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COUNTY OF SAN BERNARDINO

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LARRY WALKER
Auditor-Controller/
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August 27, 2013

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Workforce Development Department
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SUBJECT: FY2011 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, 2011 (FY11) for the Workforce Development Department (WDD).

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 FY11 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. WDD had \$21,261,690 in expenditures for the Workforce Investment Act Cluster in FY11. VTD issued the report on March 23, 2012. In accordance with OMB Circular A-133, the auditee is responsible for follow-up and corrective action on all audit findings.

Objectives, Scope and Methodology

The objective of this follow-up audit was to determine whether WDD implemented the recommendations contained in the FY11 Single Audit report. To achieve this objective we:

- Reviewed policies
- Interviewed departmental staff
- Tested a sample of case files
- Obtained the department's ARRA payment documents
- Reviewed and tested a sample of payment documents to determine whether the required ARRA information was properly documented

Conclusion

Workforce Development Department has made the improvements necessary to address findings contained in the FY11 Single Audit report as described in this report.

We sent a draft of the report to WDD on August 16, 2013.

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 2011-03: ARRA information not communicated to subrecipients.

Program: Workforce Investment Act – Cluster (Includes ARRA)

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*.

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*.

Current Status: Implemented

WDD has fully implemented the corrective actions for including ARRA award identification information in subrecipient communication at the time payments are disbursed as required by *OMB Circular A-133*.

FINDING 2011-04: Eligibility documentation was not maintained.

Program: Workforce Investment Act, ARRA-Workforce Investment Act

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.

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.

Current Status: Implemented

WDD has fully implemented the corrective actions to ensure eligibility documents are reviewed by supervisor for accuracy and completeness. Based upon our audit, all files reviewed contained the eligibility documentation required by OMB Circular A-133.

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

Respectfully submitted,

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San Bernardino County

By:  _____
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LDW:DLM:RLA:oac

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