

INTEROFFICE MEMO



COUNTY OF SAN BERNARDINO

DATE: April 21, 2011

PHONE: 386-8821

FROM: **MARK COUSINEAU** *MWC*
Chief Deputy Auditor
Auditor-Controller/Treasurer/Tax Collector

TO: **ASSISTANT EXECUTIVE OFFICERS, CHIEF FINANCIAL OFFICER, DEPUTY EXECUTIVE OFFICERS, DEPARTMENT HEADS, ADMINISTRATIVE ANALYSTS, EXECUTIVE SECRETARIES, AND ALL COUNTY STAFF INVOLVED IN MANAGING, TRACKING AND REPORTING FEDERAL FUNDS**

SUBJECT: SINGLE AUDIT FOR THE FISCAL YEAR ENDED JUNE 30, 2010

This memo is to inform you of the results and recommendations from the Single Audit report for the fiscal year ended June 30, 2010.

First of all, we would like to commend everyone for following guidance regarding ARRA (American Recovery and Reinvestment Act) Sections 1512-Reports on Use of Funds and 1605-Use of American Iron, Steel, and Manufactured Goods, which resulted in no findings in these areas.

However, the County received ten findings regarding ARRA awards, seven of which were related to compliance with disbursements to subrecipients. A review of the Single Audit findings shows that immediate improvements are needed in regards to meeting subrecipient disbursement requirements. In particular, the departments must notify subrecipients of the Federal award number, CFDA (Catalog of Federal Domestic Assistance) number, and the amount of ARRA funds at the time of the disbursement of funds.

ATC (Auditor-Controller/Treasurer/Tax Collector) recommendations on ways to improve compliance include, but are not limited to:

- 1) Use the "Comments" 96-character field in FAS payment documents to list the Federal award number, CFDA number, and the amount of ARRA funds. The Basic FAS 2004 manual (2/19/04), page 69, states "Comments (optional-this info appears on the remittance advice)." Information entered into this field will appear on the remittance advice of manual warrants and in the notification email of EFT payments, satisfying the requirement for notifying recipients at time of disbursement.
- 2) Include a memo detailing the required ARRA information when mailing out the warrant if departments need to pick up the warrants from ATC-Accounts Payable using Will Call.
- 3) Send an email to subrecipients at the time of disbursement identifying the payment and detailing the required ARRA information.

Departments will be responsible for either properly completing the FAS payment documents or maintaining adequate evidence of compliance/notice to subrecipients. Departments should also develop monitoring to ensure preventive controls are working.

We would like to reiterate that the responsibility for subrecipient monitoring belongs to the departments. As stated in the memo issued by ATC on August 5, 2009:

ARRA funds are subject to the Single Audit Act and OMB (Office of Management and Budget) Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations. Departments are responsible for complying with the terms and conditions of the Federal award, the Single Audit Act, and OMB circular A-1 33. Departments are also responsible for the monitoring of subrecipients and vendors, if applicable, for compliance with the terms and conditions of any Federal awards that they receive.

Please note that these procedures are not meant to be all inclusive of all ARRA requirements: departments should become familiar with ARRA requirements and with specific ARRA award requirements as mentioned in their respective contract(s).

Departments should refer to The American Recovery and Reinvestment Act of 2009 and their contract with the granting agency for provisions that must be communicated to subrecipients of ARRA awards.