

County of San Bernardino

Auditor-Controller/Treasurer/Tax Collector
Internal Audits Section

Aging and Adult Services: FY16 Single Audit Follow-Up



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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.

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January 9, 2018

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SUBJECT: Department of Aging and Adult Services - 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 Aging and Adult Services (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 November 13, 2017. The Department's response to our recommendation is included in this report.

We would like to express our appreciation to the personnel at the Aging and Adult 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

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**Department of Aging and Adult Services:
FY16 Single Audit Follow-Up**

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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 developed formalized written procedures over cash management requirements with 2 CFR Section 200.305 and allowable costs in accordance with Subpart E – Cost Principles as of the date of fieldwork, October 20, 2017.

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.



Prior Finding 2016-015

Program: Aging Cluster

CFDA No: 93.041, 93.042, 93.043, 93.044, 93.045, 93.052, 93.053

Federal Agency: US Department of Health & Human Services

Passed-Through: California Department of Aging

Award Year: FY 2015-16

Compliance Requirement: Allowable Costs/Cost Principles, Cash Management

Instance of Non-Compliance – The County (Department of Aging and Adult Services-DAAS) has not established written procedures to implement the cash management requirements of 2 CFR Section 200.305. Further, the County (DAAS Department) has not established written procedures for determining allowability of costs in accordance with Subpart E – Cost Principles or the conditions of the Federal award.

Recommendation:

We recommend the County (DAAS Department) review its policies and formalize written procedures related to cash management requirements within 2 CFR Section 200.305 and allowable costs in accordance with Subpart E– Cost Principles.

Current Status: Partially Implemented

The department has formalized adequate written procedures for determining the allowability of costs as described in accordance with Subpart E – Cost Principles. Procedures for cash management related to the requirements of 2 CFR Section 200.305 have been written, however, the procedures do not directly relate to the Department's Aging Cluster grants.

Management's Response:

The Department of Aging and Adult services has completed the requested policies and formalized written procedures of which have been updated per recommendations following the most recent fieldwork conducted.

Auditor's Response:

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