior		<u>2,770,382.89</u>
<b>U.S. Department of Justice</b>		
State Criminal Alien Assistance Program	16.606	677.00
Public Safety Partnership and Community Policing Grants	16.710	336,865.45
Congressionally Recommended Awards	16.753	227,090.84
<i>Passed through State of Oregon Department of Justice:</i>		
Crime Victim Assistance	16.575	33,552.00
<i>Passed through Coquille Indian Tribe:</i>		
Public Safety Partnership and Community Policing Grants	16.710	22,725.50
Subtotal U.S. Department of Justice		<u>620,910.79</u>
<b>U.S. Department of Transportation</b>		
<i>Passed through State of Oregon Department of Transportation:</i>		
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	* 328,729.00
State and Community Highway Safety	20.600	6,000.00
Subtotal U.S. Department of Transportation		<u>334,729.00</u>
<b>General Services Administration</b>		
<i>Passed through State of Oregon Department of Administrative Services:</i>		
Disposal of Federal Surplus Real Property	39.002	** 3,217.01
Donation of Federal Surplus Personal Property	39.003	0.00
Subtotal General Services Administration		<u>3,217.01</u>
<b>Environmental Protection Agency</b>		
<i>Passed through Oregon Health Authority:</i>		
State Public Water System Supervision	66.432	11,005.00
Capitalization Grants for Drinking Water State Revolving Funds	66.468	5,832.00
Subtotal Environmental Protection Agency		<u>16,837.00</u>

See accompanying notes.

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>Environmental Protection Agency</b>		
<i>Passed through Oregon Health Authority:</i>		
State Public Water System Supervision	66.432	11,005
Capitalization Grants for Drinking Water State Revolving Funds	66.468	5,832
Subtotal Environmental Protection Agency		<u>16,837</u>
<b>U.S. Department of Health and Human Services</b>		
<i>Passed through Oregon Health Authority:</i>		
Public Health Emergency Preparedness	93.069	89,869
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	742
Family Planning Services	93.217	27,479
National Bioterrorism Hospital Preparedness Program	93.889	5,000
Block Grants for Community Mental Health Services	93.958	31,950
Block Grants for Prevention and Treatment of Substance Abuse	93.959	* 286,745
Maternal and Child Health Services Block Grant to the States	93.994	12,291
<i>Passed through Oregon Department of Education</i>		
Medical Assistance Program	93.778	1,903
<i>Passed through Oregon Health &amp; Science University:</i>		
Medical Assistance Program	93.778	2,554
<i>Passed through State of Oregon Department of Justice:</i>		
Child Support Enforcement	93.563	97,411
Subtotal U.S. Department of Health and Human Services		<u>555,944</u>
<b>U.S. Department of Homeland Security</b>		
<i>Passed through State of Oregon Marine Board</i>		
Boating Safety Financial Assistance	97.012	119,938
<i>Passed through Oregon Military Department:</i>		
Hazard Mitigation Grant	97.039	6,612
Emergency Management Performance Grants	97.042	54,373
State Homeland Security Program (SHSP)	97.073	23,282
Subtotal U.S. Department of Homeland Security		<u>204,205</u>
<b>Total Federal Assistance</b>		<u><u>5,100,733</u></u>

\* Indicates a major program

\*\* Indicates non-cash assistance

**COOS COUNTY, OREGON**  
**NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2015**

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Coos County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**Note 2. Amounts provided to Subrecipients**

The following federal award amounts were passed through to local subrecipients:

**U.S. Department of Agriculture**

*Passed through to Local School Districts:*

Forest Service - Schools and Roads - Grants to States	10.665	68,611
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**U.S. Department of Transportation**

*Passed through to Coos County Area Transit Service District*

Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	328,729
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**U.S. Department of Health and Human Services**

*Passed through to Local School Districts:*

Medical Assistance Program	93.778	1,903
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*Passed through to Adapt:*

Block Grants for Prevention and Treatment of Substance Abuse	93.959	89,940
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**Note 3. Event Subsequent to the Date of the Independent Auditor's Report**

In August 2016 County management became aware that federal grant expenditures of \$119,938 had been excluded from the Schedule of Expenditures of Federal Awards. These amounts were for Boating Safety Financial Assistance, CFDA # 97.012. This was a U.S. Department of Homeland Security grant, passed through the State of Oregon Marine Board.