

FEDERAL GRANT COMPLIANCE REPORT
POLK COUNTY

Year Ended June 30, 2023

POLK COUNTY
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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
Polk County
Dallas, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Polk County (the “County”) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements, and have issued our report thereon dated January 25, 2024.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 or significant deficiencies may exist that have not been identified.

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
January 25, 2024

Report on Compliance and Other Matters

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

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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Singer Lewak LLP

January 25, 2024

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Commissioners
Polk County
Dallas, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Polk County’s (the “County”) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County’s major federal programs for the year ended June 30, 2023. 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.

In our opinion, Polk 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County’s federal programs.

Board of Commissioners
Polk County
Independent Auditor's Report on Compliance for Each Major Federal
Program; Report on Internal Control over Compliance; and Report
on the Schedule of Expenditures of Federal Awards Required by
the Uniform Guidance
January 25, 2024

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on each major federal program is not modified with respect to this matter.

Board of Commissioners
Polk County
Independent Auditor's Report on Compliance for Each Major Federal
Program; Report on Internal Control over Compliance; and Report
on the Schedule of Expenditures of Federal Awards Required by
the Uniform Guidance
January 25, 2024

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Board of Commissioners
Polk County
Independent Auditor's Report on Compliance for Each Major Federal
Program; Report on Internal Control over Compliance; and Report
on the Schedule of Expenditures of Federal Awards Required by
the Uniform Guidance
January 25, 2024

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the County as of and for the year ended June 30, 2023, and have issued our report thereon dated January 25, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

January 25, 2024

POLK COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP: *Unmodified*

Internal controls over financial 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 federal programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

Identification of major federal programs:

<u>Assistance Living Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee? No

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

Finding 2023-001

Identification of Federal Program

21.027 Coronavirus State and Local Fiscal Recovery Funds

Criteria

2 CFR §200.320 Methods of procurement to be followed.

The non-Federal entity must have and use documented procurement procedures, consistent with the standards of this section and §§200.317, 200.318, and 200.319 for formal methods of procurement used for the acquisition of property or services required under a Federal award or sub-award.

2 CFR §200.320(b) Formal procurement methods. When the value of the procurement for property or services exceeds the simplified acquisition threshold, formal procurement methods are required. Formal procurement methods require either sealed bids to be publicly solicited or requests for proposal publicized. Non-competitive procurements are only allowed if the purchase is under the micro-purchase threshold, if the item is only available from a single source, if public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation, if the Federal awarding agency or pass through agency expressly authorizes a non-competitive procurement, or if after solicitation of a number of sources, competition is determined inadequate.

Condition

The County did not follow formal procurement procedures related to the purchase of jail camera system.

Cause

The County followed its internal procurement policies which are less restrictive than formal procurement processes as required under 2 CFR 200.320.

Potential Effect

Open competition was not insured.

Questioned Costs

None

Context

The County followed their modified procurement procedure (PCCO 15.140(1) which allows for direct solicitation of bids from vendors that work with existing technology infrastructure already in place in the County in an effort to reduce cost and waste. As a result, formal procurement processes as required were not followed.

Section III - Federal Award Findings and Questioned Costs

Finding 2023-001 (continued)

Identification of a repeat finding, if applicable

This is a new finding for the County.

Recommendations

Formal procurement processes should be followed for all Federal award purchases that exceed the simplified acquisition threshold.

Views of Responsible Officials

The County agrees with the finding and will develop a corrective action plan.

POLK COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Living Number	Pass Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
DEPARTMENT OF AGRICULTURE				
Food and Nutrition Service				
<i>Passed through Oregon Health Authority</i>				
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	2702	\$ -	\$ 240,641
Forest Service				
<i>Passed through Oregon Department of Administrative Services</i>				
<u>Forest Schools and Roads Cluster</u>				
Schools and Roads - Grants to Counties	10.665		-	875
Total Forest Schools and Roads Cluster			-	875
Total Department of Agriculture			-	241,516
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Passed through Oregon Infrastructure Finance Authority</i>				
Community Development Block Grant	14.228		-	255,428
DEPARTMENT OF THE INTERIOR				
Bureau of Land Management				
National Wildlife Refuge Fund	15.659		-	10,672
Scotch Broom Removal and Dump Stoppers	15.999		-	9,420
<i>Passed through Oregon Department Fish and Wildlife</i>				
Dingel-Johnson Sport Fish Restoration Act	15.605	F21AF02010	-	256,803
Total Department of the Interior			-	276,895
DEPARTMENT OF JUSTICE				
Bureau of Justice Assistance				
Bullet Proof Vest Partnership Program	16.607	N/A	-	6,715
Office of Victims of Crime				
<i>Passed through Oregon State Criminal Justice Division</i>				
Crime Victim Assistance (VOCA)	16.575	VOCA 03-2099	-	168,649
Coronavirus Emergency Supplemental Funding Program	16.034		-	7,484
Total Department of Justice			-	182,848
DEPARTMENT OF TRANSPORTATION				
National Highway Safety Administration				
<u>Highway Safety Cluster</u>				
<i>Passed through Oregon Department of Transportation</i>				
National Priority Safety Program	20.616		-	4,214
<i>Passed through Oregon Department of Transportation</i>				
State and Community Highway Safety	20.600		16,149	
<i>Passed through Oregon Impact</i>				
State and Community Highway Safety	20.600		-	11,763
Total Highway Safety Cluster			-	32,126
Total Department of Transportation			-	32,126
DEPARTMENT OF THE TREASURY				
<i>Passed through Oregon Department of Administrative Services</i>				
Coronavirus State and Local Fiscal Recovery funds	21.027		739,970	751,045
<i>Direct funding</i>				
Coronavirus State and Local Fiscal Recovery funds	21.027		-	5,023,528
Total Department of the Treasury			739,970	5,774,573

POLK COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Living Number	Pass Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
DEPARTMENT OF GENERAL SERVICES ADMINISTRATION				
General Services Administration				
<i>Passed through Oregon Department of Administrative Services</i>				
Donation of Federal Surplus Personal Property	39.003		\$ -	\$ 1,400
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Administration for Children and Families				
<i>Passed through Oregon Department of Justice</i>				
Child Support Enforcement	93.563	461	-	202,436
Health Resources and Services Administration				
<i>Passed through Oregon Health Authority</i>				
Maternal and Child Health Block Grant	93.994		-	35,018
Substance Abuse and Mental Health Services Administration				
<i>Passed through Oregon Health Authority</i>				
Block Grants for Community Mental Health Services	93.958		-	62,381
Block Grants for Prevention and Treatment of Substance Abuse	93.959		-	74,884
Centers for Disease Control				
<i>Passed through Oregon Health Authority</i>				
Public Health Preparedness and Response	93.069		-	91,804
Family Planning Services	93.217		-	22,854
Immunization Cooperative Agreements	93.268		-	195,991
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		-	321,568
ARPA Workforce Mobilization	93.354	PE 51-03	-	199,078
CDC Collaboraion with Academia to Strengthen Public Health (ARPA)	93.967		-	42,209
STD Prevention and Control Grants	93.977		-	109,194
Total Department of Health and Human Services			-	1,357,417
DEPARTMENT OF HOMELAND SECURITY				
Federal Emergency Management Agency				
<i>Disaster Grants - Public Assistance (Presidentially Declared Disasters)</i>				
	97.036		-	28,674
<i>Passed through Oregon State Police</i>				
Emergency Management Performance	97.042		-	84,206
Homeland Security Grant Program	97.067		-	321,990
Total Department of Homeland Security			-	434,870
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 739,970	\$ 8,557,073

POLK COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Polk County under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Polk County.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

Polk County has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.