

**SAN BERNARDINO COUNTY
SHERIFF'S DEPARTMENT
ANTI-DRUG ABUSE (ADA)
ENFORCEMENT TEAM
PROGRAM GRANT
Contract # DC11220360**

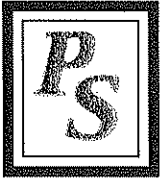
**Financial Statement
with
Independent Auditors' Report
For the Year Ended June 30, 2013**

(THIS PAGE INTENTIONALLY LEFT BLANK)

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1
Financial Statement	
Statement of Grant Revenues and Expenditures	3
Note to Financial Statement	4
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	5
Schedule of Findings and Questioned Costs	7
Status of Prior-Year Findings and Questioned Costs	8

(THIS PAGE INTENTIONALLY LEFT BLANK)



POWELL & SPAFFORD, INC.
CERTIFIED PUBLIC ACCOUNTANTS

Jessie C. Powell, CPA (Ret.)
Patrick D. Spafford, CPA

Licensed by the California Board of Accountancy
Member: American Institute of Certified Public Accountants

Independent Auditors' Report

To the Board of Supervisors and the
San Bernardino County Sheriff's Department

Report on the Financial Statement

We have audited the accompanying statement of grant revenues and expenditures of the San Bernardino County Sheriff's Department (the Department) Anti-Drug Enforcement Team Program Grant in accordance with the State of California's Emergency Management Agency Contract #DC11220360 for the year ended June 30, 2013.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in accordance with the State of California's *Emergency Management Agency Grant Recipient Handbook*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

The accompanying statement of grant revenues and expenditures was prepared for the purpose of complying with the audit requirements of the State of California's *Emergency Management Agency Grant Recipient Handbook*. As described in Note 1 this statement is not intended to be a complete presentation of the Department's revenues and expenditures.

Auditor's Responsibility (Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

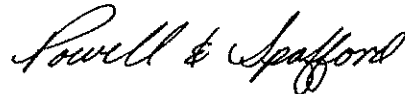
In our opinion, the financial statement referred to above presents fairly, in all material respects, the grant revenues and expenditures of the San Bernardino County Sheriff's Department Anti-Drug Enforcement Team Program Grant in accordance with the State of California's Emergency Management Agency Contract #DC11220360 for the year ended June 30, 2013, in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2013 on our consideration of Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance, the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

Restriction on Use

This report is intended solely for the information and use of the County's Board of Supervisors, Sheriff's Department management and the California's Emergency Management Agency, and is not intended to be, and should not be, used by anyone other than these specified parties.



October 30, 2013

**SAN BERNARDINO COUNTY SHERIFF'S DEPARTMENT
ANTI-DRUG ABUSE (ADA) ENFORCEMENT TEAM PROGRAM
PROGRAM GRANT
CONTRACT #DC11220360**

Statement of Grant Revenues and Expenditures

For the Year Ended June 30, 2013

Revenues

Reimbursements received/receivable	<u>\$ 34,158</u>
------------------------------------	------------------

Expenditures

Salaries and benefits	31,659
-----------------------	--------

Services and supplies	<u>2,499</u>
-----------------------	--------------

Total expenditures	<u>34,158</u>
--------------------	---------------

Excess of revenues over expenditures	<u>\$ -</u>
--------------------------------------	-------------

The accompanying notes are an integral part of this statement.

(THIS PAGE INTENTIONALLY LEFT BLANK)

**SAN BERNARDINO COUNTY SHERIFF'S DEPARTMENT
ANTI-DRUG ABUSE (ADA) ENFORCEMENT TEAM
PROGRAM GRANT
CONTRACT #DC11220360**

Note to Financial Statement

1. Summary of Operations and Significant Accounting Policies

Description of the Reporting Entity

The statement represents the grant revenues and expenditures of the San Bernardino County Sheriff's Department (the Department), State of California's Emergency Management Agency (Cal EMA) Anti-Drug Abuse (ADA) Enforcement Team Program Grant Contract #DC11220360 for the year ended June 30, 2013. The grant was funded by Cal EMA and administered by the San Bernardino County Sheriff's Department. The accompanying statement of grant revenues and expenditures presents only the activities of the Anti-Drug Abuse (ADA) Enforcement Team Program Grant Contract #DC11220360 and is not intended to present the financial position of the San Bernardino County Sheriff's Department nor the County of San Bernardino itself in conformity with accounting principles generally accepted in the United States of America.

Description of Grant

The grant funds were made available to the Sheriff's Department to focus on street level offenders through cooperative efforts of investigators, drug endangered children investigators, crime lab personnel, probation officers and prosecutors in San Bernardino County. The grant was amended extending the grant term date from June 30, 2012 to June 30, 2013.

The preparation of this financial statement requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of revenues and expenditures, as well as the disclosure of contingent liabilities. Actual results could differ from those estimates. Management also determines the accounting principles to be used in the preparation of the statement. A description of the significant accounting policies employed in the preparation of this statement follows:

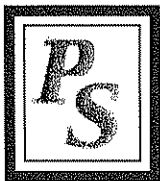
Statement of Grant Revenues and Expenditures

The statement of grant revenues and expenditures presents the eligible costs charged to the Anti-Drug Abuse (ADA) Enforcement Team Program Grant Contract #DC11220360 by the San Bernardino County Sheriff's Department and the revenues received in reimbursement of those costs by Cal EMA.

Basis of Accounting

Revenues and expenditures are presented on a modified accrual basis. Expenditures are recognized in the accounting period in which they are incurred, that is, when goods are received or services are provided. Revenues are recognized in the accounting period in which reimbursable expenditures are incurred.

(THIS PAGE INTENTIONALLY LEFT BLANK)



POWELL & SPAFFORD, INC.
CERTIFIED PUBLIC ACCOUNTANTS

Jessie C. Powell, CPA (Ret.)
Patrick D. Spafford, CPA

Licensed by the California Board of Accountancy
Member: American Institute of Certified Public Accountants

**Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

Independent Auditors' Report

To the Board of Supervisors and the
San Bernardino County Sheriff's Department

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in accordance with the State of California's *Emergency Management Agency Grant Recipient Handbook* the statement of grant revenues and expenditures of the San Bernardino County Sheriff's Department (the Department) Anti-Drug Enforcement Team Program Grant in accordance with the State of California's Emergency Management Agency Contract #DC11220360 for the year ended June 30, 2013, and the related notes to the financial statement, and have issued our report thereon dated October 30, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Department's financial statement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

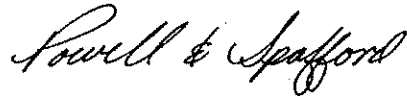
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



October 30, 2013

**SAN BERNARDINO COUNTY SHERIFF'S DEPARTMENT
ANTI-DRUG ABUSE (ADA) ENFORCEMENT TEAM
PROGRAM GRANT
CONTRACT #DC11220360**

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2013

There were no findings or questioned costs for the year ended June 30, 2013.

**SAN BERNARDINO COUNTY SHERIFF'S DEPARTMENT
ANTI-DRUG ABUSE (ADA) ENFORCEMENT TEAM
PROGRAM GRANT
CONTRACT #DC11220360**

Status of Prior-Year Findings and Questioned Costs

For the Year Ended June 30, 2013

Internal Control and Compliance

2012-1 Report of Expenditures and Request for Funds

Condition and Criteria: The Department uses the County Labor Distribution Report to prepare the personnel services category of the Report of Expenditures. During testing of grant expenditures, we noted that the salary expense per the County Labor Distribution Report for one employee exceeded the amount reported in the County Detail Expenditure Transaction Listing by Coded Organization and Object Code (general ledger). Section 11312 of the California Emergency Management Agency *2011 Recipient Handbook* requires that the project must be able to trace the general ledger entries to the Report of Expenditures and Requests for Funds.

Context and Questioned Cost: The grant was overcharged \$630 in salaries. The error was corrected in the final reporting for the grant.

Recommendation: We recommend that the Department design and implement procedures to verify the accuracy of reports used in the preparation of the grant Report of Expenditures and Requests for Funds. A possible procedure might include comparing selected transactions on the County Labor Distribution Report to the County Cost Center Expenditure Transaction Analysis Ledger at least once annually or whenever there is a change in any compensation package. We also recommend that revised quarterly Report of Expenditures be prepared and approved by the California Emergency Management Agency.

Status: Implemented.