

County of San Bernardino

**Auditor-Controller/Treasurer/Tax Collector
Internal Audits Section**

Department of Behavioral Health: FY17 Single Audit Follow-up



Oscar Valdez

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Auditor-Controller/Treasurer/Tax Collector

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**Department of Behavioral Health
FY17 Single Audit Follow-Up**

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September 4, 2018

Veronica Kelley, Director
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SUBJECT: Department of Behavioral Health – FY17 Single Audit Follow-Up

In compliance with Article V, Section 6, of the San Bernardino County Charter and County Policy 05-20 entitled Internal Operational Auditing, we have completed a follow-up audit of the implementation of the recommendations noted in the County of San Bernardino's Single Audit for the fiscal year ended June 30, 2017 (FY17). The objective of the audit was to determine if corrective actions for the Department's FY17 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 26, 2018. The Department has implemented all of the recommendations from the original audit report.

We sent a draft report to the Department on August 10, 2018.

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

Respectfully submitted,

Oscar Valdez

Auditor-Controller/Treasurer/Tax Collector
San Bernardino County

By:



Denise Mejico

Chief Deputy Auditor

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FY17 Single Audit Follow-Up

The Single Audit Act Amendments of 1996 and Office Management and Budget (OMB) 2 CFR 200 “*Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*” (Uniform Guidance) require nonfederal entities that expend \$750,000 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 FY17 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 the Uniform Guidance. VTD issued the report of March 26, 2018. In accordance with the Uniform Guidance, the auditee is responsible for the follow-up and corrective action on all audit findings.



Scope and Objectives

Our audit examined the Department's policies, procedures and other corrective actions as of the date of fieldwork, June 26, 2018.

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 FY17 Single Audit Report*, issued on March 26, 2018.

Methodology

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

- Interviews of Department staff
- Review of policies and procedures
- Review of pertinent documents



Prior Finding 2017-006

Programs: Block Grants for Community Mental Health Services

CFDA No.: 93.958

Federal Grantor: U.S. Department of Health and Human Services

Passed-through: California Department of Health Care Services

Award Year: FY 2016-17

Compliance Requirements: Subrecipient Monitoring

Significant Deficiency, Instance of Non-Compliance – We noted 1 instance out of 1 subrecipient selected for testwork where the County (Department of Behavioral Health) did not identify all of the required elements of the subaward in accordance with 2 CFR 200.331(a) of the Uniform Grant Guidance.

Recommendation:

It is recommended that the County (Department of Behavioral Health) prepare subaward agreements that contain all of the required elements as specified in 2 CFR 200.331(a)(1).

Current Status: Implemented

The Department has developed adequate grant award notifications that address the required elements that are not already in the contract as specified in 2 CFR 200.331(a)(1) of the Uniform Guidance. These notifications will be part of the contract package.



Prior Finding 2017-007

Program: Block Grants for Community Mental Health Services

CFDA NO.: 93.958

Federal Grantor: U.S. Department of Health and Human Services

Passed-through: California Department of Health Care Services

Award Year: FY 2016-17

Compliance Requirement: Procurement, Suspension, and Debarment

Significant Deficiency, Instance of Non-Compliance: As a result of the testwork performed, the County (Department of Behavioral Health) did not have proper procedures in place for verifying that vendors were not debarred, suspended or otherwise excluded, nor for ensuring there is a clause or condition stated in the contract, prior to entering into covered transactions.

Recommendation:

We recommend the County (Department of Behavioral Health) implement policies and procedures to verify all vendors who are providing services to federally funded programs in excess of \$25,000 to ensure that the entity is not suspended, debarred, or otherwise excluded. This verification should be checked on the System for Awards Management (SAM) website, and evidence of the verification should be maintained.

Current Status: Implemented

The Department adequately implemented policies and procedures to verify all vendors who are providing services to federally funded programs in excess of \$25,000 are not suspended, debarred, or otherwise excluded. The verification is being checked on the System for Awards Management (SAM) website and evidence of the verification is maintained by the Department.