

RESOLUTION NO. 1271

A RESOLUTION ACCEPTING A CORRECTIVE ACTION PLAN AS A RESULT OF AN AUDIT FINDING FOR THE FISCAL YEAR 2015-2016.

WHEREAS, the City's FY15-16 Federal Grants were audited by Grove Mueller & Swank, PC and;

WHEREAS, an audit finding was received regarding the calculation used for reimbursement of fleet labor costs and;

WHEREAS, a corrective action plan and policy were created to correct the calculation of fleet labor costs and;


WHEREAS, staff has corrected the FY16-17 1st quarter reimbursement request from the Oregon Department of Transportation, attached hereto as Exhibit "A".

NOW, THEREFORE, IT IS HEREBY RESOLVED by the City Council of the City of Canby as follows:

Section 1 The Canby City Council has reviewed and accepts the Corrective Action Plan, attached hereto as Exhibit "B".

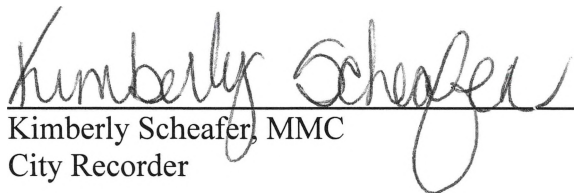
This Resolution shall be effective on July 19, 2017.

ADOPTED this 19th day of July 2017 by the Canby City Council.



Brian Hodson
Mayor

ATTEST:



Kimberly Scheafer, MMC
City Recorder



City of Canby

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CORRECTIVE ACTION PLAN

February 6, 2017

Department of Transportation

The City of Canby respectfully submits the following corrective action plan for the year ended June 30, 2016.

Name and address of independent public accounting firm:

Grove, Mueller & Swank, PC
475 Cottage St NE Suite 200
Salem, Oregon 97301

Audit period: For the fiscal year ended June 30, 2016.

The findings from the February 6, 2017 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

None

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

DEPARTMENT OF TRANSPORTATION

2016-001 - Formula Grants for Rural Areas – CFDA 20.509 - Significant Deficiency:

Recommendation: The City of Canby show that all federal expenditures are documented by City employees familiar with the contents of the requirements of Uniform Guidance and specific requirements of the grant agreement. This documentation should be maintained to show compliance with the grant agreement, the Uniform Guidance and that the reimbursement request is based on actual expenditures.

Action Taken: Since the date of the finding, we have created a policy documenting the process for charging actual costs and how to calculate the hourly rate of pay to be used when requesting grant reimbursement. A copy of the policy is attached.

We have met with the employees responsible for the completion and filing of the grant reimbursement requests to review the new policy. The employees responsible understand the importance of using the actual rate of pay when requesting grant reimbursement and will document both the total charge from the fleet department as well as the actual cost of said services using the actual rate of pay calculated for each employee.

If the Department of Transportations has questions regarding this plan, please call Julie Blums, Finance Director at 503-266-0725.

Rick Robinson, City Administrator

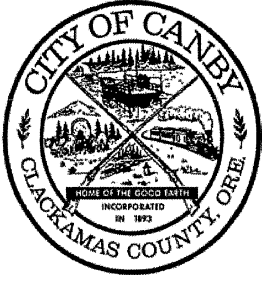


Exhibit "B"

**CITY OF CANBY
ADMINISTRATIVE POLICY
LABOR RATES FOR FEDERAL GRANTS
Effective July 1, 2016**

PURPOSE

The purpose of this policy is to define the method, time period and costs used in calculating the average hourly rate to be used when requesting federal grant reimbursements.

SCOPE

This policy applies to all departments city-wide who request federal grant reimbursements for staff time.

POLICY

Federal grant reimbursements for staff time are based on the actual costs incurred for the staff time. Agencies are not allowed to calculate an average rate that includes overhead or other administrative costs. Salaries and fringe benefits for the employee are the only allowable costs that are reimbursable by federal grants. The City of Canby will use an annual average hourly rate calculation when determining the hourly costs for an employee that will be reimbursed by a federal grant.

1. Time period for calculation:

For FY16-17 the rate will be based on total compensation and total hours worked in the 2016 calendar year.

As of 7/1/17 the rate will be based on total compensation and total hours worked in the previous fiscal year. For example the labor charged in FY17-18 will be based on the average hourly rate for FY16-17.

2. Costs included in the hourly rate:

Salary + Fringe Benefits (taxes, PERS, insurance) paid by the employer = Total compensation

3. Method of calculation:

Total compensation / Total hours worked = Average hourly rate