

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

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**HUMAN SERVICES DEPARTMENT:  
FY 20 SINGLE AUDIT FOLLOW-UP**

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## **Human Services: FY 20 Single Audit Follow-Up**

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**Auditor–Controller/Treasurer/Tax Collector**

October 15, 2021

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Diana Alexander, Assistant Executive Officer  
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RE: Department of Behavioral Health – FY20 Single Audit Follow-Up

We have completed a follow-up audit of the implementation of the recommendations noted in the County of San Bernardino’s Single Audit Report for the fiscal year ended June 30, 2020 (FY 20) for the Human Services Department. The objective of the audit was to determine if corrective actions for the Department’s FY 20 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 original audit report issued on March 29, 2021. The Department has partially implemented all of the recommendations from the original audit report.

We sent a draft report to the Department on September 16, 2021. The Department’s responses to the current status of our recommendations are included in this report.

We would like to express our appreciation to the personnel at the Human Services 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

Denise Mejico, CFE  
Chief Deputy Auditor

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Grand Jury  
San Bernardino County Audit Committee

Date Report Distributed: October 15, 2021

EM:DLM:KGS:oac

## Scope and Objective

Our audit examined the Human Services Department (Department) policies, procedures, and other corrective actions as of the date of fieldwork, June 16, 2021.

The objective of this follow-up audit was to determine if the corrective actions for the Department's FY20 Single Audit findings, as contained in the *County of San Bernardino FY20 Single Audit Report*, issued on March 29, 2021, have been implemented.

## Methodology

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

- Review of applicable laws, regulations, and the Department's policies and procedures.
- Interviews of Department staff on policies, procedures, and processes relevant to the areas being reviewed.
- Walk-through of activities to determine whether the Department implemented the new processes.
- Examination of original documents and system-generated reports related to areas being reviewed.
- Examination of a sample of subrecipients to determine whether the appropriate action was taken by the Department.



**Prior Finding 2020-001**

**Program:** Foster Care Title IV-E

**CFDA No.:** 93.658

**Federal Grantor:** U.S. Department of Health and Human Services

**Passed-through:** California Department of Social Services

**Award No. and Year:** 1946001347-A7 (2020)

**Compliance Requirements:** Subrecipient Monitoring

**Type of Finding:** Material Weakness in Internal Control and Instance of Non-Compliance

The County (Human Services Department), categorized all Group Homes, Foster Family Agencies (FFAs), and Short-term Residential Therapeutic Program (STRTPs) that receive Foster Care Title IV-E assistance, as contractors and not subrecipients. As a result, the County's current policies and procedures over Group Homes, FFAs, and STRTPs have not been aligned with the requirements applicable to subrecipients in 2 CFR 200.332.

**Recommendation:**

Eide Bailly recommended that the County implement subrecipient monitoring policies and procedures in accordance with 2 CFR 200.332 for Group Homes, FFAs, and STRTPs that receive Foster Care Title IV-E assistance.

**Current Status:** Partially Implemented

As of June 30, 2021:

- The County has developed adequate policies and procedures for monitoring subrecipients receiving Foster Care Title IV-E funds.
- The County has provided notification to the subrecipients that funds received constituted a subaward. However, all 10 notifications tested did not include all required data elements in accordance with 2 CFR 200.332(a)(1) through (6). Additionally, existing contracts were not amended to include all required data elements.
- The County has performed subrecipient monitoring for agencies receiving Foster Care Title IV-E funds. Monitoring of the subrecipients included performing a risk assessment of each agency receiving Foster Care Title IV-E funds to determine the agency's risk of non-compliance with Federal statutes, regulations, and the terms and conditions of the subaward. The assessed risk level for each agency determined the monitoring procedures to be performed. Upon review of the subrecipient monitoring performed by the Department, we identified the following:



- 8 out of 20 agencies tested did not have appropriate monitoring performed in accordance with the department's policies and procedures.
- 8 out of 20 agencies tested did not have appropriate monitoring performed based on assessed risk level.
- 1 out of 20 agencies tested did not have an Internal Control Questionnaire on file in accordance with the Human Services Department's policies and procedures.
- The County has determined whether subrecipients were subject to Single Audit requirements, reviewed the most recent Single Audit Reports, and followed up on any findings identified. However, Single Audit reports were not reviewed for 2 out of 15 subrecipients tested.
- The County has developed a process to include amounts paid to FFAs, Group Homes, and STRTPs as amounts passed through to subrecipients on the Schedule of Expenditures of Federal Awards. However, ATC was unable to test the process as it had not been completed as of the date of fieldwork.

### **Management's Response:**

The Human Services Department has completed all outstanding monitoring; received all Internal Control Questionnaire's and reviewed all applicable Single Audit Reports as of the date of this letter. The Department has incorporated Foster Care subrecipients into its current monitoring schedule to ensure that monitoring is completed in a timely fashion in the future. Additionally, the Department revised the current grant award notification letter template to ensure that all required elements of the subrecipient subaward are included in the grant notice as specified in 2 CFR 200.332(a)(1) through (6). This letter will be sent to current subrecipients with subaward information for the applicable fiscal year. Lastly, the amounts passed through to subrecipients on the Schedule of Expenditures of Federal Awards do not typically go out to subrecipients until final program expenditures are reported to the Auditor Controller's Office. The department is on track to send this information out to subrecipients for FY 20/21 and will continue this process per the past practice.

### **Auditor's Response:**

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