

**SAN BERNARDINO COUNTY  
SHERIFF'S DEPARTMENT  
ANTI-DRUG ABUSE ENFORCEMENT  
TEAM PROGRAM  
GRANT AWARD #DC11 22 0360  
FINANCIAL STATEMENT  
WITH INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED JUNE 30, 2012**

SAN BERNARDINO COUNTY SHERIFF'S DEPARTMENT  
ANTI-DRUG ABUSE ENFORCEMENT TEAM PROGRAM  
GRANT AWARD #DC11 22 0360

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FOR THE YEAR ENDED JUNE 30, 2012

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of grant revenue and expenditures of the San Bernardino County Sheriff's Department (Department), Anti-Drug Abuse Enforcement Team Program Grant in accordance with the California Emergency Management Agency Award #DC11 22 0360 for the year ended June 30, 2012. This statement is the responsibility of the Department'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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 revenue 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 Department's revenue and expenditures.

In our opinion, the statement referred to above presents fairly, in all material respects, the grant revenue and expenditures of the San Bernardino County Sheriff's Department Anti-Drug Abuse Enforcement Team Program Grant in accordance with the California Emergency Management Agency Award #DC11 22 0360 for the year ended June 30, 2012, in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2013 on our consideration of the Department'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 Board of Supervisors, the San Bernardino County Sheriff's Department management, the San Bernardino County District Attorney's Office management, 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*

January 29, 2013  
Redlands, California

SAN BERNARDINO COUNTY SHERIFF'S DEPARTMENT  
ANTI-DRUG ABUSE ENFORCEMENT TEAM PROGRAM  
GRANT AWARD #DC11 22 0360  
**STATEMENT OF GRANT REVENUE AND EXPENDITURES**  
FOR THE YEAR ENDED JUNE 30, 2012

**REVENUE**

Reimbursements received/receivable \$698,442

**EXPENSES**

Salaries and benefits 235,209

Services and supplies 463,233

**Total Expenses** 698,442

**EXCESS OF REVENUE OVER EXPENDITURES** \$ -

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

SAN BERNARDINO COUNTY SHERIFF'S DEPARTMENT  
ANTI-DRUG ABUSE ENFORCEMENT TEAM PROGRAM  
GRANT AWARD #DC11 22 0360  
NOTES TO THE STATEMENT OF GRANT REVENUE AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2012

1. **ORGANIZATION**

A. **Description of Reporting Entity**

The statement represents the grant revenue and expenditures of the San Bernardino County Sheriff's Department, California Emergency Management Agency (Cal EMA) Anti-Drug Abuse Enforcement Team Program Grant Award #DC11 22 0360 for the year ended June 30, 2012. The grant was funded by Cal EMA and administered by the San Bernardino County Sheriff's Department. The accompanying statement of grant revenue and expenditures presents only the activities of the Anti-Drug Abuse Enforcement Team Program Grant Award #DC11 22 0360 and is not intended to present the financial position of the San Bernardino County Sheriff's Department 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 the Department to focus on street-level offenders through cooperative efforts of investigators, drug endangered children investigators, crime lab personnel, probation officers, and prosecutors in San Bernardino County.

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 revenue and expenditures. Actual results could differ from those estimates.

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

The statement of grant revenue and expenditures presents the eligible costs charged to the Anti-Drug Abuse Enforcement Team Program Grant Award #DC11 22 0360 by the Department and the revenue received in reimbursement of those costs by Cal EMA.

C. **Basis of Accounting**

Revenue 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. Revenue is 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,  
San Bernardino County Sheriff's Department, and  
San Bernardino County District Attorney's Office  
San Bernardino, California

We have audited the statement of grant revenue and expenditures of the San Bernardino County Sheriff's Department (Department) Anti-Drug Abuse Enforcement Team Program Grant in accordance with the California Emergency Management Agency (Cal EMA) Award #DC11 22 0360 for the year ended June 30, 2012, and have issued our report thereon dated January 29, 2013. The grant was funded by Cal EMA and administered by the Department. 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 Department is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Department'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 revenue and expenditures, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting for the Anti-Drug Abuse Enforcement Team Program Grant. Accordingly, we do not express an opinion on the effectiveness of the Department'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 statement will not be prevented, or detected and corrected on a timely basis.

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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 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 the Department's Anti-Drug Abuse Enforcement Team Program Grant statement of grant revenue 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 of 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 Department's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Department'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 Board of Supervisors, the San Bernardino County Sheriff's Department management, the San Bernardino County District Attorney's Office management, 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*

January 29, 2013  
Redlands, California

SAN BERNARDINO COUNTY SHERIFF'S DEPARTMENT  
ANTI-DRUG ABUSE ENFORCEMENT TEAM PROGRAM  
GRANT AWARD #DC11 22 0360  
**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 Department 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 for one employee exceeded the amount reported in the County Detail Expenditure Transaction Listing by Coded Organization and Object Code (general ledger) by \$630.

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 deferred compensation. The Department used the County Labor Distribution Report to prepare the personal services category on the quarterly Report of Expenditures. As a result, the quarterly Report of Expenditures personal services category was overstated by the amount of the deferral. The County Payroll Register reflected the deferral and was in agreement with the general ledger. The Department does not have a procedure in place to verify the accuracy of the reports used in preparation of the Report of Expenditures.

Recommendation: We recommend that the Department 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 Payroll Register at least once annually or whenever there is a change in the compensation package. We also recommend that revised quarterly Reports of Expenditures be prepared and approved by the California Emergency Management Agency.

## **SCHEDULE OF FINDINGS AND RESPONSES (Continued)**

### **The Department's Response:**

The Department concurs with the recommendations. The Department's Bureau of Administration Division Finance Unit is responsible for the financial monitoring of all grants. Therefore, to comply with the recommendations of this finding, the staff in charge of the grant financial monitoring will include as part of its procedures the monthly comparison of the County Labor Distribution Report to the County Payroll Register to ensure that grant Report of Expenditures is reconciled to the General Ledger. Per conversation with Cal EMA Criminal Justice Specialist for Anti-Drug Abuse Program (DC11 22 0360), a revised Report of Expenditures is not necessary at this time. The correction will be reflected on the January-March 2013 Report of Expenditures report.

SAN BERNARDINO COUNTY SHERIFF'S DEPARTMENT  
ANTI-DRUG ABUSE ENFORCEMENT TEAM PROGRAM  
GRANT AWARD #DC11 22 0360  
**STATUS OF PRIOR-YEAR FINDINGS AND RESPONSES**  
JUNE 30, 2012

**Compliance and Other Matters**

**Employee timecards/sheets**

Criteria: Section 11331 of the California Emergency Management Agency *2010 Recipient Handbook* requires that all grant-funded personnel must maintain time cards/sheets that indicate, on a daily basis, the actual time worked on each Cal EMA project and account for all the time worked by the employee during the pay period. Time cards/sheets must be signed by the employee and their supervisor.

Condition: The Department documents the actual time worked on the Anti-Drug Abuse Enforcement Team Program Grant through its eTime time-entry system. At the end of each pay period, the eTime is to be submitted by the employee and approved by the supervisor. Additionally, if overtime is spent on a Cal EMA project, an Employee Daily Overtime Worksheet accounts for the overtime spent on each project and is signed by the employee. During testing of grant expenditures, we noted one instance where the eTime was not submitted by the employee, but both submitted and approved by the supervisor. Additionally, an Employee Daily Overtime Worksheet was not prepared.

Cause: It appears that for some reason, the employee was not able to submit their eTime or prepare and sign their Employee Daily Overtime Worksheet on a timely basis. The Department's policy is to have the employee's supervisor submit their time for timely processing.

Recommendation: We recommend that in these situations, the Department institute a policy of printing the eTime report and have employees sign the printed copy and sign their Employee Daily Overtime Worksheets when they are able to return to the office.

The Department's Response: The Department's Administrative Services Division Finance Unit is responsible for the financial monitoring for all grants. It is also responsible for assuring that grant files are audit ready. Therefore, to comply with the recommendation of this finding, the staff in charge of the grant financial monitoring will ensure that grant file copies of Employee Daily Overtime Worksheets and eTime reports, submitted by other than the employee, are signed by the employees whose time is being claimed.

Status: Not a finding in the current year. The recommended policy was implemented.