

**SAN BERNARDINO COUNTY DISTRICT
ATTORNEY'S OFFICE
UNSERVED/UNDERSERVED VICTIM
ADVOCACY AND OUTREACH PROGRAM
GRANT CONTRACT #UV11020360**

**FINANCIAL STATEMENT
WITH INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED
SEPTEMBER 30, 2012**

SAN BERNARDINO COUNTY DISTRICT ATTORNEY'S OFFICE
UNSERVED/UNDERSERVED VICTIM ADVOCACY AND
OUTREACH PROGRAM GRANT CONTRACT #UV11020360
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SEPTEMBER 30, 2012

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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors and
San Bernardino County District Attorney's Office
San Bernardino, California

We have audited the accompanying statement of grant revenues and expenditures of the San Bernardino County District Attorney's Office (Office) Unserved/Underserved Victim Advocacy and Outreach Program Grant in accordance with the California Emergency Management Agency Contract #UV11020360 for the year ended September 30, 2012. This statement is the responsibility of the Office's management. Our responsibility is to express an opinion on the statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and in accordance with the California Emergency Management Agency *2011 Recipient Handbook*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of grant revenues and expenditures was prepared for the purpose of complying with the audit requirements of the California Emergency Management Agency *2011 Recipient Handbook* as described in Note 1 and is not intended to be a complete presentation of the Office's revenues and expenditures.

In our opinion, the statement referred to above presents fairly, in all material respects, the grant revenues and expenditures of the San Bernardino County District Attorney's Office Unserved/Underserved Victim Advocacy and Outreach Program Grant in accordance with the California Emergency Management Agency Contract #UV11020360 for the year ended September 30, 2012, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2012, on our consideration of the Office's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the San Bernardino County District Attorney's Office management, the Board of Supervisors for the County of San Bernardino, and the California Emergency Management Agency and is not intended to be and should not be used by anyone other than these specified parties.

Eadie and Payne, LLP

December 3, 2012
Redlands, California

SAN BERNARDINO COUNTY DISTRICT ATTORNEY'S OFFICE
UNSERVED/UNDERSERVED VICTIM ADVOCACY AND
OUTREACH PROGRAM GRANT CONTRACT #UV11020360
STATEMENT OF GRANT REVENUES AND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Revenues	
Reimbursements received/receivable	<u>\$125,000</u>
Expenditures	
Salaries and benefits	124,700
Services and supplies	<u>300</u>
Total Expenditures	<u>125,000</u>
Excess of Revenues Over Expenditures	<u>\$ -</u>

The accompanying notes are an integral part of this financial statement.

SAN BERNARDINO COUNTY DISTRICT ATTORNEY'S OFFICE
UNSERVED/UNDERSERVED VICTIM ADVOCACY AND
OUTREACH PROGRAM GRANT CONTRACT #UV11020360
NOTES TO THE STATEMENT OF GRANT REVENUES AND EXPENDITURES
SEPTEMBER 30, 2012

1. **ORGANIZATION**

A. **Description of Reporting Entity**

The statement represents the grant revenues and expenditures of the San Bernardino County District Attorney's Office (Office), California Emergency Management Agency (Cal EMA) Unserved/Underserved Victim Advocacy and Outreach Program Grant Contract #UV11020360 for the year ended September 30, 2012. The grant was funded by Cal EMA and administered by the San Bernardino County District Attorney's Office. The accompanying statement of grant revenues and expenditures presents only the activities of the Unserved/Underserved Victim Advocacy and Outreach Program Grant Contract #UV11020360 and is not intended to present the financial position of the San Bernardino County District Attorney's Office or the County of San Bernardino itself in conformity with accounting principles generally accepted in the United States of America.

B. **Description of Grant**

The grant funds were made available to focus on service delivery to victims of violent crime within the underserved population due to race, socio-economic status, disability, or sexual orientation.

2. **SIGNIFICANT ACCOUNTING POLICIES**

A. **Use of Estimates**

The preparation of this financial statement requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures. Actual results could differ from those estimates.

B. **Statement of Grant Revenues and Expenditures**

The statement of grant revenues and expenditures presents the eligible costs charged to the Unserved/Underserved Victim Advocacy and Outreach Program Grant Contract #UV11020360 by the San Bernardino County District Attorney's Office and the revenues received in reimbursement of those costs by Cal EMA.

NOTES TO THE STATEMENT OF GRANT REVENUES AND EXPENDITURES (Continued)

C. Basis of Accounting

Revenues and expenditures are presented on a modified accrual basis. Expenditures are recognized in the accounting period in which they are incurred, that is, when goods are received or services are provided. Revenues are recognized in the accounting period in which reimbursable expenditures are incurred.



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**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**

To the Board of Supervisors and
County of San Bernardino District Attorney's Office
San Bernardino, California

We have audited the statement of grant revenues and expenditures of the San Bernardino County District Attorney's Office (Office) Unserved/Underserved Victim Advocacy and Outreach Program Grant in accordance with the California Emergency Management Agency (Cal EMA) Contract #UV11020360 for the year ended September 30, 2012, and have issued our report thereon dated December 3, 2012. The Grant was funded by Cal EMA and administered by the Office. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in accordance with the Cal EMA 2011 Recipient Handbook.

Internal Control over Financial Reporting

Management of the Office is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Office's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the statement of grant revenues and expenditures, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control over financial reporting for the Unserved/Underserved Victim Advocacy and Outreach Program Grant. Accordingly, we do not express an opinion on the effectiveness of the Office'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency in internal control over financial reporting. Refer to item 2012-1. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether San Bernardino County District Attorney's Office Unserved/Underserved Victim Advocacy and Outreach Program Grant's statement of grant revenues and expenditures is 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. Such provisions also included those provisions of laws identified in the *Cal EMA 2011 Recipient Handbook*. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2012-1.

The Office's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Office's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the San Bernardino County District Attorney's Office's management, the Board of Supervisors for the County of San Bernardino, and the California Emergency Management Agency and is not intended to be and should not be used by anyone other than these specified parties.

Gadie and Payne, LLP

December 3, 2012
Redlands, California

SAN BERNARDINO COUNTY DISTRICT ATTORNEY'S OFFICE
UNSERVED/UNDERSERVED VICTIM ADVOCACY AND
OUTREACH PROGRAM GRANT CONTRACT #UV11020360
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2012

Internal Control and Compliance

2012-1 Report of Expenditures and Request for Funds

Criteria: Section 11312 of the California Emergency Management Agency *2011 Recipient Handbook* requires that the project must be able to trace the general ledger entries to the Report of Expenditures and Request for Funds.

Condition: The Office uses the County Labor Distribution Report to prepare the personal services category of the Report of Expenditures. During testing of grant expenditures, we noted that the salary expense per the County Labor Distribution Report did not agree with the County Cost Center Expenditure Transaction Analysis Ledger (general ledger).

Cause: Beginning July 2, 2011, County of San Bernardino employees deferred 1.5 hours of compensation each pay period for 26 pay periods under the Consolidated Memorandum of Understanding. The deferral had no impact on leave accruals or any other benefits. The object code for salary on the County Labor Distribution Report did not reflect the reduction in earnings for deferred compensation. The Office used the County Labor Distribution Report to prepare the personal services category on the quarterly Report of Expenditures. As such, the first three quarterly Report of Expenditures personal services category was overstated by the amount of the deferral. The County Cost Center Expenditure Transaction Analysis Ledger reflected the deferral. The Office does not have a procedure in place to verify the accuracy of the reports used in the preparation of the Report of Expenditures.

Recommendation: We recommend that the Office design and implement procedures to verify the accuracy of reports used in the preparation of the grant Report of Expenditures. A possible procedure might include comparing selected transactions on the County Labor Distribution Report to the County Cost Center Expenditure Transaction Analysis Ledger at least once annually or whenever there is a change in any compensation package. We also recommend that revised quarterly Report of Expenditures be prepared and approved by the California Emergency Management Agency.

The Office's Response: For many years, the District Attorney's Office has compiled data for salary reimbursement directly from the County Labor Distribution Report as prepared and distributed each pay period by EMACS. Salary information in the Labor Distribution Report usually mirrors paycheck information by individual employee and accurately reflects the salary and benefits costs for an employee.

For fiscal year 2011-2012, unknown to us and with no notification from the County, even though employees were furloughed 1.5 hours per pay period, the Labor Distribution Report continued to reflect employees' salaries as though they were being paid for 80 hours per pay period rather than 78.5 hours per pay period. Therefore, for the first, second, and third quarters, we over claimed salary in an amount that equaled each grant funded employee's hourly rate x 1.5 hours. However, during the fourth quarter, expenditures for the program exceeded the amount of the grant. This allowed us to revise the quarterly Report of Expenditures and claim less in the first, second, and third quarters and more in the fourth quarter. The revisions changed the amounts claimed by quarter but did not change the total amount claimed for the year for the Unserved/Underserved Victim Advocacy and Outreach Program.

On October 31, 2012, Edward Giacomelli, program representative for California Emergency Management Agency, reviewed documentation of the revisions and provided written approval of the revised Report of Expenditures. This approval, along with copies of the revised Report of Expenditures, has been provided to Eadie and Payne, LLP.

Going forward, the District Attorney's Office will implement the practice of comparing the County Labor Distribution Report to the County Cost Center Expenditure Transaction Analysis Ledger (FAS) at least once annually or whenever there is a change in any compensation package to identify possible discrepancies and avoid future errors.

**SAN BERNARDINO COUNTY DISTRICT ATTORNEY'S OFFICE
UNSERVED/UNDERSERVED VICTIM ADVOCACY AND
OUTREACH PROGRAM GRANT CONTRACT #UV11020360
STATUS OF PRIOR-YEAR FINDINGS AND RESPONSES
SEPTEMBER 30, 2012**

There were no findings or questioned costs for the year ended September 30, 2011.