

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

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## LAW AND JUSTICE GROUP: NEW HOPE PROGRAM AUDIT

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*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**

**Denise Mejico, CFE**  
Chief Deputy Auditor

**Menaka Burkitt, CFE**  
Internal Audits Manager

**Rachel Ayala**  
Supervising Internal Auditor III

**Carmel Manela, CIA, CFE**  
Internal Auditor III

**Law and Justice Group:  
New Hope Program Audit**

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## San Bernardino County

### ENSEN MASON CPA, CFA Auditor–Controller/Treasurer/Tax Collector

**John Johnson**

*Assistant Auditor–Controller/Treasurer/Tax Collector*

May 24, 2023

Michael Fermin, Chair  
Law and Justice Group Administration  
655 East Third Street  
San Bernardino, CA 92415

RE: New Hope Program Audit

We have completed an audit of the Law and Justice Group Administration's (Administration) New Hope Program Contract for the period of July 1, 2020, through June 30, 2021. The primary objective of the audit was to determine if the County's contract with the Abundant Living Family Church for the New Hope program has been properly procured, monitored, and paid in accordance with County policies and contract terms. 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 several procedures and practices that could be improved. We have listed these areas for improvement in the Audit Findings and Recommendations section of this report.

We sent a draft report to the Administration on January 31, 2023, and discussed our observations with management on February 9, 2023. The Administration's responses to our recommendations are included in this report.

We would like to express our appreciation to the personnel at the Law and Justice Group Administration 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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- Col. Paul Cook (Ret.), Vice Chair, 1st District Supervisor
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- Leonard X. Hernandez, Chief Executive Officer
- Grand Jury
- San Bernardino County Audit Committee

Date Report Distributed: May 24, 2023

EM:DLM:CMM:oac



## Summary of Audit Results

Our findings and recommendations are provided to assist management in strengthening controls and procedures relating to the County's New Hope Program contract.

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

Finding No.	Findings and Recommendations	Page No.
1	<b>A final reconciliation of actual expenses to the estimated budget was not completed in accordance with contract terms.</b>	6
	We recommend that the Administration ensure that the Contractor submits a yearly report with a final reconciliation of actual expenses to the estimated budget for the contract period for future contracts. We also recommend that the Administration review the reconciliation to compare actual expenses to the estimated budget.	
2	<b>Monitoring of expenditures could be improved.</b>	7
	We recommend that the Administration review invoices for accuracy and require additional information, if needed, from the Contractor prior to issuing payment. We further recommend the Administration require the Contractor to submit an inventory of equipment purchased as part of the monthly activity report in accordance with the contract.	

## **Background**

### **Law and Justice Group Administration**

The Law and Justice Group Executive Committee provides for the safety of all citizens and promotes the principles of justice by coordinating resources and services including justice facilities and information management, to enhance the quality of life within San Bernardino County. The Group collaborates with other County departments and community partners on grant applications, projects, and operational enhancements to address the health, safety, and social service needs of County residents.

### **New Hope Program**

On October 2, 2018, the Board of Supervisors (Board) approved a contract with the Abundant Living Family Church – High Desert (ALFC) to establish the New Hope pilot program (New Hope). New Hope provides transportation services for individuals released from the High Desert Detention Center and has linked these individuals to County reentry-related services.

ALFC, located in the city of Hesperia, has been providing recidivism reduction services through Proposition 47 and other recidivism reduction funds allocated through the Board of State and Community Corrections since 2015. In addition, they have been working in conjunction with the Sheriff/Coroner/Public Administrator to provide needed transportation services for individuals released from incarceration into the High Desert region for 10 years. Services were expanded to include peer navigator supportive services to connect individuals with physical and mental health services, substance abuse treatment services, and assistance in accessing housing, job training, job placement, and other vital resources through the Probation Department's Day Reporting Center. The Law and Justice Group Departments, the Departments of Public Health, Behavioral Health and Community Development and Housing, and ALFC have collaborated to streamline processes and remedy potential gaps in service delivery.

### **Scope and Objective**

Our audit examined the Law and Justice Group's New Hope Program Contract with Abundant Living Family Church for the period of July 1, 2020, through June 30, 2021.

The objective of the audit was to determine if the contract has been properly procured, monitored, and paid in accordance with County policies and contract terms.

### **Methodology**

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

- Review of authorizing board action
- Review of contract and amendments
- Review of Administration policies and procedures
- Interviews with Administration and Abundant Living Family Church staff
- Sample of invoices and supporting documentation
- Examination of original source documents



**Finding 1: A final reconciliation of actual expenses to the estimated budget was not completed in accordance with contract terms.**

San Bernardino County Contract Number 18-751 Amendment 3 – Section II “Contractor Service Responsibilities” Subsection D states that the Contractor shall submit a yearly report with a final reconciliation of actual expenses compared to the estimated budget for the contract period. The report shall be delivered to the County no later than ninety (90) days from the close of each Contract year. Failure to comply with the reporting requirements on a timely basis may make the contractor ineligible for contract extensions or future contracts.

The Administration did not require the Contractor to submit a yearly report with a final reconciliation of actual expenses to the estimated budget for the contract period.

The Administration did not believe reconciliations had to be performed as the contract was a fee-for-service contract and the Administration was already short-staffed due to COVID. When reporting requirements are not followed in accordance with the County contract, there is an increased risk of funds not being spent for their intended purpose.

**Recommendation:**

We recommend that the Administration ensure that the Contractor submits a yearly report with a final reconciliation of actual expenses to the estimated budget for the contract period for future contracts. We also recommend that the Administration review the reconciliation to compare actual expenses to the estimated budget.

**Management’s Response:**

Law and Justice Group Administration concurs with the Recommendation, however, the Department’s contract with ALFC for the New Hope program ended on December 31, 2021. All subsequent contracts with ALFC for transportation services for individuals released from the High Desert Detention Center have been administered by the Sheriff’s Department.

**Auditor’s Response:**

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

## **Finding 2: Monitoring of expenditures could be improved.**

San Bernardino County Contract Number 18-751 Amendment 3 – Section V “Fiscal Provisions” Subsection C states that the Contractor shall submit to the County itemized monthly invoices following the format provided or approved by the County, for services performed under this Contract within twenty (20) days of the close of each contract month. The County will audit invoices for accuracy and may require additional information or corrections from the Contractor prior to issuing payment. In addition, Contract Number 18-751 – Section X “General Provisions” Subsection E states that all equipment, materials, supplies of property of any kind which has a single unit cost of \$500 or more, including tax, purchased with funds received and not fully consumed in one year shall be the property of the County. Additional terms state that before equipment purchases made by the Contractor are reimbursed by County, the Contractor must submit paid vendor receipts identifying the purchase price, description of the item, serial numbers, model number, and location where equipment will be used during the term of this Contract. The Contractor shall submit an inventory of equipment purchased under the terms of this Contract as part of the monthly activity report for the month in which the equipment is purchased.

The following conditions were identified:

- The Administration did not audit invoices for accuracy or require additional information from the Contractor prior to issuing payment.
- Two computers, each exceeding \$500, were purchased and vendor receipts were not submitted prior to payment, nor was an inventory of this equipment submitted to the Administration.
- During our testing of 103 expenses that were claimed on the invoices, there were:
  - 82 transactions (or 80%) that were allowable and in compliance with contract terms.
  - 21 transactions (or 20%) that could not be verified as allowable and in compliance with contract terms, due to missing supporting documentation.

The Administration did not believe that supporting documentation was necessary for payment as the contract was a fee-for-service contract and flat rate payments were made in advance of services upon the presentation of an invoice. When expenses are not reviewed prior to payment, there is an increased risk of unallowable transactions.

### **Recommendation:**

We recommend that the Administration review invoices for accuracy and require additional information, if needed, from the Contractor prior to issuing payment. We further recommend the Administration require the Contractor to submit an inventory of equipment purchased as part of the monthly activity report in accordance with the contract.

**Management's Response:**

Law and Justice Group Administration concurs with the Recommendation, however, the Department's contract with ALFC for the New Hope program ended on December 31, 2021. All subsequent contracts with ALFC for transportation services for individuals released from the High Desert Detention Center have been administered by the Sheriff's Department.

**Auditor's Response:**

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