

# County of San Bernardino

Auditor-Controller/Treasurer/Tax Collector  
Internal Audits Section

## Human Services: FY16 Single Audit Follow-Up



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# Auditor-Controller/Treasurer/Tax Collector

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**February 27, 2018**

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Department of Human Services  
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### **SUBJECT: Department of Human 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 recommendations noted in the County of San Bernardino's Single Audit for the fiscal year ended June 30, 2016 (FY16) for the Department of Human Services (Department). The objective of the audit was to determine if corrective actions for the Department's FY 16 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 31, 2017. Of the three recommendations from the original audit report, one has been implemented and two have been partially implemented.

We sent a draft report to the Department on February 1, 2018 and discussed our observations with management on February 7, 2018. The Department's responses to our recommendations are included in this report.

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,

**Oscar Valdez**

Auditor-Controller/Treasurer/Tax Collector  
San Bernardino County

By: \_\_\_\_\_

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Chief Deputy Auditor

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# Department of Human 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, and if required documentation supporting the redetermination of eligibility for the Medical Assistance Program was available for review as of the date of fieldwork, November 7, 2017.

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 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 of Department staff.
- Walk-through of activity.
- Review of policies and procedures.
- Examination of source documents.
- Review of pertinent documents



### **Prior Finding 2016-003**

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

**CFDA No:** 93.778

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

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

**Award Year:** FY 2015-16

**Compliance Requirement:** Allowable Costs/Cost Principles, Cash Management

*Instance of Non-Compliance* – The County (Health Services System Department – HSS) has not established written procedures to implement the cash management requirements of 2 CFR Section 200.305. Further, the County (HSS 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 (HSS 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 Medicaid Cluster grants.

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

The cash management procedures have been updated to include the Department of Health Care Services, which provides funding for Title XIX programs to County Welfare Departments.

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

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



### **Prior Finding 2016-004**

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

**CFDA No:** 93.778

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

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

**Award Year:** FY 2015-16

**Compliance Requirement:** Eligibility

*Significant Deficiency, Instance of Non-Compliance* – As a result of our eligibility testing, we noted 2 cases in which the required documentation supporting the redetermination of eligibility was not available for review covering the fiscal year under audit.

### **Recommendation:**

We recommend the County (HSS Department) strengthen its current policies and procedures with regards to the safekeeping of documentation associated with the redeterminations of eligibility to ensure that documentation is available for retrieval.

### **Current Status:** Partially Implemented

The department issued a flyer in July 2017 reminding Eligibility Workers to upload Medi-Cal Eligibility Database System (MEDS) screens used to verify eligibility into case files in C-IV to meet the eligibility documentation requirements. Two out of ten cases reviewed did not have the required documentation supporting the client's citizenship status uploaded to the C-IV database. The department was able to verify citizenship status through MEDS, but the screen was not imaged into the C-IV database.

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

- TAD re-released a flyer in November 2017 that was originally released with our Corrective Action Plan.
- TAD's Corrective Action Supervisors will further discuss the importance of not only obtaining verification but imaging the verification to support the case file. These discussions will be part of our monthly office wide staff meetings as well as bi-weekly supervisor staff meetings.
- TAD Deputy Directors will also discuss at their bi-weekly regional staff meetings with their managers.



- PERC and PDD will collaborate to create a short video as another tool for staff and we anticipate this will be delivered to staff by April 1, 2018.

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

The Department's actions and planned actions will correct the deficiencies noted in the finding.

### **Prior Finding 2016-005**

**Program:** Social Services Block Grant

**CFDA No:** 93.667

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

**Passed-Through:** California Department of Social Services

**Award Year:** FY 2015-16

**Compliance Requirement:** Allowable Costs/Cost Principles, Cash Management

*Instance of Non-Compliance* – The County (Health Services System Department – HSS) has not established written procedures to implement the cash management requirements of 2 CFR Section 200.305. Further, the County (HSS 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 (HSS 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:** Implemented

The Department has formalized adequate written procedures for cash management related to the requirements of 2 CFR Section 200.305 and for determining the allowability of costs as described in accordance with Subpart E – Cost Principles.