

# AUDITOR-CONTROLLER/ TREASURER/TAX COLLECTOR



COUNTY OF SAN BERNARDINO

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November 22, 2013

David Slaughter, Director  
Facilities Management Department  
County of San Bernardino  
200 South Lena Road  
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## **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, 2011 (FY11) for the Facilities Management 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 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. The Department had expenditures of \$2,210,828 in FY11 for the ARRA-Energy Efficiency and Conservation Block Grant (EECBG). 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 the Department implemented the recommendations contained in the FY 2011 Single Audit report. To achieve this objective we:

- Reviewed policies
- Interviewed departmental staff
- Reviewed federal reports

## **Conclusion**

As a result of our audit, we concluded that the Department should have implemented policies and procedures to ensure proper subrecipient monitoring occurs and is documented and to ensure that federal reports are reviewed and approved by a supervisor before submittal. We documented our findings and recommendations for improvement in the Findings and Recommendations section of this report. We sent a draft report to the Department on October 17, 2013 and discussed our observations with management on October 24, 2013. The Department's response to our recommendation is included in 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 2011-07**

**Program:** ARRA - Energy Efficiency and Conservation Block Grant

*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*.

#### **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*.

#### **Current Status: Not Applicable**

The Department did not disburse any ARRA awards during the audit period so this corrective action could not be tested. However, procedures have been enhanced to include instructions for including required ARRA award information on disbursements.

### **FINDING 2011-08**

**Program:** ARRA - Energy Efficiency and Conservation Block Grant

*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.

**Recommendation:**

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

**Current Status: Not Applicable**

At the time of our visit, the Department had not revised their procedures to include steps for conducting and maintaining documentation of subrecipient monitoring. After our visit, the Department revised their procedures to include steps for subrecipient monitoring and documentation. All projects involving subrecipients were ended prior to our audit period.

**FINDING 2011-09**

**Program:** ARRA - Energy Efficiency and Conservation Block Grant

*Significant deficiency, Instance of Non-Compliance:*

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.

**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.

**Current Status: Partially Implemented**

The Department implemented internal controls over timely submission, management review and approval of Section 1512 reports, and no errors were found in these reports. Internal controls over the timely submission of online SF-425 reports were implemented as well. However, evidence of supervisory review and approval could not be found for the SF-425 reports. As a

result, one of three reports reviewed could not be supported or traced to supporting documentation. Subsequent to our field visit, this report was corrected.

**Further Recommendation**

We recommend that the Department develop a supervisory review and approval process for the SF-425 report, including tracing information back to supporting accounting records, prior to staff's submission of the report online.

**Management's Response**

While the Department accepts the "Current Status" of this finding, it should be noted that the SF-425 reports are web based and all information, including amounts for these reports, are based on the supervisor reviewed and approved Section 1512 reports.

**Auditor's Response**

Although we understand that the SF-425 is a web-based report, we still recommend that the information contained in the report be reviewed by a supervisor prior to submission to ensure that the correct amounts are entered.

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

Respectfully submitted,

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Auditor-Controller/Treasurer/Tax Collector  
San Bernardino County

By:

  
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LDW:DLM:RLA:aeb

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