

# AUDITOR-CONTROLLER/ TREASURER/TAX COLLECTOR



COUNTY OF SAN BERNARDINO

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LARRY WALKER  
Auditor-Controller/  
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September 27, 2012

**Ron Griffin, Department Director**  
Preschool Services Department  
662 South Tippecanoe Ave  
San Bernardino, CA 92415-0630

**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, 2010 (FY 2010) for the Preschool Services Department (Department).

## 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 FY 2010 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 31, 2011. 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 Executive Officer and the Board of Supervisors.

## Objectives, Scope and Methodology

The objective of this follow-up audit was to determine whether Preschool Services Department implemented the recommendations contained in the FY2010 Single Audit report.

To achieve this objective we:

- Obtained the department 's ARRA payment documents
- Reviewed and tested a sample of payment documents to ensure the required ARRA information was properly documented

### **Conclusion**

The procedure to ensure the required ARRA information is notated in the payment document's Comments Section was partially implemented. We noted nine of the ten transactions tested were not clearly identified as ARRA. There is room for additional improvement as described in the further recommendations section of this report.

### **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 2010-11: ARRA information not communicated to subrecipients**

**Program:** Head Start (Including ARRA)

*Instance of Non-Compliance* – It was noted that the ARRA information was not communicated to subrecipients at the time of disbursement of funds as required by *OMB Circular A-133*.

#### **Recommendation:**

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

#### **View of Responsible Official and planned Corrective Actions:**

The Department will ensure that all payment documents submitted for disbursement will include the Federal award number, CFDA number and amount of ARRA funds paid to be printed on the remittance advice sent to the subrecipients at the time the check is deposited by Electronic Funds Transfer.

#### **Current Status: Partially Implemented**

The Department is commended for its efforts to comply with the ARRA disbursement requirements. We noted that all ten disbursement transactions listed the CFDA and Federal Award numbers and the AR (ARRA) org code on the payment documents.

However, nine of the ten disbursement transactions tested did not clearly identify the transactions tested as "ARRA" in the Comments Section of the payment documents. Since the department does not have any more ARRA funds, there is no further recommendation.

**Management's Response**

The procedures below have been now established by Preschool Services Department (PSD) in compliance with the June 2010 OMB Circular A-133 Compliance Supplement which states that entities must "document at the time of the sub award and disbursement of funds, the Federal award number, CFDA number, and the amount of ARRA funds."

All staff processing documents were notified that it is mandatory for PSD to comply with CFDA 93.708 and 93.709 ARRA – Head Start reporting requirements. In order to comply, all payments to subrecipients must include the Federal award number, CFDA number and amount of funds awarded at the time of disbursement.

The Accounting Technician that completes the payment documents utilizes a template that is specific for each subrecipient and the corresponding ORG code. This template was updated to include the appropriate Federal Award Number and CFDA number. Moreover, to add clarity, PSD will process separate Request for Payment for each ARRA disbursement. This information is highlighted by the Accounting Technician to ensure that this is printed on the Remittance Advice. PSD will implement two levels of review of the Request for Payment which will be made by the Accountant III and the Supervising Accountant II or the Administrative Supervisor II to ensure that the required elements have been implemented appropriately.

In addition, the Accountant III will contact the Supervisor at the Accounts Payable Section and obtain clarification on how information from the Request for Transfer is stated on the Remittance Advice to confirm the proper information has been notified to the subrecipient.

**Auditor's Response**

The Department stated it will no longer receive ARRA funding. We note that management's response did not include a direct reference regarding the finding that the word "ARRA" must be included in the Department's subrecipient payment remittance information.

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

Respectfully submitted,

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San Bernardino County

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