

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



DISTRICT ATTORNEY:
REAL ESTATE FRAUD PROSECUTION FUND FOLLOW-UP AUDIT

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Real Estate Fraud Prosecution Fund Follow-Up Audit

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San Bernardino County



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April 21, 2025

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RE: District Attorney Real Estate Fraud Prosecution Fund Follow-Up Audit

We have completed a follow-up audit of the District Attorney's (Department) Real Estate Fraud Prosecution Fund for the period of July 1, 2023, through June 30, 2024. The objective of the audit was to determine if the recommendations for the findings in the District Attorney Real Estate Fraud Prosecution Fund Audit report dated June 14, 2024, have been implemented. 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 have provided a status of the audit findings identified in the original audit report issued on June 14, 2024. The Department has implemented all of the recommendations from the original audit 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

By: [REDACTED]
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Date Report Distributed: 4.28.25

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Scope and Objective

Our audit examined the District Attorney Real Estate Fraud Prosecution Fund for the period of July 1, 2023, through June 30, 2024.

The objective of this follow-up audit was to determine whether the Department implemented the recommendations contained in the prior audit report, *District Attorney Real Estate Fraud Prosecution Fund Audit*, issued on June 14, 2024.

Methodology

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

- Interview of Department staff
- Walk-throughs of the Department's annual Real Estate Fraud Report procedures
- Review of Government Code 27388
- Examination of Department-reviewed vehicle charges reports and other system generated reports

Prior Finding 1: The annual Real Estate Fraud Report was not submitted to the Board of Supervisors on or before September 1.

Government Code 27388 (d) states the County Board of Supervisors shall annually review the effectiveness of the District Attorney in deterring, investigating, and prosecuting real estate fraud crimes based upon information provided by the District Attorney in an annual report. The District Attorney shall submit the annual report to the board on or before September 1 of each year. A county shall not expend funds held in that county's Real Estate Fraud Prosecution Fund until the County's auditor-controller verifies that the County's District Attorney has submitted an annual report for the County's most recent full fiscal year pursuant to the requirements of subdivision (d).

The Real Estate Fraud Report for Fiscal Year 2021-2022 was not submitted on or before September 1, 2022. The report was dated and submitted on September 23, 2022.

If the report is not submitted in a timely manner, there may not be appropriate oversight of the effectiveness of the program, and the Department may be out of compliance when disbursing from the Fund.

Recommendation:

We recommended that the Department create a timeline for the creation and approval of the annual report to ensure that the report is submitted to the required parties on or before September 1 of each year in accordance with Government Code 27388.

Current Status: Implemented

The Department developed and implemented a protocol for submitting the annual real estate fraud prosecution report to the required parties in a timely manner. The Department submitted the FY24 Annual Real Estate Fraud Report to the required parties on August 28, 2024, which is before the due date of September 1, 2024.

Prior Finding 2: An unallowable amount was expended from the Real Estate Fraud Prosecution Fund.

Government Code 27388 (b) states the money placed in the Real Estate Fraud Prosecution Fund shall be expended for the exclusive purpose of deterring, investigating, and prosecuting real estate fraud crimes.

We identified one amount of \$148 from March 2023 that did not relate to the purpose of deterring, investigating, and prosecuting real estate fraud when testing 22 expenditures. The expenditure related to a vehicle that was previously assigned to the Real Estate Fraud Unit but had been returned to Fleet Management in September 2022. Fleet Management determined that the total amount overcharged for this vehicle from October 2022 through March 2023 was \$888.

The department does not always review the amounts transferred to Fleet Management for vehicle charges, as these are automated internal service payments. If all amounts expended from the Fund are not reviewed, they may not be used for the program's intended purpose.

Recommendation:

We recommended that the Department review all vehicle charges for the audit period going forward. Additionally, we recommended that the Department compare the vehicle charges to the list of vehicles assigned to the Real Estate Fraud Unit for the respective time period. If there were any discrepancies found, we recommended that the Department return all overcharges to the Fund.

Current Status: Implemented

The Department implemented a monthly review of vehicle charges to ensure that Real Estate Fraud Prosecution funds are only used for expenditures related to vehicles assigned to the Real Estate Fraud Unit (REFU). We examined all the Department-reviewed monthly vehicle charges for the audit period and found that only REFU vehicles were charged to the fund.