

SAN BERNARDINO COUNTY
DISTRICT ATTORNEY'S OFFICE

WORKERS' COMPENSATION INSURANCE
FRAUD PROGRAM GRANT

FINANCIAL STATEMENT WITH
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2009

SAN BERNARDINO COUNTY
DISTRICT ATTORNEY'S OFFICE

WORKERS' COMPENSATION INSURANCE
FRAUD PROGRAM GRANT

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CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, C.P.A.
- Donald L. Parker, C.P.A.
- Michael K. Chu, C.P.A.
- David E. Hale, C.P.A., C.F.P.
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of the grant revenues and expenditures of the San Bernardino County District Attorney's Office (the Office) *Workers Compensation Insurance Fraud Program Grant* in accordance with the State of California's Department Insurance Fraud Division *Workers' Compensation Insurance Fraud Program Grant Contract* for the year ended June 30, 2009. 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 and 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 State of California's Department for Insurance Fraud Division "Grant Financial Audit Guidelines". 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 statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of grant revenues and expenditure was prepared for the purposes of complying with the audit requirements of the State of California's Department of Insurance Fraud Division as described in Note 1 and is not intended to be a complete presentation of the Office's revenue and expenditures.

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 *Workers Compensation Insurance Fraud Program Grant* in accordance with the State of California's Department of Insurance Fraud Division for the year ended June 30, 2009, 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 4, 2009, 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.



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

This report is intended solely for the information and use of the County's Board of Supervisors, District Attorney's Office management and the California Department of Insurance Fraud Division, and is not intended to be, and should not be, used by anyone other than these specified parties.

Lance, Soll & Luyhard, LLP

December 4, 2009

**SAN BERNARDINO COUNTY DISTRICT ATTORNEY'S OFFICE
WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM GRANT**

STATEMENT OF GRANT REVENUES AND EXPENDITURES

YEAR ENDED JUNE 30, 2009

Revenues

Reimbursements received/receivable \$ 2,111,640

Expenditures

Salaries and benefits 1,790,661

Services and supplies 187,341

Total expenditures 1,978,002

Excess of revenues over (under) grant expenditures 133,638

Fund balance (carryover), beginning of year -

Fund balance (carryover), end of year \$ 133,638

**SAN BERNARDINO COUNTY DISTRICT ATTORNEY OFFICE'S
WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM GRANT**

NOTES TO THE STATEMENT OF GRANT REVENUES AND EXPENDITURES

Note 1: Summary of Operations and Significant Accounting Policies

Description of the Reporting Entity

The statement represents the grant revenues and expenditures of the San Bernardino County District Attorney's Office (the Office) *Workers' Compensation Insurance Fraud Program Grant* for the year ended June 30, 2009. The grant is pursuant to the provisions of California Insurance Code Section 1872.83 and is solely for the purpose of enhancing investigation and prosecution of workers' compensation fraud cases. The grant was funded by the State of California Department of Insurance Fraud Division and administered by the San Bernardino County District Attorney's Offices. The accompanying statement of grant revenues and expenditures presents only the activities of the *Workers' Compensation Insurance Fraud Program Grant* and is not intended to present the financial position of the San Bernardino County District Attorney's Office nor the County of San Bernardino itself in conformity with accounting principles generally accepted in the United States of America.

Description of Grant

The grant funds are issued pursuant to authority granted to the California Insurance Commissioner, under the provision of Section 1872.83 of the California Insurance Code, to all local district attorney offices for the distribution of funding for investigation and prosecution of workers' compensation insurance fraud cases.

The preparation of this statement requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of revenues and expenditures, as well as the disclosure of contingent liabilities. Actual results could differ from those estimates. Management also determines the accounting principles to be used in the preparation of the statement. A description of the significant accounting policies employed in the preparation of this statement follows.

Statement of Grant Revenues and Expenditures

The statement of grant revenues and expenditures presents the eligible costs charged to the *Workers' Compensation Insurance Fraud Program Grant* by the San Bernardino County District Attorney's Office and the revenues awarded to the Office by the State of California Department of Insurance Fraud Division.

Basis of Accounting

Revenues and expenditures are presented on an 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 the grant is awarded.

**SAN BERNARDINO COUNTY DISTRICT ATTORNEY OFFICE'S
WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM GRANT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

Administrative Findings

None noted.

Grant Award Findings and Questioned Costs

None noted.

**SAN BERNARDINO COUNTY DISTRICT ATTORNEY OFFICE'S
WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM GRANT**

**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008**

Administrative Findings

None noted.

Grant Award Findings and Questioned Costs

None noted.



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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 District Attorney's Office

We have audited the statement of grant revenues and expenditures of the San Bernardino County District Attorney's Office (the Office) *Workers' Compensation Insurance Fraud Program* Grant in accordance with the State of California's *Workers Compensation insurance Fraud Program* Grant Contract for the year ended June 30, 2009 and have issued our report thereon dated December 4, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 opinions 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. Accordingly, we do not express an opinion on the effectiveness of the Office's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Office's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Office's statement of grant revenues and expenditures that is more than inconsequential will not be prevented or detected by the Office's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the statement of grant revenues and expenditures will not be prevented or detected by the Office's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office'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. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States.

This report is intended solely for the information and use of County's Board of Supervisors, District Attorney's Office management, and the California Department of Insurance Fraud Division, and is not intended to be and should not be used by anyone other than these specified parties.

Lance, Solt & Lughard, LLP

December 4, 2009

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INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

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

We have audited the statement of grant revenues and expenditures of the San Bernardino County District Attorney's Office (the Office) *Workers' Compensation Insurance Fraud Program* Grant in accordance with the State of California's *Workers' Compensation Insurance Fraud Program* Grant Contract for the year ended June 30, 2009 and have issued our report thereon dated December 4, 2009. Our audit was made in accordance with auditing standards generally accepted in the United State of America, the standards for financial audit contained in Governmental Auditing Standards issued by the Controller General of the United State and Section 1872.83 of the State of California Insurance Code. Those standards require that we plan and perform the audit to obtain assurance about whether the statement of grant revenues and expenditures financial statement is free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the statement. Au audit also include assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Office's management is responsible for the Office's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the Office's compliance with State laws and regulations applicable to the following:

Expenditures made for the purpose of the program as specified in Section 1872.83 of the California Insurance Code, the Regulations, and the guidelines in the Request for Application and the County Plan.

Based on our audit, we found that, for the items tested, the Office complied with the laws and regulations referred to above. Further, based on our examination, for items not tested, nothing came to our attention to indicate that the Office had not complied with State laws and regulation.

This report is intended solely for the information and use of the County's Board of Supervisors, District Attorney's Office management, and the California Department of Insurance Fraud Division, and is not intended to be and should not be used by anyone other than these specified parties.

Lance, Soll & Luyhard, LLP

December 4, 2009