

# County of San Bernardino

Auditor-Controller/Treasurer/Tax Collector  
Internal Audits Section

---

## Behavioral Health Department: FY13 Single Audit Follow-Up



**Larry Walker**  
**Auditor-Controller/Treasurer/Tax Collector**

222 West Hospitality Lane  
San Bernardino, CA 92415-0018  
(909) 386-8821

**Website:** [www.sbcounty.gov/atc](http://www.sbcounty.gov/atc)

**Fraud, Waste & Abuse Hotline:** (800) 547-9540

# Auditor-Controller/Treasurer/Tax Collector

---

## *Mission Statement*

*The San Bernardino County Auditor-Controller's Office is committed to serving our customers by processing, safeguarding, and providing information regarding the finances and public records of the County. We perform these functions with integrity, independent judgment, and outstanding service. We are accurate, timely, courteous, innovative, and efficient because of our well-trained and accountable staff.*

---

## Audit Team

**Denise Mejico**

Chief Deputy Auditor

**Mary Barber, CPA**

Internal Audits Manager

**Rachel Ayala**

Supervising Internal Auditor III

**Sakura Younger**

Accountant III

# AUDITOR-CONTROLLER/ TREASURER/TAX COLLECTOR



COUNTY OF SAN BERNARDINO

- 222 West Hospitality Lane, Fourth Floor  
San Bernardino, CA 92415-0018 • (909) 387-8322 • Fax (909) 386-8830
- 172 West Third Street, First Floor  
San Bernardino, CA 92415-0360 • (909) 387-8308 • Fax (909) 387-6716

**LARRY WALKER**  
Auditor-Controller/  
Treasurer/Tax Collector

**May 18, 2015**

**CaSonya Thomas, Director**  
Behavioral Health Department  
303 E. Vanderbilt Way  
San Bernardino, CA 92415-0026

**SUBJECT: Behavioral Health Department – FY13 SINGLE AUDIT FOLLOW-UP AUDIT**

In compliance with Article V, Section 6, of the San Bernardino County Charter, County Policy 05-20 entitled Internal Operational Auditing, and Office of Management and Budget (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, 2013 (FY13) for the Behavioral Health Department. The objective of the audit was to determine if corrective actions for the department's FY13 Single Audit findings have been implemented. We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors.

We have provided a status of the audit findings identified in the original audit report issued on March 25, 2014. The Department has implemented the recommendations from the original audit report.

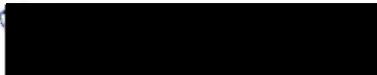
We would like to express our appreciation to the personnel at the Behavioral Health Department who assisted and cooperated with us during this engagement.

Respectfully submitted,

**Larry Walker**

Auditor-Controller/Treasurer/Tax Collector  
San Bernardino County

By:



**Denise Mejico**  
Chief Deputy Auditor

Enclosure

Distribution of Audit Report:

Robert Lovingood, Vice Chair, 1<sup>st</sup> District Supervisor  
Janice Rutherford, 2<sup>nd</sup> District Supervisor  
James Ramos, Chair, 3<sup>rd</sup> District Supervisor  
Curt Hagman, 4<sup>th</sup> District Supervisor  
Josie Gonzales, 5<sup>th</sup> District Supervisor  
Gregory C. Devereaux, County Executive Officer  
Grand Jury, Foreperson (2)  
Auditor-Controller Audit Committee

Date Report Distributed: 5/20/15

LDW:DLM:SSY:oac



**Behavioral Health Department:  
FY13 Single Audit Follow-Up**

<b>Audit Background</b>	<b>1</b>
<b>Scope, Objective, and Methodology</b>	<b>2</b>
<b>Prior Audit Findings, Recommendations, and Current Status</b>	<b>3 - 4</b>



### **Background**

The Single Audit Act Amendments of 1996 and the OMB Circular A-133 require non-federal 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 auditor's Vavrinek, Trine, Day & Co., LLP (VTD), conducted the County's FY13 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 25, 2014. In accordance with OMB Circular A-133, the auditee is responsible for follow-up and corrective action on all audit findings.



## Scope and Objective

The objective of this follow-up audit was to determine whether the Department implemented the recommendations contained in the prior audit report, County of San Bernardino FY13 Single Audit Report, issued on March 25, 2014.

## Methodology

In achieving the audit objective, the following evidence gathering audit procedures were performed, including but not limited to:

- Interviews.
- Walk-through of activity.
- Review of policies and procedures.



### **Prior Finding 2013-003**

**Program:** Block Grants for Community Mental Health Services

**CFDA No.:** 93.958

**Federal Agency:** U.S. Department of Health and Human Services

**Passed-through:** California Department of Health Care Services

**Award No.:** 1946001347J5

**Award Year:** FY 2012-2013

**Compliance Requirement:** Allowable Activities and Allowable Costs/Cost Principles

*Significant Deficiency, Instance of Non-Compliance* – Based on review of payroll expenses charged to the program, it was noted that a retirement incentive payment made to a retired employee was charged to the program. This is not an allowable cost, as the employee was retired and did not work on the program during the fiscal year.

### **Recommendation:**

We recommend that the County (Department of Behavioral Health) strengthen procedures to ensure that only allowable costs are charged to the program.

### **Current Status: Implemented**

The Department has strengthened internal controls by adding instructions and supervisor review responsibilities to the Mental Health Block Grant (MHBG) report procedures.



### **Prior Finding 2013-004**

**Program:** Block Grants for Community Mental Health Services

**CFDA No:** 93.958

**Federal Agency:** U.S. Department of Health and Human Services

**Passed-through:** California Department of Health Care Services

**Award No:** 1946001347J5

**Award Year:** FY 2012-2013

**Compliance Requirement:** Earmarking

*Significant Deficiency, Instance of Non-Compliance* - For fiscal year 2012-2013, the County (Department of Mental Health) allocated to the program \$316,233 in administrative costs. This amount agreed to the "Federal Grant Detailed Program Budget" included in the County's fiscal year 2012-2013 agreement with the California Department of Health Care Services. However, the County could only support \$243,886 in actual administrative costs resulting in a difference of \$72,347.

### **Recommendation:**

We recommend the County implement policies and procedures to ensure that the County complies with the earmarking requirement under the terms of the grant agreement.

### **Current Status: Implemented**

The Department has revised the Mental Health Block Grant fiscal policies and procedures to use the annualized actual administration costs, determined by the administration cost analysis completed by the Department in November, in preparing the annual MHBG claim submitted in December to the California Department of Health Care Services.