

Yamhill County

Location: 536 NE 5th St, McMinnville • Mailing: 535 NE Fifth St, McMinnville, OR 97128
(503) 474-4119 • Fax (503) 434-7379

OFFICE OF CENTRAL ACCOUNTING

Mike Barnhart – Finance Manager

December 13, 2018

To the Yamhill Board of Commissioners

From Mike Barnhart, Yamhill County Finance Manager

Our auditors from Boldt, Carlisle, and Smith will be reporting an audit finding for the fiscal year 2018 financial audit as presented below.

DEPARTMENT OF TRANSPORTATION FINDING 2018-001

Criteria:	2 CFR Part 200.302(b)(7) requires the financial management system to include written procedures for determining the allowability of costs.
Condition:	Yamhill County has not developed written procedures for determining the allowability of costs.
Cause:	Administration did not have written procedures for determining the allowability of costs.
Effect:	Unallowable costs could be charged to the program.
Questioned Costs:	None
Perspective:	Written procedures for determining the allowability of costs is integral to the proper design of internal controls. However, the results of audit procedures did not detect any costs which are not allowable charged to the program.
Recommendations:	Management should develop written procedures as required by 2 CFR Part 200.302(b)(7).

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Yamhill County Management is required to respond to the audit finding.

Background: The finding is based on new Uniform Guidance that took effect December of 2014. The specific language referred to in the regulation states the following:

2 CFR Part 200.302(b) The financial management system of each non-Federal entity must provide for (7) written procedures for determining the allowability of costs in accordance with Subpart E - Cost Principles of this part and the terms and conditions of the Federal award.

In order to appropriately address the finding, Management respectfully requests approval of the following Management's Response, including the language change (in BOLD) to the Yamhill County Accounting Functions and Payroll Procedures Official Policy.

Management's Response:	Management agrees with Finding 2018-001. The <u>Yamhill County Accounting Functions and Payroll Procedures Official Policy</u> has been amended as follows: EXPENDITURES 4. <u>Grant Expenditures</u> - All grant expenditures reimbursed either directly or indirectly by federal funds must be allowable as defined in 2 CFR Part 200.302(b)(7) and the terms and provisions of the contract or grant agreements pertaining to the program. Allowability determination is the responsibility of the department who is awarded the grant. For projects, products, or services funded by grants the Board and County Administrator must be informed, prior to expenditures being made, if the total costs exceed the grant plus the previously approved match.
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Thank you –



Mike Barnhart
Finance Manager

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Accepted by Yamhill County
Board of Commissioners on
12/13/18 by Board Order
18-454