

**SAN BERNARDINO COUNTY  
DISTRICT ATTORNEY'S OFFICE  
VICTIM/WITNESS ASSISTANCE  
PROGRAM GRANT  
CONTRACT #VW11300360**

**FINANCIAL STATEMENT  
WITH INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED JUNE 30, 2012**

SAN BERNARDINO COUNTY DISTRICT ATTORNEY'S OFFICE  
VICTIM/WITNESS ASSISTANCE PROGRAM GRANT  
CONTRACT #VW11300360

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JUNE 30, 2012

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## INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors and  
San Bernardino County District Attorney's Office  
San Bernardino, California

We have audited the accompanying statement of grant revenues and expenditures of the San Bernardino County District Attorney's Office (Office) Victim/Witness Assistance Program Grant in accordance with the California Emergency Management Agency Contract #VW11300360 for the year ended June 30, 2012. This statement is the responsibility of the Office's management. Our responsibility is to express an opinion on the statement based on our audit.

We conducted our 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 in accordance with the California Emergency Management Agency *2011 Recipient Handbook*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of grant revenues and expenditures was prepared for the purpose of complying with the audit requirements of the California Emergency Management Agency *2011 Recipient Handbook* as described in Note 1 and is not intended to be a complete presentation of the Office's revenues and expenditures.

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In our opinion, the statement referred to above presents fairly, in all material respects, the grant revenues and expenditures of the San Bernardino County District Attorney's Office Victim/Witness Assistance Program Grant in accordance with the California Emergency Management Agency Contract #VW11300360 for the year ended June 30, 2012, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2012, on our consideration of the Office's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the San Bernardino County District Attorney's Office management, the Board of Supervisors for the County of San Bernardino, and the California Emergency Management Agency and is not intended to be and should not be used by anyone other than these specified parties.

*Eadie and Payne, LLP*

December 3, 2012  
Redlands, California

SAN BERNARDINO COUNTY DISTRICT ATTORNEY'S OFFICE  
VICTIM/WITNESS ASSISTANCE PROGRAM GRANT  
CONTRACT #VW11300360  
**STATEMENT OF GRANT REVENUES AND EXPENDITURES**  
FOR THE YEAR ENDED JUNE 30, 2012

|   |                     |
|---|---------------------|
| <b>Revenues</b>                             |                     |
| Reimbursements received/receivable          | <u>\$ 1,001,794</u> |
| <b>Expenditures</b>                         |                     |
| Salaries and benefits                       | <u>1,001,794</u>    |
| <b>Total Expenditures</b>                   | <u>1,001,794</u>    |
| <b>Excess of Revenues Over Expenditures</b> | <u>\$ -</u>         |

The accompanying notes are an integral part of this financial statement.

SAN BERNARDINO COUNTY DISTRICT ATTORNEY'S OFFICE  
VICTIM/WITNESS ASSISTANCE PROGRAM GRANT  
CONTRACT #VW11300360  
**NOTES TO THE STATEMENT OF GRANT REVENUES AND EXPENDITURES**  
JUNE 30, 2012

**1. ORGANIZATION**

**A. Description of Reporting Entity**

The statement represents the grant revenues and expenditures of the San Bernardino County District Attorney's Office (Office), California Emergency Management Agency (Cal EMA) Victim/Witness Assistance Program Grant Contract #VW11300360 for the year ended June 30, 2012. The grant was funded by Cal EMA and administered by the San Bernardino County District Attorney's Office. The accompanying statement of grant revenues and expenditures presents only the activities of the Victim/Witness Assistance Program Grant Contract #VW11300360 and is not intended to present the financial position of the San Bernardino County District Attorney's Office or the County of San Bernardino itself in conformity with accounting principles generally accepted in the United States of America.

**B. Description of Grant**

The grant funds were made available to advise victims of their rights and to provide needed services such as crisis counseling, advocacy services, and referral assistance to agencies serving victims of crime.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**A. Use of Estimates**

The preparation of this financial statement requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures. Actual results could differ from those estimates.

**B. Statement of Grant Revenues and Expenditures**

The statement of grant revenues and expenditures presents the eligible costs charged to the Victim/Witness Assistance Program Grant Contract #VB11300360 by the San Bernardino County District Attorney's Office and the revenues received in reimbursement of those costs by Cal EMA.

## NOTES TO THE STATEMENT OF GRANT REVENUES AND EXPENDITURES (Continued)

### C. **Basis of Accounting**

Revenues and expenditures are presented on a modified accrual basis. Expenditures are recognized in the accounting period in which they are incurred, that is, when goods are received or services are provided. Revenues are recognized in the accounting period in which reimbursable expenditures are incurred.



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**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**

To the Board of Supervisors and  
County of San Bernardino District Attorney's Office  
San Bernardino, California

We have audited the statement of grant revenues and expenditures of the San Bernardino County District Attorney's Office (Office) Victim/Witness Assistance Program Grant in accordance with the California Emergency Management Agency (Cal EMA) Contract #VW11300360 for the year ended June 30, 2012, and have issued our report thereon dated December 3, 2012. The grant was funded by Cal EMA and administered by the Office. We conducted our 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 in accordance with the Cal EMA 2011 *Recipient Handbook*.

Internal Control over Financial Reporting

Management of the Office is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Office's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the statement of grant revenues and expenditures, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control over financial reporting for the Victim/Witness Assistance Program Grant. Accordingly, we do not express an opinion on the effectiveness of the Office'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency in internal control over financial reporting. Refer to item 2012-1. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether San Bernardino County District Attorney's Office Victim/Witness Assistance Program Grant's statement of grant revenues and expenditures is 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. Such provisions also included those provisions and laws identified in the *Cal EMA 2011 Recipient Handbook*. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2012-1.

The Office's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Office's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the San Bernardino County District Attorney's Office management, the Board of Supervisors for the County of San Bernardino, and the California Emergency Management Agency and is not intended to be and should not be used by anyone other than these specified parties.

*Eadie and Payne, LLP*

December 3, 2012  
Redlands, California

SAN BERNARDINO COUNTY DISTRICT ATTORNEY'S OFFICE  
VICTIM/WITNESS ASSISTANCE PROGRAM GRANT  
CONTRACT #VW11300360  
**SCHEDULE OF FINDINGS AND RESPONSES**  
FOR THE YEAR ENDED JUNE 30, 2012

**Internal Control and Compliance**

**2012-1 Report of Expenditures and Request for Funds**

Criteria: Section 11312 of the California Emergency Management Agency *2011 Recipient Handbook* requires that the project must be able to trace the general ledger entries to the Report of Expenditures and Request for Funds.

Condition: The Office uses the County Labor Distribution Report to prepare the personal services category of the Report of Expenditures. During testing of grant expenditures, we noted that the salary expense per the County Labor Distribution Report did not agree with the County Cost Center Expenditure Transaction Analysis Ledger (general ledger).

Cause: Beginning July 2, 2011, County of San Bernardino employees deferred 1.5 hours of compensation each pay period for 26 pay periods under the Consolidated Memorandum of Understanding. The deferral had no impact on leave accruals or any other benefits. The object code for salary on the County Labor Distribution Report did not reflect the reduction in earnings for the deferred compensation. The Office used the County Labor Distribution Report to prepare the personal services category of the quarterly Report of Expenditures. As such, the first three quarterly Report of Expenditures personal services category was overstated by the amount of the deferral. The County Cost Center Expenditure Transaction Analysis Ledger reflected the deferral. The Office does not have a procedure in place to verify the accuracy of the reports used in the preparation of the Report of Expenditures.

Recommendation: We recommend that the Office design and implement procedures to verify the accuracy of reports used in the preparation of the grant Report of Expenditures. A possible procedure might include comparing selected transactions on the County Labor Distribution Report to the County Cost Center Expenditure Transaction Analysis Ledger at least once annually or whenever there is a change in any compensation package. We also recommend that revised quarterly Report of Expenditures be prepared and approved by the California Emergency Management Agency.

The Office's Response: For many years, the District Attorney's Office has compiled data for salary reimbursement directly from the County Labor Distribution Report as prepared and distributed each pay period by EMACS. Salary information in the Labor Distribution Report usually mirrors paycheck information by individual employee and accurately reflects the salary and benefits costs for an employee.

For fiscal year 2011-2012, unknown to us and with no notification from the County, even though employees were furloughed 1.5 hours per pay period, the Labor Distribution Report continued to reflect employees' salaries as though they were being paid for 80 hours per pay period rather than 78.5 hours per pay period. Therefore, for the first, second, and third quarters, we over claimed salary in an amount that equaled each grant funded employee's hourly rate x 1.5 hours. However, during the fourth quarter, expenditures for the program exceeded the amount of the grant. This allowed us to revise the quarterly Report of Expenditures and claim less in the first, second, and third quarters and more in the fourth quarter. The revisions changed the amounts claimed by quarter but did not change the total amount claimed for the year for the Victim/Witness Assistance Program.

On October 31, 2012, Edward Giacomelli, program representative for California Emergency Management Agency, reviewed documentation of the revisions and provided written approval of the revised Report of Expenditures. This approval, along with copies of the revised Report of Expenditures, has been provided to Eadie and Payne, LLP.

Going forward, the District Attorney's Office will implement the practice of comparing the County Labor Distribution Report to the County Cost Center Expenditure Transaction Analysis Ledger (FAS) at least once annually or whenever there is a change in any compensation package to identify possible discrepancies and avoid future errors.

SAN BERNARDINO COUNTY DISTRICT ATTORNEY'S OFFICE  
VICTIM/WITNESS ASSISTANCE PROGRAM GRANT  
CONTRACT #VW11300360  
**STATUS OF PRIOR-YEAR FINDINGS AND RESPONSES**  
JUNE 30, 2012

There were no findings or questioned costs for the year ended June 30, 2011.



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December 3, 2012

To the Board of Supervisors and  
San Bernardino County District Attorney's Office  
San Bernardino, California

We have audited the statement of grant revenues and expenditures of the San Bernardino County District Attorney's Office (Office) Victim/Witness Assistance Program Grant for the year ended June 30, 2012 and have issued our report thereon dated December 3, 2012. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibility Under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated July 2, 2012, our responsibility, as described by professional standards, is to express an opinion about whether the financial statement prepared by management with your oversight is fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statement does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statement is free of material misstatement. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

As part of our audit, we considered the Office's internal control over the Victim/Witness Assistance Program Grant. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.

### **Significant Audit Findings**

#### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Victim/Witness Assistance Program Grant are described in Note 2 to the financial statement. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2012. We noted no transactions entered into by the Victim/Witness Assistance Program Grant during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statement in the proper period.

#### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No audit adjustments were proposed as a result of our audit procedures.

#### **Disagreements with Management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statement or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

#### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated December 3, 2012.

**Management Consultation with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Victim/Witness Assistance Program Grant's financial statement or a determination of the type of auditors' opinion that may be expressed on that statement, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to our retention as the Office's auditors for the Victim/Witness Assistance Program Grant. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the San Bernardino County Board of Supervisors and management of the San Bernardino County District Attorney's Office and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Eadie and Payne, LLP*



County of San Bernardino  
**Office of the District Attorney**  
MICHAEL A. RAMOS, District Attorney

December 3, 2012

Eadie and Payne, LLP  
1839 W. Redlands Blvd.  
Redlands, CA 92373

We are providing this letter in connection with your audit of the statement of grant revenues and expenditures of the San Bernardino County District Attorney's Office Victim/Witness Assistance Program Grant for the year ended June 30, 2012 for the purpose of expressing opinions as to whether the statement presents fairly, in all material respects, the respective statement of grant revenues and expenditures in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statement in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, as of December 3, 2012, the following representations made to you during your audit(s).

- 1) The financial statement referred to above is fairly presented in conformity with accounting principles generally accepted in the United States of America and includes all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 2) We have made available to you all—
  - a) Financial records and related data.
  - b) Minutes of the meetings of Board of Supervisors that pertain to the Victim/Witness Assistance Program Grant.
- 3) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 4) There are no material transactions that have not been properly recorded in the accounting records underlying the financial statement.
- 5) We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
- 6) We have no knowledge of any fraud or suspected fraud affecting the entity involving:
  - a) Management,
  - b) Employees who have significant roles in internal control, or
  - c) Others where the fraud could have a material effect on the financial statement.

- 7) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.
- 8) We have a process to track the status of audit findings and recommendations.
- 9) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 10) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 11) The following, if any, have been properly recorded or disclosed in the financial statement:
  - a) Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
  - b) Guarantees, whether written or oral, under which the San Bernardino County District Attorney's Office Victim/Witness Assistance Program Grant is contingently liable.
  - c) All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates and measurements are reasonable in the circumstances.
- 12) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 13) There are no—
  - a) Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements and any related debt covenants whose effects should be considered for disclosure in the financial statement, or as a basis for recording a loss contingency, or for reporting on noncompliance.
  - b) We are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments that that are required to be disclosed in accordance with generally accepted accounting principles, and we have not consulted a lawyer concerning litigation, claims or assessments.
  - c) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by generally accepted accounting principles.
- 14) As part of your audit, you assisted with preparation of the financial statement and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for the financial statement and related notes.
- 15) The San Bernardino County District Attorney's Office Victim/Witness Assistance Program Grant has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
- 16) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 17) Expenses have been appropriately classified in the statement of grant revenues and expenditures.
- 18) Revenues are appropriately classified in the statement of grant revenues and expenditures.

19) We have evaluated and classified any subsequent events as recognized or nonrecognized through the date of this letter. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statement.

Signed: Cindy Morford  
Title: Supervisor, Bureau of Administration \_\_\_\_\_

Signed: William J. [Signature]  
Title: Chief, Bureau of Administration \_\_\_\_\_