

# AUDITOR-CONTROLLER/ TREASURER/TAX COLLECTOR



COUNTY OF SAN BERNARDINO

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September 27, 2012

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**SUBJECT: 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 Office of Emergency Services (OES), a division of the San Bernardino County Fire Department.

## **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 prepared a summary schedule of prior audit findings that included the status of all audit findings 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 OES implemented the recommendations contained in the FY 2010 Single Audit report.

To achieve this objective we:

- Reviewed procedures
- Interviewed departmental personnel
- Tested a sample of subrecipient agreements

### **Conclusion**

Procedures for including the required grant information in the subrecipient agreements were implemented as recommended. However, subrecipients are not submitting their respective corrective action plans by the deadline stipulated in the subrecipient agreement.

### **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 2010-03: Required grant information was not included in the subrecipient agreements**

**Program:** Homeland Security Grant Cluster (HSGP)

*Instance of Non-Compliance* – As a result of our audit during FY 2009-2010, we noted the following based on our testing performed over subrecipient monitoring:

- For 2 of 8 subrecipient files tested, the County did not receive the required corrective action plans from the subrecipients in a timely manner.
- For 8 of 8 subrecipient files tested, the County did not identify the CFDA number to the subrecipients in the subrecipient agreements for grant year 2007 and 2008.
- For 1 of 8 subrecipient files tested, the County did not obtain the quarterly report from the subrecipient.

#### **Recommendation:**

We recommend the County follow its policies and procedures to ensure that the information required by OMB Circular A-133 is included in the subrecipient agreements. It was noted that the County has sent notices to its 2007 and 2008 HSGP subrecipients on January 25, 2011 of the elements as required by OMB Circular A-133, including the CFDA title and number, award name, and federal

agency. In addition, the County has incorporated the required language in its subrecipient agreements for HSGP grant years 2009 and forward.

Additionally, we recommend the County ensure the receipt of appropriate corrective action on all audit findings and follow procedures to ensure the subrecipients' corrective action plans are being appropriately implemented.

**View of Responsible Official and planned Corrective Actions:**

- In February 2010, the department was audited and found the same compliance issue on its 2007 subrecipient agreements. In March 2010, the department incorporated the required language in its 2009 agreements and subsequent agreements thereafter. On January 25, 2011, the department also notified subrecipients with current contracts on the 2007 and 2008 grants via memo, notifying them of the CFDA title, number and funding agency as required by OMB Circular A-133.
- The department will continue to implement the procedures adopted in March 2010 to ensure that all new agreements will contain the CFDA and funding agency information.
- The department will increase its efforts in ensuring that all subrecipients submits, in a timely manner, the required corrective action plan for single audit findings while also ensuring that the subrecipients implemented their respective corrective action plans.

**Current Status: Partially Implemented**

OES is still not enforcing the requirement for the subrecipients to submit corrective action plans by the April 30<sup>th</sup> deadline that is stipulated in the subrecipient agreement.

The department has implemented procedures to ensure that the information required by OMB A-133 is included in the subrecipient agreements.

We did not review the quarterly reports mentioned in the original finding because they were not associated with the compliance requirements of the federal grant program.

**Further Recommendations**

We recommend that OES institute a written enforcement process for subrecipients who fail to meet the reporting deadline stipulated in the subrecipient agreement. If a subrecipient repeatedly does not comply with the reporting deadline, then OES should consider suspending the subrecipient's program funding until the reporting requirements have been fulfilled. We further recommend that management establish ongoing

monitoring of the submission process to ensure subrecipients consistently adhere to the deadlines established by the Department.

**Management's Response**

County Fire will update Operations Directive 1251 Section III C 5 to contain language allowing County Fire to place any subrecipients' request for reimbursement on hold if the applicable Single Audit Report with Corrective Action Plan is not submitted by the required deadline. County Fire will be conducting a HSGP training for all subrecipients and county departments that participate in the HSG Programs. The training will be held at OES Training Room in October.

**Auditor's Response**

The corrective actions implemented by management adequately address the deficiencies noted during the audit.

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

Respectfully submitted,

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By:

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