

**SANTA BARBARA COUNTY  
AGENDA BOARD LETTER**



Clerk of the Board of Supervisors  
Room 407 105 E. Anapamu Street  
Santa Barbara, CA 93101  
(805) 568-2240

Agenda Number:

Department:  
Department Number:  
Agenda Date:  
Placement:  
Estimated Time:  
Continued Item:

**Auditor-Controller**  
**061**  
May 13, 2003  
Administrative  
No

---

TO: Board of Supervisors

FROM: Robert W. Geis, CPA  
Auditor-Controller

STAFF CONTACT: Mike Struven  
Financial Reporting Division Chief

SUBJECT: Single Audit Report and Letter of Recommendations to Management for fiscal year ended  
June 30, 2002

---

**RECOMMENDATIONS:** C.A. Recommendation: \_\_\_\_\_

That the Board of Supervisors:

Receive and file the A-133 Single Audit Report and Letter of Recommendations to Management for the fiscal year ending June 30, 2002.

**ALIGNMENT WITH BOARD STRATEGIC PLAN:**

The recommendation(s) are primarily aligned with actions required by law or by routine business necessity.

**EXECUTIVE SUMMARY & DISCUSSION:**

**Single Audit Report**

The independent audit of the financial statements of the County (previously filed on the October 15th agenda) is part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the County's separately issued Single Audit Report.

The Single Audit was conducted by KPMG. In the Schedule of Findings and Recommendations on page 12 of the report, KPMG indicates no reportable conditions, material noncompliance, or reportable audit findings.

**Letter of Recommendations to Management**

The Letter of Recommendations to Management is intended to provide constructive criticism of findings related to the County's procedures and controls and is intended to be used to improve the County's internal controls and various business practices. Many of the findings presented are broad based and take time, resources, and a long-term outlook to implement. For each finding presented, the Auditor-Controller compiled a response with input from other departments as indicated in the report. The responses have been incorporated within the KMPG Letter.

It should be noted that the Letter is critical in nature and is not intended to address the positive features of the County's procedures and controls. To summarize, KPMG presented findings in the following areas:

- Risk Management – Case Reserve Authority Limits, Claims Data Provided to the Actuary, Workers' Compensation Fund Deficit, Reserve Oversight Committee, and Actuarial Analyses
- Federal Grants – Identification of Federal Grants and Audit Requirements, Grant Activity recorded in the General Ledger, Substance Abuse Prevention and Treatment Block Grant Program, Temporary Assistance to Needy Families, and Workforce Investment Act Program
- Capital Assets – review of policies, procedures and systems to comply with GASB 34
- Property Taxes – Processing Appraisals and Appraisal Backlog
- Year-end Revenue Accruals
- Internal Audit Plan
- Information Technology – Business Continuity/Disaster Recovery Plan, Project Management Office, Purchasing Department DataEase System, FIN System Security

**FISCAL IMPACT:**

The annual audit fee is \$97,000 and internal audit provides 1200 hours to assist the outside firm in completion of the engagement.

**CONCURRENCES:** N/A