

County of San Bernardino

Auditor-Controller/Treasurer/Tax Collector
Internal Audits Section

Children and Family Services: FY17 Single Audit Follow-Up



Oscar Valdez

Auditor-Controller/Treasurer/Tax Collector

268 West Hospitality Lane
San Bernardino, CA 92415-0018
(909) 382-3183

Website: 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

Menaka Burkitt

Internal Audits Manager

Rachel Ayala

Supervising Internal Auditor III

Nigora Tuyunbaeva

Internal Auditor III



The Department of Children and Family Services: FY17 Single Audit Follow-Up

Audit Report Letter	1
Audit Background	3
Scope, Objective and Methodology	4
Prior Audit Finding, Recommendation and Current Status	5

AUDITOR-CONTROLLER/ TREASURER/TAX COLLECTOR



- 268 West Hospitality Lane, Fourth Floor
San Bernardino, CA 92415-0018 • (909) 387-8322 • Fax (909) 890-4045
- 268 West Hospitality Lane, First Floor
San Bernardino, CA 92415-0360 • (909) 387-8308 • Fax (909) 890-5797

Matt Brown
Assistant Auditor-Controller/Treasurer/Tax Collector

John Johnson
Assistant Auditor-Controller/Treasurer/Tax Collector

September 4, 2018

Marlene Hagen, Director

Children and Family Services
150 S. Lena Road
San Bernardino, CA 92415-0515

SUBJECT: Department of Children and Family Services – 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 recommendation noted in the County of San Bernardino's Single Audit for the fiscal year ended June 30, 2017 (FY17) for the Department of Children and Family Services (Department). The objective of the audit was to determine if corrective action for the Department's FY17 Single Audit finding has 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 finding identified in the original audit report issued on March 26, 2018. The Department has implemented the recommendation from the original audit report.

We sent a draft report to the Department on August 20, 2018.

We would like to express our appreciation to the personnel at the Department of Children and Family Services 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

Distribution of Audit Report:

Robert Lovingood, Chair, 1st District Supervisor
Janice Rutherford, 2nd District Supervisor
James Ramos, 3rd District Supervisor
Curt Hagman, Vice Chair, 4th District Supervisor
Josie Gonzales, 5th District Supervisor
Gary McBride, Chief Executive Officer
Grand Jury
Auditor-Controller Audit Committee

Date Report Distributed: 9.4.18

OV:DLM:NT:



FY17 Single Audit Follow-Up

The Single Audit Act Amendments of 1996 and Office of 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 on March 26, 2018. In accordance with the Uniform Guidance, the auditee is responsible for follow-up and corrective action on all audit findings.



Scope and Objective

Our audit examined the Department's policies, procedures and other corrective actions as of the date of fieldwork, June 5, 2018.

The objective of this follow-up audit was to determine whether the Department implemented the recommendation 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
- Sampling of the time study system generated timesheets
- Examination of original source documents



Prior Finding 2017-003

Programs: Foster Care-Title IV-E

CFDA No.: 93.658

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

Passed-through: California Department of Social Services

Award Year: FY 2016-17

Compliance Requirements: Allowable Costs/Cost Principles

Significant Deficiency, Instance of Non-Compliance – We (VTD) noted that 2 out of the 40 payroll transactions selected for testing had a total of 17 hours of direct costs charged to the program supported by the timesheet that was classified as unallocable time on the time study resulting in a total of 17 hours of allocable time not being charged to the program. Time that is not directly charged to the program is instead allocated, indirectly to other programs.

Recommendation:

We recommend the County (Child and Family Services Department) strengthen procedures to ensure hours documented on the time studies are correctly classified as allocable or unallocable and agree with the classification of hours on the timesheets.

Current Status: Implemented

Based on the testing we performed, the Department has adequately implemented the required corrective action plans to address the finding contained in the *County of San Bernardino FY17 Single Audit Report*, issued on March 26, 2018. The Department strengthened its procedures to ensure hours documented on the time studies are correctly classified as allocable or unallocable and agree with the classification of hours on the timesheets in accordance with *Title 45 CFR Section 75.430 Compensation – Personal Services* of the Uniform Guidance. In addition, the department provided training to supervisors on time review and approval procedures and distributed a flyer to staff reminding them of the importance of accurate time coding.