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June 18, 2012

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SUBJECT: TAD SINGLE AUDIT FOLLOW-UP

Introductory Remarks

In compliance with Article V, Section 6, of the San Bernardino County Charter, the Board of Supervisor's Policy Statement on Internal Operational Auditing and 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, 2010 (FY 2010) for the Transitional Assistance Department (TAD).

Background

The Single Audit Act Amendments of 1996 and OMB Circular A-133 require nonfederal 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 FY 2010 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 31, 2011. In accordance with OMB Circular A-133, the auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the county must prepare a summary schedule of prior audit findings that include status of all audit findings included in the prior audit's schedule of findings relative to federal awards. Our schedule was provided to VTD, the County Executive Officer and the Board of Supervisors.

Objectives, Scope and Methodology

The objective of this follow-up audit was to determine whether TAD implemented the recommendations contained in the FY 2010 Single Audit report. To achieve this objective we:

- Reviewed implemented policies
- Interviewed departmental personnel
- Tested a sample of applicant case files

Conclusion

Policies and procedures were implemented to ensure the Income and Eligibility Verification System (IEVS) reports were generated and retained for all applicants to substantiate program eligibility.

Prior Audit's Observations, Findings and Recommendations with Current Status

The details of the prior audit's observations, findings and recommendations and their implementation status are below:

FINDING 2010-02: Departmental staff was not consistently generating IEVS reports to ensure program eligibility.

Program: Temporary Assistance for Needy Families (TANF)

Instance of Non-Compliance – Of the 40 case files selected for testwork, we noted the following:

- An IEVS report is required to be run upon reapplication / determination of eligibility into the program. When applicants first apply or re-apply after being ineligible, the IEVS report must be ran to ascertain the applicant's income. We noted two files did not contain the IEVS report.

Recommendation:

We recommend the County follow existing policies/procedures, reviews, and enhance IEVS follow up through a quarterly review to ensure policies are correctly followed and IEVS reports exist in case files.

View of Responsible Official and planned Corrective Actions:

To ensure Eligibility Workers (EWs) obtain, reconcile and properly document IEVS and Payment Verification System (PVS) reports necessary to support participant case eligibility, the following plans are or will be put into place:

IEVS/PVS Reports

Policy material identifying regulations for initiating and reconciling IEVS/PVS on all applicants and recipients with Social Security numbers is located in the Operations and Procedures Policy Handbook. In the C-IV System, a Task is generated when an IEVS or PVS report has been received. Instructions are also included in the Operations and Procedures Policy Handbook describing the process and timeframes to clear a Task. This policy was implemented in November of 2007, following the automation of IEVS via C-IV.

Our current case review process includes questions regarding IEVS/PVS reports request and reconciliation process. The questions are intended to capture errors for cases without IEVS on file or not properly reconciled. Errors found must be corrected within 10 days. Analytical reports are completed on a monthly basis with determination of error trends and corrective action measures to implement. These are reviewed with all eligibility staff on a monthly basis.

Additionally, Imaging (Image Now) Solution was put in place in May 2010; all records are now imaged and transferred to files by individual EWs with personal scanner/imagers which replace previous paper and splitting of cases where items may be lost.

Corrective Action Specifics:

- Supervision will review procedures with all eligibility staff during the month of April 2011.
- Notification will be sent to staff, during the month of April 2011, to remind them of IEVS Regulations in the form of a Do You Know document.
- In Service Training via Performance, Education, & Resource Centers (PERC) during June 2011, training will focus on IEVS and policy/procedures.

Current Status: Implemented

The department has fully implemented the corrective actions for generating IEVS reports to determine program eligibility.

Thank you for the cooperation extended by your staff during the course of this audit.

Respectfully submitted,

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San Bernardino County

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