



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

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

Department Name: Auditor-Controller
Department No.: 061
For Agenda Of: February 16, 2016
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Robert W. Geis, CPA, Auditor-Controller, 568-2100
Director(s)
Contact Info: Heather Fletcher, CPA, Audit Manager, 568-2456

SUBJECT: Single Audit Report for the fiscal year ended June 30, 2015

County Counsel Concurrence

As to form: N/A

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

That the Board of Supervisors:

Receive and file the County of Santa Barbara's Single Audit Report for the fiscal year ended June 30, 2015.

Summary Text:

Under the *Single Audit Act*, entities that have expenditures of federal awards in excess of \$500,000 per year are required to have annual audits (commonly referred to as *Single Audits*). The audits are conducted by independent outside auditors in accordance with the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. During fiscal year 2014-15 the County expended approximately \$130.4 million in federal funds excluding fee for service Medicaid and other vendor type transactions. The County's Single Audit was performed by Brown Armstrong Accountancy Corporation of Bakersfield, California (Brown Armstrong).

The County received "clean" opinions on all Federal programs selected for audit. This is a significant step towards becoming a low risk entity. If "clean" opinions are also received for fiscal year 2015-16, the County may be able to achieve low risk status in fiscal year 2016-17.

Background:

The *Single Audit Act* (officially the *Single Audit Act Amendments of 1996*) is intended to promote sound financial management, including effective internal control, with respect to federal awards administered by state and local governments and not-for-profit organizations. The Single Audit contains both compliance and financial components. The audit standards require the auditee (the County) to:

1. Maintain internal control for federal programs;
2. Comply with the laws, regulations, and provisions of contracts or grant agreements;
3. Prepare appropriate financial statements, including the Schedule of Expenditures of Federal Awards (SEFA);
4. Ensure that the required Single Audits are properly performed and submitted when due; and
5. Follow up and take corrective actions on audit findings.

Although interrelated, the Single Audit differs from the County’s annual financial audit in that the Single Audit focuses on compliance with federal regulations and internal controls over federal programs, while the financial audit focuses on whether the County’s financial statements are presented fairly in all material respects. The County’s Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2015, was previously received and filed by your Board on September 15, 2015.

An **unmodified opinion** is the same as a clean opinion, while a **qualified opinion** signifies that the auditor found material instances of noncompliance within a major program.

The Single Audit opinions by major Federal program audited for the last two years are as follows:

<i>Federal Program</i>	<i>2014-15</i>	<i>2013-14</i>
<i>Supplemental Nutrition Assistance Program (SNAP)</i>	Unmodified	Unmodified
<i>Medicaid</i>	Unmodified	Qualified
<i>Temporary Assistance for Needy Families (TANF)</i>	Unmodified	Unmodified
<i>Foster Care</i>	Unmodified	Qualified
<i>Adoption Assistance</i>	Unmodified	Unmodified
<i>Child Support Enforcement</i>	Unmodified	Not Audited
<i>Block Grants for Prevention and Treatment of Substance Abuse</i>	Unmodified	Not Audited

As indicated in the chart above, of the seven programs tested, all seven received an unmodified opinion, two of which improved from a qualified opinion in the prior year.

The Single Audit requires the independent auditor to evaluate the County’s status as high-risk or low-risk. A high-risk auditee is a recipient which has a high risk of having instances of non-compliance with Federal laws and regulations, while a low-risk auditee is the exact opposite. The County is currently considered a high-risk auditee, however if the County continues to receive an unmodified or “clean” opinion in the 2015-16 Single Audit the County may be considered low risk in fiscal year 2016-17.

Audit findings listed below are based on a sample size of 40 for each program.

Medicaid - Social Services

- One case whereby the eligibility worker erroneously included a 40% deduction to the participant's income calculation.
- One in-home supportive services case file whereby the date of the signed application did not agree with the application date in the system.
- Two in-home supportive services case files whereby the County failed to perform a client reassessment of needs within the 12 month renewal period.
- One in-home supportive services case file whereby the County was unable to verify an application was completed at the time of benefit issuance.

SNAP - Social Services

- One case whereby the County inaccurately issued benefit payments causing an overpayment.

Performance Measure:

Receive unmodified opinions on the Federal Single Audit Report.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

For fiscal year 2014-15, the total audit contract was \$150,720 of which \$64,260 was attributed to the Single Audit.

Attachments:

County of Santa Barbara, California Single Audit Reports for the year ended June 30, 2015.

Agreed Upon Conditions Report

Authored by:

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cc:

Mona Miyasato, County Executive Officer

Daniel Nielson, Director, Social Services Department

Dr. Wada, Director, Public Health

Guadalupe Rabago, Chief Probation Officer, Probation Department

Alice Gleghorn, Director, Alcohol Drug and Mental Health Services Department