

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

April 25, 2019

To the Yamhill Board of Commissioners

From Mike Barnhart, Yamhill County Finance Manager

Our auditors from Boldt, Carlisle, and Smith reported an audit finding for the fiscal year 2018. On December 13, 2018, Board Order 18-454 was approved amending the Yamhill County Accounting Functions and Payroll Procedures Official Policy.

On April 17, 2019, the Oregon Department of Transportation performed an on-site review of Yamhill County's Transit operation. Although not a formal finding, they suggested we further update our financial policies concerning the allowability of costs assigned to federal awards to include the criteria to be used to determine allowability. In order to address this request, Management respectfully requests approval of additional language (in BOLD) to the Yamhill County Accounting Functions and Payroll Procedures Official Policy.

4. **Grant Expenditures** - 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. **Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards in accordance with 2 CFR Part 200.403:**

(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

(b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.

(c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.

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(d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.

(e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.

(f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also § 200.306 Cost sharing or matching paragraph (b).

(g) Be adequately documented. See also §§200.300 Statutory and national policy requirements through 200.309 Period of performance of this part.

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.

Thank you for considering this policy amendment.

Mike Barnhart
Finance Manager

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Accepted by Yamhill County
Board of Commissioners on
5/2/19 by Board Order
19-137



Oregon

Kate Brown, Governor

Department of Transportation

Rail and Public Transit Division

555 13th Street NE, Suite 2

Salem, OR 97301

Transit Phone: (503) 986-3300

Rail Phone: (503) 986-4321

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APR 25 2019

YAMHILL COUNTY BOC

April 17, 2019

Yamhill County, Oregon
535 NE 5th St
McMinnville, OR 97128

RE: Annual Audit for Fiscal Year Ending 06/30/2018

The Oregon Department of Transportation Rail and Public Transit Division recently received Yamhill County's independent audit report for FY 2018.

It is the responsibility of the Oregon Department of Transportation to review audit reports and related financial reports for compliance with §200.331 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, found at 2 CFR Part 200, as applicable, and Oregon Accounting Manual Policy No. 30.40.00.

Upon review of the audit, we concur with the independent auditor's opinion that Yamhill County has significant deficiencies related to the ODOT Grant Agreements, as outlined in the Federal Award Findings and Questioned Costs section, which should be addressed.

It is the responsibility of Yamhill County to prepare a correction plan to resolve the findings, specifically related to the lack of written procedures for determining the allowability of costs (Finding 2018-001). The county must provide a copy of the procedures and documentation of their adoption or implementation to the Oregon Department of Transportation by July 15, 2019. Failure to submit the plan and take corrective actions could result in a loss of grant funding for the district.

Sincerely,

H.A. (Hal) Gard, Administrator
ODOT Rail and Public Transit Division

CC: Margaret Cole, External Audit Manager

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Exhibit "A"