

COUNTY OF SAN BERNARDINO, CALIFORNIA

**Single Audit Report
(OMB Circular A-133)**

For the Fiscal Year Ended June 30, 2014

COUNTY OF SAN BERNARDINO, CALIFORNIA

**SINGLE AUDIT REPORT
(OMB CIRCULAR A-133)**

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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INDEPENDENT AUDITORS' 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

Board of Supervisors
County of San Bernardino, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of San Bernardino, California (County), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 9, 2014. Our report includes an emphasis of matter regarding the County's adoption of Governmental Accounting Standards Board (GASB) Statement No. 65 – *Items Previously Reported as Assets and Liabilities*, and an emphasis of matter regarding transactions related to the dissolution of the former Redevelopment Agency. Our report also includes a reference to other auditors who audited the financial statements of the San Bernardino County Flood Control District, San Bernardino County Consolidated Fire Districts, and the County's Redevelopment Successor Agency Private-Purpose Trust Fund, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements 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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in 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 County's financial statements are free from 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 this 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinik, Trine, Day & Co. LLP

Rancho Cucamonga, California
December 9, 2014



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133; AND THE SUPPLEMENTAL SCHEDULE OF OFFICE OF CALIFORNIA STATE DEPARTMENT OF AGING GRANTS

Board of Supervisors
County of San Bernardino, California

Report on Compliance for Each Major Federal Program

We have audited the County of San Bernardino, California's (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2014. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-001 through 2014-002. Our opinion on each major federal program is not modified with respect to these matters.

The County's responses to the noncompliance findings identified in our audit are described in the County's separate corrective action plan. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs, as items 2014-001 through 2014-002, that we consider to be significant deficiencies.

The County's responses to the internal control over compliance findings identified in our audit are described in the County's separate corrective action plan. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 and Supplemental Schedule of Office of California State Department of Aging Grants

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's financial statements. We have issued our report thereon dated December 9, 2014, which contained unmodified opinions on those financial statements. Our report includes an emphasis of matter regarding the County's adoption of Governmental Accounting Standards Board (GASB) Statement No. 65 – *Items Previously Reported as Assets and Liabilities*, and an emphasis of matter regarding transactions related to the dissolution of the former Redevelopment Agency. We did not audit the financial statements of the San Bernardino County Flood Control District, San Bernardino County Consolidated Fire District, and the County's Redevelopment Successor Agency Private-Purpose Trust Fund for the year ended June 30, 2014. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as it relates to the amounts included for the San Bernardino County Flood Control District, San Bernardino County Consolidated Fire District, and the County's Redevelopment Successor Agency Private-Purpose Trust Fund are based on the reports of the other auditors. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. The Supplemental Schedule of Office of California State Department of Aging Grants is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and supplemental schedule of Office of California State Department of Aging Grants are fairly stated in all material respects in relation to the financial statements as a whole.

Vavrinik, Trine, Day & Co. LLP

Rancho Cucamonga, California
March 20, 2015

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Identification/ Pass-Through Entity Identification Number	Federal Award Expenditures
U.S. Department of Agriculture:			
Pass-Through Programs:			
Child Nutrition Cluster:			
California Department of Education:			
School Breakfast Program	10.553	36-10363-6037469-01	\$ 182,980
National School Lunch Program	10.555	36-10363-6037469-01	287,106
Total Child Nutrition Cluster			<u>470,086</u>
Supplemental Nutrition Assistance Program (SNAP) Cluster:			
California Department of Social Services:			
Supplemental Nutrition Assistance Program Administration	10.561	1946001347-A7	39,853,391
California Department of Public Health:			
Regional Nutrition for a Healthy California	10.561	1946001347-A7	236,867
Supplemental Nutrition Assistance Program Education	10.561	13-20512	2,500,508
Total Supplemental Nutrition Assistance Program Cluster			<u>42,590,766</u>
California Department of Education:			
Child and Adult Care Food Program	10.558	3615241-J	2,100,862
Child and Adult Care Food Program	10.558	36-10363-6037469-01	55,727
Total California Department of Education			<u>2,156,589</u>
California Department of Food and Agriculture:			
Pest Surveillance Canine Inspection Team	10.025	13-0271-FR	300,313
Phytophthora Ramorum (Sudden Oak Death) Program	10.025	13-0259-FR	813
Pierce's Disease Control	10.025	12-8506-0484-CA	33,642
California Department of Food and Agriculture:			
Meat, Poultry and Egg Product Inspection	10.447	12-25-A-3269	3,286
California Department of Food and Agriculture:			
Light Brown Apple Moth Detection Program	10.604	13-0328-FR	44,922
Total California Department of Food and Agriculture			<u>382,976</u>
California Department of Public Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	11-10489	12,616,345
Schools and Roads Cluster			
State Controller:			
Schools and Roads - Cluster	10.665	99003102	185,458
Total Pass-Through Programs			<u>58,402,220</u>
Total U.S. Department of Agriculture			<u>58,402,220</u>

N/A No identifying number was assigned by pass-through entity.

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Identification/ Pass-Through Entity Identification Number	Federal Award Expenditures
U.S. Department of Housing and Urban Development:			
Pass-Through Programs:			
Community Development Block Grant (CDBG) Cluster:			
Pass-Through Programs:			
City of Chino Hills:			
Adult Literacy -Chino Hills	14.218	0711008883190	10,000
City of Chino:			
Library Literacy Day- Chino	14.218	2010-056	5,000
City of Hesperia:			
Adult Literacy Program-Hesperia	14.218	B-11-MC-06-0578	5,000
City of Rialto:			
Adult Literacy Program - Rialto	14.218	B-10-MC-06-0571	5,937
Town of Apple Valley:			
Library Literacy Day - Apple Valley	14.218	B-10-MC-06-0588	5,167
Direct Programs:			
Community Development Block Grant	14.218		5,572,846
Neighborhood Stabilization Program Grant (NSP1)	14.218		202,408
Neighborhood Stabilization Program Grant (NSP3)	14.218		4,754,769
Total Community Development Block Grant Cluster			10,561,127
Emergency Solutions Grant Program	14.231		475,447
HOME Investment Partnerships Program	14.239		2,410,422
Continuum of Care Program - Homeless Management Information System (HMIS) - FY 12/13	14.267		94,898
Continuum of Care Program - Homeless Management Information System (HMIS) - FY 13/14	14.267		53,680
Continuum of Care Program - Homeless Management Information System (HMIS) - FY 14/15	14.267		250,158
Total Direct Programs			3,284,605
Total U.S. Department of Housing and Urban Development			13,845,732
U.S. Department of the Interior:			
Direct Programs:			
Southern Nevada Public Land Management	15.235		36,619
National Resource Stewardship	15.944		2,008
Cultural Natural Resource Preservative	15.AAV		1
Total Direct Programs			38,628
Total U.S. Department of the Interior			38,628
U.S. Department of Justice:			
JAG Program Cluster:			
Pass-Through Programs:			
Board of State and Community Corrections:			
Anti Drug Abuse Enforcement Team Program (ADA)	16.738	BSCC 632-12	113,770
Anti Drug Abuse Enforcement Team Program (ADA)	16.738	BSCC 632-13	456,980
Direct Programs:			
Bureau of Justice Assistance:			
2010 Edward Byrne Memorial Justice Assistance Grant	16.738		30,000
2011 Edward Byrne Memorial Justice Assistance Grant	16.738		41,123
2012 Edward Byrne Memorial Justice Assistance Grant	16.738		46,364
2013 Edward Byrne Memorial Justice Assistance Grant	16.738		559,818
Total JAG Program Cluster			1,248,055
Pass-Through Programs:			
California Emergency Management Agency:			
Victim Witness Assistance Program	16.575	071-00000	420,698
Underserved Victim Advocacy and Outreach Program	16.575	071-00000	121,243
Grant Program Paul Coverdell Forensic Sciences Improvement - 2012	16.742	CQ12 08 0360	9,324
Total California Emergency Management Agency			551,265
State of California - Corrections Standards Authority:			
Juvenile Accountability Block Grant	16.523	CSA 137-12	105,162
Total Pass-Through Programs			656,427

N/A No identifying number was assigned by pass-through entity.

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Identification/ Pass-Through Entity Identification Number	Federal Award Expenditures
U.S. Department of Justice: (Continued)			
Direct Programs:			
U.S. National Institute of Justice:			
Forensic DNA Backlog Reduction - 2010	16.741		312,407
Forensic DNA Backlog Reduction - 2011	16.741		567,231
Forensic DNA Backlog Reduction - 2012	16.741		32,188
Forensic DNA Backlog Reduction - 2013	16.741		28,389
Total U.S. National Institute of Justice:			940,215
Community Oriented Policing Services Office (COPS)			
Secure our Schools (SOS) Grant	16.710		3,027
Bureau of Justice Assistance:			
Solving Cold Cases with DNA #2011 DN-BX-K545	16.560		102,060
2009 Congressionally Recommended Awards	16.753		693,380
Southwest Border Prosecution Initiative	16.755		103,080
Second Chance Act Reentry Initiative	16.812		47,244
Total Bureau of Justice Assistance			945,764
Drug Enforcement Administration:			
2013 Domestic Cannabis Eradication/Suppression Program	16.2013-43		166,988
2014 Domestic Cannabis Eradication/Suppression Program	16.2014-41		50,882
DEA-Riverside Task Force (RTF) Agreement FY 13-14	16.SCSHR 13-728		43,358
DEA-Riverside Task Force (RTF) Agreement FY 12-13	16.SCSHR 12-665		3,132
Total Drug Enforcement Administration			264,360
Department of Justice:			
Equitable Sharing Program - Narcotics	16.922		3,632,975
Equitable Sharing Program - IRNET	16.922		5,745,309
Total Department of Justice:			9,378,284
U.S. Marshal Service:			
US Marshal Fugitive Task Force FY 12-13	16.JLEO-13-0044		56,232
US Marshal Fugitive Task Force FY 13-14	16.JLEO-14-0044		297,390
Total U.S. Marshal Service			353,622
Federal Bureau of Investigation:			
FBI - Gang Impact Team (GIT) 12-13	16.281D-LA-243251		32,006
San Bernardino Gang Team (GIT) Safe Streets Task Force	16.281D-LA-223769		81,235
Total Federal Bureau of Investigation			113,241
Total Direct Programs			
			11,998,513
Total U.S. Department of Justice			13,902,995
U.S. Department of Labor:			
Pass-Through Programs:			
Workforce Investment Act Cluster			
California Employment Development Department			
Workforce Investment Act - Adult	17.258	AA-22924-12-55-A-6	3,660,526
Workforce Investment Act - Youth	17.259	AA-21384-11-55-A-6	5,676,587
Workforce Investment Act - Dislocated Workers	17.278	AA-21384-11-55-A-6	5,576,446
Total Workforce Investment Act Cluster			14,913,559
California Department on Aging:			
Senior Community Service Employment Program - Title V (SCSEP)	17.235	TV-1213-20	343,880
Total California Department of Aging			343,880
County of Riverside			
Workforce Innovation Fund	17.283	09A0B	486,308
Total Pass-Through Programs			15,743,747
Total U.S. Department of Labor			15,743,747
U.S. Department of Transportation:			
Pass-Through Programs:			
California Department of Transportation:			
Highway Planning and Construction Cluster			
Highway Planning and Construction Grant	20.205	08-5954R	7,163,554
Safe Route to Schools	20.205	08-SBD-0-CR	152,806
Total Highway Planning and Construction Cluster			7,316,360
Total California Department of Transportation			7,316,360
California Office of Traffic Safety:			
Highway Safety Cluster			
Office of Traffic and Safety - High-Risk Drunk Driving Supervision Program	20.608	18X9205464CA13	447,606
Sobriety Checkpoint Grant Program FY14	20.608	SC14014,SC14083,SC14177, SC14440, SC14477, SC14478	90,051
Total Highway Safety Cluster			537,657
Total Pass-Through Programs			7,854,017
Total U.S. Department of Transportation			7,854,017

N/A No identifying number was assigned by pass-through entity.

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Identification/ Pass-Through Entity Identification Number	Federal Award Expenditures
U.S. Department of Treasury:			
Direct Programs:			
Asset Forfeiture	21.000		24
Total Department of Treasury			<u>24</u>
U.S. Department of Health and Human Services:			
Pass-Through Programs:			
Medicaid Cluster:			
California Department of Health Care Services:			
Medi-Cal Assistance Program (HSS)	93.778	MS 1809-17	61,054,643
Medi-Cal Assistance Program	93.778	4260-111-0001	8,172,879
Medical Administrative Activities (MAA)	93.778	08-85127	250,236
Child Health And Disability Prevention Case Management	93.778	4260-111-0001	976,581
Early Periodic Screening, Diagnosis and Treatment	93.778	4260-111-0001	732,865
Program 3201 Family Support Services - HCPCFC	93.778	4260-111-0001	703,069
Ground Emergency Medical Transportation Program	93.778	GEMT-SPA-0924	2,461,186
Ground Emergency Medical Transportation Program (ARRA)	93.778	GEMT-SPA-0924	116,439
California Department on Aging:			
Medi-Cal Assistance Program (Title XIX, MSSP)	93.778	MS-1214-17	527,437
California Department of Social Services:			
In-Home Support Services-Public Authority	93.778	N/A	2,999,258
California Department of Alcohol and Drug Program:			
Medi-Cal Assistance Program	93.778	14-90088	3,187,130
Total Medicaid Cluster			<u>81,181,723</u>
Aging Cluster:			
California Department on Aging:			
Special Programs for the Aging - Chapter 3	93.041	A3/A9 - 1314-20	21,571
Special Programs for the Aging - Chapter 2	93.042	AP-1213-20	49,932
Special Programs for the Aging - Title III, Part D	93.043	A3/A9 - 1314-20	90,140
Special Programs for the Aging - Title III, Part B	93.044	A3/A9 - 1314-20	1,345,003
Special Programs for the Aging - Title III, Parts C1 and C2	93.045	A3/A9 - 1314-20	2,364,838
National Family Caregiver Support - Title III, Part E	93.052	A3/A9 - 1314-20	585,201
Nutrition Program for the Elderly (NSIP)	93.053	AP-1213-20	472,965
Total Aging Cluster			<u>4,929,650</u>
Immunization Cluster:			
California Department of Public Health:			
Immunization Grant	93.268	63-0317191	510,968
Total Immunization Cluster			<u>510,968</u>
TANF Cluster:			
California Department of Social Services:			
Temporary Assistance for Needy Families	93.558	1946001347-A7	159,893,059
Total TANF Cluster			<u>159,893,059</u>
California Department of Alcohol and Drug Program:			
Substance Abuse Prevention and Treatment Block Grant (SAPT)	93.959	14-90088	9,647,039
California Department of Public Health:			
Public Health Emergency Preparedness - CDC Base and Laboratory	93.069	94-6001347	2,223,060
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	12-10233	458,777
Project Grants for Tuberculosis Control	93.116	63-0317191	195,825
Childhood Lead Poisoning Prevention	93.197	11-10328	141,120
Hospital Preparedness (HPP)	93.889	EOP 13-63, 13-70	557,809
HIV Care Formula Grant - Title II	93.917	10-95284	749,660
HIV Prevention Activities - Health Department Based	93.940	10-95284	476,945
Prevention Health Services - Sexually Transmitted Diseases Control	93.977	11-10055	100
Maternal and Child Health Services Block Grant (MCAH)	93.994	201336	197,216
Total California Department of Public Health:			<u>5,000,512</u>

N/A No identifying number was assigned by pass-through entity.

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Identification/Pass-Through Entity Identification Number	Federal Award Expenditures
U.S. Department of Health and Human Services: (Continued)			
California Department of Health Care Services:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	N/A	477,713
Strategic Prevention Framework State Incentive Grant	93.243	13-90204	96,634
Children's Health Insurance Program	93.767	4260-111-0001	912,136
Mental Health Services Block Grant (SAMHSA)	93.958	N/A	3,234,343
Total California Department of Health Care Services			<u>4,720,826</u>
California Department of Social Services:			
Guardianship Assistance	93.090	1946001347-A7	3,367,516
Promoting Safe and Stable Families	93.556	1946001347-A7	2,022,669
Refugee and Entrant Assistance	93.566	1946001347-A7	79,956
Refugee and Entrant Assistance - Admin	93.566	1946001347-A7	1,656
Child Welfare Services - State Grants	93.645	1946001347-A7	1,535,853
Foster Care - Title IV - E - TAD	93.658	1946001347-A7	56,137,776
Foster Care - Title IV - E - PRB	93.658	TAD 006852425 DCS 136498818	2,769,452
Adoption Assistance	93.659	1946001347-A7	23,707,952
Adoption Assistance - Admin	93.659	1946001347-A7	2,672,687
Social Service Block Grant - Title XX	93.667	1946001347-A7	3,765,514
Social Service Block Grant	93.667	1946001347-A7	19,216,193
Chafee Foster Care Independence Program	93.674	1946001347-A7	922,466
Total California Department of Social Services			<u>116,199,690</u>
California Department of Child Support Services:			
Child Support Enforcement	93.563	1004CA4004	25,862,880
Child Care Development Fund Cluster			
California Department of Education:			
Child Care and Development	93.575	36-2236	146,834
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	36-2336	307,829
Total Child Care Development Fund Cluster			<u>454,663</u>
California Department on Aging:			
Medicare Improvements for Patients and Providers Act (MIPPA)	93.071	MI-1314-20	21,489
Financial Alignment	93.626	FA-1316-20	22,533
Health Insurance Counseling and Advocacy Program (HICAP)	93.779	H9-1314-20/H1-1415-20	152,008
Total California Department of Aging			<u>196,030</u>
California Family Health Council:			
Family Planning Service - Title X	93.217	454-5320-71209-12/13	428,494
Total Pass-Through Programs			<u>409,025,534</u>
Direct Programs:			
Affordable Care Act (ACA) Grants for Capital Development in Health Care	93.526		252,914
Health Centers Cluster			
Consolidated Health Centers	93.224		149,992
Affordable Care Act (ACA) Grants for New & Expanded Services under The Health Care Center	93.527		257,846
Total Health Centers Cluster			<u>407,838</u>
Head Start Cluster:			
Head Start Program	93.600		38,664,232
Total Head Start Cluster			<u>38,664,232</u>
HIV Emergency Relief Formula Grant Title I	93.914		5,915,677
Grants to Provide Outpatient Services for HIV Disease - Part C	93.918		469,191
Total Direct Programs			<u>45,709,852</u>
Total U.S. Department of Health and Human Services			<u>454,735,386</u>
U.S. Executive Office of the President:			
Direct Programs:			
High Intensity Drug Trafficking Area (IRNET & RMTF) G14LA0001A	95.001		698,273
High Intensity Drug Trafficking Area (IRNET & RMTF) G12LA0001A	95.001		21,539
High Intensity Drug Trafficking Area (IRNET & RMTF) G13LA0001A	95.001		278,268
Total U.S. Executive Office of the President			<u>998,080</u>

N/A No identifying number was assigned by pass-through entity.

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Identification/ Pass-Through Entity Identification Number	Federal Award Expenditures
U.S. Department of Homeland Security:			
Pass-Through Programs:			
California Office of Emergency Services:			
Public Assistance Grants	97.036	FEMA-1498-DR-CA: Cal OES: 071-00000	648,003
Public Assistance Grants	97.036	FEMA-1731-DR-CA: Cal OES: 071-00000	1,407,823
Legislative Pre-Disaster Mitigation Competitive Grant	97.047	071-91092	274,958
FY 2010 State Homeland Security Grant Program	97.067	2010-0085, 071-00000	133,720
FY 2011 State Homeland Security Grant Program	97.067	2011-0048, EOS #071-0000	1,192,647
FY 2012 State Homeland Security Grant Program	97.067	2012-SS-00123, EOS #071-0000	1,100,320
FY 2013 State Homeland Security Grant Program	97.067	2013-00110 FIPS#071-00000	480,280
FY 2011 Metropolitan Medical Response System	97.067	2010-0085, OES FIPS #071-00000	36,020
Total California Office of Emergency Services:			<u>5,273,771</u>
Governor's Office of Emergency Services			
Emergency Management Performance Grant FY12 (EMPG)	97.042	071-00000, 2012-EP-0027	340,695
Emergency Management Performance Grant FY13 (EMPG)	97.042	071-00000, 2013-0047	351,202
Total Governor's Office of Emergency Services			<u>691,897</u>
City of Riverside Fire Department Office Emergency Management:			
FY11 Urban Area Security Initiative Grant (UASI)	97.008	2013-211	227,743
Total City of Riverside Fire Department Office Emergency Management			<u>227,743</u>
Total Pass-Through Programs			
			<u>6,193,411</u>
Direct Programs:			
Basic Boating Skills and Operations	97.012		16,000
Boating Safety and Equipment	97.012		79,510
Total Direct Programs			<u>95,510</u>
Total U.S. Department of Homeland Security			<u>6,288,921</u>
Total Expenditures of Federal Awards			<u>\$ 571,809,750</u>

N/A No identifying number was assigned by pass-through entity.

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF SAN BERNARDINO, CALIFORNIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

The accompanying schedule of expenditures of federal awards (SEFA) for the fiscal year ended June 30, 2014, presents the activity of all federal financial assistance programs of the County of San Bernardino, California (the "County"). The County's reporting entity is defined in Note 1 to the County's basic financial statements. The expenditures of all federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on the SEFA.

B. Basis of Accounting

The accompanying SEFA is presented using the modified accrual basis of accounting except for programs recorded in the County's enterprise funds, which are presented using the accrual basis of accounting, which is described in Note 1 to the County's basic financial statements.

C. Relationship to Basic Financial Statements

Amounts reported in the accompanying SEFA agree, in all material respects, to amounts reported within the County's financial statements.

D. Relationship to Federal Financial Reports

Amounts reported in the accompanying SEFA agree, in all material respects, with the amounts reported in the related federal financial reports.

E. Pass-Through Entities' Identifying Number

When federal awards were received from a pass-through entity, the SEFA shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the County has determined that no identifying number is assigned for the program or the County was unable to obtain an identifying number from the pass-through entity.

F. Federal Catalog of Federal Domestic Assistance (CFDA) Numbers

The CFDA numbers included in this report were determined based on the program name, review of grant contract information, and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

G. Medicaid Cluster

Except for Medi-Cal administrative expenditures, Medi-Cal and Medicare program payments are excluded from the SEFA. These payments represent fees for services; therefore, neither is considered a federal award program of the County for purposes of the SEFA or in determining major programs. The County assists the State of California (the State) in determining eligibility and provides Medi-Cal and Medicare services through County-owned health facilities.

Medi-Cal administrative expenditures are included in the SEFA as they do not represent fees for services.

COUNTY OF SAN BERNARDINO, CALIFORNIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE #2 – OUTSTANDING LOANS OF FEDERAL FUNDS AT JUNE 30, 2014

At June 30, 2014, \$3,000,000 is owed to the United States Army Corp of Engineers for the construction of the San Timoteo Creek Project. Other than repayment of principal and interest, there are no continuing compliance requirements on this loan, and as such, it is not reported on the SEFA.

NOTE #3 - AMOUNT PROVIDED TO SUBRECIPIENTS

Of the federal expenditures presented in the accompanying SEFA as of June 30, 2014, the County provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amounts Passed Through to Subrecipients
Regional Nutrition Network for a Healthy California	10.561	\$ 1,424,821
Community Development Block Grant	14.218	2,318,861
Emergency Solutions Grant Program	14.231	443,159
Secure our Schools (SOS) Grant	16.710	1,661
Anti-Drug Abuse Enforcement Team Program (ADA)	16.738	104,238
Edward Byrne Memorial Justice Assistance Grant	16.738	499,732
Workforce Investment Act - Youth	17.259	3,919,257
Workforce Innovation Fund	17.283	319,553
Special Programs for the Aging - Title III, Part B	93.044	359,225
Special Programs for the Aging - Title III, Parts C1 and C2	93.045	2,013,893
National Family Caregiver Support - Title III, Part E	93.052	200,399
Nutrition Program for the Elderly (NSIP)	93.053	469,654
Medicare Improvements for Patients and Providers Act (MIPPA)	93.071	20,144
Strategic Prevention Framework State Incentive Grant (SPFSIG)	93.243	68,782
Promoting Safe and Stable Families	93.556	1,734,511
Temporary Assistance for Needy Families	93.558	2,282,413
Head Start Program	93.600	2,810,856
Financial Alignment	93.626	22,533
Chafee Foster Care Independent Program	93.674	451,855
MediCal Assistance Program (Alcohol and Drug Services)	93.778	2,610,016
Health Insurance Counseling and Advocacy Program (HICAP)	93.779	152,008
HIV Emergency Relief Formula Grant Title I	93.914	5,124,295
Mental Health Services Block Grant (SAMHSA)	93.958	1,049,735
Substance Abuse Prevention and Treatment Block Grant (SAPT)	93.959	6,534,280
High Intensity Drug Trafficking Area (IRNET & RMTF)	95.001	129,559
Legislative Pre-Disaster Mitigation Competitive Grant	97.047	274,957
FY2012 Emergency Management Performance Grant (EMPG)	97.042	242,148
FY2013 Emergency Management Performance Grant (EMPG)	97.042	189,924
FY2010 State Homeland Security Grant Program	97.067	21,034
FY2011 State Homeland Security Grant Program	97.067	333,912
FY2013 State Homeland Security Grant Program	97.067	136,527
FY2011 Metropolitan Medical Response System	97.067	36,020
Total Subrecipients Expenditures		\$ 36,299,962

COUNTY OF SAN BERNARDINO, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

I. SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major federal programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>Yes</u>
Type of auditors' report issued on compliance for major federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	<u>Yes</u>

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>10.557</u>	Special Supplemental Nutrition Program for Women, Infants & Children (WIC)
<u>16.922</u>	Equitable Sharing Program
<u>20.205</u>	Highway Planning and Construction
<u>93.558</u>	Temporary Assistance for Needy Families
<u>93.958</u>	Mental Health Services Block Grant (SAMHSA)
<u>93.090</u>	Guardianship Assistance
<u>93.658</u>	Foster Care
<u>93.659</u>	Adoption Assistance
<u>93.563</u>	Child Support Enforcement
<u>93.914</u>	HIV Emergency Relief Project Grant - Title I

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 3,000,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

COUNTY OF SAN BERNARDINO, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

II. FINANCIAL STATEMENT FINDINGS

None Reported

COUNTY OF SAN BERNARDINO, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

The following findings represent significant deficiencies, and/or instances of non-compliance that are required to be reported by OMB Circular A-133.

FINDING 2014-001

Program: Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

CFDA No.: 10.557

Federal Grantor: U.S. Department of Agriculture

Passed-through: California Department of Public Health

Award No.: 11-10489

Award Year: FY 2013-2014

Compliance Requirement: Eligibility

Criteria:

Per the *March 2014 Office of Budget and Management (OMB) Circular A-133 Compliance Supplement*, agencies are required to maintain eligibility records, including documents to support the agency's eligibility determination and information about each individual and benefits paid to or on behalf of the individual. In addition, it is required that eligibility determinations and redeterminations, including obtaining any required documentation and verifications, are performed to determine if individuals are eligible in accordance with the compliance requirements of the program.

Condition:

Significant Deficiency, Instance of Non-Compliance - As a result of our eligibility testwork, we noted 1 case file which could not be located.

Questioned Costs:

We identified no questioned costs in our tests of compliance with this requirement.

Context:

The condition noted above was identified during our examination of the County's (Department of Public Health) WIC eligibility determination/redetermination process.

Effect:

As a result of the condition noted, we were unable to determine the eligibility of 1 out of 40 program participants selected for testwork.

Cause:

The County's (Department of Public Health) procedures did not ensure that key eligibility determination/redetermination documentation was retained in order to properly support a benefit recipient's eligibility determination.

COUNTY OF SAN BERNARDINO, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

Recommendation:

We recommend that the County (Department of Public Health) strengthen procedures to ensure that all required eligibility determination/redetermination documentation is properly retained in order to adequately support the benefit recipient's positive eligibility determination.

Views of Responsible Officials and Planned Corrective Actions:

See separate corrective action plan.

FINDING 2014-002

Program: Equitable Sharing

CFDA No.: 16.922

Federal Grantor: U.S. Department of Justice

Award Year: FY 2013-14

Compliance Requirement: Procurement, Suspension, and Debarment

Criteria:

The *March 2014 Office of Budget and Management (OMB) Circular A-133 Compliance Supplement* states that the County must comply with 2 CFR part 180, which implements Executive Orders 12549 and 12689, Debarment and Suspension; Federal agency regulations in 2 CFR adopting the OMB guidance; the A-102 Common Rule (§____.36); OMB Circular A-110 (2 CFR section 215.13); program legislation; Federal awarding agency regulations; and the terms and conditions of the award. *OMB Circular A-133 Compliance Supplement* states:

Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All nonprocurement transactions entered into by a recipient (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the nonfederal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA) and available at <https://www.sam.gov/portal/public/SAM/> (note: EPLS is no longer a separate system; however, the OMB guidance and agency implementing regulations still refer to it as EPLS), (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

Condition:

Significant Deficiency, Instance of Non-Compliance: As a result of testwork performed, the County (Sheriff's Department) did not have procedures in place for verifying that vendors were not debarred, suspended or otherwise excluded prior to entering into covered transactions.

COUNTY OF SAN BERNARDINO, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

Questioned Costs:

We identified no questioned costs in our tests of compliance with this requirement.

Context:

The County (Sheriff's Department) engaged in procurements with 19 vendors exceeding the \$25,000 threshold. However, of the 8 transactions selected for testing, we noted none of the vendors selected were identified as a suspended or debarred vendor on SAM.gov as of the date of our fieldwork.

Effect:

As a result of the condition noted, there is an increased risk of non-compliance with procurement, suspension and debarment requirements.

Cause:

The County (Sheriff's Department) does not have procedures in place for verifying that vendors are not suspended, debarred or otherwise excluded prior to entering into covered transactions.

Recommendation:

We recommended the County (Sheriff's Department) implement policies and procedures to verify all vendors who are providing services to federally funded programs in excess of \$25,000 to ensure that the entity is not suspended, debarred, or otherwise excluded. This verification should be checked on the System for Awards Management (SAM) website, and evidence of the verification should be maintained.

Views of Responsible Officials and Planned Corrective Actions:

See separate corrective action plan.

COUNTY OF SAN BERNARDINO, CALIFORNIA

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Summarized below is the current status of all audit findings reported in the prior year audit’s schedule of audit findings and questioned costs.

Financial Statement Findings

Finding No.	Condition	Status of Corrective Action
2013-001	Recording of Investment Purchases at Year-End	Implemented

Federal Award Findings

Finding No.	Program Name	CFDA No.	Compliance Requirement	Status of Corrective Action
2013-002	Guardianship Assistance	93.090	Activities Allowed or Unallowed and Allowable Costs/Cost Principles	Implemented
2013-003	Block Grants for Community Mental Health Services	93.958	Activities Allowed or Unallowed and Allowable Costs/Cost Principles	Implemented
2013-004	Block Grants for Community Mental Health Services	93.958	Matching, Level of Effort, Earmarking	Implemented
2013-005	Equitable Sharing Program	16.922	Special Tests and Provisions	Implemented
2013-006	Equitable Sharing Program	16.922	Procurement Suspension and Debarment	Implemented
2013-007	Equitable Sharing Program	16.922	Davis-Bacon Act	Implemented
2013-008	Equitable Sharing Program	16.922	Reporting	Implemented
2013-009	State Homeland Security Grant Program	97.067	Subrecipient Monitoring	Implemented

COUNTY OF SAN BERNARDINO, CALIFORNIA

**SUPPLEMENTAL SCHEDULE OF OFFICE OF CALIFORNIA
STATE DEPARTMENT OF AGING GRANTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Federal Award Expenditures</u>	<u>State Expenditures</u>
Senior Community Service Employment Program - Title V (SCSEP)	17.235	TV-1213-20	\$ 343,880	\$ -
Special Programs for the Aging - Chapter 3	93.041	A3/A9-1314-20	21,571	-
Special Programs for the Aging - Chapter 2	93.042	AP-1213-20	49,932	-
Special Programs for the Aging - Title III, Part D	93.043	A3/A9 - 1314-20	90,140	-
Special Programs for the Aging - Title III, Part B	93.044	A3/A9-1314-20	1,345,003	-
Special Programs for the Aging - Title III, Parts C1 and C2	93.045	A3/A9-1314-20	2,364,838	383,316
National Family Caregiver Support - Title III, Part E	93.052	A3/A9-1314-20	585,201	-
Nutrition Program for the Elderly (NSIP)	93.053	AP-1213-20	472,965	-
Medicare Improvements for Patients and Providers Act (MIPPA)	93.071	MI-1314-20	21,489	-
Financial Alignment	93.626	FA-1316-20	22,533	-
Medi-Cal Assistance Program (Title XIX, MSSP)	93.778	MS-1214-17	527,437	527,437
Health Insurance Counseling and Advocacy Program (HICAP)	93.779	H9-1314-20/HI-1415-20	152,008	239,101
Ombudsman Special Deposit Fund (SDF)	N/A	N/A	-	39,452
Ombudsman Skilled Nursing Facility Quality & Accountability Fund (SNFQAF)	N/A	N/A	-	72,642
Totals			<u>\$ 5,996,997</u>	<u>\$ 1,261,948</u>