

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



DEPARTMENT OF PUBLIC HEALTH: FY21 SINGLE AUDIT FOLLOW-UP

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Department of Public Health: FY21 Single Audit Follow-Up

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January 30, 2023

Josh Dugas, Director
Department of Public Health
351 N. Mountain View Ave., Room 303
San Bernardino, CA 92415-0010

RE: Department of Public Health – FY21 Single Audit Follow-Up

We have completed a follow-up audit of the implementation of the recommendation noted in the San Bernardino County’s Single Audit Report for the fiscal year ended June 30, 2021 (FY21) for the Department of Public Health (Department). The objective of the audit was to determine if corrective actions for the Department’s FY21 Single Audit finding 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 finding identified in the Single Audit report issued on April 29, 2022. The Department has partially implemented the corrective actions for the finding from the original audit report.

We sent a draft report to the Department on October 12, 2022.

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

Respectfully submitted,

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

Denise Mejico, CFE
Chief Deputy Auditor

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Date Report Distributed: 1/30/23

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FY21 Single Audit Follow-Up

Title 2 U.S. Code of Federal Regulations (CFR) 200 *"Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards"* (Uniform Guidance) requires nonfederal entities that expend \$750,000 or more of federal awards in a fiscal year to have a single or program specific audit. Eide Bailly, LLP, conducted the County's FY21 Single Audit 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 the audit requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Eide Bailly, LLP issued the report on April 29, 2022. In accordance with the Uniform Guidance, the auditee is responsible for follow-up and corrective action on all audit findings.



Scope and Objective

Our audit examined the Department of Public Health's policies, procedures, and other corrective actions as of the date of fieldwork, June 17, 2022.

The objective of this follow-up audit was to determine if the corrective actions for the Department's FY21 Single Audit finding, as contained in the *San Bernardino County's FY21 Single Audit Report* issued on April 29, 2022, have been implemented.

Methodology

In achieving the audit objective, we contacted the Department to obtain policies, procedures, and processes relevant to the areas of review.

Prior Finding 2021-004

Program: COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)-Enhancing Detection Expansion

CFDA No.: 93.323

Federal Grantor: U.S. Department of Health and Human Services- Centers for Disease Control and Prevention

Award No. and Year: COVID-19ELC94 (2021)

Compliance Requirements: Allowable Costs and Cost Principles; Cash Management

Type of Finding: Significant Deficiency in Internal Control and Instance of Non-Compliance

During the testing by Eide Bailly, they noted the following:

- One instance in which an expense was duplicated.
- Two instances in which the costs charged to the program exceeded the payments to the vendor.
- One instance in which the cost was allowable, however the cost was charged to the program in the current fiscal year but pertained to fiscal year 2022.

Recommendation:

Eide Bailly recommended that the County enhance internal controls to ensure costs are accurately charged to the ELC program.

Current Status: Partially Implemented

The Department indicated a projected implementation date of June 17, 2022, on the corrective action plan. However, due to an unforeseen circumstance, the Department was unable to provide evidence to support the implementation of the corrective action plan and did not provide a response by the end of the fiscal year. After the end of the fiscal year, the Department provided evidence of staff training and presentation materials, however, the procedures were undated, and therefore could not be determined if these procedures and processes were implemented by the end of the fiscal year.

Management's Response:

The Department of Public Health has centralized COVID-19 financial operations, and as a result, can ensure that standard county procurement policies and procedures are followed. Steps taken to implement the Corrective Action Plan are as follows:

- DPH assumed responsibility for COVID-19 Finance operations from the County's Office of Emergency Services (OES) as of March 2022.



- In April 2022, DPH interviewed, hired, and on-boarded two Office Assistants to join our COVID-19 Finance team. This brought the composition of our team to three extra-help Office Assistants and two extra-help Accountants. This team, under the supervision of an existing DPH Accountant III, have managed our COVID-19 financial operations post-emergency proclamation.
- In May 2022, DPH Leadership staff reviewed and approved internal finance and procurement processes for use by the COVID-19 Finance team.
- In May 2022, Central Accounts Payable (AP) roles granted to extra-help staff while working under ATC/OES supervision at the County's Emergency Operations Center (EOC) were deactivated. This level of access is not typically granted to non-ATC staff, and as such, was removed to prevent further potential instances of non-compliance.
- In May 2022, DPH staff conducted a training for the COVID-19 Finance team which covered the County Purchasing Department's purchasing roadmap and procurement manual, proper SAP contract and shopping cart creation, and goods management processing within SAP. This training was structured in order to prevent future occurrences of deficient transactions noted in Finding 2021-004.
- In June 2022, a COVID-19 Invoice Tracking sheet was created and implemented in order to comprehensively track all invoice payments. The tracking sheet ensures all invoices have signatures from Logistics, Finance, and Management prior to processing for payment and also tracks SAP posting dates, clearing dates, and clearing numbers.
- In July 2022, DPH performed a quality assurance check during the year-end process for all items billed against ELC grant funding in FY 21/22 to ensure there were no duplicate transactions, all goods purchases had a valid goods receipt in SAP, and invoices processed in SAP matched the billed amounts.
- In July 2022, DPH hired an Accountant III to assume the lead over the DPH COVID-19 Finance team. This staff member is a regular status County employee who manages all COVID-19 funds awarded to the department and ensures all expenses billed to grants have valid goods receipts and/or invoices at the time of billing. This staff member will continue to ensure compliance with accounting policies and procedures is maintained through the use of on-going training and education of our COVID-19 Finance team.

Auditor's Response:

The Single Audit recommendation was to enhance internal controls to ensure costs are accurately charged to the ELC program. During our audit we were unable to review documents to test any enhancements of the internal controls over costs. The Department has hired additional staff to assemble a team over the ELC grant process, however we were unable to test the invoice tracking sheet to ensure invoices are reviewed prior to payment and the review is documented.