

COUNTY OF SAN BERNARDINO, CALIFORNIA

**Single Audit Report
(OMB Circular A-133)**

For the Fiscal Year Ended June 30, 2011

COUNTY OF SAN BERNARDINO, CALIFORNIA

**SINGLE AUDIT REPORT
(OMB CIRCULAR A-133)**

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program, Internal Control Over Compliance, and the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133, and the Supplemental Schedule of Office of California State Department of Aging Grants	3
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	13
Schedule of Findings and Questioned Costs	
I. Summary of Auditors' Results	16
II. Financial Statement Findings	17
III. Federal Awards Findings and Questioned Costs	18
Schedule of Prior Audit Findings and Questioned Costs	32
Supplemental Schedule of California State Department of Aging Grants	33



INDEPENDENT AUDITORS' 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

Board of Supervisors
County of San Bernardino, California

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Bernardino, California (the "County"), as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 23, 2011. Our report refers to the County's adoption of the provisions of Governmental Accounting Standard Board (GASB) Statement No. 54, *Accounting and Financial Reporting for Balance Reporting and Governmental Fund Type Definition*, as of July 1, 2010. 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 San Bernardino County Flood Control District and the County of San Bernardino Redevelopment Agency for the year ended June 30, 2011, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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*.

We noted certain matters that we reported to management of the County in a separate letter dated December 23, 2011.

This report is intended solely for the information and use of the Board of Supervisors, County management, the Audit Committee, 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.

Vermorel, Trine, Day, Co., LLP

Rancho Cucamonga, California
December 23, 2011



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM, INTERNAL CONTROL OVER COMPLIANCE, THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE SUPPLEMENTAL SCHEDULE OF OFFICE OF CALIFORNIA STATE DEPARTMENT OF AGING GRANTS

Board of Supervisors
County of San Bernardino, California

Compliance

We have audited the County of San Bernardino's, California (the "County") compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2011. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County'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 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. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the 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, 2011. 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 2011-01 through 2011-11.

Internal Control Over Compliance

Management of the County 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 the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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 over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2011-04, 2011-08, 2011-09 and 2011-10. 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.

Schedule of Expenditures of Federal Awards and Supplemental Schedule

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2011, and have issued our report thereon dated December 23, 2011. Our report refers to the County's adoption of the provisions of Governmental Accounting Standard Board (GASB) Statement No. 54, *Accounting and Financial Reporting for Balance Reporting and Governmental Fund Type Definition*, as of July 1, 2010. We did not audit the financial statements of the San Bernardino County Flood Control District, and the County of San Bernardino Redevelopment Agency for the year ended June 30, 2011. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as it relates to the amounts included for the San Bernardino County Flood Control District and the County of San Bernardino Redevelopment Agency are based on the reports of the other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. 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. The Supplemental Schedule of Office of California State Department of Aging Grants is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards and Supplemental Schedule have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The County's responses to the findings identified in our audit are described in a separate corrective action plan. We did not audit the County's separate corrective action plan, and accordingly, we express no opinion on it.

We noted certain matters that we reported to management of the County in a separate letter dated March 23, 2012.

This report is intended solely for the information and use of the Board of Supervisors, County management, the Audit Committee, 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.

Vawter, Trine, Day, Co., LLP

Rancho Cucamonga, California
March 23, 2012, except for the Schedule of Expenditures of
Federal Awards and Supplemental Schedule of Office of
California State Department of Aging Grants,
as to which the date is December 23, 2011

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Federal Award Expenditures
Department of Agriculture:			
Pass-Through Programs:			
Child Nutrition Cluster:			
California Department of Education:			
School Breakfast Program	10.553	36-10363-6037469-01	\$ 224,219
National School Lunch Program	10.555	36-10363-6037469-01	341,311
Total Child Nutrition Cluster			565,530
Supplemental Nutrition Assistance Program (SNAP) Cluster:			
California Department of Social Services:			
ARRA - Supplemental Nutrition Assistance Program - Administration	10.561	CFL 10/11 - 22E, 23, 1946001347A7	678,761
Supplemental Nutrition Assistance Program Administration	10.561	CFL 10/11 59, 69	31,897,933
California Department of Public Health:			
Regional Nutrition Network for Healthy Active Families	10.561	1946001347-A7	1,321,246
Nutrition Network	10.561	1946001347-A7	142,169
Total Supplemental Nutrition Assistance Program Cluster			34,040,109
California Department of Education:			
Child and Adult Care Food Program	10.558	3615241-J	2,179,732
California Department of Food and Agriculture:			
Inspection, Grading, and Standardization	10.162	10-0458	17,238
Senior Farmers Market Nutrition Program (SFMNP) **	10.576	N/A	38,000
Total California Department of Food and Agriculture			55,238
California Department of Public Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children [1]	10.557	08-85464	11,153,823
State Controller:			
Schools and Roads - Cluster	10.665	99003102	158,958
Total Pass-Through Programs			48,153,390
Direct Programs:			
Forestry Research Grant	10.652		48,483
2008 San Bernardino Mountains Tree Mortality and Fuels Management Prog.	10.664		2,670,513
Cooperative Law Enforcement and Controlled Substance Agreements FY 09-10	10.664		58,084
ARRA - Wildland Fire Management	10.688		1,433,180
Community Facility Loans and Grants	10.780		150,839
Cooperative Law Enforcement and Controlled Substance Agreements FY 10-11	10.11LE11051360222		8,774
Total Direct Programs			4,369,873
Total Department of Agriculture			52,523,263
Department of Defense:			
Direct Programs:			
U.S. Army Corp. of Engineers San Timeteo Creek Project-Phase 3B	12.89-1087		73,134
Total Department of Defense			73,134

[1] Denotes a major federal financial assistance program.

** Denotes that this program is part of the Aging Cluster at the request of the California Department of Aging.

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Federal Award Expenditures
Department of Housing and Urban Development:			
Pass-Through Programs:			
California Department of Housing and Community Development:			
Disaster Recovery Initiative Grant	14.228	05-DRI-002	\$ 851,925
Neighborhood Stabilization Program -State	14.228	09-NSP1-6276	90,034
Total Community Development Block Grant - State Administered Cluster			<u>941,959</u>
Community Development Block Grant Cluster:			
Pass-Through Programs:			
City of Chino Hills:			
Adult Literacy -Chino Hills	14.218	0711008883190	21,000
City of Chino:			
Library Literacy Day- Chino	14.218	2010-056	1,785
City of Hesperia:			
Adult Literacy Program-Hesperia	14.218	B-11-MC-06-0578	5,000
City of Rialto:			
Adult Literacy Program - Rialto	14.218	B-10-MC-06-0571	15,000
Town of Apple Valley:			
Library Literacy Day - Apple Valley	14.218	B-10-MC-06-0588	4,008
Direct Programs:			
Community Development Block Grant	14.218		10,899,094
Neighborhood Stabilization Program Grant (NSP1)	14.218		3,726,178
ARRA - Community Development Block Grant	14.253		1,120,501
Total Community Development Block Grant Cluster			<u>15,792,566</u>
Direct Programs:			
Lead-Based Paint Hazard Control Grant	14.900		333,862
Emergency Shelter Grant Program	14.231		309,700
HOME Investment Partnerships Program [1]	14.239		4,864,234
ARRA - Homelessness Prevention and Rapid Re-Housing Program [1]	14.257		1,238,299
Total Direct Programs			<u>6,746,095</u>
Total Department of Housing and Urban Development			<u>23,480,620</u>
Department of the Interior:			
Direct Programs:			
Recreation Resource Management - SART Phase IV	15.225		199,797
National Register of Historic Places	15.914		302,972
Cultural Natural Resource Preservative	15.AAV		4,727
Total Direct Programs			<u>507,496</u>
Total Department of the Interior			<u>507,496</u>
Department of Justice:			
Pass-Through Programs:			
JAG Program Cluster:			
California Emergency Management Agency:			
Anti Drug Abuse Enforcement	16.738	DC10 21 0360	893,414
ARRA - Justice Assistance Grant - Substance Abuse Offender Treatment			
Program	16.803	071-00000	2,088,946
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) - Evidence	16.804	071-00000-17	1,449,519
Base Probation Supervision			
ARRA - Regional Anti-Gang Intelligence LED Policing	16.804	ZG09 01 0360	143,985
ARRA - Anti Drug Abuse Program Enforcement Team	16.804	ZG09 01 0360	195,106
Total Pass-Through JAG Program Cluster [1]			<u>4,770,970</u>

[1] Denotes a major federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Federal Award Expenditures
Department of Justice, (Continued):			
Pass-Through Programs, (Continued):			
California Emergency Management Agency, (Continued):			
Elder Abuse Advocacy and Outreach Program	16.575	071-00000	\$ 31,569
Special Emphasis Victim Witness Assistance Program	16.575	071-00000	23,803
Victim Witness Assistance Program	16.575	071-00000	479,701
Unserved/Underserved Victim Advocacy and Outreach Program	16.575	071-00000	105,363
Project Safe Neighborhoods 2009	16.609	US09 02 0360	18,287
Project Safe Neighborhoods 2010	16.609	US10 02 0360	13,886
Grant Program Paul Coverdell Forensic Sciences Improvement - 2008	16.742	CQ08 06 0360	34,993
Grant Program Paul Coverdell Forensic Sciences Improvement - 2010	16.742	CQ10 06 0360	48,071
Total California Emergency Management Agency			<u>755,673</u>
State of California - Corrections Standards Authority:			
Juvenile Accountability Incentive Grant	16.523	CSA 137-10	94,928
City of San Bernardino:			
Gang Resistance Education and Training Curriculum	16.541	956007721	84,789
2009 Congressionally Selected Awards Program	16.753	956007721	200,575
Total City of San Bernardino			<u>285,364</u>
Total Pass-Through Programs			<u>5,906,935</u>
Direct Programs:			
U.S. National Institute of Justice:			
Forensic DNA Backlog Reduction - 2008	16.741		455,832
Forensic DNA Backlog Reduction - 2009	16.741		234,986
Forensic DNA Backlog Reduction - 2010	16.741		8,620
Total U.S. National Institute of Justice:			<u>699,438</u>
Community Oriented Policing Services Office (COPS)			
Technology Grant - 2010	16.710		406,259
Secure our Schools	16.710		14,328
Total Community Oriented Policing Services Office (COPS)			<u>420,587</u>
JAG Program Cluster:			
Bureau of Justice Assistance:			
2007 Edward Byrne Memorial Justice Assistance Grant	16.738		41,919
2009 Edward Byrne Memorial Justice Assistance Grant	16.738		14,909
2010 Edward Byrne Memorial Justice Assistance Grant	16.738		916,541
ARRA - 2009 Edward Byrne Memorial Justice Assistance Grant	16.804		100,023
Total Direct JAG Program Cluster [1]			<u>1,073,392</u>
Solving Cold Cases with DNA	16.560		133,515
2008 Congressionally Recommended Awards	16.753		650,161
Southwest Border Prosecution Initiative	16.755		1,401,334
Total Bureau of Justice Assistance			<u>3,258,402</u>
Drug Enforcement Administration:			
2010 Domestic Cannabis Eradication/Suppression Program	16.2010-43		33,387
2011 Domestic Cannabis Eradication/Suppression Program	16.2011-44		72,530
DEA-Riverside Task Force (RTF) Agreement FY 09-10	16.SCSHRA 09-700		4,962
DEA-Riverside Task Force (RTF) Agreement FY 10-11	16.SCSHRA 10-786		46,606
Total Drug Enforcement Administration			<u>157,485</u>
Department of Treasury:			
Asset Forfeitures	16.CA0360000		883,894
U.S Marshal Service:			
Regional Fugitive Task Force	16.FATF-10-0044		162,061
Regional Fugitive Task Force	16.FATF-11-0044		232,149
Total U.S Marshal Service			<u>394,210</u>
Federal Bureau of Investigation:			
FBI - Gang Impact Team (GIT) 09-10	16.281D-LA-243251		15,547
FBI - Gang Impact Team (GIT) 10-11	16.281D-LA-243251		58,994
Total Federal Bureau of Investigation			<u>74,541</u>
Total Direct Programs			<u>5,888,557</u>
Total Department of Justice			<u>11,795,492</u>

[1] Denotes a major federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Federal Award Expenditures
Department of Labor:			
Pass-Through Programs:			
Workforce Investment Act Cluster			
California Employment Development Department			
Workforce Investment Act - Adult	17.258	AA18628-09-55-A-6	\$ 7,987,416
Workforce Investment Act - Youth	17.259	AA18628-09-55-A-6	5,338,643
ARRA - Workforce Investment Act - Youth	17.259	AA18628-09-55-A-6	493,085
ARRA - Workforce Investment Act - National Emergency Grant	17.277	AA18628-09-55-A-6	367,986
ARRA - Workforce Investment Act - Dislocated Workers	17.278	AA18628-09-55-A-6	719,288
ARRA - Workforce Investment Act - Rapid Response	17.278	AA18628-09-55-A-6	411,992
Workforce Investment Act - Dislocated Workers	17.278	AA18628-09-55-A-6	5,943,280
Total Workforce Investment Act Cluster [1]			<u>21,261,690</u>
ARRA - Employment Service - Wagner-Peyser Funded Activities	17.207	AA18628-09-55-A-6	218,176
Total California Employment Development Department			<u>21,479,866</u>
California Department on Aging:			
Senior Community Service Employment Program - Title V	17.235	TV-1011-20	429,466
Appropriation Act - Senior Community Service Employment Program - Title V	17.235	AA-1011-20	194,027
Total California Department of Aging			<u>623,493</u>
Total Pass-Through Programs			<u>22,103,359</u>
Total Department of Labor			<u>22,103,359</u>
Department of Transportation:			
Pass-Through Programs:			
California Department of Transportation:			
Highway Planning and Construction Cluster			
ARRA - Highway Planning and Construction Grant	20.205	08-5954R	1,235,552
Highway Planning and Construction Grant	20.205	08-5954R	1,860,242
Federal TEA (Transportation Enhancement Activities)	20.205	District 08	422,142
Safe Route to Schools	20.SR2SF-5954(109)	08-5954R	169,898
Total Highway Planning and Construction Cluster [1]			<u>3,687,834</u>
California Office of Traffic Safety:			
Highway Safety Cluster			
Office of Traffic and Safety - High-Risk Drunk Driving Supervision Program	20.600	20.608	518,156
State and Community Highway Safety	20.600	AL1069	603,724
California Department of Highway Patrol:			
Alcohol Impaired Driving Countermeasures Incentives Grant I	20.601	10C061006-0	16,429
Total Highway Safety Cluster			<u>1,138,309</u>
Total Pass-Through Programs			<u>4,826,143</u>
Direct Programs:			
Airport Improvement Program	20.106		2,970,360
Total Department of Transportation			<u>7,796,503</u>
Institute of Museum and Library Services:			
Direct Programs:			
Congressional Set-Aside, Museums	45.312		184,616
Total Institute of Museum and Library Services			<u>184,616</u>
Department of Energy:			
Direct Programs:			
ARRA - Energy Efficiency and Conservation Block Grant [1]	81.128		2,210,828
Total Department of Energy			<u>2,210,828</u>

[1] Denotes a major federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Federal Award Expenditures
Department of Education:			
Pass-Through Programs:			
California Department of Alcohol and Drug Program:			
Safe and Drug-Free Schools- Kinship Matter	84.186	SDF 07-02	\$ 212,120
County Office of Education:			
Federal Individuals with Disabilities Education (IDEA) cluster	84.027A	08-394	1,300,228
California State University of San Bernardino:			
Foundation Achievement and Mentoring Through Education (FAME)	84.215	U215K080302	36,152
Total Department of Education			<u>1,548,500</u>
General Service Administration:			
Pass-Through Programs:			
Secretary of State			
HAVA (Help America Vote Act) Section 301	90.401	07G30124	584,426
Total General Service Administration			<u>584,426</u>
Department of Health and Human Services:			
Pass-Through Programs:			
Medicaid Cluster:			
California Department of Health Services:			
Medi-Cal Assistance Program (HSS)	93.778	MS 0809-17	44,254,825
ARRA Medi-Cal Assistance Program (HSS)	93.778	MS 0809-17	6,661,124
Healthcare Program for Children in Foster Care - Children's Medical Serv. Plan	93.778	4260-111-0001	710,939
Child Health and Disability Prevention - Children's Medical Service Plan	93.778	4260-111-0001	1,162,097
Medical Administrative Activities-PHL (MAA)	93.778	08-85127	1,010,000
Early Periodic Screening, Diagnosis and Treatment	93.778	4260-111-0001	749,300
California Department of Mental Health:			
ARRA-Medical Assistance Program	93.778	1946001347J5	3,529,397
California Department on Aging:			
Medi-Cal Assistance Program (Title XIX, MSSP)	93.778	MS-1011-17	657,973
California Department of Social Services:			
In-Home Support Services-Public Authority	93.778	N/A	2,798,459
ARRA - Medical Assistance Program (In-Home Support Serv.-Public Auth.)	93.778	N/A	376,881
California Department of Alcohol and Drug Program:			
Medi-Cal Assistance Program	93.778	07-NNA36	1,882,544
ARRA - Medi-Cal Assistance Program (Alcohol and Drug Services)	93.778	07-NNA36	340,149
Total Medicaid Cluster			<u>64,133,688</u>
Aging Cluster:			
California Department on Aging:			
Special Programs for the Aging - Chapter 3	93.041	AP-1011-20	26,155
Special Programs for the Aging - Chapter 2	93.042	AP-1011-20	62,211
Special Programs for the Aging			
- Title III, Part D	93.043	AP-1011-20	106,149
Special Programs for the Aging - Title III, Part B	93.044	AP-1011-20	1,577,081
Special Programs for the Aging - Title III, Parts C1 and C2	93.045	AP-1011-20	3,081,328
National Family Caregiver Support	93.052	AP-1011-20	652,531
Nutrition Program for the Elderly	93.053	AP-1011-20	529,176
Total Aging Cluster			<u>6,034,631</u>
Immunization Cluster:			
California Department of Public Health:			
Immunization Subvention Grant	93.268	63-0317191	540,279
Immunization Registry	93.268	63-0317191	114,281
Total Immunization Cluster			<u>654,560</u>
TANF Cluster:			
California Department of Social Services:			
Temporary Assistance to Needy Families	93.558	CFL 10/11 10, 74	224,675,560
ARRA - Temporary Assistance to Needy Families	93.714	CFL 10/11 10, 74	5,077,700
Total TANF Cluster [1]			<u>229,753,260</u>

[1] Denotes a major federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Federal Award Expenditures
Continued - Department of Health and Human Services:			
California Department of Alcohol and Drug Program:			
Substance Abuse Prevention and Treatment Block Grant	93.959	07-NNA36	\$ 8,733,441
California Department of Public Health:			
Public Health Emergency Preparedness - Cities Readiness Initiative [1]	93.069	94-6001347	523,933
Public Health Emergency Preparedness - CDC Base and Laboratory [1]	93.069	94-6001347	1,499,868
Public Health Emergency Preparedness - Public Health Emergency Response [1]	93.069	94-6001347	1,252,779
Project Grants for Tuberculosis Control	93.116	63-0317191	189,849
Childhood Lead Poisoning Prevention	93.197	08-85083	122,323
HIV Care Formula Grant - Title II	93.917	-131670	830,540
HIV Prevention Program	93.940	10-95284	505,716
STD Community Intervention Program (SCIP)	93.977	09-11144	100
Maternal and Child Health Services Block Grant (MCAH)	93.994	201036	314,315
Hospital Preparedness Program (HPP)	93.889	EPO 10-74	771,711
Total California Department of Public Health:			6,011,134
California Department of Mental Health:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	1946001347J5	526,653
Mental Health Services Block Grant	93.958	1946001347J5	3,115,569
Total California Department of Mental Health			3,642,222
California Department of Social Services:			
Guardian Assistance	93.090	ACL 10-15, CGL 10/11 61,64	71,634
Promoting Safe and Stable Families	93.556	CFL 10/11 02, 024	1,921,040
Refugee and Entrant Assistance	93.566	N/A	47,166
Refugee and Entrant Assistance - Admin	93.566	N/A	3,284
Child Welfare Services - State Grants	93.645	CFL 10/11 06, 46, 67	1,715,192
Adoption Assistance [1]	93.659	CFL 10/11 08	19,475,153
ARRA - Adoption Assistance [1]	93.659	CFL 10/11 08	1,626,819
Adoption Assistance - Admin [1]	93.659	CFL 10/11 08	2,157,194
Social Service Block Grant - Title XX	93.667	CFL 10/11 33, CFL 10/11 05, 75-1534-50	3,593,566
Social Service Block Grant	93.667	CFL 10/11 05, 33, -75-1534-01-506	15,777,415
Independent Living Program	93.674	CFL 10/11 33	985,108
Foster Care - Title IV - E - TAD [1]	93.658	CFL 10/11 18	44,255,094
ARRA - Foster Care - Title IV - E - TAD [1]	93.658	CFL 10/11 70	1,609,867
Foster Care - Title IV - E - PRB [1]	93.658	TAD 006852425 DCS 136498818	9,494,787
Child Support Enforcement [1]	93.563	1004CA4002	24,847,476
ARRA - Child Support Enforcement [1]	93.563	1004CA4002	988,394
Total California Department of Social Services			128,569,189
California Department on Aging:			
Medicare Enrollment Assistance Program	93.071	MI-0910-20	10,572
Affordable Care Act - Medicare Improvements for Patients and Providers	93.518	2M-1011-20	10,457
Health Insurance Counseling and Advocacy Program (HICAP)	93.779	HI-1011-20	136,537
Providers Act (MIPPA)	93.779	MI-0910-20	14,813
Affordable Care Act - Medicare Improvements for Patients and Providers	93.779	2M-1011-20	11,084
Total California Department of Aging			183,463
California Family Health Council:			
Family Planning Service - Title X	93.217	454-5320-71209-09	600,212
California Secretary of State:			
HAVA (Help America Vote Act) EAID (Title II, Section 261)	93.617	09G26136	5,000
Total Pass-Through Programs			448,320,800

[1] Denotes a major federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Federal Award Expenditures
Continued - Department of Health and Human Services:			
Direct Programs:			
Head Start Cluster:			
Head Start Program	93.600		\$ 35,877,390
ARRA COLA & QI	93.708		174,740
ARRA - Head Start	93.708		2,873,040
ARRA - Early Head Start	93.709		5,692,601
Total Head Start Cluster			<u>44,617,771</u>
Consolidated Health Centers	93.224		306,621
ARRA - Increase Services to Health Centers	93.703		45,112
HIV Emergency Relief Formula Grant Title I [1]	93.914		7,034,752
Grants to Provide Outpatient Services for HIV Disease - Title III	93.918		540,322
Total Direct Programs			<u>52,544,578</u>
Total Department of Health and Human Services			<u>500,865,378</u>
Executive Office of the President:			
Direct Programs:			
High Intensity Drug Trafficking Area (IRNET & RMTF) G10LA0001A	95.001		526,732
High Intensity Drug Trafficking Area (IRNET & RMTF) G11LA0001A	95.001		527,245
High Intensity Drug Trafficking Area (IRNET) G09LA0001A	95.001		5,221
Total Office of the President			<u>1,059,198</u>
Department of Homeland Security:			
Pass-Through Programs:			
Homeland Security Cluster			
City of Riverside:			
FY 2008 Urban Area Security Initiative (UASI)	97.008	39600	15,758
FY 2009 Urban Area Security Initiative (UASI)	97.008	2009-0019	29,137
California Emergency Management Agency:			
FY 2008 Metropolitan Medical Response System	97.071	2008-0006	220,302
FY 2009 Metropolitan Medical Response System	97.071	2009-0019	15,832
FY 2007 State Homeland Security Grant Program	97.073	2007-6	45,371
FY 2008 State Homeland Security Grant Program	97.073	2008-0006	1,233,716
FY 2009 State Homeland Security Grant Program	97.073	2009-0019	2,387,581
FY 2010 State Homeland Security	97.073	2010-0085	280,522
Governor's Office of California Volunteers			
FY 2010 Corps Grant	97.073	DVP03Y-001	48,846
Total Homeland Security Cluster			<u>4,277,065</u>
California Emergency Management Agency:			
FEMA - Disaster Assistance-Transportation	97.036	071-00000	146,041
FEMA - Public Assistance Grants 1952	97.036	FEMA-1952-DR	171,634
FEMA - Public Assistance Grants 1884	97.036	FEMA-1884-DR	155,366
Public Assistance Grants	97.036	FEMA-1884-DR-CA:071-91103	71,215
Disaster Grants - Public Assistance	97.036	071-91000	48,986
FY 2007 Buffer Zone Protection Program	97.078	2007-BZ-T7-0006	124,755
FY 2010 Emergency Management Performance Grant (EMPG) Program	97.042	2010-0044	480,901
Fire Assistance Management Grant (2833)	97.046	FEMA-2833-FM-CA	20,650
Fire Assistance Management Grant (2836)	97.046	FEMA-2836-FM-CA	9,368
Fire Assistance Management Grant (2841)	97.046	FEMA-2841-FM-CA	793
FY 10 Pre-Disaster Mitigation Competitive Program	97.047	2010-0003	150,000
Total California Emergency Management Agency			<u>1,379,709</u>
City of Los Angeles:			
FY07 & 08 Regional Catastrophic Preparedness Grant Program	97.111	C-117854	198,279
California Department of Boating & Waterways:			
Recreation Boating Safety Program	97.012	10-204-752	76,560
Total Pass-Through Programs			<u>5,931,613</u>
Direct Programs:			
Staffing for Adequate Fire and Emergency Response	97.083		336,492
Total Direct Programs			<u>336,492</u>
Total Department of Homeland Security			<u>6,268,105</u>
Total Expenditures of Federal Awards			<u>\$ 631,000,918</u>

[1] Denotes a major federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF SAN BERNARDINO, CALIFORNIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

The accompanying schedule of expenditures of federal awards (SEFA) for the fiscal year ended June 30, 2011, presents the activity of all federal financial assistance programs of the County of San Bernardino, California (the "County"). The County's reporting entity is defined in Note 1 to the County's basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on the SEFA.

B. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting except for programs recorded in the County's enterprise funds, which are presented using the accrual basis of accounting, which is described in Note 1 to the County's basic financial statements.

C. Relationship to Basic Financial Statements

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the County's financial statements.

Federal award revenues are reported principally in the County's financial statements as intergovernmental revenues in the General and Special Revenue Funds.

D. Relationship to Federal Financial Reports

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, with the amounts reported in the related federal financial reports.

E. Pass-Through Entities' Identifying Number

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the County has determined that no identifying number is assigned for the program or the County was unable to obtain an identifying number from the pass-through entity.

F. Federal Catalog of Federal Domestic Assistance (CFDA) Numbers

The CFDA numbers included in this report were determined based on the program name, review of grant contract information, and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

COUNTY OF SAN BERNARDINO, CALIFORNIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

G. Medicaid Cluster

Except for Medi-Cal administrative expenditures, Medi-Cal and Medicare program payments are excluded from the schedule of expenditures of federal awards. These payments represent fees for services; therefore, neither is considered a federal award program of the County for purposes of the schedule of expenditures of federal awards or in determining major programs. The County assists the State of California (the State) in determining eligibility and provides Medi-Cal and Medicare services through County-owned health facilities.

Medi-Cal administrative expenditures are included in the schedule of expenditures of federal awards as they do not represent fees for services.

NOTE #2 – OUTSTANDING LOANS OF FEDERAL FUNDS AT JUNE 30, 2011

At June 30, 2011, there was an outstanding loan under the United States Department of the Interior, Bureau of Reclamation - Reclamation and Water Reuse Program for an amount of \$4,000,000. Other than repayment of principle and interest, there is no continuing compliance requirement on this loan, and as such, is not reported on the Schedule of Expenditure of Federal Awards.

COUNTY OF SAN BERNARDINO, CALIFORNIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE #3 - AMOUNT PROVIDED TO SUBRECIPIENTS

Of the federal expenditures presented in the accompanying Schedule of Expenditures of Federal Awards, the County provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Federal Award Expenditures
Regional Nutrition Network for Healthy Active Families Program	10.561	\$ 447,907
Community Development Block Grant	14.218	3,766,642
Emergency Shelter Grant Program	14.231	290,487
HOME Investment Partnerships Program	14.239	671,626
ARRA-Community Development Block Grant	14.253	578,832
ARRA-Homelessness Prevention & Rapid Re-Housing	14.257	1,201,787
Lead-Based Paint Hazard Control in Privately Owned Housing Program	14.900	276,250
Asset Forfeitures	16.CA0360000	15,047
2010 Secure our Schools (SOS) Grant	16.710	14,328
Anti-Drug Abuse Enforcement Program	16.738	134,947
2010 Edward Byrne Memorial Justice Assistance Grant	16.738	867,507
ARRA - Justice Assistance Grant - Substance Abuse Offender Treatment Program	16.803	1,895,279
Anti-Drug Abuse (ADA) Recovery Act Program	16.804	28,191
Workforce Investment Act - Youth (Includes ARRA)	17.259	5,387,108
State and Community Highway Safety	20.600	100,296
ARRA - Energy Efficiency and Conservation Block Grant (EECBG)	81.128	2,056,824
Federal Individual with Disabilities Education Act (IDEA)	84.027A	47,258
Special Programs for the Aging - Title III, Part B Support Services	93.044	544,758
Special Programs for the Aging - Nutrition Services	93.045	2,741,694
National Family Caregiver Support - IIIIE	93.052	245,643
Nutrition Program for the Elderly - Nutrition Services Incentive Program	93.053	529,176
Medicare Improvements for Patients and Providers Act (MIPPA)	93.071	9,332
Medicare Improvements for Patients and Providers Act (2MIPPA)	93.518	7,389
Promoting Safe and Stable Families	93.556	1,563,322
Temporary Assistance for Needy Families	93.558	900,108
Head Start	93.600	1,167,363
Foster Care - Title IV-E-TAD	93.658	67,070
Chafee Foster Care Independent Program	93.674	357,630
ARRA-Head Start	93.708	310,144
ARRA-Early Head Start	93.709	815,500
ARRA - Temporary Assistance for Needy Families	93.714	740,601
Medical Assistance Program (Alcohol and Drug Services) (Includes ARRA)	93.778	1,948,354
2Medicare Improvements for Patients and Providers Act (2MIPPA)	93.779	153,353
HIV Emergency Relief Project Grant - Title I	93.914	5,776,307
Mental Health Services Block Grant (SAMHSA)	93.958	1,579,241
Substance Abuse Prevention and Treatment Block Grant (SAPT)	93.959	6,330,429
High Intensity Drug Trafficking Area (IRNET & RMTF)	95.001	52,477
FY10 Emergency Management Performance Grant Program	97.042	401,136
FY2009 Metropolitan Security Grant Program	97.071	236,134
FY10 Homeland Security Grant Program	97.073	1,129,996
FY07 Buffer Zone Protection Program	97.078	91,515
Total Subrecipients Expenditures		\$ 45,478,988

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

I. SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>Yes</u>
Type of auditors' report issued on compliance for major programs:	<u>unqualified</u>

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) Identification of major programs:	<u>Yes</u>
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<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
14.239	HOME Investment Partnerships Program
14.257	Homelessness Prevention and Rapid Re-Housing (ARRA)
16.738 / 16.803 / 16.804	JAG - Cluster (Includes ARRA)
17.258 / 17.259 / 17.277 / 17.278	Workforce Investment Act - Cluster (Includes ARRA)
20.205 / 20.SR2SF-5954(109)	Highway Planning and Construction (Includes ARRA)
81.128	Energy Efficiency and Conservation Block Grant (ARRA)
93.558 / 93.714	Temporary Assistance to Needy Families - Cluster (Includes ARRA)
93.069	Public Health Emergency Preparedness
93.659	Adoption Assistance (Includes ARRA)
93.658	Foster Care Title IV-E (Includes ARRA)
93.563	Child Support Enforcement (Includes ARRA)
93.914	HIV Emergency Relief Project Grants

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 3,000,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

II. FINANCIAL STATEMENT FINDINGS

None reported.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

The following findings represent significant deficiencies, and/or instances of noncompliance that are required to be reported by OMB Circular A-133.

FINDING 2011-01

Program: JAG – Cluster (Includes ARRA)

CFDA No.: 16.738 / 16.803 / 16.804

Federal Agency: Department of Justice

Passed-through: California Emergency Management Agency

Award No.: Various

Award Year: 2010-2011

Compliance Requirement: Special Tests and Provisions – ARRA Subrecipient Monitoring

Criteria:

For awards with ARRA funding, the *March 2011 OMB Circular A-133 Compliance Supplement* states that entities must “document at the time of the subaward and disbursement of funds, the Federal award number, CFDA number, and the amount of ARRA funds.”

Condition:

Instance of Non-Compliance - The Sheriff’s Department did not communicate the ARRA information to subrecipients at the time of disbursement of funds as required by *OMB Circular A-133*.

Questioned Costs:

None

Context:

The condition noted above was identified during our examination of the Special Tests and Provisions associated with the County’s contracts/ agreements with the subrecipients payments made during the current fiscal year.

Effect:

The communication of required information to subrecipients did not occur at the time disbursements were made.

Cause:

The department’s subrecipient procedures did not specifically ensure that the Federal award number, CFDA number, and amount of ARRA funds were identified at the time of disbursement.

Recommendation:

We recommend the County strengthen its procedures to ensure that ARRA award information is consistently included in subrecipient communication at the time disbursements are made as required by *OMB Circular A-133*.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

View of Responsible Official and Planned Corrective Action:

See separate correction action plan.

FINDING 2011-02

Program: JAG – Cluster (Includes ARRA)

CFDA No.: 16.738 / 16.803 / 16.804

Federal Agency: Department of Justice

Passed-through: California Emergency Management Agency

Award No.: Various

Award Year: 2010-2011

Compliance Requirement: Subrecipient Monitoring

Criteria:

The *March 2011 OMB Circular A-133 Compliance Supplement* requires a pass-through entity to be responsible for:

- *Award Identification* – At the time of the award, identifying to the subrecipient the Federal award information (e.g., CFDA title and number, award name, name of Federal agency) and applicable compliance requirements.
- *During-the-Award Monitoring* - Monitoring the subrecipient’s use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
- *Subrecipient Audits* - (1) Ensuring that subrecipients expending \$500,000 for fiscal years ending or more in Federal awards during the subrecipient’s fiscal year have met the audit requirements of OMB Circular A-133 and that the required audits are completed within 9 months of the end of the subrecipient’s audit period, (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient’s audit report, and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

Condition:

Instance of Non-Compliance - As a result of our audit during FY 2010-2011, we noted the following based on our testing performed over subrecipient monitoring:

- For 5 of the 5 subrecipient files tested, the Sheriff’s Department did not identify the necessary “Award Identification” information (e.g., CFDA title and number, award name, name of Federal agency) and proper OMB Circular A-133 compliance guidelines in the agreements entered with subrecipients.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

Questioned Costs:

None

Context:

The condition noted above was identified during our examination of the Sheriff's Department contracts/agreements with the subrecipients.

Effect:

The subrecipient agreements do not specifically identify all of the required elements as required by OMB Circular A-133 and as such, subrecipients may not be aware that they have received Federal funding, which might require the subrecipient to have a Single Audit performed.

Cause:

The Sheriff's Department did not verify that the required OMB Circular A-133 information for subrecipient agreements was included.

Recommendation:

We recommend that the Sheriff's Department follow its policies and procedures to ensure that the information required by OMB Circular A-133 is included in the subrecipient agreements.

View of responsible officials and planned corrective action:

See separate correction action plan.

FINDING 2011-03

Program: Workforce Investment Act – Cluster (Includes ARRA)

CFDA No.: 17.258 / 17.259 / 17.277 / 17.278

Federal Agency: Department of Labor

Passed-through: California Employment Development Department

Award No.: Various

Award Year: 2009-2010 and 2010-2011

Compliance Requirement: Special Tests and Provisions – ARRA Subrecipient Monitoring

Criteria:

For awards with ARRA funding, the *March 2011 OMB Circular A-133 Compliance Supplement* states that entities must “document at the time of the subaward and disbursement of funds, the Federal award number, CFDA number, and the amount of ARRA funds.”

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

Condition:

Instance of Non-Compliance - The Workforce Development Department did not communicate the ARRA information to subrecipients at the time of disbursement of funds as required by *OMB Circular A-133*.

Questioned Costs:

None

Context:

The condition noted above was identified during our examination of the Special Tests and Provisions associated with the Workforce Development Department's contracts/agreements with the subrecipients payments made during the current fiscal year.

Effect:

The communication of required information to subrecipients did not occur at the time disbursements were made.

Cause:

The Workforce Development Department subrecipient procedures did not specifically ensure that the Federal award number, CFDA number, and amount of ARRA funds were identified at the time of disbursement.

Recommendation:

We recommend the Workforce Development Department enhance its procedures to ensure that ARRA award information is consistently included at the time disbursements are made to subrecipient as required by *OMB Circular A-133*.

View of Responsible Official and Planned Corrective Action:

See separate correction action plan.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

FINDING 2011-04

Program: Workforce Investment Act - Cluster (Includes ARRA)

CFDA No.: 17.258 / 17.259 / 17.277 / 17.278

Federal Agency: Department of Labor

Passed-through: California Employment Development Department

Award No.: Various

Award Year: 2009-2010 and 2010-2011

Compliance Requirement: Eligibility

Criteria:

OMB Circular A-133, Sub-part C, Section 300, Part b, states that the auditee is responsible for “Maintaining internal control over Federal programs that provide reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.” Additionally, the *March 2011 OMB Circular A-133 Compliance Supplement* states that eligibility records, including information about each individual should be maintained. Also, a review of the individual files is required.

Condition:

Significant Deficiency, Instance of Noncompliance – Through our test of the Workforce Development Department internal controls relating to the eligibility compliance requirement, it was noted that no evidence of a supervisors review occurred on 5 out of 60 selected participant files. Additionally, 2 of the participant files selected for testwork did not contain dislocated worker supporting documentation.

Questioned Costs:

None

Context:

The condition noted above was identified during our testwork performed over the program eligibility.

Effect:

The Workforce Development Department increases its risk of providing benefits to non-eligible participants.

Cause:

The Workforce Development Department could not locate hard copies or imaged documents used to support eligibility determinations for 2 dislocated participants. The County’s internal controls did not detect the lack of documentation of review within the noted participant files.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

Recommendation:

We recommend that the Workforce Development Department continue to strengthen formal policies and procedures to ensure the Workforce Development Department is in compliance with the Department of Labor eligibility documentation requirements over the WIA program, and ensure that internal control procedures are enforced to ensure documentation review.

View of Responsible Official and Planned Corrective Actions:

See separate correction action plan.

FINDING 2011-05

Program: Highway Planning and Construction - Cluster (Includes ARRA)

CFDA No.: 20.205 / 20.SR2SF-5954(109)

Federal Agency: Department of Transportation

Passed-through: California Department of Transportation

Award No.: Various

Award Year: 2010-2011

Compliance Requirement: Procurement and Suspension and Debarment

Criteria:

The *March 2011 OMB Circular A-133 Compliance Supplement* states that when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System (EPLS)*, collecting a certification from the entity or adding a clause or condition to the covered transaction with that entity.

Condition:

Instance of Non-compliance - We noted that both the Regional Park and Recreation Department and the Department of Public Works did not check online at www.epls.gov (website), nor a verification clause was included, in contracts to ensure that vendors contracted were not suspended and debarred for non-construction contracts under the grant award.

Questioned Costs:

None

Context:

The condition noted above was identified during our testing of the procurement and suspension and debarment requirements of the program.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

Effect:

The Regional Park and Recreation Department and the Department of Public Works increase their risk of contracting with a suspended and debarred vendor.

Cause:

The Regional Park and Recreation Department and the Department of Public Works did not follow internal control procedures requiring verification of the suspended and debarred status of contracted vendors.

Recommendation:

We recommend the Regional Park and Recreation Department and the Department of Public Works follow the internal control procedures at all times to ensure that prior to entering into contracts with vendors and sub-recipients of federally funded projects, a verification against epls.gov is made to ensure vendors are not suspended or debarred.

View of Responsible Official and Planned Corrective Actions:

See separate correction action plan.

FINDING 2011-06

Program: Highway Planning and Construction - Cluster (Includes ARRA)

CFDA No.: 20.205 / 20.SR2SF-5954(109)

Federal Agency: Department of Transportation

Passed-through: California Department of Transportation

Award No.: Various

Award Year: 2010-2011

Compliance Requirement: Reporting

Criteria:

In accordance with OMB Circular A-133, the objectives of internal control pertaining to the compliance requirements for Federal Programs (Internal Control over Federal Programs), as found in Subpart A, Section 105 of OMB Circular A-133, state that transactions are to be properly recorded and accounted for to:

- Permit the preparation of reliable financial statements and Federal reports;
- Maintain accountability over assets; and
- Demonstrate compliance with laws, regulations, and other compliance requirements

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

Condition:

Instance of Non-compliance - While testing the final "Report of Expenditures" submitted to the State of California during the fiscal year, we noted that 1 report was not submitted within six (6) months of the project completion date as required by the *California Department of Transportation Local Assistance Procedures Manual sec. 17.5*.

Questioned Costs:

None

Context:

The condition noted above was identified during our testing of the Reporting requirements of the program.

Effect:

The Department of Public Works increases its risk of non-compliance with the reporting provisions of the *California Department of Transportation Local Assistance Procedures Manual sec. 17.5*.

Cause:

The Department of Public Works did not adhere to its internal policies requiring the timely submittal of the final "Report of Expenditures" for completed projects

Recommendation:

We recommend the Department of Public Works strengthen its procedures to ensure that the Report of Expenditures is submitted within six (6) months of project completion, in accordance with the *California Department of Transportation Local Assistance Procedures Manual*.

View of Responsible Official and Planned Corrective Actions:

See separate correction action plan.

FINDING 2011-07

Program: ARRA - Energy Efficiency and Conservation Block Grant

CFDA No.: 81.128

Federal Agency: Department of Energy

Award No.: Various

Award Year: 2010-2011

Compliance Requirement: Special Tests and Provisions – ARRA Subrecipient Monitoring

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

Criteria:

For awards with ARRA funding, the *March 2011 OMB Circular A-133 Compliance Supplement* states that entities must “document at the time of the subaward and disbursement of funds, the Federal award number, CFDA number, and the amount of ARRA funds.”

Condition:

Instance of Non-Compliance - The Facilities Management Department did not communicate the ARRA information to subrecipients at the time of disbursement of funds as required by *OMB Circular A-133*.

Questioned Costs:

None

Context:

The condition noted above was identified during our examination of the Special Tests and Provisions associated with the Facilities Management Department contracts/agreements with the subrecipients payments made during the current fiscal year.

Effect:

The communication of required information to subrecipients did not occur at the time disbursements were made.

Cause:

The Facilities Management Department subrecipient procedures did not specifically ensure that the Federal award number, CFDA number, and amount of ARRA funds were identified at the time of disbursement.

Recommendation:

We recommend the Facilities Management Department enhance its procedures to ensure that ARRA award information is consistently included at the time disbursements are made to the subrecipient as required by *OMB Circular A-133*.

View of Responsible Official and Planned Corrective Action:

See separate correction action plan.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

FINDING 2011-08

Program: ARRA - Energy Efficiency and Conservation Block Grant

CFDA No.: 81.128

Federal Agency: Department of Energy

Award No.: Various

Award Year: 2010-2011

Compliance Requirement: Subrecipient Monitoring

Criteria:

The *March 2011 OMB Circular A-133 Compliance Supplement* requires a pass-through entity to be responsible for monitoring the subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

Condition:

Significant Deficiency - Instance of Non-compliance – As a result of our test work over the subrecipient; we noted monitoring procedures had not been followed due to a lack of communication between the Facility Management and the Architecture and Engineering departments, and as such no supporting documentation could be reviewed.

Questioned Costs:

None

Context

The condition noted above was identified during our examination of the Facilities Management Department monitoring procedures over subrecipients.

Effect:

The risk of non-compliance is increased when communication between departments does not occur to assign responsibilities for subrecipient monitoring.

Cause:

There was miscommunication between the Facility Management and the Architecture and Engineering departments as to who should be performing the subrecipient monitoring.

Recommendation:

We recommend communication takes place between the departments to ensure that proper subrecipient monitoring occurs and proper documentation is maintained.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

View of Responsible Official and Planned Corrective Actions:

See separate correction action plan.

FINDING 2011-09

Program: ARRA - Energy Efficiency and Conservation Block Grant

CFDA No.: 81.128

Federal Agency: Department of Energy

Passed-through: N/A

Award No.: Various

Award Year: 2010-2011

Compliance Requirement: Reporting

Criteria:

The *March 2011 Office of Budget and Management (OMB) OMB Circular A-133 Compliance Supplement* requires that reports for Federal awards include all activity of the reporting period, are supported by applicable accounting or performance records, and are fairly presented in accordance with governing requirements. In addition, the *A-102 Common Rule* and *OMB Circular A-110* (2 CFR part 215) require that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

Condition:

Significant deficiency, Instance of Non-Compliance – Through our testing of the Facilities Management Department internal controls and compliance related to the grant’s reporting compliance requirements, we noted the following exceptions:

- Section 1512 ARRA reports:
 - In two instances, we noted the County’s Section 1512 reports did not contain evidence of management review and approval.
- SF-425 reports:
 - Two reports out of four were submitted after the due date.
 - Four reports out of four could not be supported or traced to supporting accounting records.

Questioned Costs:

None

Context:

The condition noted above was identified during our testwork performed over the program’s reporting compliance.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

Effect:

The Facilities Management Department risk of inaccurate reporting is increased due to the lack of evidence of review, approval and supporting documentation. These risks can also lead to reports which are not filed timely.

Cause:

The Facilities Management Department internal controls did not detect the conditions noted above.

Recommendation:

We recommend the Facilities Management Department reinforce its existing internal controls over the reporting requirements to ensure timely reporting, proper review and proper approval is performed over the federal submitted reports.

Views of Responsible Officials and Corrective Action:

See separate correction action plan.

FINDING 2011-10

Program: Public Health Emergency Preparedness

CFDA No.: 93.069

Federal Agency: Department of Health and Human Services

Passed-through: State of California Department of Public Health

Award No.: Various

Award Year: 2010-2011

Compliance Requirement: Equipment and Real Property Management

Criteria:

Per OMB Circular A-102, equipment and inventory records must be maintained and contain the description, source, acquisition date, cost, percentage of Federal participation in the cost, location, condition, and any ultimate disposition data.

Condition:

Significant Deficiency, Instance of Non-compliance - It was noted that the San Bernardino County's Public Health Emergency Preparedness Program is still in the process of fully implementing an inventory system to track its federally purchased assets. Due to technical issues encountered during the implementation process the vendor of the software had to make modifications to correct several discrepancies noted by the Department of Public Health. Data entry in the inventory system is in process, and the department expects to be fully completed before year-end 2012.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

Questioned Costs:

None

Context:

The condition noted above was identified during our testing of the Equipment and Real Property Management requirements.

Effect:

Assets purchased with federal funds may not be accounted for properly in accordance with the State and Federal requirements.

Cause:

The Department of Public Health lacks an inventory management system.

Recommendation:

We noted that the Department of Public Health is still in the process of implementing the new inventory management system that provides a more sophisticated indexing system, better inventory monitoring capability, and stricter access controls. We recommend the Department of Public Health finalize the implementation of the new inventory management system, and develop a more comprehensive set of policies and procedures over management of its equipment and inventories.

View of Responsible Official and Planned Corrective Actions:

See separate correction action plan.

FINDING 2011-11

Program: Child Support Enforcement (Includes ARRA)

CFDA No.: 93.563

Federal Agency: Department of Health and Human Services

Passed-Through: California Department of Social Services

Award Year: 2010-2011

Compliance Requirement: Eligibility

Criteria:

The *March 2011 OMB Circular A-133 Compliance Supplement* requires that the Department of Child Support Services determine the eligibility of program participants based on two requirements including, but not limited to, the participant having a child and having a signed application for child support services.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

Condition:

Instance of Non-compliance - Of the 60 case files selected for testwork, we noted one (1) applicant file did not have the signed application for services.

Questioned Costs:

None

Context:

The condition noted above was identified during our examination of the Department of Child Support Services eligibility process.

Effect:

When required documentation cannot be located the risk increase of providing services to non-eligible participants.

Cause:

The Department of Child Support Services could not locate the electronic signed form for one case file in their system.

Recommendation:

We recommend that the Department of Child Support Services strengthen procedures to ensure that individual case files maintained in electronic format are properly maintained with the necessary documents to support eligibility requirements.

Views of Responsible Officials and Planned Corrective Actions:

See separate correction action plan.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Summarized below is the current status of all audit findings reported in the prior year audit’s schedule of audit findings and questioned costs.

Finding No.	Condition/Program	CFDA No.	Compliance Requirement	Status
2010-01	(ARRA) Edward Byrne Memorial Justice Assistance Grant	16.804	Reporting	Implemented
2010-02	Temporary Assistance for Needy Families (TANF) Clusters (Includes ARRA)	93.558, 93.714	Eligibility	Implemented
2010-03	State Homeland Security Grant Program Cluster	97.067	Subrecipient Monitoring	Implemented
2010-04	Workforce Investment Act – Cluster (Includes ARRA)	17.258, 17.259, 17.260	Eligibility	Not Implemented, See Current Year Finding 2011-04
2010-05	Workforce Investment Act – Cluster (Includes ARRA)	17.258, 17.259, 17.260	Special Tests and Provisions – ARRA Subrecipient Monitoring	Not Implemented, See Current Year Finding 2011-03
2010-06	ARRA – Energy Efficiency and Conservation Block Grant Program	81.128	Special Tests and Provisions – ARRA Subrecipient Monitoring	Not Implemented, See Current Year Finding 2011-07
2010-07	CDBG – Cluster (Includes ARRA)	14.218, 14.253	Special Tests and Provisions – ARRA Subrecipient Monitoring	Implemented
2010-08	ARRA – Edward Byrne Memorial Justice Assistance Grant Program	16.804	Special Tests and Provisions – ARRA Subrecipient Monitoring	Not Implemented, See Current Year Finding 2011-01
2010-09	ARRA – Homelessness Prevention and Rapid Re-Housing Program (HPRP)	14.257	Special Tests and Provisions – ARRA Subrecipient Monitoring	Implemented
2010-10	Special Program for the Aging – Cluster (Includes ARRA)	93.041, 93.042, 93.043, 93.044, 93.045, 93.052, 93.053, 93.705, 93.707	Special Tests and Provisions – ARRA Subrecipient Monitoring	Implemented
2010-11	Head Start (Includes ARRA)	93.600, 93.708, 93.709	Special Tests and Provisions – ARRA Subrecipient Monitoring	Implemented
2010-12	Public Health Emergency Preparedness	93.069	Equipment and Real Property Management	Not Implemented, See Current Year Finding 2011-10

COUNTY OF SAN BERNARDINO, CALIFORNIA

SUPPLEMENTAL SCHEDULE OF CALIFORNIA STATE DEPARTMENT OF AGING GRANTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Grantor/Program Name	CFDA No.	Contract Number	Federal Expenditures	State Expenditures
Senior Farmers Market Nutrition Program	10.576	N/A	\$ 38,000	\$ -
Senior Community Service Employment Program Title V	17.235	TV-1011-20	429,466	-
Appropriation Act - Senior Community Service Employment Program Title V	17.235	AA-0910-20	194,027	-
Elder Abuse Program - Title VII-B	93.041	AP-1011-20	26,155	-
Special Program for the Aging - Chapter 2 Long Term Care	93.042	AP-1011-20	62,211	-
Special Program for the Aging - Title III, Part D	93.043	AP-1011-20	106,149	-
Special Program for the Aging - Title III, Part B	93.044	AP-1011-20	1,577,081	-
Special Program for the Aging - Title III, Part C1 and C2	93.045	AP-1011-20	3,081,328	319,113
National Family Caregiver Support - Title III, Part E	93.052	AP-1011-20	652,531	-
Nutrition Program for the Elderly (NSIP)	93.053	AP-1011-20	529,176	-
Medicare Enrollment Assistance Program - Medicare Improvements for Patients and Providers Act (MIPPA)	93.071	MI-0910-20	10,572	-
Affordable Care Act - Medicare Improvements for Patients and Providers Act (2MIPPA)	93.518	2M-1011-20	10,457	-
Medical Assistance Program (MSSP) Title XIX	93.778	MS-1011-17	657,973	657,973
Health Insurance Counseling and Advocacy Program (HICAP)	93.779	HI-1011-20	136,537	238,146
Affordable Care Act - Medicare Improvements for Patients and Providers Act (2MIPPA)	93.779	2M-1011-20	11,084	-
Medicare Enrollment Assistance Program - Medicare Improvements for Patients and Providers Act (MIPPA)	93.779	MI-0910-20	14,813	-
Ombudsman Volunteer Recruitment Initiative	N/A	AP-1011-20	-	131,108
Totals			<u>\$ 7,537,560</u>	<u>\$ 1,346,340</u>