

**METRO
FEDERAL GRANT PROGRAMS
INDEPENDENT AUDITOR'S REPORTS
AND
SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS**

JUNE 30, 2009

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* Incorporated by reference only

**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***

Metro Council and Metro Auditor
Portland, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Metro as of and for the year ended June 30, 2009, which collectively comprise Metro's basic financial statements and have issued our report thereon dated December 7, 2009. Our report was modified to include a reference to other auditors. We conducted our audit 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. Other auditors audited the financial statements of the Oregon Zoo Foundation, a discretely presented component unit, as described in our report on Metro's financial statements. The financial statements of the Oregon Zoo Foundation were not audited in accordance with *Governmental Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Metro's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Metro's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**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* – (continued)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Metro's financial statements are free of 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 determination of financial statement amounts. 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*.

This report is intended solely for the information and use of the audit committee; management; the Council; the Secretary of State, Divisions of Audits, of the State of Oregon; federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams, LLP

Eugene, Oregon
December 7, 2009

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133 AND ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

Metro Council and Metro Auditor
Portland, Oregon

Compliance

We have audited the compliance of Metro with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Metro's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Metro's management. Our responsibility is to express an opinion on Metro's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Metro's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Metro's compliance with those requirements

In our opinion, Metro complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2009-01 and 2009-02.

Internal Control Over Compliance

The management of Metro is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Metro's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Metro's internal control over compliance.

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – (continued)

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and another that we consider to be a material weakness.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2009-01 and 2009-02 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we considered item 2009-01 to be a material weakness.

Metro's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Metro's response and, accordingly, we express no opinion on it.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Metro as of and for the year ended June 30, 2009, which collectively comprise Metro's basic financial statements and have issued our report thereon dated December 7, 2009. Our report was modified to include a reference to other auditors. Other auditors audited the financial statements of the Oregon Zoo Foundation, a discretely presented component unit, as described in our report on Metro's financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – (continued)

This report is intended solely for the information and use of the audit committee; management; the Council; the Secretary of State, Divisions of Audits, of the State of Oregon; federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams, LLP

Eugene, Oregon
January 19, 2010
(Except for the schedule of expenditures of federal awards, to which the date is December 7, 2009)

METRO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2009

<u>Grantor and program title</u>	<u>Federal CFDA number</u>	<u>Grant number</u>	<u>Federal Expenditures</u>
<u>U. S. Department of Agriculture</u>			
Natural Resources Conservation Service-			
Wetlands Reserve Program-Forest Grove Habitat	10.072	66-0436-8-060	\$ 51,018
Wetlands Reserve Program-Lovejoy Restoration	10.072	66-0436-3-026	59,447
Wetlands Reserve Program-Lovejoy Restoration	10.072	unknown	7,928
Subtotal Wetlands Reserve Program			<u>118,393</u>
Wildlife Habitat Incentives Program	10.914	7204365C165	106,812
Wildlife Habitat Incentives Program	10.914	7204366B517	11,294
Mt Hood National Forest	10.914	7204360714R	7,000
Subtotal Wildlife Habitat Incentives Program			<u>125,106</u>
Forest Service-			
UNO Program	10.XXX	06-CS-11062200-007	<u>15,000</u>
Total U. S. Department of Agriculture			<u>258,499</u>
<u>U.S. Department of Defense</u>			
Passed through Washington Department of Fish & Wildlife			
Water Resources Development Act	12.110	WDFW # 06-1337	19,000
Water Resources Development Act	12.110	WDFW # 07-1660	10,000
Subtotal Planning Assistance to States program			<u>29,000</u>
Total U.S. Department of Defense			<u>29,000</u>
<u>U. S. Department of the Interior</u>			
Bureau of Land Management-			
Federal Land Policy and Management Act (FLPMA)	15.XXX	HAA059Q00	<u>40,000</u>
U. S. Fish and Wildlife -			
National Fish and Wildlife Service			
National Fish & Wildlife Foundation	15.XXX	N/A	<u>95,510</u>
Passed through Oregon Department of Fish and Wildlife			
Sport Fish Restoration Program (Fish & Wildlife cluster)	15.605	SFR F-111-D-262	<u>300,000</u>
Passed through The Department of State Lands:			
Cooperative Endangered Species Conservation Fund	15.615	USFWS Sec 6 grant E6-43	10,000
Cooperative Endangered Species Conservation Fund	15.615	USFWS Sec 6 grant E6-52	6,189
Subtotal Cooperative Endangered Species Conservation Fund			<u>16,189</u>

METRO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2009

Passed through Oregon State Marine Board:			
Clean Vessel Act Program	15.616	N/A	675
Clean Vessel Act Program	15.616	1311	112,500
Subtotal Clean Vessel Act Program			<u>113,175</u>
Sporting and Boating Safety Act	15.622	1311	<u>820,800</u>
Passed through Washington Department of Fish & Wildlife			
State Wildlife Grants Competitive Grant Program	15.634	08-1424	24,330
Passed through Oregon Department of Fish & Wildlife			
Oregon Conservation Strategy Grant	15.634	T-16, E-56	31,320
Subtotal State Wildlife Grants Competitive Grant Program			<u>55,650</u>
Passed through United States Geological Survey			
US Geological Survey - Digital Ortho-Imagery Grant	15.808	08WRAG0019	<u>70,000</u>
Total U. S. Department of the Interior			<u>1,511,324</u>

U. S. Department of Transportation

Federal Transit Administration			
Federal Highway Administration			
Highway Planning and Construction (Highway Planning and Construction Cluster):			
Direct programs			
FHWA - Transims II	20.205	DTFH61-02-X-0006	444
Passed through Oregon Department of Transportation			
2009 Planning Fund	20.205	ODOT # 25039	1,618,640
2007 STP Carryover funds	20.205	ODOT # 25039	227,821
2009 STP funds	20.205	ODOT # 25039	649,556
2009 Additional STP for PL Carryforward	20.205	ODOT # 25039	193,200
2007 STP Next Corridor Carryforward	20.205	ODOT # 25039	250,000
2009 STP Next Corridor	20.205	ODOT # 25039	500,748
2009 STP Freight	20.205	ODOT # 25039	75,000
Transportation Options Mass Marketing Campaign	20.205	ODOT # 22211	672,369
I-5 / 99W Connector Project	20.205	ODOT # 22445	29,459
RTO Vanpool	20.205	ODOT # 24352	110,352
Columbia River Crossing Loaned Executive	20.205	ODOT # 25288	31,010
Oregon Hwy 212 / Damascus Project	20.205	ODOT # 25218	14,841

METRO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2009

Passed through Washington Department of Transportation Columbia River Crossing II	20.205	GCA-5744	301,453
Passed through Multnomah County, Oregon Sellwood Bridge IGA	20.205	4600006289	25,445
Passed through Clackamas County, Oregon Sunrise Corridor EIS	20.205	Metro # 925507	26,494
Subtotal Highway Planning and Construction			<u>4,726,832</u>
Federal Transit Metropolitan Planning Grants			
Passed through Oregon Department of Transportation - 2008 Technical Studies (Sec 5303)	20.505	ODOT # 24249	96,806
2009 Technical Studies (Sec 5303)	20.505	ODOT # 24986	351,694
Subtotal Federal Transit Metropolitan Planning Grants			<u>448,500</u>
Federal Transit - Formula Grants (Federal Transit Cluster)			
Direct programs			
Federal Surface Transportation Program			
Milwaukie Light Rail EIS	20.507	OR95-X012	47
Congestion Mitigation & Air Quality Improvement Program (CMAQ)			
Regional Travel Options	20.507	OR95-X010	779,937
Passed through Clark County Public Transportation Benefit Area (C-TRAN)			
Vanpool Services Funding Agreement	20.507	Metro IGA # 929262	294,335
Passed through Tri-County Metropolitan Transportation District of Oregon (TriMet)			
Lake Oswego-Portland - DEIS Support - Task 1	20.507	GH090495TL	118,471
Subtotal Federal Transit Cluster			<u>1,192,790</u>
Alternative Analysis			
Direct program			
Streetcar/Eastside/LO-PDX (Sec 5339)	20.522	OR39-0002-01	290,400
Travel Forecasting Model Improvement (Sec 5339)	20.522	OR39-0004	13,698
Subtotal Alternative Analysis Grants			<u>304,098</u>
Total U.S. Department of Transportation			<u>6,672,220</u>

METRO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2009

U.S. Department of Education

Institute of Museum and Library Services - Museums for America	45.301	MA-04-08-0266-08	67,181
			67,181
Total U.S. Department of Education			67,181

U.S. Environmental Protection Agency

Direct Program			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-96044701	113,379
Brownfields Assessment and Cleanup Cooperative Agreements II	66.818	BF-96072301	2,000
Subtotal Brownfields Assessment Grants			115,379
Passed through Oregon DEQ:			
Nonpoint Source Implementation Grants	66.460	C9-000451-07	32,203
Total U.S. Environmental Protection Agency			147,582

U.S. Department of Health & Human Services

National Institute of Health			
National Institute of Environmental Health Sciences (NIEHS)			
Passed through Oregon Dept of Human Services			
Public Health Hazards	93.113	# 122132	6,172
Passed through Oregon Research Institute			
Biometry and Risk Est Health Risks from Enviro Exposure	93.113	R01 ES014252	4,968
Subtotal Environmental Health Programs			11,140
Passed through Oregon Health Sciences University			
Neighborhood Design and Obesity in Women	93.866	GPHPM0136A	9,123
S.W.E.A.T. Observation Project	93.866	AG024978	105
Subtotal Aging Research programs			9,228
Total U.S. Department of Health & Human Services			20,368

Total Expenditures of Federal Awards \$ 8,706,174

METRO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009

NOTE 1 - ACCOUNTING POLICIES

General - The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Metro. Metro's financial reporting entity is described in note 1 to Metro's basic financial statements. Financial assistance received directly from federal agencies as well as financial assistance passed through other government agencies is included in the accompanying schedule.

Basis of accounting - The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in note 3 to Metro's basic financial statements.

Relationship to basic financial statements - Federal assistance revenues are reported in Metro's basic financial statements included with revenues from federal and state sources, as described in note 3 to Metro's basic financial statements.

METRO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

YEAR ENDED JUNE 30, 2009

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Consolidated financial statements

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	<u> X </u> no
Significant Deficiency(es) identified not considered to be material weaknesses?	_____ yes	<u> X </u> none reported
Noncompliance material to consolidated financial statements noted?	_____ yes	<u> X </u> no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	<u> X </u> yes	_____ no
Significant Deficiency(es) identified Not considered to be material weaknesses?	<u> X </u> yes	_____ none reported

Type of auditor's report issued on compliance for major programs:	Unqualified	
Audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	<u> X </u> yes	_____ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
15.605	U.S. Department of the Interior – U.S. Fish and Wildlife Sport Fish Restoration Program
15.622	Sporting and Boating Safety Act
20.205	U.S. Department of Transportation Highway Planning and Construction
20.507	Federal Transit Cluster Federal Transit – Formula Grants
20.505	Federal Transit – Metropolitan Planning Grants

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	_____ yes <u> X </u> no

METRO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED JUNE 30, 2009

Year Ended June 30, 2009

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

Finding 2009-01 – Preparation of the Schedule of Expenditures of Federal Awards (SEFA) – Material Weakness in Internal Controls.

Federal Program: General—Schedule of Expenditures of Federal Awards

Federal Agency: US Department of the Interior, US Fish and Wildlife

Award Year: 2008-2009

Criteria: OMB Circular A-133, Section 300, requires a recipient of Federal awards to identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Additionally, Section 310 requires recipients to prepare a Schedule of Expenditures of Federal Awards for the period covered by the organization's financial statements.

Condition: Our testing of the schedule of expenditures of federal awards (SEFA) revealed that two additional grants were federal awards required to be audited under OMB Circular A-133, that were not properly identified by departmental staff as federal awards, and were initially omitted from the SEFA. Central accounting staff responsible for SEFA preparation rely on departmental information and the correct coding of federal awards in the general ledger. The existing processes and controls were insufficient to catch this error by Metro staff in the normal course of performing their accounting and reporting functions. Upon discovery of this, the SEFA was corrected to include these two programs.

Questioned Costs: None

Perspective Information: It was noted for one specific project that departmental staff did not appropriately identify the funding sources and report the federal portion on the SEFA. The subsequent identification of funding sources resulted in additional federal programs being reported on the SEFA.

Effect: The lack of identification of funding sources could under-state or over-state the amounts reported on the SEFA, and could result in the incorrect determination of major programs requiring testing under the Single Audit Act.

Recommendation: Moss Adams recommends that Metro develop and implement policies to ensure the preparation of the SEFA is complete and thorough. Such a policy should include mechanisms for the timely and accurate identification of federal funds received from all sources.

METRO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED JUNE 30, 2009

Views of Responsible Officials (unaudited): The primary and initial source for recording grant revenues is the responsibility of the operating department which receives the funds and is aware of the specific contract and grant requirements. Finance and Regulatory Services provides chart of accounts and consultative assistance and written definitions for department staff to classify transactions correctly. For the FY 2009 transactions that led to this recommendation, Parks and Environmental Services staff found it necessary to contact the granting entity to ascertain the specific source of funding as it was unclear from the grant award documents. Upon receiving confirmation from the grantor agency, the classification was corrected in Metro's reporting. Any open contracts related to these grants were amended to incorporate the necessary federal contract language. Management will work with staff to assure funding sources are more clearly identified in contract documents to enable the initial recording of transactions to be correct. Parks and Environmental Services has implemented steps to ensure that state agencies are contacted at the beginning of the grant process for the correct identification of the sources of funds.

Finding 2009-02 Procurement, Suspension and Debarment – Significant Deficiency in Internal Control and Instances of Noncompliance (Unresolved Finding 2008-02)

Federal Program: Sport Fish Restoration Program, passed through the Oregon Department of Fish and Wildlife (Federal CFDA number 15.605) and Sporting and Boating Safety Act, passed through the Oregon State Marine Board (Federal CFDA number 15.622)

Federal Agency: US Department of the Interior, US Fish and Wildlife

Award Year: 2008-2009

Criteria: As noted in the A-102 Common Rule, Section 36, governmental subrecipients of States, shall use the same policies and procedures used for procurements from non-Federal funds. They also shall ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations. Per 43 CFR, Part 12 Section 76 (i) Contract provisions, a grantee's and subgrantee's contracts must contain provisions in paragraph (i) .43 CFR Subpart E requires Buy America compliance and Appendix A of Subpart F of 43 CFR Part 12 (8) requires debarment and suspension certifications in the contract provisions.

Condition: During our testing of procurement, we noted two instances in eleven contracts tested where a contract did not include any of the required federal clauses and certifications. The costs paid by the grant were allowable per the scope of the grant. Metro implemented a review process in the current year and uses a checklist for new and amended contracts to ensure all proper language is included for Planning department projects. However, this change appears to only be effectively implemented for projects applicable to the Planning department. The two instances noted in fiscal year 2009 were related to the Parks department.

Questioned Costs: None as discussed below.

Perspective Information: The procured contractor's contracts were not identified as being sourced with federal funds. This resulted in the contracts not being negotiated with the federal clauses and certifications.

METRO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED JUNE 30, 2009

Effect: Federal funds were expended in procurement contracts missing required certifications and/or evidence of the Agency following established procurement procedures.

Recommendation: Moss Adams recommends Metro implement an agency wide tracking and review process of contracts to ensure appropriate language is included for all contracts that are receiving federal funds.

Views of Responsible Officials (unaudited): The contract process checklist developed and used by the Planning Department for contracts using federal funds has worked successfully this year and will be offered to other departments who utilize federal grants. This will also be incorporated into contract training classes offered by Finance and Regulatory Services. The specific instances arose because Parks and Environmental Services contracts were not initially classified as using federal funding grants (see Recommendation above). Once correcting this misclassification, the checklist will become effective. Parks and Environmental Services has also has implemented new procedures for federal grant compliance to ensure that correct language is associated with contracts using federal grants.

Section IV – Summary Schedule of Prior Federal Award Findings

FINDING 2008-02 – Procurement, Suspension and Debarment

Condition: During our testing of procurement, we noted five instances in fifteen contracts tested where a contract did not include any of the required federal clauses and certifications. Of those five contracts it was noted that two of the contracts did not go through an established procurement process.

Recommendation: Moss Adams recommends Metro implement a tracking and review process of contracts to ensure appropriate language is included for contracts that are receiving federal funds. Additionally, the review should include review of contract terms to ensure the contract is still current.

Current Status: The See Finding 2009-02.