

# County of San Bernardino

Auditor-Controller/Treasurer/Tax Collector  
Internal Audits Section

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## Sheriff's Department: FY13 Single Audit Follow-up



**Larry Walker**

**Auditor-Controller/Treasurer/Tax Collector**

222 West Hospitality Lane  
San Bernardino, CA 92415-0018  
(909) 386-8821

Website: [www.sbcounty.gov/atc](http://www.sbcounty.gov/atc)

Fraud, Waste & Abuse Hotline: (800) 547-9540

# Auditor-Controller/Treasurer/Tax Collector

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## ***Mission Statement***

*The San Bernardino County Auditor-Controller's Office is committed to serving our customers by processing, safeguarding, and providing information regarding the finances and public records of the County. We perform these functions with integrity, independent judgment, and outstanding service. We are accurate, timely, courteous, innovative, and efficient because of our well-trained and accountable staff.*

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## **Audit Team**

**Denise Mejico**  
Chief Deputy Auditor

**Mary Barber, CPA**  
Internal Audits Manager

**Rhawnie Berg**  
Supervising Internal Auditor III

**Deborah Buckingham, CPA**  
Internal Auditor III

# AUDITOR-CONTROLLER/ TREASURER/TAX COLLECTOR



COUNTY OF SAN BERNARDINO

- 222 West Hospitality Lane, Fourth Floor  
San Bernardino, CA 92415-0018 • (909) 387-8322 • Fax (909) 386-8830
- 172 West Third Street, First Floor  
San Bernardino, CA 92415-0360 • (909) 387-8308 • Fax (909) 387-6716

**LARRY WALKER**  
Auditor-Controller/  
Treasurer/Tax Collector

**September 8, 2015**

**John McMahon, Sheriff-Coroner/Public Administrator**

Sheriff-Coroner/Public Administrator  
655 E. Third Street  
San Bernardino, CA 92415-0061

**SUBJECT: SHERIFF'S DEPARTMENT – FY13 SINGLE AUDIT CORRECTIVE  
ACTION FOLLOW-UP AUDIT**

In compliance with Article V, Section 6, of the San Bernardino County Charter and County Policy 05-20 entitled Internal Operational Auditing, and Office of Management and Budget (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, 2013 (FY13) for the Sheriff's Department (Department). The objective of the audit was to determine if corrective action for the Department's FY13 Single Audit findings has been implemented. We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors.

We have provided a status of the audit findings identified in the original audit report issued on March 25, 2014. The Department has partially implemented its corrective action plan to address the recommendations from the original audit report.

We would like to express our appreciation to the personnel at the Sheriff's Department who assisted and cooperated with us during this engagement.

Respectfully submitted,

**Larry Walker**

Auditor-Controller/Treasurer/Tax Collector  
San Bernardino County

By: \_\_\_\_\_

**Denise Mejico**

Chief Deputy Auditor

Enclosure

Distribution of Audit Report:

Robert Lovingood, Vice Chair, 1<sup>st</sup> District Supervisor

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Grand Jury, Foreperson (2)

Auditor-Controller Audit Committee

Date Report Distributed: 9-8-15

LDW:DLM:DMB:LNC:oac



## **Sheriff's Department: FY13 Single Audit Corrective Action Follow-up Audit**

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### Background

The Single Audit Act Amendments of 1996 and OMB Circular A-133 require non-federal 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 FY13 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 25, 2014. In accordance with OMB Circular A-133, the auditee is responsible for follow-up and corrective action on all audit findings.



## Scope and Objectives

The objective of this follow-up audit was to determine whether the Department implemented its corrective action plan contained in the County of San Bernardino FY13 Single Audit Report, issued on March 25, 2014.

## Methodology

In achieving the audit objective, the following procedures were performed, including but not limited to:

- Reviewing the Department's procedures for transfers made to recipient agencies to ensure that before Asset Forfeiture funds are physically transferred, the Department is verifying compliance via the DOJ website.
- Selecting a sample of Asset Forfeiture transfers made during the audit period and testing for proof of DOJ compliance (screen shot) prior to physically transferring funds.
- Reviewing the Department's procedures to ensure compliance with OMB Circular A-133 and County policies related to procurement of goods and services procured with federal funds.
- Reviewing the Department's policies and procedures regarding communicating federal requirements, including Davis-Bacon Act requirements, within agreements with County Vendors.
- Obtaining documentation of the Department's accounting staff attending OMB A-133 and Equitable Sharing for State and Local Law Enforcement Agencies training.
- Reviewing the Department's policies and procedures related to accurately reporting federal expenditures on the Schedule of Expenditures of Federal Awards (SEFA) and to its Federal Awarding Agency.
- Reviewing documentation of the Department's monthly reviews of transactions to assure compliance with reporting requirements and verifying Accounting Supervisor's review.



### **Prior Finding 2013-005:**

**Program:** Equitable Sharing

**CFDA No.:** 16.922

**Federal Grantor:** U.S. Department of Justice

**Award Year:** FY 2012 - 2013

**Compliance Requirement:** Special Tests and Provisions

*Instance of Non-Compliance* - As a result of test work performed, we noted the County (Sheriff's Department) was not performing the necessary review of the U.S. Department of Justice Asset Forfeiture and Money Laundering Section (AFMLS) website to ensure participating agencies set to receive Program funds are in compliance with the program.

### **Prior Recommendation:**

It is noted that this is a repeat condition noted in the fiscal 2012 Single Audit. We recommend the County (Sheriff's Department) implement procedures over compliance assurance as it relates to transfers made to recipient agencies before Asset Forfeiture funds are physically transferred to ensure that the agency is in compliance with the Department of Justice as well as print screen the check performed prior to disbursement to evidence that the County (Sheriff's Department) performed the compliance verification.

### **Current Status: Fully Implemented**

### **Prior Finding 2013-006:**

**Program:** Equitable Sharing

**CFDA No.:** 16.922

**Federal Grantor:** U.S. Department of Justice

**Award Year:** FY 2012 - 2013

**Compliance Requirement:** Procurement Suspension and Debarment

*Significant Deficiency, Instance of Non-Compliance* – Based on testing performed, we noted that the County (Sheriff's Department) did not procure goods and services with programmatic funds in accordance with the County's policies and procedures. County policies and procedures require that when federal funds are being used to procure goods and services that the contract contain language specific to various OMB Circular A-133 requirements. As the funding source was not correctly identified as federal at the onset of the procurement process, the standard contract language referring to the various OMB Circular A-133 requirements was not included in the contract thus not communicated to the vendor.



### **Prior Recommendation:**

We recommend the County (Sheriff's Department) strengthen their policies and procedures over the procurement of goods and services procured with federal funds to ensure goods and services procured with federal funds are properly identified and federal contract provisions are stated in each agreement. Additionally, we recommend that the County (Sheriff's Department) implement policies and procedures designed to more closely monitor their projects being funded with federal monies.

### **Current Status: Fully Implemented**

### **Prior Finding 2013-007:**

**Program:** Equitable Sharing

**CFDA No.:** 16.922

**Federal Grantor:** U.S. Department of Justice

**Award Year:** FY 2012 - 2013

**Compliance Requirement:** Davis-Bacon Act

*Significant Deficiency, Instance of Non-Compliance* - Based on testing performed, we noted the County (Sheriff's Department) did not properly identify and communicate Davis-Bacon Act provisions in a construction contract for a project being federally funded.

### **Prior Recommendation:**

We recommend the County (Sheriff's Department) strengthen their policies and procedures over the communication of federal requirements, including Davis-Bacon Act requirements, within the agreements with County vendors.

### **Current Status: Fully Implemented**

### **Prior Finding 2013-008:**

**Program:** Equitable Sharing

**CFDA No.:** 16.922

**Federal Grantor:** U.S. Department of Justice

**Award Year:** FY 2012 - 2013

**Compliance Requirement:** Reporting



*Significant Deficiency, Instance of Non-Compliance* - Based on testing performed, the Equitable Sharing Agreement and Certification for fiscal year-end June 30, 2013 submitted to the Department of Justice (DOJ) could not be supported by the accounting records. It was noted that expenditures reported to the DOJ contained transfers to other County departments, and that those transfers were not supported by actual costs resulting in several adjustments to the SEFA to properly reflect true federal expenditures.

### **Prior Recommendation:**

We recommend the County (Sheriff's Department) strengthen its policies and procedures as it relates to the accurate reporting of federal expenditures on the SEFA and those reported out to its Federal Awarding Agency, the US Department of Justice.

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

The Department has taken the following action:

1. The accounting staff has attended Single Audit training put on by the County's Auditor-Controller/Treasurer/Tax Collector Department and Equitable Sharing training for State and Local Law Enforcement Agencies provided by the Department of Justice and Treasury.

### **ATC Recommendation:**

The Department should take these additional steps to fully implement its corrective action plan:

1. Transactions and data required for Equitable Sharing Agreement and Certification (ESAC) and the County's Schedule of Expenditures of Federal Awards (SEFA) reporting should be reviewed by an Accounting Supervisor on a monthly basis to assure compliance with reporting requirements.
2. We further recommend that the Accounting Supervisor's review be documented with a signature.

### **Management's Response:**

The Sheriff's Department, effective July 1, 2015, will prepare a formal monthly revenue and expenditure reconciliation for all federal program expenditures. The report will include a review to ensure all expenditures paid with federal funds are within program compliance requirements. In addition, the report will be reviewed



and signed by a Senior Accounting staff member for accuracy and maintained with program fiscal files.

**Auditor's Response:**

The Department's actions and planned actions will correct the deficiency noted in the finding.