

**SCHEDULE OF FEDERAL AWARD FINDINGS AND
QUESTIONED COSTS**

**Clark County
January 1, 2018 through December 31, 2018**

2018-001 The County did not have adequate internal controls to ensure compliance with federal procurement requirements.

CFDA Number and Title:	12.600 – Community Investment
Federal Grantor Name:	United States Department of Defense
Federal Award/Contract Number:	N/A
Pass-through Entity Name:	N/A
Pass-through Award/Contract Number:	N/A
Questioned Cost Amount:	\$0

Description of Condition

The U.S. Army transferred deed of the Camp Bonneville location to the County in 2006. The County receives grant funding from the U.S. Army for environmental remediation required by the Department of Ecology. During 2018, the County spent \$7,877,967 in federal grant funding for environmental remediation of Camp Bonneville. Of this amount, the County awarded a two-year contract not to exceed \$505,595 to an engineering firm.

State law requires qualifications-based selection for procurement of architectural and engineering services. Under federal law, contracts for these services must be procured using the more restrictive of state or federal procedures. In Washington, federal competitive proposal requirements are more restrictive.

Based on federal requirements, competitive proposals must be advertised, and the advertisement must identify all evaluation factors and their relative importance. The contract must be awarded to the most qualified firm based on the evaluation factors identified in the advertisement.

The County had written procedures that conform to the federal procurement requirements, but its internal controls were not effective in ensuring it complied. The County did not advertise the request for proposals and could not provide evidence of how the most qualified firm was selected for the project.

We consider these deficiencies in internal controls to be a significant deficiency.

This issue was not reported as a finding in the prior audit.

Cause of Condition

Staff responsible for procuring the contract did not follow Public Works department policies and procedures for awarding architectural and engineering contracts. Additionally, the County did not have sufficient monitoring in place to identify non-compliance with Public Works department policies and procedures.

Effect of Condition and Questioned Costs

By not advertising the request for proposals, the County cannot demonstrate it gave all interested and qualified firms the opportunity for the architectural and engineering contract. Because the funds were used for an allowable purpose, we are not questioning these costs.

Recommendation

We recommend the County ensure staff responsible for managing federal awards understand federal procurement requirements. We further recommend the County strengthen its internal controls to ensure contracts paid for with federal funds are procured in accordance with federal requirements.

County's Response

The County is pleased the State Auditor's Office confirmed that the costs charged to the Camp Bonneville federal grant were allowable and are not being questioned. The County followed Washington state law during this procurement instead of the more restrictive federal requirements under U.S. Office of Management and Budget (OMB) Circular A-102. The advertisement should have contained more detailed information about the evaluation criteria and selection process for awarding this contract.

Clark County Public Works staff is in the process of developing updated procurement training. Public Works finance staff will train employees on procurement procedures and provide links to materials for additional assistance on all procurement processes, including grant-funded projects. The procurement training sessions will be mandatory for all management staff in Public Works. Staff will work closely with the Internal Audit team and the Purchasing Department on these materials.

Auditor's Remarks

We appreciate the County's commitment to resolve this finding and thank the County for its cooperation and assistance during the audit. We will review the corrective action taken during our next regular audit.

Applicable Laws and Regulations

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11.

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 516, Audit findings, establishes reporting requirements for audit findings.

2 CFR Part 200, Uniform Guidance, section 303, Internal controls, establishes requirements for establishing and maintaining effective internal control over federal awards.

U.S. Office of Management and Budget (OMB) Circular A-102, *Grants and Cooperative Agreements with State and Local Governments*, Section .36, establishes procurement requirements including methods of procurement for professional service contracts.