

# County of San Bernardino

Auditor-Controller/Treasurer/Tax Collector  
Internal Audits Section

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## Department of Public Works: FY17 Single Audit Follow-Up



**Oscar Valdez**

**Auditor-Controller/Treasurer/Tax Collector**

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# Auditor-Controller/Treasurer/Tax Collector

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## *Mission Statement*

*The San Bernardino County Auditor-Controller's 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**

Chief Deputy Auditor

**Menaka Burkitt**

Internal Audits Manager

**Rachel Ayala**

Supervising Internal Auditor III

**Maressa Nuñez**

Accountant III



**Department of Public Works:  
FY17 Single Audit Follow-Up**

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# AUDITOR-CONTROLLER/ TREASURER/TAX COLLECTOR



**Matt Brown**

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Assistant Auditor-Controller/Treasurer/Tax Collector

**September 4, 2018**

**Kevin Blakeslee, Director**

Department of Public Works  
825 E. Third Street, Room 101  
San Bernardino, CA 92415-0835

## **SUBJECT: Public Works – FY17 Single Audit Follow-Up**

In compliance with Article V, Section 6, of the San Bernardino County Charter and County Policy 05-20 entitled Internal Operational Auditing, we have completed a follow-up audit of the implementation of the recommendations noted in the County of San Bernardino's Single Audit for the fiscal year ended June 30, 2017 (FY17) for the Public Works Department (Department). The objective of the audit was to determine if corrective actions for the Department's FY17 Single Audit findings 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 March 26, 2018. The Department has implemented corrective actions for all of the findings from the original audit report.

We sent a draft report to the Department on August 10, 2018.

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

Respectfully submitted,

**Oscar Valdez**

Auditor-Controller/Treasurer/Tax Collector  
San Bernardino County

By:



**Denise Mejico**  
Chief Deputy Auditor

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### FY17 Single Audit Follow-Up

The Single Audit Act Amendments of 1996 and Office of Management and Budget (OMB) 2 CFR 200 "*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*" (Uniform Guidance) require nonfederal entities that expend \$750,000 or more of federal awards in a fiscal year to have a single or program specific audit. The County's external auditors, Vavrinek, Trine, Day & Co., LLP (VTD) , conducted the County's FY17 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 Uniform Guidance. VTD issued the report on March 26, 2018. 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's policies, procedures and other corrective actions as of the date of fieldwork, May 25, 2018.

The objective of this follow-up audit was to determine whether the Department implemented the recommendations contained in the prior audit report, *County of San Bernardino FY17 Single Audit Report*, issued on March 26, 2018.

### Methodology

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

- Interviews of Department staff
- Review of policies and procedures





### **Prior Finding 2017-001**

**Program:** Highway Planning and Construction Cluster

**CFDA No.:** 20.205

**Federal Grantor:** U.S. Department of Transportation

**Passed-through:** State of California Department of Transportation

**Award Year:** FY 2016-17

**Compliance Requirement:** Reporting

*Significant Deficiency* - The County (Department of Public Works) in the preparation of SEFA amounts applicable to the Highway Planning and Construction Cluster, omitted indirect costs of \$480,390 applicable to the program.

### **Recommendation:**

We recommend the County (Department of Public Works) update and review its procedures related to the preparation of the SEFA to ensure that all costs both direct and indirect are included in accordance with 2 CFR Section 200.302(b)(1) and (2) of the Uniform Guidance.

### **Current Status:** Implemented

The Department has updated their written procedures related to the preparation of the SEFA to ensure that all costs, both direct and indirect, are included in accordance with 2 CFR Section 200.302(b)(1) and (2) of the Uniform Guidance.





### Prior Finding 2017-002

**Program:** Highway Planning and Construction Cluster

**CFDA No.:** 20.205

**Federal Grantor:** U.S. Department of Transportation

**Passed-through:** State of California Department of Transportation

**Award Year:** FY 2016-17

**Compliance Requirement:** Allowable Costs/Cost Principles, Cash Management

*Instance of Non-Compliance* – The County (Department of Public Works) has not established written procedures to implement the cash management requirements of 2 CFR Section 200.305 or requirements for determining allowability of costs in accordance with Subpart E – Cost Principles or the terms and conditions of the Federal award.

### **Recommendation:**

We recommend the County (Department of Public Works) review its policies and formalize written procedures related to cash management requirements within 2 CFR Section 200.305 and allowable costs in accordance with Subpart E – Cost Principles.

**Current Status:** Implemented

The Department has formalized written policies and procedures related to cash management requirements within 2 CFR Section 200.305 and allowable costs in accordance with Subpart E – Cost Principles.