

**SAN BERNARDINO COUNTY  
AUDITOR-CONTROLLER/TREASURER/TAX COLLECTOR  
INTERNAL AUDITS DIVISION**

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**COMMUNITY DEVELOPMENT AND HOUSING:  
INVOICE PROCESSING AUDIT**

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## ***Mission Statement***

*This office is committed to serving our customers by processing, safeguarding, and providing information regarding the finances and public records of the County. We perform these functions with integrity, independent judgment, and outstanding service. We are accurate, timely, courteous, innovative, and efficient because of our well-trained and accountable staff.*

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## **Audit Team**

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Chief Deputy Auditor

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# **Community Development and Housing: Invoice Processing Audit**

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## San Bernardino County



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June 26, 2025

Carrie Harmon, Director  
Community Development and Housing  
560 East Hospitality Lane, Suite 200  
San Bernardino, CA 92415

RE: Invoice Processing Audit

We have completed an audit of Community Development and Housing's (Department) invoice processing for the period of January 1, 2024, through the date of January 8, 2025. The primary objective of the audit was to determine whether internal controls over invoice processing are in place and effective. 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 identified a practice that could be improved. We have listed this area for improvement in the Audit Finding and Recommendations section of this report.

We discussed our observations with management on June 11, 2025, and sent a draft report to the Department on June 12, 2025. The Department's responses to our recommendations are included in this report.

We would like to express our appreciation to the personnel at the Department who assisted and cooperated with us during this engagement.

Respectfully submitted,

Ensen Mason CPA, CFA  
Auditor-Controller/Treasurer/Tax Collector  
San Bernardino County

B [REDACTED]

Denise Mejico, CFE  
Chief Deputy Auditor

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Date Report Distributed: 6/27/25

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### Summary of Audit Results

Our finding and recommendations are provided to assist management in improving procedures relating to processing invoices for the Department.

The table below summarizes the audit finding and recommendations for this audit engagement. For further discussion, refer to the *Audit Finding and Recommendations* section of this report.

Finding No.	Findings and Recommendations	Page No.
1	The Department's procedures for payment tracking, monitoring, and approval could be improved.	6
	The Department should develop and implement formal written procedures for invoice processing that clearly define how invoices are tracked, monitored, and approved. Once developed, the procedures should be communicated to all relevant staff, and management should ensure compliance through periodic reviews and oversight.	



### **Community Development and Housing Invoice Processing Audit**

#### **The Department**

Community Development and Housing (Department) works to ensure quality of life for the residents of San Bernardino County by providing community and housing development resources for low and moderate-income families, individuals, and communities. The Department utilizes several Federal and State grants to undertake infrastructure projects and services that are needed for targeted communities. Housing grant funds are leveraged to develop quality affordable housing communities. The goal of the Department is to continually invest these resources in projects that are in support of the Countywide vision.

The Department is also responsible for completing the County's remaining redevelopment activities under the auspices of the San Bernardino County Successor Agency and Housing Successor Agency. This includes ensuring the enforceable financial obligations are retired, selling the Successor Agency's assets, and completing all remaining capital projects. The Department, in coordination with the County Administrative Office and the Auditor Controller/Treasurer /Tax Collector, manages the countywide redevelopment dissolution process of all 26 successor agencies within the County.

#### **Invoice Process**

The Department receives and pays invoices related to Emergency Solutions Grants (ESG), contracts, purchase orders, non-contracts, services, and utilities. Department management has implemented a tracking log to ensure that invoices are processed within payment timelines established by the County.

### **Scope and Objectives**

Our audit evaluated internal controls over invoice processing by the Community Development and Housing Department for the period of January 1, 2024, through January 8, 2025.

The objective of our audit was to determine whether internal controls over invoice processing are in place and effective.

### **Methodology**

In achieving the audit objective, the following audit procedures were performed, including but not limited to:

- Review of Department policies and procedures.
- Interviews with Department staff.
- Test of samples of contracts, purchase orders (PO), PO Invoices, non-PO invoices, parked documents, and will-call payments.



**Finding 1: The Department's procedures for payment tracking, monitoring, and approval could be improved.**

The Internal Controls and Cash Manual (ICCM) Chapter 2-3 - Control Activities states that control activities are policies, procedures, and standards that are established so that management's directives and objectives are accomplished. The ICCM further states that control activities include adequate document and record retention. Sufficient and relevant data should be recorded to provide an audit trail and to document evidence that transactions have occurred and were properly reviewed.

The Department does not have documented procedures outlining the process for tracking, monitoring, and approving invoices. During the audit, we noted that:

- The Department utilizes an invoice tracking log for payments, but the log was incomplete.
- Responsibilities for monitoring the status of invoices are not clearly defined.
- The process for approving invoices prior to payment is not formalized or consistently documented.

As a result, we observed instances of delayed payments and incomplete invoice records, including some payments processed without evidence of approval.

When written procedures do not clearly address the tracking, monitoring, and approval processes over invoices, payments may not be processed timely, leading to late payments or missed due dates. There is also an increased risk of errors or unauthorized payments.

**Recommendation:**

The Department should develop and implement formal written procedures for invoice processing that clearly define how invoices are tracked, monitored, and approved. Once developed, the procedures should be communicated to all relevant staff, and management should ensure compliance through periodic reviews and oversight.

**Management's Response:**

CDH acknowledges the audit finding regarding the need to improve payment tracking, monitoring, and approval.

CDH is currently updating the payment tracking, monitoring, and approval process with formal written procedures for invoice processing, clearly defining how invoices are tracked, monitored, and approved. This will include clear roles and responsibilities, formal tracking mechanisms, structured approval workflows, and monitoring protocols.

These procedures will be communicated to all relevant staff through regularly scheduled staff meetings, and management will ensure compliance through periodic reviews and ongoing oversight, enhancing transparency and efficiency in our financial operations.

**Auditor's Response:**

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