

COUNTY OF SAN BERNARDINO, CALIFORNIA

**Single Audit Report
(OMB Circular A-133)**

For the Fiscal Year Ended June 30, 2010

COUNTY OF SAN BERNARDINO, CALIFORNIA

**SINGLE AUDIT REPORT
(OMB CIRCULAR A-133)**

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Supervisors
County of San Bernardino, California

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Bernardino, California (County), as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 17, 2010. Our report refers to the County's adoption of the provisions of Governmental Accounting Standard Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and the provisions of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, in 2010. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the San Bernardino County Flood Control District, the County of San Bernardino Redevelopment Agency and Children and Families First Commission of San Bernardino County for the year ended June 30, 2010, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County in a separate letter dated December 17, 2010.

This report is intended solely for the information and use of the Board of Supervisors, County management, the Audit Committee, Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vawter, Tene, Day, Co., LLP

Rancho Cucamonga, California
December 17, 2010



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM, INTERNAL CONTROL OVER COMPLIANCE, AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE SUPPLEMENTAL SCHEDULE OF OFFICE OF CALIFORNIA STATE DEPARTMENT OF AGING GRANTS

Board of Supervisors
County of San Bernardino, California

Compliance

We have audited the County of San Bernardino's, California (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2010. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

As described in item 2010-04 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding eligibility that are applicable to its Workforce Investment Act Cluster program. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2010-02, 2010-03, and 2010-05 through 2010-12.

Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2010-04 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of finding and question costs as items 2010-01 and 2010-12 to be significant deficiencies.

Schedule of Expenditures of Federal Awards and Supplemental Schedule

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2010, and have issued our report thereon dated December 17, 2010. Our report refers to the County's adoption of the provisions of Governmental Accounting Standard Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, in 2010. We did not audit the financial statements of the San Bernardino County Flood Control District, the County of San Bernardino Redevelopment Agency and the Children and Families First Commission of San Bernardino County for the year ended June 30, 2010. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as it relates to the amounts included for the San Bernardino County Flood Control District, the County of San Bernardino Redevelopment Agency and the Children and Families First Commission of San Bernardino County, are based on the reports of the other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. The Supplemental Schedule of Office of California State Department of Aging Grants is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards and Supplemental Schedule have been subjected to the auditing procedures applied in the audit of the

basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The County's responses to the findings identified in our audit are described in a separate corrective action plan. We did not audit the County's separate corrective action plan, and accordingly, we express no opinion on it.

We noted certain matters that we reported to management of the County in a separate letter dated March 28, 2011.

This report is intended solely for the information and use of the Board of Supervisors, County management, the Audit Committee, Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Varrinck, Tami, Day, Co., LLP

Rancho Cucamonga, California
March 28, 2011, except for the Schedule of Expenditures of
Federal Awards and Supplemental Schedule of Office of
California State Department of Aging Grants,
as to which the date is December 17, 2010

COUNTY OF SAN BERNARDINO, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Federal Award Expenditures
Department of Agriculture:			
Pass-Through Programs:			
Child Nutrition Cluster:			
California Department of Education:			
School Breakfast Program	10.553		\$ 229,342
National School Lunch Program	10.555		354,972
Total Child Nutrition Cluster			<u>584,314</u>
Supplemental Nutrition Assistance Program (SNAP) Cluster:			
California Department of Public Health:			
ARRA - Supplemental Nutrition Assistance Program - Administration	10.561		593,121
Supplemental Nutrition Assistance Program Administration	10.561		26,467,086
California Department of Health Services:			
Regional Nutrition Network for Healthy Active Families	10.561	1946001347-A7	1,298,488
Nutrition Network	10.561	1946001347-A7	532,756
Total Supplemental Nutrition Assistance Program Cluster [1]			<u>28,891,451</u>
California Department of Education:			
Child and Adult Care Food Program	10.558	3615241-J	<u>2,130,093</u>
California Department of Food and Agriculture:			
Inspection, Grading, and Standardization	10.162		19,936
Senior Farmers Market Nutrition Program (SFMNP) **	10.576		45,000
Total California Department of Food and Agriculture			<u>64,936</u>
California Department of Public Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		<u>10,813,359</u>
State Controller:			
Schools and Roads - Cluster	10.665		160,069
Total Pass-Through Programs			<u>42,644,222</u>
Direct Programs:			
Forestry Research Grant	10.652		229,613
2008 San Bernardino Mountains Tree Mortality and Fuels Management Prog.	10.664		2,754,409
2009 Substance Agreement Cooperative Law Enforcement and Controlled	10.664		71,495
2010 Substance Agreement Cooperative Law Enforcement and Controlled	10.664		16,916
ARRA - Wildland Fire Management	10.668		256,495
Emergency Watershed Protection Program	10.923		1,294,328
Total Direct Programs			<u>4,623,256</u>
Total Department of Agriculture			<u>47,267,478</u>
Department of Commerce:			
Pass-Through Programs:			
City of Santa Ana Police Department:			
Public Safety Interoperable Communications Grant Program [1]	11.555	059-69000	4,495,587
Total Department of Commerce			<u>4,495,587</u>

[1] Denotes a major federal financial assistance program.

** Denotes that this program is part of the Aging Cluster at the request of the California Department of Aging.

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF SAN BERNARDINO, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Federal Award Expenditures
Department of Defense:			
Direct Programs:			
U.S. Army Corp. of Engineers San Timeteo Creek Project-Phase 3B	12.000		\$ 117,259
Total Department of Defense			<u>117,259</u>
Department of Housing and Urban Development:			
Pass-Through Programs:			
California Department of Housing and Community Development:			
Disaster Recovery Initiative Grant [Cluster]	14.228		1,366,342
Community Development Block Grant Cluster:			
Pass-Through Programs:			
City of Chino Hills:			
Adult Literacy -Chino Hills	14.218		19,929
City of Chino:			
Library Literacy Day- Chino	14.218		2,039
City of Rialto:			
Adult Literacy Program - Rialto	14.218		14,855
Town of Apple Valley:			
Library Literacy Day - Apple Valley	14.218		3,944
Direct Programs:			
Community Development Block Grant	14.218		8,832,864
Neighborhood Stabilization Program Grant (NSPI)	14.218		7,206,675
ARRA - Community Development Block Grant	14.253		334,857
Total Community Development Block Grant Cluster [1]			<u>16,415,163</u>
Direct Programs:			
Lead-Based Paint Hazard Control Grant	14.900		1,115,905
Emergency Shelter Grant Program	14.231		325,473
HOME Investment Partnerships Program	14.239		5,839,477
ARRA - Homelessness Prevention and Rapid Re-Housing Program [1]	14.257		514,117
Total Direct Programs			<u>7,794,972</u>
Total Department of Housing and Urban Development			<u>25,576,477</u>
Department of the Interior:			
Direct Programs:			
Recreation Resource Management - SART Phase IV	15.225		220,573
Payment in Lieu of Tax	15.226		2,958,395
National Register of Historic Places	15.914		294,099
Cultural Natural Resource Preservative	15.AAW		8,148
Total Direct Programs			<u>3,481,215</u>
Total Department of the Interior			<u>3,481,215</u>

[1] Denotes a major federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF SAN BERNARDINO, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Federal Award Expenditures
Department of Justice:			
Pass-Through Programs:			
State of California - Corrections Standards Authority:			
Juvenile Accountability Incentive Grant	16.523		\$ 68,194
California Emergency Management Agency:			
Project Safe Neighborhoods	16.609		21,713
Elder Abuse Advocacy and Outreach Program	16.575	071-00000	120,500
Special Emphasis Victim Witness Assistance Program	16.575	071-00000	103,586
Victim Witness Assistance Program	16.575	071-00000	448,499
Regional Anti-Gang Intelligence-LED Policing	16.580	071-00000	55,258
ARRA - Victim/Witness Recovery Act - VAWA Stimulus	16.588	071-00000	24,461
Project Safe Neighborhoods	16.609		39,315
Anti Drug Abuse Enforcement	16.738	071-00000	1,146,789
Grant Program Paul Coverdell Forensic Sciences Improvement 200800317	16.742		74,740
ARRA - VOCA Stimulus Victim/Witness Assistance	16.801	071-00000	36,318
ARRA - Justice Assistance Grant - Substance Abuse Offender Treatment Prgm.	16.803	071-00000	60,339
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) - Evidence Base Probation Supervision [1]	16.804	071-00000-17	368,311
ARRA - Regional Anti-Gang Intelligence LED Policing [1] Total California Emergency Management Agency	16.804		<u>83,787</u> <u>2,583,616</u>
County of Riverside:			
High Intensity Drug Trafficking Area (RMTF)	16.G09LA0007A		<u>319,850</u>
City of San Bernardino:			
Gang Resistance Education and Training Curriculum	16.541		116,286
2009 Congressionally Selected Awards Program - City of Delinquency	16.753		<u>159,189</u>
Total City of San Bernardino			<u>275,475</u>
Total Pass-Through Programs			<u>3,247,135</u>
Direct Programs:			
U.S. National Institute of Justice:			
Forensic DNA Backlog Reduction - 2007	16.741		318,967
Forensic DNA Backlog Reduction - 2008	16.741		<u>9,676</u>
Total U.S. National Institute of Justice:			<u>328,643</u>
Community Oriented Policing Services Office (COPS)			
Technology Grant - 2006	16.710	CA03600	353,221
Secure our Schools	16.710		<u>6,197</u>
Total Community Oriented Policing Services Office (COPS)			<u>359,418</u>
Bureau of Justice Assistance:			
Solving Cold Cases with DNA	16.560		228,500
Gang Resistance Education and Training Program (GREAT)	16.737		6,076
2006 Edward Byrne Memorial Justice Assistance Grant	16.738		15,733
2007 Edward Byrne Memorial Justice Assistance Grant	16.738		47,492
2008 Edward Byrne Memorial Justice Assistance Grant	16.738		7,205
2009 Edward Byrne Memorial Justice Assistance Grant	16.738		1,012,014
2008 Edward Byrne Memorial Justice Assistance Grant	16.753		502,921
Southwest Border Prosecution Initiative	16.SBP		2,423,810
ARRA - 2009 Edward Byrne Memorial Justice Assistance Grant [1]	16.804		<u>4,233,488</u>
Total Bureau of Justice Assistance			<u>8,477,239</u>

[1] Denotes a major federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF SAN BERNARDINO, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Federal Award Expenditures
Continued - Department of Justice:			
Continued - Direct Programs:			
Drug Enforcement Administration:			
2009 Cannabis Eradication Suppression Program	16.2009-40		\$ 53,140
2010 Domestic Cannabis Eradication/Suppression Program	16.2010-43		41,613
DEA-Riverside Task Force (RTF) Agreement FY 09-10	16.SCSHRA09-700		42,066
Total Drug Enforcement Administration			<u>136,819</u>
Department of Treasury:			
Asset Forfeitures	16.CA0360000		1,445,263
U.S Marshal Service:			
Regional Fugitive Task Force	16.FATF-09-0044		50,092
Regional Fugitive Task Force	16.FATF-10-0044		113,034
Total U.S Marshal Service			<u>163,126</u>
Office of National Drug Control Policy:			
High Intensity Drug Trafficking Area (IRNET)	16.G09LA0001A		304,787
High Intensity Drug Trafficking Area - (IRNET & RMTF)	16.G10LA0001A		568,370
Total Office of National Drug Control Policy			<u>873,157</u>
Federal Bureau of Investigation:			
FBI - Gang Impact Team (GIT) 08-09	16.281D-LA-243251		23,230
FBI - Gang Impact Team (GIT) 09-10	16.281D-LA-243251		36,621
Total Federal Bureau of Investigation			<u>59,851</u>
Total Direct Programs			<u>11,843,516</u>
Total Department of Justice			<u>15,090,651</u>
Department of Labor:			
Pass-Through Programs:			
Workforce Investment Act Cluster			
California Employment Development Department			
Workforce Investment Act - Adult	17.258		3,055,156
ARRA - Workforce Investment Act - Adult	17.258		4,799,458
Workforce Investment Act - Youth	17.259		4,557,938
ARRA - Workforce Investment Act - Youth	17.259		4,732,916
Workforce Investment Act - Dislocated Workers	17.260		2,979,382
ARRA - Workforce Investment Act - Rapid Response	17.260		336,172
ARRA - Workforce Investment Act - Dislocated Workers	17.260		4,307,804
Total Workforce Investment Act Cluster [1]			<u>24,768,826</u>
California Department on Aging:			
Senior Community Service Employment Program - Title V	17.235	TV 0809-20	408,019
ARRA - Employment Stimulus Senior Community Service Employment Program	17.235	ES-0809-20	91,106
Total California Department of Aging			<u>499,125</u>
California Employment Development Department:			
Workforce Investment Act - Demonstration Project (DPN)	17.261		93,845
Total Pass-Through Programs			<u>25,361,796</u>
Total Department of Labor			<u>25,361,796</u>

[1] Denotes a major federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF SAN BERNARDINO, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Federal Award Expenditures
Department of Transportation:			
Pass-Through Programs:			
California Department of Transportation:			
Highway Planning and Construction Cluster			
SART Phase III	20.205		\$ 19,955
Highway Planning and Construction Grant	20.205		<u>1,420,447</u>
Total Highway Planning and Construction Cluster			<u>1,440,402</u>
Safe Route to Schools	20.SR2SF-5954(109)	08-SBD-0-CR	<u>102,516</u>
Total California Department of Transportation			<u>1,542,918</u>
California Office of Traffic Safety:			
Highway Safety Cluster			
Office of Traffic and Safety - High-Risk Drunk Driving Supervision Program	20.600		488,991
State and Community Highway Safety	20.600		<u>462,995</u>
Total California Office of Traffic Safety			<u>951,986</u>
Total Pass-Through Programs			<u>2,494,904</u>
Direct Programs:			
Airport Improvement Program	20.106		<u>260,616</u>
Total Department of Transportation			<u>2,755,520</u>
Institute of Museum and Library Services:			
Direct Programs:			
Congressional Set-Aside, Museums	45.312		<u>275,112</u>
Total Institute of Museum and Library Services			<u>275,112</u>
Department of Energy:			
Direct Programs:			
ARRA - Energy Efficiency and Conservation Block Grant [1]	81.128		<u>455,684</u>
Total Department of Energy			<u>455,684</u>
Department of Education:			
Pass-Through Programs:			
California Department of Alcohol and Drug Program:			
Safe and Drug-Free Schools- Kinship Matter	84.186		<u>163,054</u>
County Office of Education:			
Federal Individuals with Disabilities Education (IDEA) cluster	84.027A		<u>1,180,486</u>
California State University of San Bernardino:			
Foundation Achievement and Mentoring Through Education (FAME)	84.215		<u>23,728</u>
Total Department of Education			<u>1,367,268</u>
General Service Administration:			
Pass-Through Programs:			
Secretary of State			
HAVA (Help America Vote Act) Section 301	90.401	07G30124	<u>29,810</u>
Total General Service Administration			<u>29,810</u>

[1] Denotes a major federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF SAN BERNARDINO, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Federal Award Expenditures
Department of Health and Human Services:			
Pass-Through Programs:			
Medicaid Cluster:			
California Department of Health Services:			
Medi-Cal Assistance Program (HSS)	93.778		\$ 44,745,942
ARRA Medi-Cal Assistance Program (HSS)	93.778		8,818,305
Healthcare Program for Children in Foster Care - Children's Medical Serv. Plan	93.778		804,380
Child Health and Disability Prevention - Children's Medical Service Plan	93.778		1,057,424
Medical Administrative Activities-PHL (MAA)	93.778		1,153,360
Early Periodic Screening, Diagnosis and Treatment	93.778		740,755
California Department on Aging:			
Medi-Cal Assistance Program (Title XIX, MSSP)	93.778	MS-0809-17	539,423
California Department of Social Services:			
In-Home Support Services-Public Authority	93.778		2,177,623
ARRA - Medical Assistance Program (In-Home Support Serv.-Public Auth.)	93.778		316,643
California Department of Alcohol and Drug Program:			
Medi-Cal Assistance Program	93.778		1,906,057
ARRA - Medi-Cal Assistance Program (Alcohol and Drug Services)	93.778		441,832
Total Medicaid Cluster [1]			<u>62,701,744</u>
Aging Cluster:			
California Department on Aging:			
Special Programs for the Aging - Chapter 3	93.041	AP-0910-20	21,735
Special Programs for the Aging - Chapter 2	93.042	AP-0910-20	56,353
Special Programs for the Aging - Title III, Part D	93.043	AP-0910-20	96,703
Special Programs for the Aging - Title III, Part B	93.044	AP-0910-20	1,514,186
Special Programs for the Aging - Title III, Parts C1 and C2	93.045	AP-0910-20	2,861,159
National Family Caregiver Support	93.052	AP-0910-20	666,382
Nutrition Program for the Elderly	93.053	AP-0910-20	602,161
ARRA - Home Delivered Meals	93.705	NS-0809-20	149,255
ARRA - Congregate Meals	93.707	NS-0809-20	303,175
Total Aging Cluster [1]			<u>6,271,109</u>
Medicare Enrollment Assistance Program	93.071	MI-0809-20	4,105
Health Insurance Counseling and Advocacy Program (HICAP)	93.779	HI-0910-20	112,715
Total California Department of Aging:			<u>6,387,929</u>
Immunization Cluster:			
California Department of Public Health:			
Immunization Subvention Grant	93.268	63-0317191	641,896
Immunization Registry	93.268	63-0317191	15,103
ARRA - Immunization Registry	93.712		351,745
ARRA - Immunization Subvention Grant	93.712		207,254
Total Immunization Cluster [1]			<u>1,215,998</u>
TANF Cluster:			
California Department of Social Services:			
Temporary Assistance to Needy Families	93.558		255,787,849
ARRA - Temporary Assistance to Needy Families	93.714		1,731,421
California Department of Public Health:			
Community Challenge Grant	93.558	74-3204993	208,190
Total TANF Cluster [1]			<u>257,727,460</u>
CCDF Cluster:			
California Department of Education:			
Child Care Development	93.575	36-2236-00-9	1,781

[1] Denotes a major federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF SAN BERNARDINO, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Federal Award Expenditures
Continued - Department of Health and Human Services:			
California Department of Alcohol and Drug Program:			
Substance Abuse Prevention and Treatment Block Grant [1]	93.959		<u>9,483,704</u>
California Department of Public Health:			
Public Health Emergency Preparedness - Cities Readiness Initiative [1]	93.069	94-6001347	482,185
Public Health Emergency Preparedness - CDC Base and Laboratory [1]	93.069	94-6001347	2,455,968
Public Health Emergency Preparedness - Pandemic Influenza [1]	93.069	94-6001347	1,953,318
Project Grants for Tuberculosis Control	93.116	63-0317191	180,822
Childhood Lead Poisoning Prevention	93.197		111,563
HIV Care Formula Grant - Title II	93.917		768,931
HIV Prevention Program	93.940		431,073
STD Community Intervention Program (SCIP)	93.977	09-11144	100
California Infertility Prevention Project (CIPP)	93.977	952564024	41,078
Maternal and Child Health Services Block Grant (AFLP)	93.994		517,704
Maternal and Child Health Services Block Grant (MCAH)	93.994		661,639
Hospital Preparedness Program H1N1 National Bioterrorism Hospital Preparedness	93.889		331,947
National Bioterrorism Hospital Preparedness Program-YR 7	93.889		259,055
National Bioterrorism Hospital Preparedness Program-YR 8	93.889		<u>568,645</u>
Total California Department of Public Health:			<u>8,764,028</u>
California Department of Mental Health:			
Projects for Assistance in Transition from Homelessness	93.150		447,122
Mental Health Services Block Grant [1]	93.958		<u>3,138,603</u>
Total California Department of Mental Health			<u>3,585,725</u>
California Department of Social Services:			
Promoting Safe and Stable Families	93.556		\$ 2,038,465
Refugee and Entrant Assistance	93.566		52,533
Refugee and Entrant Assistance - Admin	93.566		2,303
Child Welfare Services - State Grants	93.645		1,741,494
Adoption Assistance	93.659		18,383,801
ARRA - Adoption Assistance	93.659		2,277,810
Adoption Assistance - Admin	93.659		2,175,819
Social Service Block Grant - Title XX [1]	93.667		3,481,319
Independent Living Program	93.674		1,041,306
Foster Care - Title IV - E - TAD	93.658	TAD006852425	42,563,600
ARRA - Foster Care - Title IV - E - TAD	93.658		2,025,799
Foster Care - Title IV - E - PRB	93.658		10,767,969
Child Support Enforcement	93.563		20,807,262
ARRA - Child Support Enforcement	93.563		4,314,824
Total California Department of Social Services			<u>111,674,304</u>
California Family Health Council:			
Family Planning Service - Title X	93.217	95-2564024	<u>511,694</u>
Total Pass-Through Programs			<u>462,054,367</u>

[1] Denotes a major federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF SAN BERNARDINO, CALIFORNIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Federal Award Expenditures
Continued - Department of Health and Human Services:			
Direct Programs:			
Head Start Cluster:			
Head Start Program	93.600		\$ 35,530,009
ARRA COLA & QI	93.708		1,989,051
ARRA - Head Start	93.708		1,078,611
ARRA - Early Head Start	93.709		1,704,359
Total Head Start Cluster [1]			<u>40,302,030</u>
Consolidated Health Centers	93.224		324,420
ARRA - Health Center Integrated Services Development Initiative	93.703		64,855
HIV Emergency Relief Formula Grant Title I	93.914		7,223,261
Grants to Provide Outpatient Services for HIV Disease - Title III	93.918		453,434
Total Direct Programs			<u>48,368,000</u>
Total Department of Health and Human Services			<u>510,422,367</u>
Department of Homeland Security:			
Pass-Through Programs:			
Homeland Security Cluster			
California Emergency Management Agency:			
FY 2007 State Homeland Security Grant Program	97.067	071-0000	321,914
FY 2008 State Homeland Security Grant Program	97.067	071-0001	3,132,006
FY 2006 Urban Area Security Initiative (UASI)	97.067		93,368
Total Homeland Security Cluster [1]			<u>3,547,288</u>
Emergency Operation Centers	97.001	071-00000	197,703
FEMA - Disaster Assistance-Transportation	97.036	071-00000	2,512
FEMA - Public Assistance Grants 1498	97.036	071-00000	57,289
FEMA - Public Assistance Grants 1884	97.036	071-00000	3,320
FY 2007 Buffer Zone Protection Program	97.078	071-00000	549,709
FY 2008 Emergency Management Performance Grant	97.042	071-00000	38,779
FY 2009 Emergency Management Performance Grant	97.042	071-00000	320,158
Fire Assistance Management Grant (2833)	97.046	071-91137	20,650
Fire Assistance Management Grant (2836)	97.046	071-91137	9,368
Fire Assistance Management Grant (2841)	97.046	071-91137	123,964
Total California Emergency Management Agency			<u>1,323,452</u>
City of Riverside:			
FY 2008 Urban Area Security Initiative (UASI)	97.008		14,190
FY 2009 Urban Area Security Initiative (UASI)	97.008		22,451
			<u>36,641</u>
California Department of Boating & Waterways:			
Recreation Boating Safety Program	97.012		80,000
Total Pass-Through Programs			<u>4,987,381</u>
Direct Programs:			
Assistance to Firefighters Grant - Regional Application	97.044		180,799
Staffing for Adequate Fire and Emergency Response	97.083		189,449
Total Direct Programs			<u>370,248</u>
Total Department of Homeland Security			<u>5,357,629</u>
Total Expenditures of Federal Awards			<u>\$ 642,053,853</u>

[1] Denotes a major federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF SAN BERNARDINO, CALIFORNIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

The accompanying schedule of expenditures of federal awards (SEFA) for the fiscal year ended June 30, 2010, presents the activity of all federal financial assistance programs of the County of San Bernardino, California (the County). The County's reporting entity is defined in Note 1 to the County's basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on the SEFA.

B. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting except for programs recorded in the County's enterprise funds, which are presented using the accrual basis of accounting, which is described in Note 2 to the County's basic financial statements.

C. Relationship to Basic Financial Statements

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the County's financial statements.

Federal award revenues are reported principally in the County's financial statements as intergovernmental revenues in the General and Special Revenue Funds.

D. Relationship to Federal Financial Reports

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, with the amounts reported in the related federal financial reports.

E. Pass-Through Entities' Identifying Number

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the County has determined that no identifying number is assigned for the program or the County was unable to obtain an identifying number from the pass-through entity.

F. Federal Catalog of Federal Domestic Assistance (CFDA) Numbers

The CFDA numbers included in this report were determined based on the program name, review of grant contract information, and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

COUNTY OF SAN BERNARDINO, CALIFORNIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

G. Medicaid Cluster

Except for Medi-Cal administrative expenditures, Medi-Cal and Medicare program expenditures are excluded from the schedule of expenditures of federal awards. These expenditures represent fees for services; therefore, neither is considered a federal award program of the County for purposes of the schedule of expenditures of federal awards or in determining major programs. The County assists the State of California (the State) in determining eligibility and provides Medi-Cal and Medicare services through County-owned health facilities.

Medi-Cal administrative expenditures are included in the schedule of expenditures of federal awards as they do not represent fees for services.

NOTE #2 - OUTSTANDING LOANS OF FEDERAL FUNDS AT JUNE 30, 2010

At June 30, 2010, outstanding loans under the United States Department of the Interior, Bureau of Reclamation - Reclamation and Water Reuse Program and United States Department of Agriculture are \$4,000,000 and \$549,000 respectively. Other than repayment of principle and interest, there is no continuing compliance requirements on these loans, and as such, are not reported on the Schedule of Expenditure of Federal Awards.

COUNTY OF SAN BERNARDINO, CALIFORNIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE #3 - AMOUNT PROVIDED TO SUBRECIPIENTS

Of the federal expenditures presented in the accompanying Schedule of Expenditures of Federal Awards, the County provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Federal Award Expenditures
Regional Nutrition Network for Healthy Active Families Program	10.561	410,312
Community Development Block Grant	14.218	3,710,805
Emergency Shelter Grant Program	14.231	309,158
HOME Investment Partnerships Program	14.239	4,205,682
ARRA-Community Development Block Grant-R	14.253	298,268
ARRA-Homeless Prevention & Rapid Re-Housing	14.257	458,578
Lead-Based Paint Hazard Control Grant	14.900	652,615
Asset Forfeitures	16.CA0360000	894,947
Anti Drug Abuse Program	16.738	223,531
2009 Edward Byrne Memorial Justice Assistance Grant	16.738	923,092
ARRA 2009 Edward Byrne Memorial Justice Assistance Grant	16.804	3,928,404
High Intensity Drug Trafficking Area (IRNET)	16.G09LA0001A	26,106
High Intensity Drug Trafficking Area (IRNET & RMTF)	16.G10LA0001A	19,739
Workforce Investment Act - Youth	17.259	3,325,676
ARRA - Workforce Investment Act - Youth	17.259	4,063,892
State and Community Highway Safety	20.600	57,407
Federal Individual with Disabilities Education Act (IDEA)	84.027A	1,101,287
Special Programs for the Aging - Title III, Part B	93.044	492,297
Special Programs for the Aging - Title III Parts C1 and C2	93.045	2,599,267
National Family Caregiver Support	93.052	254,069
Nutrition Program for the Elderly	93.053	602,161
Promoting Safe and Stable Families	93.556	1,466,459
Community Challenge Grant	93.558	1,511,038
Temporary Assistance for Needy Families	93.558	78,800
Head Start	93.600	1,116,968
Foster Care - Title IV-E-TAD	93.658	366,050
Independent Living Program (ILP)	93.674	513,724
ARRA-Home Delivered Meals	93.705	149,255
ARRA-Congregate Meals	93.707	303,041
ARRA-Head Start / COLA & QI	93.708	239,158
ARRA-Early Head Start	93.709	155,851
ARRA-Immunization Subvention Grant	93.712	91,745
Medical Assistance Program	93.778	1,793,866
ARRA - Medical Assistance Program (Alcohol and Drug Services)	93.778	415,818
Medi-Cal Assistance Program (HHS)	93.778	15,072,286
ARRA - Medi-Cal Assistance Program (HSS)	93.778	3,493,756
Health Insurance Counseling and Advocacy Program (HICAP)	93.779	112,715
HIV Emergency Relief Project Grant - Title I	93.914	5,483,497
HIV Care Formula Grant-Title II	93.917	329,131
HIV Prevention Activities Health Department Based	93.940	9,143
Mental Health Services Block Grant (SAMHSA)	93.958	2,304,588
Substance Abuse Prevention and Treatment Block Grant	93.959	6,194,220
FY09 Emergency Management Performance Grant Program	97.042	273,792
State Homeland Security Grant FY 2007	97.067	34,215
State Homeland Security Grant FY 2008	97.067	831,282
FY 2007 Buffer Zone Protection Program	97.078	84,912
Total Subrecipients Expenditures		\$ 70,982,603

COUNTY OF SAN BERNARDINO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

I. SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>Yes</u>
Significant deficiencies identified?	<u>Yes</u>
Type of auditors' report issued on compliance for major programs:	

Unqualified for all major programs except for Workforce Investment Act Cluster, which was qualified.

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>Yes</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>10.561</u>	<u>Supplemental Nutrition Assistance Program - Cluster (Includes ARRA)</u>
<u>11.555</u>	<u>Public Safety Interoperable Communication Grant</u>
<u>14.218 / 14.253</u>	<u>Communication Development Block Grant - Cluster (Includes ARRA)</u>
<u>14.257</u>	<u>Homelessness Prevention and Rapid Re-Housing (ARRA)</u>
<u>16.804</u>	<u>Edward Byrne Memorial Justice Assistance Grant / Grants to Units of Local Governments (ARRA)</u>
<u>17.258 / 17.259 / 17.260</u>	<u>Workforce Investment Act - Cluster (Includes ARRA)</u>
<u>81.128</u>	<u>Energy Efficiency and Conservation Block Grant (ARRA)</u>
<u>93.778</u>	<u>Medical Assistance Program - Cluster (Includes ARRA)</u>
<u>93.041 / 93.042 / 93.043 / 93.044 / 93.045 / 93.052 / 93.053 / 93.705 / 93.707</u>	<u>Aging - Cluster (Includes ARRA)</u>
<u>93.268 / 93.712</u>	<u>Immunization Grants (Includes ARRA)</u>
<u>93.558 / 93.714</u>	<u>Temporary Assistance To Needy Families - Cluster (Includes ARRA)</u>
<u>93.959</u>	<u>Substance Prevention and Treatment Block Grant</u>
<u>93.069</u>	<u>Public Health Emergency Preparedness</u>
<u>93.958</u>	<u>Mental Health Service Block Grant</u>
<u>93.667</u>	<u>Social Service Block Grant</u>
<u>93.600 / 93.708 / 93.709</u>	<u>Head Start (Includes ARRA)</u>
<u>97.067</u>	<u>Homeland Security Grants</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 3,000,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

II. FINANCIAL STATEMENT FINDINGS

None reported.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

The following findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance including questioned costs that are required to be reported by OMB Circular A-133.

FINDING 2010-01

Program: ARRA-Edward Byrne Memorial Justice Assistance Grant

CFDA No.: 16.804

Federal Agency: Department of Justice

Passed-through: California Emergency Management Agency

Award No.: Various

Award Year: 2009-2010

Compliance Requirement: Reporting

Criteria:

OMB Circular A-133, Sub-part C, Section 300, Part b, states that the auditee is responsible for "maintaining internal control over Federal programs that provide reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Internal control means a process, developed by the entity's management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (1) Reliability of financial reporting; (2) Compliance with applicable laws and regulations; and (3) Effectiveness and efficiency of operations.

Condition:

Significant deficiency – Through our test of the client's internal controls related to the reporting compliance requirements, it's noted that no evidence of official management review and approval was provided for the monthly Job Data Collection Forms and the quarterly Performance Measurement Tool Reports.

Questioned Costs:

None

Context

The condition noted above was identified during our examination of the County's compliance with the *June 2010 OMB Circular A-133 Compliance Supplement* reporting requirements.

Effect:

Without review and approval of the reports by the management, the risk of misstatement increases.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

Cause:

The County department did not adequately implement internal controls to mandate the review of all program reports by the appropriate level of management.

Recommendation:

We recommend the County and the Probation Department revise its design and implementation of the existing internal controls over the reporting requirements to ensure that management review and approval of the reports submitted to the State pass-through agencies are clearly supported by audit evidence such as signatures or certifications.

View of Responsible Official and Planned Corrective Actions:

See separate correction action plan.

FINDING 2010-02

Program: Temporary Assistance for Needy Families (TANF) – Cluster (includes ARRA)

CFDA No.: 93.558 and 93.714

Federal Agency: U.S. Department of Health and Human Services

Passed-Through: California Departments of Social Services and Health Services

Award No.: Various

Award Year: 2009-2010

Compliance Requirement: Eligibility

Criteria:

The *June 2010 OMB Circular A-133 Compliance Supplement* requires that the County determine the eligibility of program participants based on several requirements including, each State shall participate in the Income Eligibility and Verification System (IEVS) required by section 1137 of the Social Security Act as amended. Under the State Plan the State is required to coordinate data exchanges with other federally assisted benefit programs, request and use income and benefit information when making eligibility determinations, and adhere to standardized formats and procedures in exchanging information with other programs and agencies.

Condition:

Instance of Non-Compliance: Of the 40 case files selected for testwork, we noted the following:

- An IEVS report is required to be run upon reapplication / determination of eligibility into the program. When applicants first apply or re-apply after being ineligible, the IEVS report must be ran to ascertain the applicant's income. We noted two files did not contain the IEVS report.

Questioned Costs:

Questioned costs of \$736 represent the benefit payments for the two transactions sampled with noted exceptions.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

Context:

The condition noted above was identified during our examination of the TANF program participant case files.

Effect:

The County increases its risk of non-compliance with eligibility requirements set forth in *OMB A-133 Compliance Supplement*.

Cause:

The County's policies and procedures require IEVS. IEVS were requested and misplaced when the case file was split. The application dates for the two cases were in 1998 and 2005. Case Management System (C-IV) automatically generates a task when IEVS are received, and Case Review System (full and focused), contain relevant IEVS questions; however, IEVS automation did not start until early 2007.

Recommendation:

We recommend the County follow existing policies/procedures, reviews, and enhance IEVS follow up through a quarterly review to ensure policies are correctly followed and IEVS reports exist in case files.

View of Responsible Officials and Planned Corrective Actions:

See separate correction action plan.

FINDING 2010-03

Program: State Homeland Security Grant Program Cluster

CFDA No.: 97.067

Federal Agency: Department of Homeland Security

Passed-through: California Emergency Management Agency

Award No.: Various

Award Years: 2006, 2007 and 2008

Compliance Requirement: Subrecipient Monitoring

Criteria:

The *June 2010 OMB Circular A-133 Compliance Supplement* requires a pass-through entity to be responsible for:

- *Award Identification* – At the time of the award, identifying to the subrecipient the Federal award information (e.g., CFDA title and number, award name, name of Federal agency) and applicable compliance requirements.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

- *During-the-Award Monitoring* - Monitoring the subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
- *Subrecipient Audits* - (1) Ensuring that subrecipients expending \$500,000 for fiscal years ending or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of OMB Circular A-133 and that the required audits are completed within 9 months of the end of the subrecipient's audit period, (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient's audit report, and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

Condition:

Instance of Non-Compliance - As a result of our audit during FY 2009-2010, we noted the following based on our testing performed over subrecipient monitoring:

- For 2 of the 8 subrecipient files tested, the County did not receive the required corrective action plans from the subrecipients in a timely manner.
- For 8 of the 8 subrecipient files tested, the County did not identify the CFDA number to the subrecipients in the subrecipient agreements for grant year 2007 and 2008.
- For 1 of the 8 subrecipient files tested, the county did not obtain the quarterly report from the subrecipient

Questioned Costs:

None

Context:

The condition noted above was identified during our examination of the County's contracts/agreements with the subrecipients and through testwork performed.

Effect:

The subrecipient agreements do not specifically identify all of the required elements as required by OMB Circular A-133. The subrecipient agreements must identify the CFDA title and number, award name, and Federal Agency. Accordingly, subrecipients may not be aware that they have received Federal funding, which might require the subrecipient to have a Single Audit performed. Additionally, timely follow ups to ensure the corrective actions to the single audit report findings had been properly corrected was not performed.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

Cause:

The County did not maintain procedures to ensure that the CFDA title and number, award name, and Federal Agency were identified in the formalized 2007 and 2008 agreements executed with the subrecipients. In addition, the County did not follow its procedures to ensure timely follow ups were performed with respect to single audit findings.

Recommendation:

We recommend that the County follow its policies and procedures to ensure that the information required by OMB Circular A-133 is included in the subrecipient agreements. It was noted that the County has sent notices to its 2007 and 2008 HSGP subrecipients on January 25, 2011 of the elements as required by OMB Circular A-133, including the CFDA title and number, award name, and federal agency. In addition, the County has incorporated the required language in its subrecipient agreements for HSGP grant years 2009 and forward.

Additionally, we recommend the County ensure the receipt of appropriate corrective action on all audit findings and follow procedures to ensure the subrecipients' corrective action plans are being appropriately implemented.

View of responsible officials and planned corrective action:

See separate correction action plan.

FINDING 2010-04

Program: Workforce Investment Act - Cluster (Includes ARRA)

CFDA No.: 17.258, 17.259, 17.260

Federal Agency: Department of Labor

Passed-through: California Employment Development Department

Award No.: Various

Award Year: 2009-2010

Compliance Requirement: Eligibility

Criteria:

OMB Circular A-133, Sub-part C, Section 300, Part b, states that the auditee is responsible for "Maintaining internal control over Federal programs that provide reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs"

Internal Control means a process, developed by the entity's management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (1) Reliability of financial reporting; (2) Compliance with applicable laws and regulations; and (3) Effectiveness and efficiency of operations.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

Condition:

Material Weakness and Material Instance of Noncompliance – During fiscal year 2008-2009 and part of fiscal year 2009-2010 the County Department operated the WIA program in a paperless environment by transitioning from maintaining manual hardcopy case files for eligibility determination to performing eligibility determinations electronically by using an electronic case management Virtual One Stop System (VOSS) which integrates with the State's MIS system.

We noted that the Virtual One Stop System was used in determining eligibility by the County Department. Each participant had an electronic case file that indicated that a Workforce Development Worker completed an application of each participant based on eligibility criteria within an electronic case management Virtual One Stop System which integrates with the State MIS system. However we noted that during the period of July 1, 2009 through February 28, 2010 the County neither collected or stored specific eligibility supporting documentation in paper form or imaged electronically to support critical eligibility information in the system. We noted that the Department of Labor requires that supporting documentation to support eligibility be maintained by the County.

Per our review of eligibility case files for compliance we noted as March 1, 2010 the County Department started collecting and storing specific eligibility supporting documentation (i.e. copies of driver's license, social security, evidence of displacement) in paper form to support critical eligibility information in the system. However we were unable to identify a key internal control in place over the eligibility requirement that mitigates the risk of non-compliance.

Questioned Costs:

\$3,086,552 represents the benefits paid on behalf of Adult and Dislocated participants for training and support services.

Context:

The condition noted above was identified during our testwork performed over the program eligibility.

Effect:

We were unable to obtain sufficient supporting documentation from July 2009 through February 28, 2010 and as a result of not maintaining eligibility supporting documentation the County Department was not in compliance with Eligibility compliance requirements during this time frame. However as of March 1, 2010 the County made corrective action and has maintained the eligibility supporting documentation in paper form to support critical eligibility information in the system. As a result, the costs incurred for training and support services from July 1, 2009 through February 28, 2010 may not be allowable.

In addition we were unable to identify an internal control in place to ensure that eligibility determinations are supported, reviewed, and being entered into the system accurately. As a result the eligibility determinations on file could result in non-compliance.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

Cause:

The County Department did not maintain hard copies or imaged documents used to support eligibility determination for each participant until March 1, 2010.

In addition the County did not a control in place to review hard case files during Fiscal year 2010 to assist in mitigating the risk of non-compliance, however the County is expected to perform monthly eligibility case file reviews starting in March 2011.

Recommendation:

Based on our inquiry with Department management we recommend that the County Department continue to implement formal policies and procedures to ensure the County is in compliance with the Department of Labor eligibility documentation requirements over the WIA program as well as develop internal control procedures to ensure compliance with Eligibility.

View of Responsible Official and Planned Corrective Actions:

See separate correction action plan.

FINDING 2010-05

Program: Workforce Investment Act – Cluster (Includes ARRA)

CFDA No.: 17.258, 17.259, 17.260

Federal Agency: Department of Labor

Passed-through: California Employment Development Department

Award No.: Various

Award Year: 2009-2010

Compliance Requirement: Special Tests and Provisions – ARRA Subrecipient Monitoring

Criteria:

For awards with ARRA Funding, the *June 2010 OMB Circular A-133 Compliance Supplement* states that entities must “document at the time of the subaward and disbursement of funds, the Federal award number, CFDA number, and the amount of ARRA funds.”

Condition:

Instance of Non-Compliance - It was noted that the ARRA information was not communicated to subrecipients at the time of disbursement of funds as required by *OMB Circular A-133*.

Questioned Costs:

None

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

Context:

The condition noted above was identified during our examination of the Special Tests and Provisions associated with the County's contracts/ agreements with the subrecipients payments made during the current fiscal year.

Effect:

The communication of required information to subrecipients did not occur at the time disbursements were made.

Cause:

The department's subrecipient procedures did not specifically ensure that the Federal award number, CFDA number, and amount of ARRA funds were identified at the time of disbursement.

Recommendation:

We recommend the County enhance its procedures to ensure that ARRA award information is consistently included in subrecipient communication at the time disbursements are made as required by *OMB Circular A-133*.

View of Responsible Official and Planned Corrective Action:

See separate correction action plan.

FINDING 2010-06

Program: ARRA - Energy Efficiency

CFDA No.: 81.128

Federal Agency: Department of Energy

Passed-through: N/A

Award No.: Various

Award Year: 2009-2010

Compliance Requirement: Special Tests and Provisions – ARRA Subrecipient Monitoring

Criteria:

For awards with ARRA Funding, the *June 2010 OMB Circular A-133 Compliance Supplement* states that entities must "document at the time of the subaward and disbursement of funds, the Federal award number, CFDA number, and the amount of ARRA funds."

Condition:

Instance of Non-Compliance - It was noted that the ARRA information was not communicated to subrecipients at the time of disbursement of funds as required by *OMB Circular A-133*.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

Questioned Costs:

None

Context:

The condition noted above was identified during our examination of the Special Tests and Provisions associated with the County's contracts/ agreements with the subrecipients payments made during the current fiscal year.

Effect:

The communication of required information to subrecipients did not occur at the time disbursements were made.

Cause:

The department's subrecipient procedures did not specifically ensure that the Federal award number, CFDA number, and amount of ARRA funds were identified at the time of disbursement.

Recommendation:

We recommend the County enhance its procedures to ensure that ARRA award information is consistently included in subrecipient communication at the time disbursements are made as required by *OMB Circular A-133*.

View of Responsible Official and Planned Corrective Action:

See separate correction action plan.

FINDING 2010-07

Program: CDBG - Cluster (Includes ARRA)

CFDA No.: 14.218 and 14.253

Federal Grantor: U.S. Department of Housing and Urban Development

Passed-through: N/A

Award No.: Various

Award Year: 2009-2010

Compliance Requirement: Special Tests and Provisions – ARRA Subrecipient Monitoring

Criteria:

For awards with ARRA Funding, the *June 2010 OMB Circular A-133 Compliance Supplement* states that entities must "document at the time of the subaward and disbursement of funds, the Federal award number, CFDA number, and the amount of ARRA funds."

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

Condition:

Instance of Non-Compliance - It was noted that the ARRA information was not communicated to subrecipients at the time of disbursement of funds as required by *OMB Circular A-133*.

Questioned Costs:

None

Context:

The condition noted above was identified during our examination of the Special Tests and Provisions associated with the County's contracts/ agreements with the subrecipients payments made during the current fiscal year.

Effect:

The communication of required information to subrecipients did not occur at the time disbursements were made.

Cause:

The department's subrecipient procedures did not specifically ensure that the Federal award number, CFDA number, and amount of ARRA funds were identified at the time of disbursement.

Recommendation:

We recommend the County enhance its procedures to ensure that ARRA award information is consistently included in subrecipient communication at the time disbursements are made as required by *OMB Circular A-133*.

View of Responsible Official and Planned Corrective Action:

See separate correction action plan.

FINDING 2010-08

Program: ARRA - Edward Byrne Memorial Justice Assistance Grant Program

CFDA No.: 16.804

Federal Grantor: U.S. Department of Justice

Passed-through: N/A

Award No.: Various

Award Year: 2009-2010

Compliance Requirement: Special Tests and Provisions – ARRA Subrecipient Monitoring

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

Criteria:

For awards with ARRA Funding, the *June 2010 OMB Circular A-133 Compliance Supplement* states that entities must "document at the time of the subaward and disbursement of funds, the Federal award number, CFDA number, and the amount of ARRA funds."

Condition:

Instance of Non-Compliance - It was noted that the ARRA information was not communicated to subrecipients at the time of disbursement of funds as required by *OMB Circular A-133*.

Questioned Costs:

None

Context:

The condition noted above was identified during our examination of the Special Tests and Provisions associated with the County's contracts/ agreements with the subrecipients payments made during the current fiscal year.

Effect:

The communication of required information to subrecipients did not occur at the time disbursements were made.

Cause:

The department's subrecipient procedures did not specifically ensure that the Federal award number, CFDA number, and amount of ARRA funds were identified at the time of disbursement.

Recommendation:

We recommend the County enhance its procedures to ensure that ARRA award information is consistently included in subrecipient communication at the time disbursements are made as required by *OMB Circular A-133*.

View of Responsible Official and Planned Corrective Action:

See separate correction action plan.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

FINDING 2010-09

Program: ARRA - Homelessness Prevention and Rapid Re-Housing Program (HPRP)

CFDA No.: 14.257

Federal Agency: Department of Housing and Urban Development (HUD)

Passed-Through: N/A

Award No.: Various

Award Year: 2009-2010

Compliance Requirement: Special Tests and Provisions – ARRA Subrecipient Monitoring

Criteria:

For awards with ARRA Funding, the *June 2010 OMB Circular A-133 Compliance Supplement* states that entities must “document at the time of the subaward and disbursement of funds, the Federal award number, CFDA number, and the amount of ARRA funds.”

Condition:

Instance of Non-Compliance - It was noted that the ARRA information was not communicated to subrecipients at the time of disbursement of funds as required by *OMB Circular A-133*.

Questioned Costs:

None

Context:

The department’s subrecipient procedures did not specifically ensure that the Federal award number, CFDA number, and amount of ARRA funds were identified at the time of disbursement.

Effect:

The communication of required information to subrecipients did not occur at the time disbursements were made.

Cause:

The County’s subrecipient monitoring procedures did not specifically ensure that the CFDA title and number, award name and federal agency, and amount of ARRA were identified at the time of disbursement.

Recommendation:

We recommend the County enhance its procedures to ensure that ARRA award information is consistently included in subrecipient communication at the time disbursements are made as required by *OMB Circular A-133*.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

View of Responsible Official and Planned Corrective Action:

See separate correction action plan.

FINDING 2010-10

Program: Special Program for the Aging – Cluster (Includes ARRA)

CFDA No.: 93.041, 93.042, 93.043, 93.044, 93.045, 93.052, 93.053, 93.705, 93.707

Federal Agency: Department of Health and Human Services

Passed-Through: California Department of Aging

Award No.: Various

Award Year: 2009-2010

Compliance Requirement: Special Tests and Provisions – ARRA Subrecipient Monitoring

Criteria:

For awards with ARRA Funding, the *June 2010 OMB Circular A-133 Compliance Supplement* states that entities must “document at the time of the subaward and disbursement of funds, the Federal award number, CFDA number, and the amount of ARRA funds.”

Condition:

Instance of Non-Compliance - It was noted that the ARRA information was not communicated to subrecipients at the time of disbursement of funds as required by *OMB Circular A-133*.

Questioned Costs:

None

Context:

The condition noted above was identified during our examination of the Special Tests and Provisions associated with the County’s contracts/ agreements with the subrecipients payments made during the current fiscal year.

Effect:

The communication of required information to subrecipients did not occur at the time disbursements were made.

Cause:

The department’s subrecipient procedures did not specifically ensure that the Federal award number, CFDA number, and amount of ARRA funds were identified at the time of disbursement.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

Recommendation:

We recommend the County enhance its procedures to ensure that ARRA award information is consistently included in subrecipient communication at the time disbursements are made as required by *OMB Circular A-133*.

View of Responsible Official and Planned Corrective Action:

See separate correction action plan.

FINDING 2010-11

Program: Head Start (Includes ARRA)

CFDA No.: 93.600, 93.708, 93.709

Federal Agency: Department of Health and Human Services

Passed-Through: N/A

Award No.: Various

Award Year: 2009-2010

Compliance Requirement: Special Tests and Provisions – ARRA Subrecipient Monitoring

Criteria:

For awards with ARRA Funding, the *June 2010 OMB Circular A-133 Compliance Supplement* states that entities must “document at the time of the subaward and disbursement of funds, the Federal award number, CFDA number, and the amount of ARRA funds.”

Condition:

Instance of Non-Compliance - It was noted that the ARRA information was not communicated to subrecipients at the time of disbursement of funds as required by *OMB Circular A-133*.

Questioned Costs:

None

Context:

The condition noted above was identified during our examination of the Special Tests and Provisions associated with the County’s contracts/ agreements with the subrecipients payments made during the current fiscal year.

Effect:

The communication of required information to subrecipients did not occur at the time disbursements were made.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

Cause:

The department's subrecipient procedures did not specifically ensure that the Federal award number, CFDA number, and amount of ARRA funds were identified at the time of disbursement.

Recommendation:

We recommend the County enhance its procedures to ensure that ARRA award information is consistently included in subrecipient communication at the time disbursements are made as required by *OMB Circular A-133*.

View of Responsible Official and Planned Corrective Action:

See separate correction action plan.

FINDING 2010-12

Program: Public Health Emergency Preparedness

CFDA No.: 93.069

Federal Agency: Department of Health and Human Services

Passed-through: State of California Department of Public Health

Award No.: Various

Award Year: 2009-2010

Compliance Requirement: Equipment and Real Property Management

Criteria:

Per OMB Circular A-102, equipment and inventory records must be maintained and contain the description, source, acquisition date, cost, percentage of Federal participation in the cost, location, condition, and any ultimate disposition data.

Condition:

Significant Deficiency, Instance of Non-compliance - Through our compliance testing, it was noted that the San Bernardino County's Public Health Emergency Preparedness Program did not maintain an effective inventory system for its federally purchased assets. The equipment and inventory records did not contained adequate level of details, and no annual inventory check was conducted which is required per the State contract between the California Department of Public Health and the County of San Bernardino Department of Public Health.

Questioned Costs:

None

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

Context:

The condition noted above was identified during our testing of the Equipment and Real Property Management requirements.

Effect:

Assets purchased with federal funds may not be accounted for properly in accordance with the State and Federal requirements.

Cause:

The Department of Public Health lacks an effective inventory management system.

Recommendation:

We noted that the Department of Public Health is in the process of acquiring and implementing a new inventory management system that provides a more sophisticated indexing system, better inventory monitoring capability, and stricter access controls. We recommend the Department of Public Health finalize the implementation of the new inventory management system, and develop a more comprehensive set of policies and procedures over management of its equipment and inventories.

View of Responsible Official and Planned Corrective Actions:

See separate correction action plan.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Summarized below is the current status of all audit findings reported in the prior year audit's schedule of audit findings and questioned costs.

Finding No.	Condition/Program	CFDA No.	Compliance Requirement	Status
2009-01	Community Development Block Grant	14.218	Reporting	Implemented
2009-02	Community Development Block Grant	14.218	Subrecipient Monitoring	Implemented
2009-03	Community Development Block Grant	14.218	Cash Management	Implemented
2009-04	Temporary Assistance for Needy Families	93.558	Eligibility	Implemented
2009-05	Adoption Assistance	93.659	Eligibility	Implemented
2009-06	Mental Health Service Block Grant	93.958	Subrecipient Monitoring	Implemented
2009-07	Block Grants for Prevention and Treatment of Substance Abuse	93.959	Subrecipient Monitoring	Implemented
2009-08	Medicaid Cluster – Medi-Cal Alcohol and Drug Program	93.778	Subrecipient Monitoring	Implemented
2009-09	Public Health Emergency Preparedness	93.069	Procurement and Suspension and Debarment	Implemented
2009-10	Public Health Emergency Preparedness	93.069	Equipment and Real Property Management	Not Implemented, See Current Year Finding 2010-12
2009-11	State Homeland Security	97.067	Subrecipient Monitoring	Not Implemented, See Current Year Finding 2010-03
2009-12	State Homeland Security	97.067	Equipment and Real Property Management	Implemented
2009-13	State Homeland Security	97.067	Procurement and Suspension and Debarment	Implemented
2009-14	State Homeland Security	97.067	Reporting	Implemented
2009-15	Child Support Enforcement	93.563	Reporting	Implemented
2009-16	Workforce Investment Act	17.258, 17.259, 17.260	Eligibility	Not Implemented, See Current Year Finding 2010-04

COUNTY OF SAN BERNARDINO, CALIFORNIA

SUPPLEMENTAL SCHEDULE OF CALIFORNIA STATE DEPARTMENT OF AGING GRANTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Grantor/Program Name	CFDA No.	Contract Number	Federal Expenditures	State Expenditures
Senior Farmers Market Nutrition Program	10.576	N/A	\$ 45,000	\$ -
Senior Community Service Employment Program Title V	17.235	TV-0910-20	408,019	-
Elder Abuse Program - Title VII-B	93.041	AP-0910-20	21,735	-
Special Program for the Aging - Chapter 2	93.042	AP-0910-20	56,353	-
Special Program for the Aging - Title III, Part D	93.043	AP-0910-20	96,703	-
Special Program for the Aging - Title III, Part B	93.044	AP-0910-20	1,514,186	-
Special Program for the Aging - Title III, Part C1 and C2	93.045	AP-0910-20	2,861,159	217,157
National Family Caregiver Support	93.052	AP-0910-20	666,382	-
Nutrition Program for the Elderly	93.053	AP-0910-20	602,161	-
Medical Assistance Program (MSSP) Title XIX	93.778	MS-0809-17	539,423	539,423
ARRA Employment Stimulus	17.235	ES-0809-20	91,106	-
ARRA - Home Delivered Meals	93.705	NS-0809-20	149,255	-
ARRA - Congregate Meals	93.707	NS-0809-20	303,175	-
Health Insurance Counseling and Advocacy Program (HICAP)	93.779	HI-0910-20	112,715	238,239
Medicare Enrollment Assistance Program	93.071	MI-0910-20	4,105	-
Community Based Supportive Services	N/A	AP 0809-20	-	105,527
Ombudsman Volunteer Recruitment Initiative	N/A	AP 0809-20	-	129,469
Totals			<u>\$ 7,471,477</u>	<u>\$ 1,229,815</u>

**COUNTY OF SAN BERNARDINO
CALIFORNIA**

Corrective Action Plan

Year ended June 30, 2010

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan
Year ended June 30, 2010

Finding 2010-01

Program: Edward Byrne Memorial Justice Assistance Grant Program
CFDA No.: 16.804
Federal Agency: Department of Justice
Passed-through: California Emergency Management Agency
Award Year: 2009-2010
Compliance Requirement: Reporting

Department's Response

We Concur.

Corrective Action Plan

Guidelines will be written and established for staff regarding the responsibilities of their compilations. Mechanism is already in place for approving program expenditures. A form must be submitted with approval and signature of the program Division Director and Deputy Chief Probation Officer.

Periodic monitoring will be conducted by the Supervising Probation Officer (SPO) and the Division Director over the SB678 Program. The SPO currently reviews the time studies completed by staff and checks the number of hours worked. Second tier of checks is done by the Accounting Tech. The Tech matches the time study against each employee's timesheet to verify actual hours worked in the program and eliminates costs that are not associated with SB678. The Supervising Account Tech/Designee will verify the accuracy of the data and the Project Director/Designee will review the document. Both entities will sign the completed report and file with the Accounting Tech.

The Division Director over the program and the Accounting Tech. compiles the data for the report. The Supervising Accounting Tech/Designee shall verify the accuracy of reports and the Project Director/Designee shall review documents. Signatures of these two are required prior to submission.

Name of Responsible Person: Renee Ford, Project Director
Name of Department Contact: Renee Ford, Project Director
Projected Implementation Date: March 1, 2011

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2010

Finding 2010-02

Program: Temporary Assistance for Needy Families (TANF)

CFDA Number: 93.558 and 93.714

Federal Agency: U.S. Department of Health and Human Services

Passed-through: State of California Department of Social Services

Award Number:

Award Year: FY 2009-2010

Compliance Requirement: Eligibility

Department's Response:

We concur.

Corrective Action Plan:

To ensure Eligibility Workers (EWs) obtain, reconcile and properly document IEVS and Payment Verification System (PVS) reports necessary to support participant case eligibility, the following plans are or will be put into place:

IEVS/PVS Reports

Policy material identifying regulations for initiating and reconciling IEVS/PVS on all applicants and recipients with Social Security numbers is located in the Operations and Procedures Policy Handbook. In the C-IV System, a Task is generated when an IEVS or PVS report has been received. Instructions are also included in the Operations and Procedures Policy Handbook describing the process and timeframes to clear a Task. This policy was implemented in November of 2007, following the automation of IEVS via C-IV.

Our current case review process includes questions regarding IEVS/PVS reports request and reconciliation process. The questions are intended to capture errors for cases without IEVS on file or not properly reconciled. Errors found must be corrected within 10 days. Analytical reports are completed on a monthly basis with determination of error trends and corrective action measures to implement. These are reviewed with all eligibility staff on a monthly basis.

Additionally, Imaging (Image Now) Solution was put in place in May 2010; all records are now imaged and transferred to files by individual EWs with personal scanner/imagers which replace previous paper and splitting of cases where items may be lost.

Corrective Action Specifics:

- Supervision will review procedures with all eligibility staff during the month of April 2011.

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2010

- Notification will be sent to staff, during the month of April 2011, to remind them of IEVS Regulations in the form of a Do You Know document.
- In Service Training via Performance, Education, & Resource Centers (PERC) during June 2011, training will focus on IEVS and policy/procedures.

Name of Responsible Person: Nancy Swanson, Director, Department of Transitional Assistance

Name of Department Contact: Steven Couchot, Director's Assistant

Projected Implementation Date: July 1, 2011

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2010

Finding 2010-03

Program: Homeland Security Grant Cluster

CFDA No.: 97.067

Federal Agency: Department of Homeland Security

Passed-through: California Emergency Management Agency

Award Year: 2007, 2008

Compliance Requirement: Subrecipient Monitoring

Department's Response:

We concur with the findings.

Corrective Action Plan:

- In February 2010, the department was audited and found the same compliance issue on its 2007 subrecipient agreements. In March 2010, the department incorporated the required language in its 2009 agreements and subsequent agreements thereafter. On January 25, 2011, the department also notified subrecipients with current contracts on the 2007 and 2008 grants via memo, notifying them of the CFDA title, number and funding agency as required by OMB Circular A-133.
- The department will continue to implement the procedures adopted in March 2010 to ensure that all new agreements will contain the CFDA and funding agency information.
- The department will increase its efforts in ensuring that all subrecipients submits, in a timely manner, the required corrective action plan for single audit findings while also ensuring that the subrecipients implemented their respective corrective action plans.

Name of Responsible Person: Denise L. Benson, Division Manager

Name of Department Contact: Yolanda Daugherty, Administrative Supervisor

Expected date of completion: Implemented

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2010

Finding 2010-04

Program: Workforce Investment Act (Including ARRA)

CFDA No.: 17.258, 17.259, 17.260

Federal Agency: Department of Labor

Passed-through: California Employment Development Department

Award Year: 2009-2010

Compliance Requirement: Eligibility

Department's Response

We concur.

Corrective Action Plan

The State of California Employment Development Department (EDD) has oversight responsibility of the federal Workforce Investment Act (WIA) and Wagner-Peyser programs. On July 1, 2008, the Department of Workforce Development (WDD) entered into an agreement with EDD to implement an Integrated Service Delivery model (Integration) to provide services to customers coming through the Employment Resource Centers (ERC) in the One Stop system. This model is designed for co-enrollment into WIA and Wagner-Peyser programs in order to provide ERC customers with seamless service delivery. Prior to implementation of Integration, WDD and eleven (11) additional Local Areas received Directives and other formal notices from EDD stipulating allowable changes to our method of operation. Those directions included the ability to become paperless if the Local Area utilized an approved electronic case management systems (CMS). The Virtual One Stop (VOS) system utilized by WDD was one of the CMS approved by EDD. VOS contains eligibility determination screens that have edit checks in place. These checks require staff to verify that they have observed each required eligibility document for each category of eligibility before the system allows them to move on to the next data field. Enrollment into WIA cannot be achieved until all eligibility fields have been properly verified and entered. All twelve (12) Integrated Local Areas were assured by State EDD that California had received approval from the federal Department of Labor (DOL) to allow Integrated Local Areas to become paperless and therefore eliminate hard case files. Based upon directions and assurances from State EDD, WDD implemented Integration and revised its case file procedures accordingly. WDD submitted the required Integration Plan to State EDD and entered into a formal Memorandum of Operation with the local EDD partner. State EDD approved and accepted WDD's Plan. WDD implemented its new paperless procedures effective July 1, 2008.

During the Single Audit review in February of 2009, it became clear that following EDD guidance regarding the maintenance of eligibility documents for Integrated Local Areas did not meet OMB compliance requirements. Effective March 1, 2010, WDD implemented formal procedures that required staff to obtain and maintain hard copies of all required documents used to support eligibility compliance for each WIA participant. During this year's Single Audit

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2010

review the eligibility files reviewed by the auditor for the period of March 1, 2010 through June 30, 2010 were found to contain all required eligibility documentation and no discrepancies were found.

WDD will re-institute the internal Quality Assurance (QA) reviews which were in place prior to going paperless under Integration. This internal QA review is conducted by a Staff Analyst from the WDD Administrative office who reviews 10 cases per worker per month for all workers with full caseloads and a smaller amount of cases for each worker with a reduced caseload. Each office Workforce Development Supervisor II (office managers) receives a monthly report with the overall findings of the review and a Case Corrections form with individual errors noted by case name and case worker. Supervisors have two weeks to make corrections and return the completed Case Correction form to the QA staff.

WDD also created new supervisor positions - Workforce Development Supervisor I. One of the responsibilities for these new supervisor positions will be ongoing case file reviews. With the addition of intermediate supervisors, as well as the re-implementation of the QA review procedures, it is our belief that the deficiency identified in this finding has been adequately addressed and will not be found in WIA cases enrolled in 2010 and forward.

Name of Responsible Person:	Sandra Harmsen, Director Kathleen Oles, Deputy Director
Name of Department Contact:	Janice Lindsay, Deputy Director
Expected Date of Completion:	Ongoing

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2010

Finding 2010-05

Program: Workforce Investment Act (Including ARRA)

CFDA No.: 17.258, 17.259, 17.260

Federal Agency: Department of Labor

Passed-through: California Employment Development Department

Award Year: 2009-2010

Compliance Requirement: Special Tests and Provisions – ARRA Subrecipient Monitoring

Department's Response

We concur.

Corrective Action Plan

Based upon the Single Audit Observation, effective immediately the Workforce Development Department (WDD) will implement a procedure of notating in the Comment Section of all payment documents the appropriate Workforce Investment Act ARRA information associated with the disbursement. It is WDD's understanding that notations made in the Comments Section of payment documents sent to the County of San Bernardino Auditor-Controller/Treasurer/Tax Collector (ATC) for processing will appear on the warrant subsequently issued by ATC.

Name of Responsible Person: Madeline Tsang, Staff Analyst II
Janice Lindsay, Deputy Director

Name of Department Contact: Janice Lindsay, Deputy Director

Expected Date of Completion: March 28, 2010

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2010

Finding 2010-06

Program: ARRA – Energy Efficiency

CFDA No.: 81.128

Federal Agency: Department of Energy

Passed-Through: N/A

Award Year: 2009-2010

Compliance Requirement: Special Tests and Provisions – ARRA Subrecipient Monitoring

Department's Response

We concur.

Corrective Action plan

The County and the Facilities Management Department will revise its procedures to ensure that at the time disbursements are made to the subrecipients, the payment voucher will include the CFDA title and number, award name and federal agency, and amount of ARRA in the comments section.

Name of Responsible Person: Steven Pamintuan, Staff Analyst II

Name of Department Contact: Steven Pamintuan, Staff Analyst II

Projected Implementation Date: Immediately

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2010

Finding 2010-07

Program: CDBG Cluster (Including ARRA)

CFDA No.: 14.218 / 14.253

Federal Grantor: U.S. Department of Housing and Urban Development

Passed-through: N/A

Award Year: 2009-2010

Compliance Requirement: Special Tests and Provisions – ARRA Subrecipient Monitoring

Department's Response

We Concur.

Corrective Action Plan

Based upon the Single Audit Observation, effective immediately the department will implement a procedure of notating in the Comment Section of all payment documents the appropriate ARRA information associated with the disbursement. It is the department's understanding that notations made in the Comments Section of payment documents sent to the County of San Bernardino Auditor-Controller/Treasurer/Tax Collector (ATC) for processing will appear on the warrant or ETF notification email subsequently issued by ATC.

Name of Responsible Person: Pat Cole, Assistant Administrator

Name of Department Contact: Pat Cole, Assistant Administrator

Projected Implementation Date: Immediately

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2010

Finding 2010-08

Program: ARRA - Edward Byrne Memorial Justice Assistance Grant Program

CFDA No.: 16.804

Federal Grantor: U.S. Department of Justice

Passed-through: N/A

Award Year: 2009-2010

Compliance Requirement: Special Tests and Provisions – ARRA Subrecipient Monitoring

Department's Response

We Concur.

Corrective Action Plan

The County will enhance its procedures to ensure that ARRA award information is consistently included in subrecipient communication at the time disbursements are made as required by *OMB Circular A-133*. Documentation at the time of the subaward and disbursement of funds will include the Federal award number, CFDA number, and the amount of ARRA funds.

Name of Responsible Person: Sue Morales, Administrative Analyst III
Law and Justice Group Administration

Name of Department Contact: Sue Morales, Administrative Analyst III
Law and Justice Group Administration

Expected Date of Completion: Immediately

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2010

Finding 2010-09

Program: ARRA - Homelessness Prevention and Rapid Re-Housing Program (HPRP)
(Recovery Act Funded)

CFDA No.: 14.257

Federal Agency: Department of Housing and Urban Development (HUD)

Passed-Through: N/A

Award Year: 2009-2010

Compliance Requirement: Special Tests and Provisions – ARRA Subrecipient Monitoring

Department's Response

We Concur.

Corrective Action Plan

Based upon the Single Audit Observation, effective immediately the department will implement a procedure of notating in the Comment Section of all payment documents the appropriate ARRA information associated with the disbursement. It is the department's understanding that notations made in the Comments Section of payment documents sent to the County of San Bernardino Auditor-Controller/Treasurer/Tax Collector (ATC) for processing will appear on the warrant or ETF notification email subsequently issued by ATC.

Name of Responsible Person: Pat Cole, Assistant Administrator

Name of Department Contact: Pat Cole, Assistant Administrator

Projected Implementation Date: Immediately

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2010

Finding 2010-10

Program: Special Program for the Aging (Including ARRA)

CFDA No.: 93.041, 93.042, 93.043, 93.044, 93.045, 93.052, 93.053, 93.705, 93.707

Federal Agency: Department of Health and Human Services

Passed-Through: California Department of Aging

Award Year: 2009-2010

Compliance Requirement: Special Tests and Provisions – ARRA Subrecipient Monitoring

Department's Response

We Concur.

Corrective Action Plan

The Department of Aging and Adult Services will implement a procedure by which the Department will communicate ARRA award information to ARRA sub-recipients at the time disbursements are made in the event that additional ARRA funding is made available to the Department in the future. The procedure will include indicating the Federal award number, CFDA number, and the amount of ARRA funds on the remittance advice of the warrant issued to the sub-recipient.

Name of Responsible Person: Sandra Decker, Administrative Supervisor II

Name of Department Contact: Sandra Decker, Administrative Supervisor II
Jeff Marold, Staff Analyst II

Expected Date of Completion: Ongoing

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2010

Finding 2010-11

Program: Head Start (Including ARRA)

CFDA No.: 93.600, 93.708, 93.709

Federal Agency: Department of Health and Human Services

Passed-Through: N/A

Award Years: 2009-2010

Compliance Requirement: Special Tests and Provisions – ARRA Subrecipient Monitoring

Department's Response

We Concur.

Corrective Action Plan

The Department will ensure that all payment documents submitted for disbursement will include the Federal award number, CFDA number and amount of ARRA funds paid to be printed on the remittance advice sent to the sub recipient at the time the check is deposited by Electronic Funds Transfer.

Name of Responsible Person: Ron Griffin, Preschool Services Department

Name of Department Contact: Johnson Selvadurai, Administrative Supervisor II

Projected Implementation Date: April 1, 2011

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2010

Finding 2010-12

Program: Public Health Emergency Preparedness and Response

CFDA No.: 93.069

Federal Agency: Department of Health and Human Services

Passed-Through: State of California Department of Public Health

Award Year: 2009-10

Compliance Requirement: Equipment and Real Property Management

Department's Response

We Concur.

Corrective Action Plan

The Preparedness and Response Program is currently implementing an electronic inventory system. Data entry is ongoing. Input of inventory is complete with the exception of expendable items. 100% data indexing will be completed by July 29, 2011. The tracking of assets and dollar amount feature has proven to be more challenging with the implementation of the new system including testing, validating and training. The tracking of assets and dollar amount feature will be completed by July 29, 2011.

Name of Responsible Persons: Russell Tingley, Public Health Program Manager
Matt Baca, Public Health Program Coordinator

Name of Department Contacts: Russell Tingley, Public Health Program Manager
Matt Baca, Public Health Program Coordinator

Project Implementation Date: July 29, 2011



**COUNTY OF SAN BERNARDINO,
CALIFORNIA**

**SINGLE AUDIT
MANAGEMENT LETTER**

JUNE 30, 2010



March 28, 2011

Board of Supervisors
County of San Bernardino
San Bernardino, California

Ladies and Gentlemen:

We have audited the compliance of the County of San Bernardino, California (the County), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010 and have issued our report thereon dated March 28, 2011. In planning and performing our audit, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion that the County has complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We have not considered internal control since the date of our report.

During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. These observations and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized as follows:

CURRENT YEAR MANAGEMENT LETTER COMMENTS

**SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP) – Includes ARRA
CFDA No. 10.561**

ALLOWABLE COSTS AND ACTIVITIES

OBSERVATION:

In accordance with the June 2010 *OMB Circular A-133 Compliance Supplement*, Federal awards are to be expended only for allowable activities and that the costs of goods and services charged to Federal awards are allowable in accordance with the applicable cost principles.

During testing of the payroll time studies we noted an instance when the employees' hours were charged to the program instead of being charged to the non-allocable category.

RECOMMENDATION:

We recommend that the Department supervisors approving the employees' ensure hours charged to the program are properly allocated.

MANAGEMENT'S RESPONSE:

We concur with this observation.

The following steps will be taken to ensure accurate reporting of allocable hours:

- In April, 2011, a Flyer will be sent out to all staff explaining the instructions and the importance of accurately reporting time study hours and in May 2011, instructions will be given to supervisors to review and reconcile all of their employees' time study reports prior to signing.
- Each subsequent quarter in the month prior to a Time Study, a Reminder Flyer will be sent to all staff including the importance of accurate reporting, as well as notification to be sent to the supervisors with instruction of reconciling their employees' time study reports prior to signing.

These steps have enabled us to improve our error rate; we will continue to provide instruction and guidance in completing accurate time study reports.

**ARRA - EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT
CFDA No. 16.804**

ALLOWABLE COSTS AND ACTIVITIES/REPORTING

OBSERVATION:

Through our review of the client's internal controls related to allowable costs and reporting, it's noted that the County of San Bernardino's Probation Department has not officially implemented a set of written policy and procedures over these two compliance areas.

RECOMMENDATION:

We recommend the County and the Probation Department to implement a set of written policy and procedures in respect to the JAG (Justice Assistance Grant) -ARRA grant to provide guidance on the processes related to generating and approving program costs; and to specify the staff responsibilities over the compilation, review and approval, periodic monitoring, verification, and submission of program reports.

MANAGEMENT'S RESPONSE:

Guidelines will be written and established for staff regarding the responsibilities of their compilations. Mechanism is already in place for approving program expenditures. A form must be submitted with approval and signature of the program Division Director and Deputy Chief Probation Officer.

Periodic monitoring will be conducted by the Supervising Probation Officer (SPO) and the Division Director over the SB678 Program. The SPO currently reviews the time studies completed by staff and checks the number of hours worked. Second tier of checks is done by the Accounting Tech. The Tech matches the time study against each employee's timesheet to verify actual hours worked in the program and eliminates costs that are not associated with SB678. The Supervising Account Tech/Designee will verify the accuracy of the data and the Project Director/Designee will review the document. Both entities will sign the completed report and file with the Accounting Tech.

**ARRA - ENERGY EFFICIENCY COMMUNITY BLOCK GRANT
CFDA No. 81.128**

SUB RECIPIENT MONITORING

OBSERVATION:

Through our test of the client's internal controls related to the sub recipient monitoring compliance requirements, it's noted the award CFDA number is not included in the agreement between the County of San Bernardino and its sub recipient, the City of Hesperia.

RECOMMENDATION:

We recommend the County and the Facilities Management Department revise its procedures over drafting agreements with sub recipients to ensure all appropriate information is included such as the CFDA number.

MANAGEMENT'S RESPONSE:

The County and the Facilities Management Department will revise its procedures in drafting agreements with sub-recipients to ensure that all appropriate information is included, including the Federal award number, CFDA number and the amount of ARRA funds. The County and the Facilities Management Department will also require the sub-recipients to include this information in the sub-recipients Schedule of Expenditure of Federal Awards (SEFA) and the data collection form (SF-SAC).

**SOCIAL SERVICES BLOCK GRANT
CFDA No. 93.667**

ALLOWABLE COSTS AND ACTIVITIES

OBSERVATION:

In accordance with the June 2010 OMB Circular A-133 Compliance Supplement, Federal awards are to be expended only for allowable activities and that the costs of goods and services charged to Federal awards are allowable in accordance with the applicable cost principles.

The County submits the County Expense Claim (CEC) for program administrative costs to the State of California on a quarterly basis for reimbursement. Caseworkers complete time study forms, which are compiled into a time study summary report that is used to allocate the payroll expenditures to the various federal programs in the CEC. Of the 40 employee time study transactions selected from the quarterly time study reports for test work, we noted 7 transactions whereby the employee's Time and Labor Report (TLR) did not agree to the quarterly time study summary reports. The TLR is completed and signed by the employee and reviewed and signed by a supervisor each pay period. We noted instances where the employee's total allocable hours per the time study summary report did not agree to the TLR.

RECOMMENDATION:

We recommend that the County continue monitoring and sampling their time studies throughout the fiscal year. We have noted a decline in the number of errors related to the time studies this fiscal year. We recommend that the County continue mentoring and provide proper training to its employees to continue reducing the number of errors.

MANAGEMENT'S RESPONSE:

We concur with this observation.

The following steps have been and will be taken to ensure accurate reporting of allocable hours:

- In July 2010, a Time Study desk guide was created, explaining time study instructions and providing additional guidance regarding time study procedures.
- Each quarter, a reminder flyer is sent to all staff explaining time study instructions and the importance of accurately reporting time study hours.
- Human Services Auditing selects random samples of time studies each quarter to review for correctness. If a caseworker selected in the random sample did not correctly complete their time study, the caseworker is asked to correct the errors, and this caseworker's time study is pulled the following quarter to ensure improvement.
- In February 2009 and going forward, caseworkers were instructed to print their Time and Labor Reports to provide a copy to their supervisor with their time study for review and approval.

STATUS OF PRIOR YEAR MANAGEMENT LETTER COMMENTS

**CHILD SUPPORT ENFORCEMENT
CFDA No. 93.563**

ALLOWABLE COSTS AND ACTIVITIES

RECOMMENDATION:

We recommend that the Department supervisors approving the employees' time, ensure hours charged to the program are properly allocated.

STATUS AS OF JUNE 30, 2010:

Implemented

**WORKFORCE INVESTMENT ACT
CFDA No. 17.258, 17.259, 17.260**

ALLOWABLE COSTS AND ACTIVITIES

RECOMMENDATION:

We recommend that the Department supervisors approving the employees' time are more alert and thoroughly review the employees' time before approving it.

STATUS AS OF JUNE 30, 2010:

Implemented

**TEMPORARY ASSISTANCE FOR NEEDY FAMILIES,
FOSTER CARE – TITLE IV-E,
ADOPTION ASSISTANCE – TITLE IV-E
CFDA No. 93.558, 93.658 and 93.659**

ALLOWABLE COSTS AND ACTIVITIES

RECOMMENDATION:

We recommend that the County continue monitoring and sampling their time studies throughout the fiscal year. We have noted a decline in the number of errors related to the time studies this fiscal year. We recommend that the County continue mentoring and provide proper training to its employees to continue reducing the number of errors.

STATUS AS OF JUNE 30, 2010:

Implemented

Our audit procedures are designed primarily to enable us to form an opinion on the County's compliance with the requirements that are applicable to each of its major federal programs for the year ended June 30, 2010, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the County gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

This report is intended solely for the information and use of the Board of Supervisors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Vawter, Tamm, Day, Co., LLP

Rancho Cucamonga, California
March 28, 2011

