

**COUNTY OF SAN BERNARDINO,  
CALIFORNIA**

**SINGLE AUDIT  
MANAGEMENT LETTER**

**JUNE 30, 2011**



March 23, 2012

Board of Supervisors  
County of San Bernardino  
San Bernardino, California

Ladies and Gentlemen:

We have audited the compliance of the County of San Bernardino, California (the County), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011 and have issued our report thereon dated March 23, 2012. In planning and performing our audit, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion that the County has complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We have not considered internal control since the date of our report.

During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. These observations and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized as follows:

## **CURRENT YEAR MANAGEMENT LETTER COMMENTS**

---

### **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) – Includes ARRA CFDA No. 93.558, 93.714**

#### **ALLOWABLE COSTS AND ACTIVITIES**

#### **OBSERVATION:**

In accordance with the March 2011 *OMB Circular A-133 Compliance Supplement*, charges for cost of goods and services to Federal awards are to be incurred for allowable activities and in accordance with the applicable cost principles.

During the testing of the Transitional Aid Department's payroll time studies we noted two instances when the employees' hours were charged to the program instead of being charged to the non-allocable category.

**RECOMMENDATION:**

We recommend that the Department supervisors approving the employees' time ensure that hours charged to the program are properly allocated and reviewed.

**MANAGEMENT'S RESPONSE:**

We concur with this observation.

The Transitional Aid Department will take the following steps ensure accurate reporting of allocable hours:

- In April 2012, a flyer will be sent out to all staff explaining the instructions and the importance of accurately reporting time study hours in May 2012, instructions will be given to supervisors to review and reconcile all of their employees' time study reports prior to signing.
- Each subsequent quarter in the month prior to a Time Study, a reminder flyer will be sent to all staff including the importance of accurate reporting, as well as notification to be sent to the supervisors with instruction of reconciling their employees' time study reports prior to signing.
- Human Services Auditing selects random samples of time studies each quarter to review for correctness. If staff selected in the random sample did not correctly complete their time study, they are asked to correct the errors, review current Time Study policies through their Supervisor/Manager, and the employee's time study is pulled the following quarter to ensure improvement.

These steps have enabled us to improve our error rate; we will continue to provide instruction and guidance in completing accurate time study reports.

**CHILD SUPPORT ENFORCEMENT – Includes ARRA  
CFDA No. 93.563**

**ALLOWABLE COSTS AND ACTIVITIES**

**OBSERVATION:**

During our testing of the Department of Child Support Service time studies, VTD noted that 3 out of 40 time studies that had been reviewed and approved had sick, vacation, holiday or break time incorrectly classified on the time study under the federally eligible category. The time should have been placed in the unallocable category on the time study.

**RECOMMENDATION:**

We recommend that the County DCSS (Department of Child Support Services) implement necessary procedures and training to ensure that employees are appropriately allocating and reporting their time on the time studies.

**MANAGEMENT'S RESPONSE:**

The Department agrees with this recommendation.

The following steps will be implemented to ensure allocable time is accurately reported:

- Staff will continue to be provided written instructions for completing the quarterly time studies.
- Supervisors will be reminded to compare approved eTime in EMACS with the related time study submitted by staff, prior to approval.
- Administrative Support staff will review time studies for accuracy, return incorrect reports to the appropriate supervisor for correction, and follow up to ensure corrected reports are re-submitted in a timely manner.
- Supervisory Training will be expanded to include a segment on the proper completion and review of time study reports.

**SEFA (Schedule of Expenditures and Federal Awards)**

**OBSERVATION:**

In accordance with OMB Circular A-133, Sub-part C, Section 310, the Schedule of Expenditures of Federal Awards (SEFA) should provide a total of federal awards expended. Sub-part C, Section 300 states that the auditee shall identify in its accounts all Federal awards received and expended and the Federal program under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and the name of the pass-through entity.

During our testing of the SEFA, we noted the following:

- Incorrect CFDA number was initially used for the Southwest Border Prosecution Initiative Program
- Adjustments to the expenditures reported on the SEFA were proposed for the following programs:
  - Highway Planning and Construction
  - Southwest Border Prosecution Initiative Program

**RECOMMENDATION:**

We recommend that the Law and Justice Group and the Public Works department strengthen its procedures to ensure the SEFA is accurate, and for the County to provide additional training to the departments that receive and report federal funding as it relates to the SEFA.

**MANAGEMENT'S RESPONSE:**

The Law and Justice Group will correct the CFDA number used for the Southwest Border Prosecution Initiative Program and will strengthen its reporting procedures to only include the percentage of reimbursement approved by the federal awarding agency during the fiscal year.

Public Works will put internal controls in place to ensure that the information included in the SEFA is accurate. Staff will develop a spreadsheet that will include the percentages of reimbursement approved by the Federal Government for each project and phase. This document will be updated as changes occur and will be provided to the accounting division to assist with the identification of federal expenditures. Prior to submission, the accounting section will forward the SEFA to the program management section for its final concurrence and approval.

**STATUS OF PRIOR YEAR MANAGEMENT LETTER COMMENTS**

**SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP) – Includes ARRA  
CFDA No. 10.561**

**ALLOWABLE COSTS AND ACTIVITIES**

**RECOMMENDATION:**

We recommend that the Department supervisors approving the employees' hours charged to the program are properly allocated.

**STATUS AS OF JUNE 30, 2011:**

Implemented

**ARRA - EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT  
CFDA No. 16.804**

**ALLOWABLE COSTS AND ACTIVITIES/REPORTING**

**RECOMMENDATION:**

We recommend the County and the Probation Department to implement a set of written policy and procedures in respect to the JAG (Justice Assistance Grant) -ARRA grant to provide guidance on the processes related to generating and approving program costs; and to specify the staff responsibilities over the compilation, review and approval, periodic monitoring, verification, and submission of program reports.

**STATUS AS OF JUNE 30, 2011:**

Implemented

**ARRA - ENERGY EFFICIENCY COMMUNITY BLOCK GRANT  
CFDA No. 81.128**

**SUB RECIPIENT MONITORING**

**RECOMMENDATION:**

We recommend the County and the Facilities Management Department revise its procedures over drafting agreements with sub recipients to ensure all appropriate information is included such as the CFDA number.

**STATUS AS OF JUNE 30, 2011:**

Implemented

**SOCIAL SERVICES BLOCK GRANT  
CFDA No. 93.667**

**ALLOWABLE COSTS AND ACTIVITIES**

**RECOMMENDATION:**

We recommend that the County continue monitoring and sampling their time studies throughout the fiscal year. We have noted a decline in the number of errors related to the time studies this fiscal year. We recommend that the County continue mentoring and provide proper training to its employees to continue reducing the number of errors.

**STATUS AS OF JUNE 30, 2011:**

Implemented

\*\*\*\*\*

Our audit procedures are designed primarily to enable us to form an opinion on the County's compliance with the requirements that are applicable to each of its major federal programs for the year ended June 30, 2011, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the County gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

This report is intended solely for the information and use of the Board of Supervisors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

*Vermorel, Tami, Day, Co., LLP*

Rancho Cucamonga, California  
March 23, 2012