

AUDITOR-CONTROLLER/ TREASURER/TAX COLLECTOR



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May 15, 2013

Trudy Raymundo, Director
Department of Public Health
351 North Mt. View Avenue
San Bernardino, CA 92415

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 Report for the fiscal year ended June 30, 2010 (FY 2010) for the Department of Public Health (DPH) (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 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.

The Department of Public Health was awarded \$3,581,195 by the Department of Health and Human Services (federal agency) for the period of August 2008 – August 2010. In FY 2010, the Department incurred \$2,455,968 in program expenditures.

Objectives, Scope and Methodology

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

- Reviewed policies
- Interviewed departmental personnel
- Reviewed electronic inventory system

Conclusion

The Department has established an effective inventory system for its federally funded assets. The equipment and inventory records contain the required detailed information stipulated in OMB A-133. Additionally, the Department conducted an annual physical inventory of equipment, which is a mandate of the contract agreement between the California Department of Public Health and the County of San Bernardino. We also noted that the Department developed a comprehensive set of policies and procedures over the management of its equipment and inventories.

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 2010-12: The Department did not maintain inventory records for federally funded assets.

Program: Public Health Emergency Preparedness

Significant Deficiency, Instance of Non-Compliance – Through our compliance testing, it was noted that the San Bernardino County's Public Health Emergency Preparedness Program did not maintain an effective inventory system for its federally purchased assets. The equipment and inventory records did not contain adequate level of details, and no annual inventory check was conducted which is required per the State contract between the California Department of Public Health and the County of San Bernardino Department of Public Health.

Recommendation:

We noted that the Department of Public Health is in the process of acquiring and implementing a new inventory management system that provides a more sophisticated indexing system, better inventory monitoring capability, and stricter access controls. We recommend the Department of Public Health finalize the implementation of the new

inventory management system, and develop a more comprehensive set of policies and procedures over management of its equipment and inventories.

View of Responsible Official and planned Corrective Actions:

The Preparedness and Response Program is currently implementing an electronic inventory system. Data entry is ongoing. Input of inventory is complete with the exception of expendable items. 100% data indexing will be completed by July 29, 2011. The tracking of assets and dollar amount feature has proven to be more challenging with the implementation of the new system including testing, validating and training. The tracking of assets and dollar amount feature will be completed by July 29, 2011.

Current Status: Implemented

The Department has fully implemented the corrective actions for maintaining inventory records and conducting a physical inventory of federally funded assets. The Department has also developed a comprehensive set of policies and procedures over the management of equipment and inventories.

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

Respectfully submitted,

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