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COUNTY OF SAN BERNARDINO

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December 1, 2010

Sandra Harmsen, Director
Workforce Development Department
215 North D Street
San Bernardino, CA 92415

SUBJECT: SINGLE AUDIT FOLLOW-UP

Introductory Remarks

In compliance with Article V, Section 6, of the San Bernardino County Charter, the Board of Supervisor's Policy Statement on Internal Operational Auditing and OMB Circular A-133, we have completed a follow-up audit of the implementation of recommendations noted in the County of San Bernardino's Single Audit for the fiscal year ended June 30, 2009 (FY09) for the Workforce Development Department (WDD).

Executive Summary

During the FY09 Single Audit performed by Vavrinek, Trine, Day & Co., LLP (VTD), it was found that the Workforce Development Department did not maintain eligibility documentation in electronic or physical form. VTD recommended that the department implement formal policies and procedures to ensure the County is in compliance with eligibility documentation requirements. The department created and implemented a policy to maintain eligibility documentation, but during our review we noted a 20% failure rate for this policy. We further recommend that the department strengthen their internal controls over grant requirements by performing monitoring through quality assurance reviews to ensure that documentation is not missing from the files.

Background

The Single Audit Act Amendments of 1996 and OMB Circular A-133 require nonfederal entities that expend \$500,000 or more of federal awards in a fiscal year to have a single or program specific audit. The county's external auditors, Vavrinek, Trine, Day & Co., LLP (VTD), conducted the county's FY09 single audit 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. VTD issued the report on March 19, 2010. In accordance with OMB Circular A-133, the auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the county must prepare a summary schedule of prior audit findings that include status of all audit findings included in the prior audit's schedule of findings relative to federal awards. Our schedule will be provided to VTD, the County Administrative Officer and the Board of Supervisors.

Objectives, Scope and Methodology

The objective of this follow-up audit was to determine whether WDD implemented the recommendations contained in the FY09 Single Audit report. To achieve this objective we:

- Reviewed implemented policies
- Interviewed employees
- Tested a sample of case files

Conclusion

Policies were implemented as recommended. However, out of ten files tested, two were missing required eligibility documentation. There is room for further improvement as described in the further recommendations.

Prior Audit's Observations, Findings and Recommendations with Current Status

The details of the prior audit's observations, findings and recommendations and their implementation status are below:

FINDING 2009-16-Eligibility documentation was not maintained.

Program: Workforce Investment Act, ARRA-Workforce Investment Act

Material Weakness, Material Instance of Non-compliance – During fiscal year 2008-2009, the County Department became one of twelve Learning Labs within the State of California. The State extended the County Department the opportunity to operate the WIA program in a paperless environment by transitioning from maintaining manual hardcopy case files for eligibility determination to performing eligibility determinations electronically by using an electronic case management Virtual One Stop System (VOSS) which integrates with the State's MIS system.

We noted that the Virtual One Stop System was used in determining eligibility by the County Department. Each participant had an electronic case file that indicated that a Workforce Development Worker completed an application of each participant based on eligibility criteria within an electronic case management Virtual One Stop System which integrates with the State MIS system. We noted the Department of Labor requires that supporting documentation to support eligibility be maintained by the County.

Recommendation:

Based on our inquiry with Department management, the County is now collecting and maintaining supporting documentation. We recommend that the County Department

implement formal policies and procedures to ensure the County is in compliance with the Department of Labor eligibility documentation requirements over the WIA program.

View of Responsible Official and planned Corrective Actions:

Effective February 25, 2010, WDD implemented formal procedures that require staff to obtain and maintain hard copies of all required documents used to support eligibility compliance for each WIA participant.

Current Status: Partially Implemented

WDD has issued a formal policy that requires staff to obtain and maintain hard copies of all required documents used to support eligibility compliance for each WIA participant. During out testing two out of ten cases tested were missing the required documentation of Selective Service Registration per the eligibility requirements documented in Chapter 2 of the WIA handbook.

Further Recommendations

We further recommend that the eligibility documentation required by Chapter 2 of the WIA handbook be reviewed with staff to ensure that they are maintaining all required documentation in the WIA case files. In addition, WDD should conduct quality assurance reviews to ensure that documentation is not missing from the files.

Thank you for the cooperation extended by your staff during the course of this audit.

Respectfully submitted,

Larry Walker
Auditor/Controller-Recorder

By:

MARK COUSINEAU
Chief Deputy Auditor

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