

**COUNTY OF SAN BERNARDINO,  
CALIFORNIA**

**SINGLE AUDIT  
MANAGEMENT LETTER**

**JUNE 30, 2010**



March 28, 2011

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, 2010 and have issued our report thereon dated March 28, 2011. 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, 2010. 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**

---

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

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

#### **OBSERVATION:**

In accordance with the June 2010 *OMB Circular A-133 Compliance Supplement*, Federal awards are to be expended only for allowable activities and that the costs of goods and services charged to Federal awards are allowable in accordance with the applicable cost principles.

During testing of the payroll time studies we noted an instance 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' ensure hours charged to the program are properly allocated.

**MANAGEMENT'S RESPONSE:**

We concur with this observation.

The following steps will be taken to ensure accurate reporting of allocable hours:

- In April, 2011, a Flyer will be sent out to all staff explaining the instructions and the importance of accurately reporting time study hours and in May 2011, 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.

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

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

**ALLOWABLE COSTS AND ACTIVITIES/REPORTING**

**OBSERVATION:**

Through our review of the client's internal controls related to allowable costs and reporting, it's noted that the County of San Bernardino's Probation Department has not officially implemented a set of written policy and procedures over these two compliance areas.

**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.

**MANAGEMENT'S RESPONSE:**

Guidelines will be written and established for staff regarding the responsibilities of their compilations. Mechanism is already in place for approving program expenditures. A form must be submitted with approval and signature of the program Division Director and Deputy Chief Probation Officer.

Periodic monitoring will be conducted by the Supervising Probation Officer (SPO) and the Division Director over the SB678 Program. The SPO currently reviews the time studies completed by staff and checks the number of hours worked. Second tier of checks is done by the Accounting Tech. The Tech matches the time study against each employee's timesheet to verify actual hours worked in the program and eliminates costs that are not associated with SB678. The Supervising Account Tech/Designee will verify the accuracy of the data and the Project Director/Designee will review the document. Both entities will sign the completed report and file with the Accounting Tech.

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

**SUB RECIPIENT MONITORING**

**OBSERVATION:**

Through our test of the client's internal controls related to the sub recipient monitoring compliance requirements, it's noted the award CFDA number is not included in the agreement between the County of San Bernardino and its sub recipient, the City of Hesperia.

**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.

**MANAGEMENT'S RESPONSE:**

The County and the Facilities Management Department will revise its procedures in drafting agreements with sub-recipients to ensure that all appropriate information is included, including the Federal award number, CFDA number and the amount of ARRA funds. The County and the Facilities Management Department will also require the sub-recipients to include this information in the sub-recipients Schedule of Expenditure of Federal Awards (SEFA) and the data collection form (SF-SAC).

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

**ALLOWABLE COSTS AND ACTIVITIES**

**OBSERVATION:**

In accordance with the June 2010 OMB Circular A-133 Compliance Supplement, Federal awards are to be expended only for allowable activities and that the costs of goods and services charged to Federal awards are allowable in accordance with the applicable cost principles.

The County submits the County Expense Claim (CEC) for program administrative costs to the State of California on a quarterly basis for reimbursement. Caseworkers complete time study forms, which are compiled into a time study summary report that is used to allocate the payroll expenditures to the various federal programs in the CEC. Of the 40 employee time study transactions selected from the quarterly time study reports for test work, we noted 7 transactions whereby the employee's Time and Labor Report (TLR) did not agree to the quarterly time study summary reports. The TLR is completed and signed by the employee and reviewed and signed by a supervisor each pay period. We noted instances where the employee's total allocable hours per the time study summary report did not agree to the TLR.

**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.

**MANAGEMENT'S RESPONSE:**

We concur with this observation.

The following steps have been and will be taken to ensure accurate reporting of allocable hours:

- In July 2010, a Time Study desk guide was created, explaining time study instructions and providing additional guidance regarding time study procedures.
- Each quarter, a reminder flyer is sent to all staff explaining time study instructions and the importance of accurately reporting time study hours.
- Human Services Auditing selects random samples of time studies each quarter to review for correctness. If a caseworker selected in the random sample did not correctly complete their time study, the caseworker is asked to correct the errors, and this caseworker's time study is pulled the following quarter to ensure improvement.
- In February 2009 and going forward, caseworkers were instructed to print their Time and Labor Reports to provide a copy to their supervisor with their time study for review and approval.

**STATUS OF PRIOR YEAR MANAGEMENT LETTER COMMENTS**

**CHILD SUPPORT ENFORCEMENT  
CFDA No. 93.563**

**ALLOWABLE COSTS AND ACTIVITIES**

**RECOMMENDATION:**

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

**STATUS AS OF JUNE 30, 2010:**

Implemented

**WORKFORCE INVESTMENT ACT  
CFDA No. 17.258, 17.259, 17.260**

**ALLOWABLE COSTS AND ACTIVITIES**

**RECOMMENDATION:**

We recommend that the Department supervisors approving the employees' time are more alert and thoroughly review the employees' time before approving it.

**STATUS AS OF JUNE 30, 2010:**

Implemented

**TEMPORARY ASSISTANCE FOR NEEDY FAMILIES,  
FOSTER CARE – TITLE IV-E,  
ADOPTION ASSISTANCE – TITLE IV-E  
CFDA No. 93.558, 93.658 and 93.659**

**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, 2010:**

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, 2010, 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, Trine, Day, Co., LLP*

Rancho Cucamonga, California  
March 28, 2011