

Yamhill County

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OFFICE OF CENTRAL ACCOUNTING

Mike Barnhart – Finance Manager

DATE: March 29, 2024

TO: Oregon Secretary of State, Audits Division
255 Capitol St. NE, Suite #500
Salem, OR 97310

Plan of Action for Yamhill County

Yamhill County respectfully submits the following corrective action plan in response to deficiencies reported in our audit of fiscal year ended June 30, 2023. The audit was completed by the independent auditing firm SingerLewak and reported the deficiencies listed below. The plan of action was adopted by the governing body at their meeting on April 4, 2024, as indicated by signatures below.

FINDING 2023-001 – Material Weakness in Financial Reporting

Criteria:	Internal controls should include procedures to ensure that all transactions be reported in the correct period.
Condition:	During our audit procedures we identified \$918,266 that should have been reported as accounts receivable and revenue, and \$245,176 that should have reported as accounts payable and expenditures.
Cause:	During the year the County implemented a new Enterprise Resource Planning system which required the development of new processes to identify and account for account receivables and account payables.
Effect:	Adjustments were required to correct material misstatements.
Recommendations:	We recommend that the County review receipts and disbursements subsequent to year end to identify items that would need to be accrued into the previous fiscal year.

Staff Perspective:

Each June, the finance staff distributes year-end accounting instructions county-wide to assist departments entering accounts payable and accounts receivable data. The instructions focus entering disbursements and receivables into the correct fiscal year. During the FY23 audit, the auditors discovered

one material accounts payable invoice and one material accounts receivable receipt that were not coded to the correct fiscal year. Finance staff corrected the accounting records accordingly.

CORRECTIVE ACTION PLAN FOR FINDING 2023-001

Yamhill County Finance staff will prepare a recorded presentation of the year-end processing instructions. The recording will be presented to all finance employees county-wide during a MS Teams meeting where a Q&A session will be held afterwards to solidify learning and appropriately applying the year-end processing and accounting rules. Furthermore, Finance Staff will intensify their review and approval of material accounts payable and accounts receivable transactions each yearend for proper fiscal year entry by individually reviewing all payments and receipts in excess of \$5,000. Lastly, Finance Management will intensify their analytical review each year-end to catch potential issues that may have been missed by department and finance staff.

TIMEFRAME FOR IMPLEMENTATION

The recorded presentation will be presented June 2024.

FINDING 2023-002 – Material Weakness in Federal Awards

<p>Criteria:</p>	<p>CFR §200.332(d) states: All pass-through entities must...monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward goals are achieved. Pass-through entity monitoring of the subrecipient must include:</p> <ul style="list-style-type: none">(1) Reviewing financial and performance reports required by the pass-through entity.(2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subaward.(3) Issuing a management decision for applicable audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by §200.521.(4) The pass-through entity is responsible for resolving audit findings specifically related to the subaward and not responsible for resolving cross-cutting findings. If a subrecipient has a current Single Audit report posted in the
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	Federal Audit Clearinghouse and has not otherwise been excluded from receipt of Federal funding (e.g., has been debarred or suspended), the pass-through entity may rely on the subrecipient's cognizant audit agency or cognizant oversight agency to perform audit follow-up and make management decisions related to cross-cutting findings in accordance with section § 200.513(a)(3)(vii). Such reliance does not eliminate the responsibility of the pass-through entity to issue subawards that conform to agency and award-specific requirements, to manage risk through ongoing subaward monitoring, and to monitor the status of the findings that are specifically related to the subaward.
Condition:	The County did not perform subrecipient monitoring of a school district that received the subaward.
Cause:	The County was not aware of the requirement to monitor the subrecipient.
Effect:	Unallowed activities could be undertaken or unallowed costs could be claimed under the program.

Staff Perspective:

The grant program in question was part of a series of grant awards that were being administered by a third-party economic development contractor for the County. The grants were awarded to support Supply Chain Localization and Workforce Development. As these grants were being administered by a third-party, grant applicants and awardees were not processed through the County's grant management software that is used by the County to administer other grant programming. Over the last two years, the County has directly awarded and is monitoring more than thirty (30) similar grant awards. The grant awards associated to this finding are the only awards administered by a third-party. The agreement between the County and the contractor ended, and this element of the agreement was missed and not transferred back to the County, entered into County grant administration system, or assigned to grants management staff to assume administration and oversight.

CORRECTIVE ACTION PLAN FOR FINDING 2023-002

Yamhill County Finance staff will prepare a recorded presentation about our responsibilities for subrecipient monitoring. The recording will be presented to all employees who manage federal grants and presented during a MS Teams meeting where a Q&A session will be held afterwards to solidify learning and appropriately applying the federal requirements.

County staff will ensure these grant award recipients are registered with the County via the County's grant administration program and monitoring activities will commence immediately, and in the same manner that the County has been monitoring other similar awards that did not involve a third-party administrator. Further, the County as a practice will now require that all future grant recipients, regardless of whether administered by a third-party or the County directly, be required to register their organization via the County's grant administration programming for ongoing monitoring and reporting.

TIMEFRAME FOR IMPLEMENTATION

The recorded presentation will be presented April 2024. Staff is currently reaching out to grant awardees to register with the County's grant administration system and will begin requesting periodic reports on the status of projects and how funds have been spent.

Lindsay Berschauer
Yamhill County Chair, print name

Lindsay Berschauer
Signature

Kenneth Huffer
Yamhill County Administrator, print name

KH
Signature

Michael Barnhart
Yamhill County Finance Manager, print name

Michael Barnhart
Signature

Accepted by Yamhill County
Board of Commissioners on
4/4/24 by Board Order
24-104