



Information to Comply with *Government Auditing Standards*
and the Uniform Guidance
June 30, 2019

County of Linn, Iowa

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Independent Auditor’s 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

To the Officials of the County of Linn, Iowa:

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of County of Linn, Iowa, (County) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements, and have issued our report thereon dated January 15, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County’s internal control. Accordingly, we do not express an opinion on the effectiveness of the County’s internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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*. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying schedule of findings and questioned costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2019 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County and are reported in Part IV of the schedule of findings and questioned costs. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

County's Responses to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dubuque, Iowa
January 15, 2020



Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Officials of the County of Linn, Iowa:

Report on Compliance for Each Major Federal Program

We have audited the County of Linn, Iowa’s (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County’s major federal programs for the year ended June 30, 2019. The County’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on the compliance for each of the County’s major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the 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 the County’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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County’s compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2019-002 and 2019-003, that we consider to be significant deficiencies.

The County's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Linn, Iowa as of and for the year ended June 30, 2019, and have issued our report thereon dated January 15, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Dubuque, Iowa
February 21, 2020

County of Linn, Iowa
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed- Through to Subrecipients
Department of Agriculture				
Child Nutrition Cluster				
Pass-Through Program From				
Iowa Department of Education				
School Breakfast Program	10.553	57-8022	\$ 10,557	\$ -
National School Lunch Program	10.555	57-8022	16,781	-
Summer Food Service Program for Children	10.559	033518	<u>840</u>	<u>-</u>
Total Child Nutrition Cluster			<u>28,178</u>	<u>-</u>
Direct Program				
Child and Adult Care Food Program	10.558		<u>63,820</u>	<u>-</u>
SNAP Cluster				
Pass-Through Program From				
Iowa Department of Human Services				
Human Services Administrative				
Reimbursement				
State Administrative Matching				
Grants for the Supplemental				
Nutrition Assistance Program				
	10.561	N/A	<u>118,410</u>	<u>-</u>
Pass-Through Program From				
Natural Resources Conservation Service				
Soil and Water Conservation	10.902	NR186114XC012	<u>3,837</u>	<u>-</u>
Environmental Quality Incentives Program	10.912	NR186114XC012	<u>1,880</u>	<u>-</u>
Conservation Stewardship Program	10.924	NR186114XC012	<u>1,880</u>	<u>-</u>
Total Department of Agriculture			<u>218,005</u>	<u>-</u>

County of Linn, Iowa
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed- Through to Subrecipients
Department of Justice				
Pass-Through Program From				
Iowa Department of Human Rights				
Juvenile Justice and Delinquency Prevention Allocation to States	16.540	06-JD16-17F	\$ 14,505	\$ -
Juvenile Justice and Delinquency Prevention Allocation to States	16.540	CJJP-18-6001	<u>8,399</u>	<u>-</u>
			<u>22,904</u>	<u>-</u>
Governor's Office of Drug Control Policy				
Edward Byrne Memorial Justice Assistance Grant Program				
	16.738	2017-DJ-BX-1010	23,905	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	16JAG252257	23,890	23,890
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0580	50,045	25,023
Direct Program				
Edward Byrne Memorial Justice Assistance Grant Program				
	16.738		<u>8,496</u>	<u>-</u>
			<u>106,336</u>	<u>48,913</u>
Total Department of Justice			<u>129,240</u>	<u>48,913</u>
Department of Transportation				
Highway Planning and Construction Cluster				
Pass-Through Program From				
Iowa Department of Transportation				
Highway Planning and Construction	20.205	17-TAP-131	220,000	-
Highway Planning and Construction	20.205	17-TAP-117	168,000	-
Highway Planning and Construction	20.205	N4510.831	7,500	-
University of Northern Iowa				
Highway Planning and Construction	20.205	18-TAP-101	<u>54,223</u>	<u>-</u>
Total Highway Planning and Construction Cluster			<u>449,723</u>	<u>-</u>
Pass-Through Program From				
East Central Iowa Council of Governments				
Formula Grants for Rural Areas	20.509	N/A	<u>88,867</u>	<u>-</u>
Transit Services Programs Cluster				
Pass-Through Program From				
East Central Iowa Council of Governments				
Job Access and Reverse Commute Program	20.516	N/A	<u>47,492</u>	<u>-</u>

County of Linn, Iowa
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed- Through to Subrecipients
Department of Transportation (continued)				
Highway Safety Cluster				
Pass-Through Program From				
Governor's Traffic Safety Bureau				
National Priority Safety Programs	20.616	PAP-18-405d- M6OT, Task 23	\$ 4,761	\$ -
National Priority Safety Programs	20.616	PAP 19-405d- M6OT, Task 26	<u>16,339</u>	<u>-</u>
Total Highway Safety Cluster			<u>21,100</u>	<u>-</u>
Total Department of Transportation			<u>607,182</u>	<u>-</u>
Environmental Protection Agency				
Pass-Through Program From				
Iowa Department of Natural Resources				
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	19ESDAQB PAUL-0001	17,500	-
Drinking Water State Revolving Fund Cluster				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	19ESDFSBMCLO V-0010	18,585	-
Performance Partnership Grants	66.605	19ESDAQBCPAU L-0001	<u>76,077</u>	<u>-</u>
Total Environmental Protection Agency			<u>112,162</u>	<u>-</u>
Department of Health and Human Services				
Pass-Through Program From				
Iowa Department of Public Health				
Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074	5889BT05	<u>415,836</u>	<u>-</u>

County of Linn, Iowa
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed- Through to Subrecipients
Department of Health and Human Services (continued)				
Pass-Through Program From (continued)				
Association of Food and Drug Officials				
Food and Drug Administration Research	93.103	GT181007006	\$ 3,000	\$ -
Iowa Department of Public Health				
Project Grants and Cooperative				
Agreements for Tuberculosis	93.116	MOU-2018-TB03	1,338	-
Control Programs				
Project Grants and Cooperative				
Agreements for Tuberculosis	93.116	MOU-2019-TB02	713	-
Control Programs			<u>2,051</u>	<u>-</u>
Immunization Cooperative Agreements				
PPHF Capacity Building Assistance to	93.268	58891453	<u>3,851</u>	<u>-</u>
Strengthen Public Health Immunization				
Infrastructure and Performance Financed in				
Part by Prevention and Public Health Funds	93.539	58891453	<u>18,809</u>	<u>-</u>
Iowa Department of Human Services				
Promoting Safe and Stable Families	93.556	DCAT4-19-066	14,633	-
Promoting Safe and Stable Families	93.556	DCAT4-19-009	<u>28,733</u>	<u>-</u>
			<u>43,366</u>	<u>-</u>
Four Oaks				
TANF Cluster				
Temporary Assistance for Needy				
Families	93.558	N/A	<u>15,124</u>	<u>-</u>
Iowa Department of Human Services				
Human Services Administrative				
Reimbursement				
Refugee and Entrant Assistance -				
State Administered Programs	93.566	N/A	<u>493</u>	<u>-</u>
Refugee and Entrant Assistance				
Discretionary Grant	93.576	REF-18-003	<u>8,538</u>	<u>-</u>
Iowa Department of Human Services				
CCDF Cluster				
Iowa Department of Human Services				
Child Care Mandatory and				
Matching Funds of the Child	93.596	N/A	<u>29,961</u>	<u>-</u>
Care and Development Fund				
Hawkeye Area Community Action Program	93.600	N/A	<u>172,804</u>	<u>-</u>
Head Start				

County of Linn, Iowa
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amounts Passed- Through to Subrecipients</u>
Department of Homeland Security Pass-Through Program From United Way of America Emergency Food and Shelter National Board Program	97.024	33-2964	\$ 42,581	\$ 42,581
Iowa Department of Public Defense Hazard Mitigation Grant	97.039	DR-4281-0004-1	<u>3,935</u>	<u>-</u>
Total Department of Homeland Security			<u>46,516</u>	<u>42,581</u>
Total Federal Assistance			<u>\$ 3,309,394</u>	<u>\$ 91,494</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the County of Linn, Iowa (County) under programs of the federal government for the year ended June 30, 2019. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the County.

Note 2 - Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

The County has not elected to use the 10% de minimis cost rate.

Part I: Summary of the Independent Auditor's Results:

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	Yes

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Highway Planning and Construction Cluster Highway Planning and Construction	20.205
Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074
HIV Care Formula Grants	93.917
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	No

Part II: Findings Related to the Financial Statements:

**2019-001 Significant Audit Adjustments
 Significant Deficiency**

Criteria: A properly designed system of internal control over financial reporting allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

Condition: During the course of our engagement, we proposed significant audit adjustments to accounts payable and construction in progress balances that were not identified as a result of the County's existing internal controls and, therefore, could have resulted in a misstatement of the County's financial statements.

Cause: The County's existing internal controls over construction contract payables and capital asset balances are limited.

Effect: The effect of this condition was financial data not in accordance with generally accepted accounting principles.

Recommendation: We recommend the County increase procedures over payables and capital assets balances. The additional procedures should include a review of reimbursements and the ownership of assets.

Views of Responsible Officials: The County agrees with the recommendation. Increased procedures will include educating staff over the receivable and capital assets balances to include a review of revenues and receivable items related to capital assets and the impact on revenue and receivables.

Part III: Findings and Questioned Costs for Federal Awards:

**2019-002 U.S. Department of Health and Human Services
 Iowa Department of Public Health
 CFDA 93.917, 5889AP09, 2018
 HIV Care Formula Grants**

**Allowable Costs
Significant Deficiency in Internal Control over Compliance**

Criteria: The Uniform Guidance, Section 200.303 Internal Controls, requires the non-federal entity establish and maintain effective internal controls over federal awards that provide reasonable assurance that awards are being managed in compliance with federal statutes, regulations and the terms and conditions of the federal award.

Part III: Findings and Questioned Costs for Federal Awards: (continued)

As described in the 2019 compliance supplement, Part 3 includes the requirements of uniform guidance and 2 CFR part 200, subpart F. We consider factors such as the County's internal controls and the internal controls over compliance requirements and tests as prescribed in 2 CFR part 200, subpart F.

Improper Payments

Under uniform guidance, Public Law (Pub. L.) No. 107-300, the Improper Payments Information Act of 2002, as amended by Pub. L. No. 111-204, the Improper Payments Elimination and Recovery Act, Executive Order 13520 on reducing improper payments, and the June 18, 2010 Presidential memorandum to enhance payment accuracy, Federal agencies are required to take actions to prevent improper payments, review Federal awards for such payments, and, as applicable, reclaim improper payments. Improper payment includes this specific criteria:

"Any payment that an agency's review is unable to discern whether a payment was proper as a result of insufficient or lack of documentation."

Condition: We selected a sample of 60 expenditures and reviewed the overall grant activity for the year ended June 30, 2019. We noted the following in our testing:

- 1 of the 60 transactions tested involved ineffective controls over the review of an employee's payrate being charged to the grant, causing a \$800 overcharge to the Iowa Department of Public Health.

Cause: Due to insufficient controls over the expenditure review process (documentation) the controls are not operating as designed (or not properly implemented to prevent, detect and correct errors timely).

Effect: Failure to document the correct expenditures charged to the grant may result in disallowed costs.

Questioned Costs: None reported.

Context/Sampling: A nonstatistical sample of 60 expenditures submitted for reimbursement were selected for testing, which accounted for \$69,608 of \$725,733 of federal program expenditures.

Repeat Finding from Prior Years: Yes, prior year finding 2018-001.

Part III: Findings and Questioned Costs for Federal Awards: (continued)

Recommendation: We recommend that the County review the approval process for expenditures to determine why the controls failed and to design and implement controls that will prevent, detect and correct this from occurring in the future. The County needs to exercise judgment in determining the most appropriate and cost-effective internal control in a given environment or circumstance to provide reasonable assurance for compliance with Federal program requirements. The uniform guidance also refers non-Federal entities to the following two documents for best practices:

- “Standards for Internal Control in the Federal Government” (Green Book) issued by the Comptroller General.
- “Internal Control Framework” issued by the Committee on Sponsoring Organizations (COSO).

Views of Responsible Officials: Management agrees with finding.

**2019-003 U.S. Department of Health and Human Services
Iowa Department of Public Health
CFDA 93.074, 5888BT05, 2019
Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements**

**Procurement, Suspension and Debarment
Significant Deficiency in Internal Control over Compliance**

Criteria: The Uniform Guidance, Section 200.303 Internal Controls, requires the non-federal entity establish and maintain effective internal controls over federal awards that provide reasonable assurance that awards are being managed in compliance with federal statutes, regulations and the terms and conditions of the federal award.

As described in the 2019 compliance supplement, Part 3 includes the requirements of uniform guidance and 2 CFR sections 200.317 through 200.326. We consider factors such as the County’s internal controls and the internal controls over compliance requirements and tests as prescribed in 2 CFR section 200.317 through 200.326.

Condition: We selected 2 procurements during our review of overall grant activity for the year ended June 30, 2019. We noted the following in our testing:

- 1 of the 2 procurements tested was not purchased using request for quote procedures in accordance with County policy.

Cause: Due to insufficient controls over the procurement review process (documentation) the controls are not operating as designed (or not properly implemented to prevent, detect and correct errors timely).

Part III: Findings and Questioned Costs for Federal Awards: (continued)

Effect: Failure to document the required procurement procedures of the grant may result in noncompliance with the County's policy.

Questioned Costs: None reported.

Context/Sampling: A nonstatistical sample of 2 out of 8 expenditures subject to procurement requirements were selected for testing, which accounted for \$21,668 of \$75,916 total expenditures subject to procurement requirements.

Repeat Finding from Prior Years: No.

Recommendation: We recommend that the County review the procurement approval process to determine why the controls failed and to design and implement controls that will prevent, detect and correct this from occurring in the future. The County needs to exercise judgment in determining the most appropriate and cost effective internal control in a given environment or circumstance to provide reasonable assurance for compliance with Federal program requirements. The uniform guidance also refers non-Federal entities to the following two documents for best practices:

- "Standards for Internal Control in the Federal Government" (Green Book) issued by the Comptroller General.
- "Internal Control Framework" issued by the Committee on Sponsoring Organizations (COSO).

Views of Responsible Officials: Management agrees with finding.

Part IV: Other Findings Related to Required Statutory Reporting:

2019-IA-A Certified Budget – Disbursements during the year ended June 30, 2019, did not exceed the amounts budgeted by function. In addition, disbursements by department did not exceed the amounts appropriated.

2019-IA-B Questionable Expenditures – No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979, were noted.

2019-IA-C Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

Part IV: Other Findings Related to Required Statutory Reporting: (continued)

2019-IA-D Business Transactions – Business transactions between the County and County Officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Judy Cummings, Options employee, spouse is owner of Aqua Technologies	Supplies	\$ 19,949
James Houser, Board of Supervisors, spouse is Deputy Linn County Medical Examiner	Services	19,560

According to Chapter 331.342 of the Code of Iowa, an officer or employee of a county shall not have an interest, direct or indirect, in a contract with that county. The provision does not apply to transactions that do not exceed a cumulative total purchase price of \$1,500 in a fiscal year or to contracts made by a county upon competitive bid. The transactions involving James Houser and Judy Cummings were not entered into through competitive bidding.

2019-IA-E Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

2019-IA-F Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

2019-IA-G Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.

2019-IA-H Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

Part IV: Other Findings Related to Required Statutory Reporting: (continued)

2019-IA-I County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in the governmental funds balance sheet or statement of revenues, expenditures, and changes in fund balances.

Disbursements during the year ended June 30, 2019, for the County Extension Office did not exceed the amount budgeted.

2019-IA-J Early Childhood Iowa Area Board – Linn County is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. Financial transactions of the Area Board are included in the County’s financial statements as part of the Other Agency Funds because of the County’s fiduciary relationship with the organization.

No instances of non-compliance were noted as a result of the audit procedures performed.

2019-IA-K Annual Urban Renewal Report – The fiscal year 2018 Annual Urban Renewal Report was not approved by the Board of Supervisors or certified to the Iowa Department of Management by December 1, 2018.

Recommendation – We recommend the County approve and certified the Annual Urban Renewal Report on or before December 1.

Response – The County approved and certified the fiscal year 2019 Annual Urban Renewal Report before December 1, 2019.