

# County of San Bernardino

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

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## **Human Services Department: FY19 Single Audit Follow-Up**



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# Auditor-Controller/Treasurer/Tax Collector

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*This 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.*

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Internal Auditor III



# Human Services Department

## FY19 Single Audit Follow-Up

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**December 11, 2020**

**CaSonya Thomas, Assistant Executive Officer**

Human Services

385 North Arrowhead Avenue, 5<sup>th</sup> Floor

San Bernardino, CA 92415-0120

**SUBJECT: Department of Behavioral Health – FY19 Single Audit Follow-Up**

In compliance with Article V, Section 6, of the San Bernardino County Charter, we have completed a follow-up audit of the implementation of the recommendations noted in the County of San Bernardino’s Single Audit Report for the fiscal year ended June 30, 2019 (FY19) for the Human Services Department (Department). The objective of the audit was to determine if corrective actions for the Department’s FY19 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 Single Audit Report issued on March 31, 2020. Of the two recommendations from the original audit report, one has been implemented and one has been partially implemented.

We sent a draft report to the Department on November 4, 2020.

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

Respectfully submitted,

**Ensen Mason CPA, CFA**

Auditor-Controller/Treasurer/Tax Collector  
San Bernardino County

By:

**Denise Mejico**

Chief Deputy Auditor

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### **FY19 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, Eide Bailly LLP, conducted the County's FY19 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. Eide Bailly LLP issued the report on March 31, 2020. 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 16, 2020.

The objective of this follow-up audit was to determine if the corrective actions for the Department's FY19 Single Audit findings, as contained in the *County of San Bernardino FY19 Single Audit Report*, issued on March 31, 2020, have been implemented.

## Methodology

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

- Review of applicable laws, regulations and the Department's policies and procedures.
- Interview of Department staff on policies, procedures, and processes relevant to the areas being reviewed.
- Walk-through of activities to determine whether the Department implemented the new processes.
- Examination of original documents and system generated reports related to areas being reviewed.
- Examine a sample of beneficiaries to determine whether the appropriate action was taken by the Department.





### **Prior Finding 2019-001**

**Program:** Medical Assistance Program (Medicaid Cluster)

**CFDA No.:** 93.778

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

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

**Award Year:** FY 2018-19

**Compliance Requirements:** Eligibility

*Significant Deficiency, Instance of Non-Compliance* – Out of 60 beneficiaries tested, there were 2 instances of individuals whose eligibility was based on the modified adjusted gross income method where the Income and Eligibility Verification Requirements were not documented in accordance with the Department's procedures. The verifications were due August 31, 2018 and July 31, 2018, respectively, and documentation of the verification was not maintained in the case file at the time of our audit.

### **Recommendation:**

Eide Bailly recommended that the County (Human Services Department) update its current training and policies and procedures with regard to the safekeeping of documentation associated with the redeterminations of eligibility to ensure that all documentation supporting eligibility redetermination is available for retrieval.

**Current Status:** Implemented.

The Department has created flyers and incorporated them into their current training. The flyers were also sent to appropriate staff as a reminder to follow the redetermination process of eligibility requirements as required by 42 CFR 435.916. The Department has updated their policies and procedures regarding the safekeeping of documentation associated with the redeterminations of eligibility to ensure that all documentation supporting eligibility redetermination is available for retrieval. We tested documentation supporting eligibility for ten beneficiaries with required redeterminations during the period of our review, and there were no exceptions noted.





### **Prior Finding 2019-002**

**Program:** Medical Assistance Program (Medicaid Cluster)

**CFDA No.:** 93.778

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

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

**Award Year:** FY 2018-19

**Compliance Requirements:** Eligibility

*Significant Deficiency, Instance of Non-Compliance* – As a result of our eligibility testing, we noted 1 case, of the 60 participant case files selected for testing, in which the benefit was not discontinued when the County (Human Services Department) received information about a change in the beneficiary's circumstances (death) and subsequently renewed this individual's benefit for an additional 12 months.

### **Recommendation:**

Eide Bailly recommended that the County (Human Services Department) update its current training and policies and procedures with regard to the handling of cases that require the discontinuance of benefits after circumstances indicate the period of eligibility has expired. Additionally, procedures should be performed to identify and discontinue benefits for any existing beneficiaries receiving benefits after the end of their eligibility period.

**Current Status:** Partially Implemented.

The Department has implemented the monthly generation of the MEDS Alert 2130 (A report generated when a deceased person is reported to the State). The MEDS Alert 2130 was sent to appropriate staff and processed monthly during the period of our review. In addition, the Department has implemented a progress review of processed alerts on a quarterly basis to ensure that appropriate action is taken on processed alerts.



However, the following were noted when we tested six cases of beneficiaries with MEDS Alert received by the Department during the period of our review:

- There was one case in which the benefit of the deceased beneficiary was not discontinued.
- There was one case in which the benefit was discontinued but was erroneously tagged as "Failed Modified Adjusted Gross Income" instead of "deceased".

### **Management's Response:**

The Department is continuing the monthly generation of the MEDS Alert 2130. The MEDS Alert 2130 report is sent to appropriate staff and processed monthly. Management reviews the progress of processing alerts on a monthly basis to ensure that appropriate action is taken. Interim Instruction Notice 20-083 was issued on October 29, 2020, which provides instructions to staff for processing the 2130 MEDS Alert. Flyer 20-264 was issued on November 6, 2020, which provides instructions to process the 2130 MEDS Alert timely and to use the correct discontinuance reason code. In addition, a Tip of the Week came out on November 16, 2020 to remind staff of their responsibility to process MEDS Alerts timely.

### **Auditor's Response:**

The Department's actions will correct the deficiencies identified in the finding.