

# County of San Bernardino

Auditor-Controller/Treasurer/Tax Collector  
Internal Audits Section

---

## Behavioral Health: FY16 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](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

**Menaka Burkitt**

Internal Audits Manager

**Rachel Ayala**

Supervising Internal Auditor III

**Thomas Red Eagle**

Internal Auditor III

# 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

March 30, 2018

## **Veronica Kelley, Director**

Department of Behavioral Health  
303 E. Vanderbilt Way  
San Bernardino, CA 92415

### **SUBJECT: Department of Behavioral Health - FY16 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, 2016 (FY16) for the Department of Behavioral Health (Department). The objective of the audit was to determine if corrective action for the Department's FY 16 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 31, 2017. The recommendation from the original audit report has been partially implemented.

We sent a draft report to the Department on January 25, 2018. The Department's response to our recommendation is included in this report.

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

Distribution of Audit Report:

Robert Lovingood, Chair, 1<sup>st</sup> District Supervisor

Janice Rutherford, 2<sup>nd</sup> District Supervisor

James Ramos, 3<sup>rd</sup> District Supervisor

Curt Hagman, Vice Chair, 4<sup>th</sup> District Supervisor

Josie Gonzales, 5<sup>th</sup> District Supervisor

Gary McBride, Chief Executive Officer

Grand Jury

Auditor-Controller Audit Committee

Date Report Distributed: 3.30.18

OV:DLM:TAR:oac



## Department of Behavioral Health: FY16 Single Audit Follow-Up

<b>Audit Background</b>	<b>1</b>
<b>Scope, Objective and Methodology</b>	<b>2</b>
<b>Prior Audit Finding, Recommendation and Current Status</b>	<b>3</b>



### FY16 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 FY16 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 31, 2017. 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 whether the department implemented policies and procedures to meet the requirements of 2 CFR Section 200.213 of the Uniform Guidance which require that the County comply with 2 CFR part 180 – “OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Non procurement).”

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 FY16 Single Audit Report, issued on March 31, 2017.

## Methodology

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

- Interviews.
- Walk-through of activity.
- Review of policies and procedures.
- Examination of original source documents



### Prior Finding 2016-002

**Program:** Substance Abuse Prevention Treatment (SAPT)

**CFDA No:** 93.959

**Federal Agency:** US Department of Health & Human Services

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

**Award Year:** FY 2015-16

**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:** Partially Implemented

The department has implemented policies and procedures to verify all entities who are providing services to federally funded programs through a subaward in excess of \$25,000 are not suspended, debarred, or otherwise excluded. Although the recommendation suggests that the Department should verify each vendor by using the System for Awards Management (SAM), the department has elected to include a clause or condition in their contracts which is an acceptable method to comply with 2 CFR section 180.300. However, upon review of the department's subawards it was noted that the department did not have clause/conditions for 2 out of 26 subawards tested.

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

In response to the follow-up audit to FY 16 Single Audit conducted by the Auditor-Controller/Treasure/Tax Collector, the Department of Behavioral Health (DBH) has updated its existing Ineligible Persons Policy (COM0933-1) and Procedure (COM0933) to include specific reference to Executive Order 12549;



Social Security Act, 42 U.S. Code, Section 1128 and 1320 a-7; Title 42 Code of Federal Regulations, Parts 1001 and 1002; Welfare and Institutions Code, Section 14043.6 and 14123. Revisions incorporate the requirement for DBH to verify potential contractors are completing exclusion screenings of potential employees (prior to hire) and existing agency staff, prior to contract signing and Board of Supervisors' approval. Additionally, the Policy and Procedure explain efforts conducted by the DBH Office of Compliance to ensure non affiliation with employees and entities that are suspended, debarred or excluded, including monthly screenings and contract monitoring to ensure compliance. The Policy and Procedure can be found within the Department's Standard Practice Manual on the DBH website.

An "excluded individuals/entities" clause is also incorporated in all DBH mental health and substance use disorder contracts, which specifies the requirement for contractors to verify potential employees and existing employees are not suspended, debarred or otherwise excluded from participating in federal or state funded programs; verification must be made on the General Service Administration System for Award Management (SAM), U.S. Office of Inspector General's List of Excluded Individuals/Entities (LEIE) and Department of Health Care Services' Suspended and Ineligible Provider (S&I) List. In addition to the clause, there is also an "Attestation Regarding Ineligible/Excluded Persons" attachment that contractors must sign at contract signing and annually thereafter. Said Attestation certifies that the agency is not currently excluded for participation in federal or state funded programs; no investigation is currently pending that may result in exclusion; review prior to hire and monthly thereafter of employees through SAM, LEIE and S&I is being conducted; contractor will notify DBH within twenty-four (24) hours by phone and within ten (10) business days in writing of being notified of an investigation of potential exclusion or actual exclusion from participation in federal or state funded programs.

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

The Department's actions will correct the deficiency noted in the finding.