

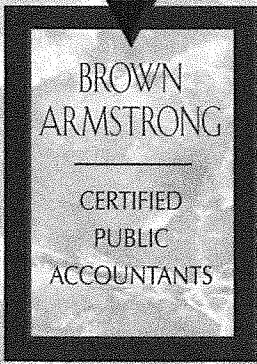
COUNTY OF SANTA BARBARA, CALIFORNIA
SINGLE AUDIT REPORTS
FOR THE YEAR ENDED JUNE 30, 2015

**COUNTY OF SANTA BARBARA, CALIFORNIA
SINGLE AUDIT REPORTS
FOR THE YEAR ENDED JUNE 30, 2015**

TABLE OF CONTENTS

	<u>Page</u>
<u>Reports</u>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133.....	3
Independent Auditor's Report on Supplementary Information – Schedule of Expenditures of Federal Awards.....	6
<u>Financial Statements</u>	
Schedule of Expenditures of Federal Awards	7
Notes to Schedule of Expenditures of Federal Awards.....	13
<u>Findings and Questioned Costs</u>	
Schedule of Findings and Questioned Costs	15
Status of Prior Year Findings and Questioned Costs.....	20

REPORTS



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S 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

The Honorable Board of Supervisors
of the County of Santa Barbara, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Santa Barbara, California (the County), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 26, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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. A *significant deficiency* is a deficiency, or a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as Findings 2015-001 through 2015-002.

The County's Response to Findings

The County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

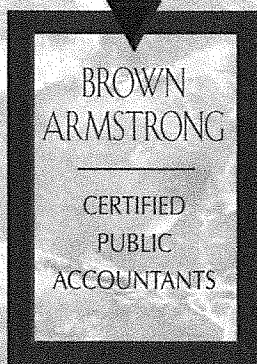
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
August 26, 2015



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Honorable Board of Supervisors
of the County of Santa Barbara, California

Report on Compliance for Each Major Federal Program

We have audited the County of Santa Barbara, California's (the County) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have direct and material effect on each of the County's major federal programs for the year ended June 30, 2015. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

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Other Matters

The results of our auditing procedures disclosed instances of noncompliance, 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 Findings 2015-001 through 2015-002. Our opinion on each major federal program is not modified with respect to these matters.

The County's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance 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 a 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.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Findings and Questioned Costs as Findings 2015-001 through 2015-002 to be significant deficiencies.

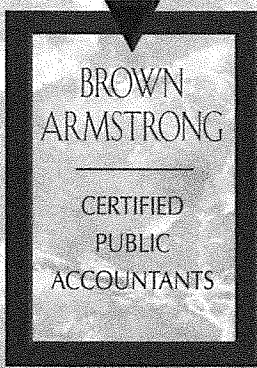
The County's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
December 8, 2015



BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY
INFORMATION – SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS

The Honorable Board of Supervisors
of the County of Santa Barbara, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Santa Barbara, California, (the County) as of and for the year ended June 30, 2015, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 26, 2015, which contained unmodified opinions on those financial statements.

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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of the County Board of Supervisors and management of the County as well as the County's 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.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 8, 2015

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FINANCIAL STATEMENTS

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Direct Programs:			
Cooperative Forestry Assistance	10.664	11-LE-11051360-224 A	\$ 30,707
Subtotal			<u>30,707</u>
Passed through California Department of Food and Agriculture:			
Plant and Animal Disease, Pest Control, and Animal Care	10.025	14-0192-SF	173,652
Plant and Animal Disease, Pest Control, and Animal Care	10.025	14-0421-SF	<u>2,411</u>
Subtotal			<u>176,063</u>
Passed through California Department of Public Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	14-10281	<u>3,357,269</u>
Passed through California Department of Social Services:			
State Administrative Matching Grants for the Supplemental Food Program	10.561	Santa Barbara	<u>8,488,337</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>12,052,376</u>
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education:			
Race to the Top - Early Learning Challenge	84.412	12-15181-2565-00	<u>533,029</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>533,029</u>
U.S. DEPARTMENT OF ENERGY			
Direct Programs:			
ARRA Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128A	DE-EE0003796	73,760
TOTAL U.S. DEPARTMENT OF ENERGY			<u>73,760</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Programs:			
Affordable Care Act (ACA) Grants for Capital Development in Health Centers	93.526	C8CCS27684	<u>14,631</u>
Affordable Care Act (ACA) Grants for New and Expanded Services under the Health Center Program	93.527	H80CS00046	548,279
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	H80CS00046	<u>719,307</u>
Subtotal			<u>1,267,586</u>
Grants to Provide Outpatient Early Invention Services with Respect to HIV Disease	93.918	H76HA00193	<u>331,396</u>
Guardianship Assistance	93.090		<u>77,061</u>
Foster Care - Title IV-E	93.658		263,440
Passed through California Department of Social Services:			
Foster Care - Title IV-E	93.658	Santa Barbara	<u>8,564,019</u>
Subtotal - Foster Care - Title IV-E			<u>8,827,459</u>

See accompanying notes to schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by OMB Circular A-133.

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental number	Expenditures
Passed through California Department of Alcohol and Drug Programs:			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	SPF SIG 12-04	105,104
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	1H79TI023287-01	<u>231,638</u>
Subtotal			<u>336,742</u>
Passed through California Department of Health Services:			
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	Santa Barbara	<u>222,961</u>
Passed through California Department of Mental Health:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	2X06SM060005-10	<u>57,791</u>
Block Grants for Community Mental Health Services	93.958	3B09SM010005-10S1	<u>208,546</u>
Passed through California Department of Public Health:			
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	14-10413	<u>588,198</u>
Preventative Health and Health Services Block Grant	93.991	13-20509	<u>790,719</u>
Maternal and Child Health Services Block Grant to the States	93.994	201042	<u>971,147</u>
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	13-20389	<u>100</u>
Immunization Cooperative Agreements	93.268	13-20345	<u>152,580</u>
Passed through California Department of Health Care Services:			
Centers for Disease Control and Prevention - Investigation and Technical Assistance	93.283	12-89329	<u>5,000</u>
Subtotal			<u>5,000</u>
Passed through California Department of Public Health - Office of AIDS:			
HIV Care Formula Grants	93.917	13-20073 A01	218,091
HIV Care Formula Grants	93.917	13-20252 A01	<u>98,537</u>
Subtotal			<u>316,628</u>
Passed through California Department of Social Services:			
Promoting Safe and Stable Families	93.556	Santa Barbara	<u>288,570</u>
Refugee and Entrant Assistance - State Administered Programs	93.566	Santa Barbara	<u>2,297</u>
Stephanie Tubbs Jones Child Welfare Services Programs	93.645	Santa Barbara	<u>320,879</u>
Adoption Assistance	93.659	Santa Barbara	<u>3,696,971</u>
Social Services Block Grant	93.667	Santa Barbara	<u>679,929</u>
Chafee Foster Care Independence Program	93.674	Santa Barbara	<u>110,112</u>
Temporary Assistance for Needy Families	93.558	Santa Barbara	<u>24,295,653</u>
Children's Health Insurance Program	93.767	Santa Barbara	<u>2,441</u>
State Planning and Establishment Grants for the ACA's Exchanges	93.525	Santa Barbara	<u>307,934</u>

See accompanying notes to schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by OMB Circular A-133.

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental number	Expenditures
Passed through California Department of Child Support Services: Child Support Enforcement	93.563	Santa Barbara (County 42)	<u>6,202,764</u>
Passed through California Secretary of State: Voting Access for Individuals with Disabilities Grants to States	93.617	13G26127	<u>11,794</u>
Passed through Child Abuse Listening Meditation: Community-Based Family Child Abuse Prevention Grants	93.590	BC15023	<u>22,179</u>
Passed through Substance Abuse and Mental Health Services Administration Drug Courts: Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	1H79T1025033-01	<u>341,289</u>
Passed through U.S. Department of Health and Human Services: Block Grants for Prevention and Treatment of Substance Abuse	93.959	12NNA42	1,829,991
Passed through California Department of Alcohol and Drug Programs: Block Grants for Prevention and Treatment of Substance Abuse	93.959	12NNA42	<u>1,074,870</u>
Subtotal - Block Grants for Prevention and Treatment of Substance Abuse			<u>2,904,861</u>
Passed through California Department of Health Care Services: Medical Assistance Program	93.778	13-90025	<u>607,126</u>
Passed through California Department of Mental Health: Medical Assistance Program	93.778	42	<u>4,344,481</u>
Passed through California Department of Social Services: Medical Assistance Program	93.778	Santa Barbara	<u>20,532,066</u>
Passed through State of California: Medical Assistance Program	93.778	AB 82 .Sec 71	<u>80,750</u>
Subtotal - Medicaid Cluster			<u>25,564,423</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>78,920,641</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through Governor's Office of Emergency Services:			
Emergency Management Performance Grants	97.042	083-00000, EMW-2014-EP-70	<u>215,776</u>
Homeland Security Grant Program	97.067	2013-00110, OES #083-00000	321,460
Homeland Security Grant Program	97.067	2014-0093, OES #083,00000	62,583
Passed through San Diego Sheriff's Department: Homeland Security Grant Program	97.067	2014-2015	<u>108,832</u>
Subtotal - Homeland Security Grant Program			<u>492,875</u>
Law Enforcement Terrorism Prevention Programs (LETPP)	97.074	2011-SS-0077, OES #083-00000	46,109
Law Enforcement Terrorism Prevention Programs (LETPP)	97.074	2012-SS-00123, OES #083-00000	<u>125,000</u>
Subtotal			171,109
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>879,760</u>

See accompanying notes to schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by OMB Circular A-133.

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental number	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Programs:			
Community Development Block Grants/Entitlement Grants	14.218	B10UC060509	6,737
Community Development Block Grants/Entitlement Grants	14.218	B13UC060509	1,138,293
Community Development Block Grants/Entitlement Grants	14.218	B14UC060509	<u>527,131</u>
Subtotal - CDBG- Entitlement Grants Cluster			<u>1,672,161</u>
Emergency Solution Grants Program	14.231	E11-UC060509	12,918
Emergency Solution Grants Program	14.231	E12-UC060509	22,425
Emergency Solution Grants Program	14.231	E13-UC060509	34,125
Emergency Solution Grants Program	14.231	E14-UC060509	<u>80,661</u>
Subtotal			<u>150,129</u>
Supportive Housing Program	14.235	CA0598B9D031205 HMIS	10,581
Supportive Housing Program	14.235	CA0598B9D031306 HMIS	53,961
Supportive Housing Program	14.235	CA0600L9D031306	19,210
Supportive Housing Program	14.235	CA1006L9D031201	79,785
Supportive Housing Program	14.235	CA1123B9D031100	37,510
Supportive Housing Program	14.235	CA059B9D031003	<u>115,315</u>
Subtotal			<u>316,362</u>
HOME Investment Partnerships Program	14.239	M14-DC060554	93,749
HOME Investment Partnerships Program	14.239	M13-DC060554	201,461
HOME Investment Partnerships Program	14.239	M10-DC060554	2,314
HOME Investment Partnerships Program	14.239	M09-DC060554	<u>5,546</u>
Subtotal			<u>303,070</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>2,441,722</u>
U.S. DEPARTMENT OF JUSTICE			
Passed through Board of State and Community Corrections:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	BSCC 396-14	28,359
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	BSCC 640-13	22,583
Passed through Office of Justice Program:			
Edward Byrne Memorial JAG Program	16.738	2014-DJ-BX-0663	<u>131,723</u>
Subtotal - JAG Program Cluster			<u>182,665</u>
Passed through Board of State and Community Corrections:			
Juvenile Accountability Block Grants	16.523	BSCC 126-14	<u>22,970</u>
Passed through Office of Justice Program:			
Drug Court Discretionary Grant Program	16.585	2012-DC-BX-0018	<u>143,804</u>
Subtotal			<u>143,804</u>
Passed through Governor's Office of Emergency Services, California:			
Emergency Management Agency:			
Crime Victim Assistance	16.575		12,729
Crime Victim Assistance	16.575	VW11 30 0420	<u>136,684</u>
Passed through State Office of Criminal Justice and Planning (OCJP):			
Byrne Formula Grant Program	16.579	SF-08-A-410843	<u>82,374</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>581,226</u>

See accompanying notes to schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by OMB Circular A-133.

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental number	Expenditures
U.S. DEPARTMENT OF LABOR			
Direct Programs:			
WIA Dislocated Worker Formula Grants	17.278	K594783	135,531
WIA Adult Program	17.258	K594783	868,915
Passed through California Employment Development Department:			
WIA Dislocated Worker Formula Grants	17.278	K282506	25,867
WIA Dislocated Worker Formula Grants	17.278	K386319	87,333
WIA Dislocated Worker Formula Grants	17.278	K491040	202,407
WIA Dislocated Worker Formula Grants	17.278	K594783	567,059
WIA Adult Program	17.258	K491040	208,058
WIA Youth Activities	17.259	K594783	1,051,544
WIA Youth Activities	17.259	K491040	444,054
Subtotal - WIA Cluster			3,590,768
Passed through Department of Social Services:			
Homeless Veterans Reintegration Project	17.805	Santa Barbara	6,994
TOTAL U.S. DEPARTMENT OF LABOR			3,597,762
U.S. DEPARTMENT OF THE INTERIOR			
Direct Programs:			
Recreation Resources Management	15.524		250,911
Passed through Bureau of Reclamation:			
Fish And Wildlife Coordination Act	15.517	R10AC20610	529,559
Passed through U.S. Fish and Wildlife Services (USFWS):			
Coastal Impact Assistance Program	15.668	F12AF00475	14,796
Coastal Impact Assistance Program	15.668	F12AF00478	42,841
Coastal Impact Assistance Program	15.668	F12AF700307	57,149
Subtotal			114,786
TOTAL U.S. DEPARTMENT OF THE INTERIOR			895,256
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Programs:			
State and Community Highway Safety	20.600	AL1463	16,053
State and Community Highway Safety	20.600	AL1517	100,399
State and Community Highway Safety	20.600	PT1503	13,612
Subtotal - Highway Safety Cluster			130,064
Passed through California State Office of Emergency Services:			
Interagency Hazardous Materials Public Sector Training and Planning Costs	20.703	4221-401 HMEP 15	10,192
Passed through State of California Office of Traffic Safety:			
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	AL1464	57,140
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT1506	56,271
Subtotal			113,411

See accompanying notes to schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by OMB Circular A-133.

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental number	Expenditures
Passed through Caltrans:			
Highway Planning and Construction	20.205	05-0591/M040-M	11,537
Highway Planning and Construction	20.205	05-5951(024)	1,766,077
Highway Planning and Construction	20.205	05-5951(072)	1,247,028
Highway Planning and Construction	20.205	05-5951(082)	1,892,290
Highway Planning and Construction	20.205	05-5951(150)	69,670
Highway Planning and Construction	20.205	05-5951(151)	196,731
Highway Planning and Construction	20.205	05-5951(152)	11,641
Highway Planning and Construction	20.205	05-5951R	94,061
Highway Planning and Construction	20.205	05-5951/M015	6,636
Highway Planning and Construction	20.205	05-5951/M039	66,261
Highway Planning and Construction	20.205	05-5951/M067	296,721
Highway Planning and Construction	20.205	05-5951/N054	256,458
Highway Planning and Construction	20.205	05-930143	382,102
Highway Planning and Construction	20.205	SRTSL-5951(144)	214,264
Highway Planning and Construction	20.205	STPLZ5951(039)	43,401
Subtotal - Highway Planning and Construction			<u>6,554,878</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>6,808,545</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS EXCLUDING LOANS			<u>\$ 106,784,077</u>
<u>Beginning Federal Loan Balances With a Continuing Compliance Requirement</u>			
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Community Development Block Grants/Entitlement Grants	14.218		\$ 1,702,239
HOME Investment Partnerships Program	14.239		21,961,799
FEDERAL LOAN BALANCES WITH A CONTINUING COMPLIANCE REQUIREMENT			<u>23,664,038</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS INCLUDING LOANS			<u>\$ 130,448,115</u>

See accompanying notes to schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by OMB Circular A-133.

**COUNTY OF SANTA BARBARA, CALIFORNIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal financial assistance programs of the County of Santa Barbara, California (the County). The County's reporting entity is defined in Note 1 of the notes to the County's basic financial statements. All financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies to the County are included in the accompanying schedule.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying SEFA is presented using the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for proprietary funds, which is described in Note 1 of the notes to the County's basic financial statements.

NOTE 3 – RELATIONSHIP TO COMPREHENSIVE ANNUAL FINANCIAL REPORT

Amounts reported in the accompanying SEFA agree, in all material respects, to amounts reported within the County's Comprehensive Annual Financial Report.

NOTE 4 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying SEFA agree, in all material respects, with the amounts reported in related federal financial reports.

NOTE 5 – DISCLOSURES FOR STATE GRANT

Grant revenues and expenditures by category for the fiscal year ended June 30, 2015, are as follows:

State of California Department of Insurance – Workers' Compensation Insurance Fraud Program

Revenues:	
State	<u>\$ 272,800</u>
Total revenues	<u><u>\$ 272,800</u></u>
Expenditures:	
Personal services	<u>\$ 248,868</u>
Total expenditures	<u><u>\$ 248,868</u></u>
Net unspent as of June 30, 2015	<u><u>\$ 23,932</u></u>

NOTE 5 – DISCLOSURES FOR STATE GRANT (Continued)

State of California Department of Insurance – Automobile Insurance Fraud Program

Revenues:		
State	\$	<u>83,906</u>
Total revenues	\$	<u><u>83,906</u></u>
Expenditures:		
Personal services	\$	45,327
Operating expenditures		7,480
Equipment		<u>1,430</u>
Total expenditures	\$	<u><u>54,237</u></u>
Net unspent as of June 30, 2015	\$	<u><u>29,669</u></u>

NOTE 6 – LOANS OUTSTANDING

The following programs had federally-funded loans outstanding at June 30, 2015 and 2014:

Federal CFDA #	Program Title	June 30, 2015	June 30, 2014
14.218	Community Development Block Grants/Entitlement Grants	\$ 1,702,239	\$ 1,702,239
14.239	HOME Investment Partnerships Program	<u>21,961,799</u>	<u>21,961,799</u>
	Totals	<u><u>\$ 23,664,038</u></u>	<u><u>\$ 23,664,038</u></u>

FINDINGS AND QUESTIONED COSTS

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

1. Summary of Auditor's Results

Financial Statements

- (a) The type of report issued on the financial statements: **Unmodified opinion.**
- (b) Significant deficiencies in internal control that were disclosed by the audit of the financial statements: **None reported.**

Material weaknesses: **None.**

- (c) Noncompliance, which is material to the financial statements: **None.**

Federal Awards

- (d) Significant deficiencies in internal control over major programs: **Yes. See items 2015-001 through 2015-002.**

Material weaknesses: **None.**

- (e) The type of report issued on compliance for major programs:

1. State Administrative Matching Grants for Supplemental Nutrition Assistance Program – **Unmodified opinion.**
2. Medicaid Cluster – **Unmodified opinion.**
3. Temporary Assistance for Needy Families Cluster – **Unmodified opinion.**
4. Child Support Enforcement – **Unmodified opinion.**
5. Foster Care Program – **Unmodified opinion.**
6. Block Grants for Prevention and Treatment of Substance Abuse – **Unmodified opinion.**
7. Adoption Assistance – **Unmodified opinion.**

- (f) Any audit findings, which are required to be reported under Section 510(a) of OMB Circular A-133: **Yes. See items 2015-001 through 2015-002.**

- (g) Major programs:

- U.S. Department of Agriculture
 - State Administrative Matching Grants for Supplemental Nutrition Assistance Program (CFDA 10.561)

- U.S. Department of Health and Human Services
 - Medical Assistance Program (CFDA No. 93.778)
 - Temporary Assistance for Needy Families (CFDA No. 93.558)
 - Foster Care Program – Title IV-E (CFDA No. 93.658)
 - Adoption Assistance (CFDA No. 93.659)
 - Child Support Enforcement (CFDA No. 93.563)
 - Block Grants for Prevention and Treatment of Substance Abuse (CFDA No. 93.959)

Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000.**

(h) Low-risk auditee determination under Section 530 of U.S. Office of Management and Budget (OMB) Circular A-133: **No. The County of Santa Barbara (County) is considered a high-risk auditee.**

2. Findings Relating to Financial Statements Reported in Accordance with Government Auditing Standards

None.

3. Findings and Recommendations Relating to Federal Awards

2015-001

Program: Medical Assistance Program (Medicaid)

CFDA No.: 93.778

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

Passed-Through: California Departments of Health Care Services, Mental Health, and Social Services

Award Number: Santa Barbara

Award Year: Fiscal Year 2014/15

Compliance Requirement: Eligibility

Questioned Costs: \$0

Criteria:

The June 2015 OMB Circular A-133 *Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individuals/group program participants were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made only to eligible participants.

Condition Found:

Specific requirements must be followed to ensure that the individual meets the financial and categorical requirements, which include the following:

- Obtaining a written application, Statement of Facts, signed under penalty of perjury by the applicant.
- Verification of an applicant's income information reported on the MC 210 "Statement of Facts," including identity, social security number (SSN), residency, monthly expenses, as well as pregnancy, if necessary.
- Reconfirming of an applicant's income eligibility using the Income and Eligibility Verification System (IEVS), a secondary income verification tool. Verification of the applicant's income by obtaining a pay stub if the applicant is employed.
- Verification of an applicant's supplemental social security income (SSI) eligibility by obtaining a Medi-Cal Eligibility Data System (MEDS) report, if the applicant is applying for the Qualified Medicare Beneficiary (QMB) program.

- Verification of an applicant's qualified alien status by obtaining the Statement of Citizenship, Alienage, and Immigration Status form if the applicant is not a U.S. citizen.

Out of the 40 case files selected eligibility test work, we noted the following:

- 1 case file whereby the Eligibility Worker erroneously included a 40% deduction to the participant's income calculation. The deduction placed the participant under the income limit, thus qualifying the participant for zero share of cost Medi-Cal benefits. Excluding the 40% deduction in the income calculation, the participant would have qualified for share of cost Medi-Cal benefits.

Out of the 40 case files selected for In-Home Supportive Services (IHSS) eligibility test work, we noted the following:

- 2 case files whereby the County failed to perform a client reassessment of needs within the 12 month renewal period.
- 1 case file whereby the County was unable to verify an application (SOC 295) was completed at the time of benefit issuance.
- 1 case file whereby the date of the signed application did not agree with the IHSS application date on the CMIPS II Case Home Screen.

Effect:

Participant data may not be accurate in the participant file or the system, which could lead to initial and continued eligibility errors and inaccurate benefit calculations.

Recommendation:

We recommend the County adhere to established policies and procedures with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant file and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:

Medi-Cal

The Department acknowledges the one case whereby an erroneous income deduction allowed the client to receive Zero Share of Cost benefits when they should have received Share of Cost benefits. We consider the error an anomaly. The case had a non-routine type of budgeting so the employee was less familiar with this type of case. The Eligibility Worker who made the error has received one-on-one training. As a reminder to staff, this type of budgeting will be reviewed at the January 2016 Medi-Cal "Team Meeting." Team meetings are attended by management, analysts, and line staff supervisors who will reinforce the reminder. Additionally, the information will also be provided in the November 2015 Bulletin as a written reminder to staff.

Contact Information of Responsible Official:

Maria Gardner
Economic Assistance Deputy Director
(805) 346-8289

IHSS

Although there were two cases where a reassessment was not completed within 12 months from the previous face-to-face visit, additional staff have been hired to mitigate overdue reassessments. The Department of Social Services remains in compliance with State standard which is to process at least 80% of reassessments timely. An October 2015 California Department of Social Services audit indicates it has achieved a 97.3% accuracy rate in this area. Staff were reminded at the October 21, 2015, Team Meeting and subsequent unit meetings of the importance of completing their annual reassessments in a timely manner. Supervisors will continue to monitor caseloads for compliance with this mandate.

The other two findings involved compliance with obtaining an Application for Social Services form (SOC 295) and entering this information correctly into CMIPS. We believe each finding is an anomaly as steps have been taken to mitigate these issues. One finding identified a SOC 295 form as missing and we agree there was no application form on file. It is highly likely an application for services was signed but we are unable to locate the original form. All forms are now scanned into a document imaging system and this original form was missed. Staff have been notified that they should review the document imaging system prior to going out on a home visit to ensure (a) there is a completed and signed SOC 295 on file and (b) that the dates on the form and in the computer system match. Social Workers will be reminded at their October 2015 unit meetings of this requirement and Supervisors will be responsible for reviewing this information when reviewing cases. We also agree that the date on the SOC 295 should match the application date entered into CMIPS.

Contact Information of Responsible Official:

Devin Drake
Adult and Children Services Deputy Director
(805) 346-8351

2015-002

Program: State Administration Matching Grants for Supplemental Nutrition Assistance Program

CFDA No.: 10.561

Federal Agency: U.S. Department of Agriculture

Passed-Through: California Department of Social Services

Award Number: Santa Barbara

Award Year: Fiscal Year 2014/15

Compliance Requirement: Special Tests and Provisions – ADP System for Food Stamps

Questioned Costs: \$234

Criteria:

The June 2015 OMB Circular A-133 *Compliance Supplement* requirements for special tests and provisions require that the County 1) accurately and completely process and store all case file information for eligibility determination and benefit calculation; 2) automatically cut off households at the end of their certification period unless recertified; and 3) provide data necessary to meet federal issuance and reconciliation reporting requirements.

Condition Found:

Out of the 40 case files selected for eligibility test work, we noted the following:

- 1 case whereby the County inaccurately issued benefit payments causing an overpayment of \$234.

Effect:

The participant received incorrect benefit amounts.

Recommendation:

We recommend the County adhere to established policies and procedures with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant file and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel. We also recommend the County require the benefit calculation be reviewed, on a sample basis, by other County personnel. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:

The Department acknowledges the one case whereby the County inaccurately issued benefit payments causing an overpayment of \$234. Immediate steps were taken to recoup the \$234 overissuance. This finding and the error that caused it was reviewed with management, analysts and supervisors at the October 14, 2015 CalFresh (CF) "Team Meeting."

To mitigate this issue in the future, the current Administrative Directive (written policy guidelines and instruction) addressing Non-Citizen Eligibility Reference Guide & SNAP guidance (CF AD 11-300) will be revised to include clear direction regarding expired legal permanent resident cards and treatment when evaluating continuation of the CF program. This Corrective Action Plan will be reviewed with supervisors at the CF Team meeting on December 9, 2015. Supervisors will be mandated to review the revised CF AD 11-300 at their unit meetings no later than February 28, 2016.

Contact Information of Responsible Official:

Maria Gardner
Economic Assistance Deputy Director
(805) 346-8289

**COUNTY OF SANTA BARBARA, CALIFORNIA
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

2014-001

Program: Foster Care

CFDA No.: 93.658

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

Passed-Through: California Department of Social Services

Award Number: Santa Barbara

Award Year: Fiscal Year 2013/14

Compliance Requirement: Eligibility

Questioned Costs: \$18,941

Criteria:

The March 2014 OMB Circular A-133 *Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/group program cases were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made only to eligible cases.

Condition Found:

Out of the 40 cases selected for eligibility test work, we noted the following:

- 4 case files whereby the benefit amounts were calculated incorrectly.
- 1 case file whereby benefits were issued when the participant was ineligible.

Effect:

The County is not in compliance with all eligibility requirements for the Foster Care Program. Participants may be receiving inaccurate benefit amounts.

Recommendation:

We recommend that the County adhere to established policies and procedures with regards to ongoing Foster Care eligibility determination requirements in order to ensure that Foster Care eligibility determinations are being performed within the specified timeframe. This will help ensure the accuracy of the case data and that Foster Care eligibility determinations are supported by the proper documentation in the case file. We also recommend that the County follow its policy that requires the case files be reviewed for accurate calculation of benefits so that the participants are paid properly.

Views of Responsible Officials:

The Department of Social Services (the Department) concurs with the four findings whereby the benefit amounts were calculated incorrectly. It should be noted that on these four cases the incorrect calculations resulted in underpayments. This was rectified immediately and benefits have been issued. The Department continues to work diligently in adopting and implementing new business practices to ensure that the staff is making the necessary computer data entries to ensure accuracy in benefit issuances. The Department hired a supervisor in Fiscal Year 13-14 to support the program; however, this supervisor is new to the program and continues to receive ongoing training. This training will assist the supervisors in the ability to conduct a thorough review of 5% of cases to ensure accurate issuance and discontinuance of benefits. Although we continue to experience staffing issues, we are pursuing filling all vacancies. Additionally, we reassigned one clerical support staff to this unit in an effort to support the eligibility staff.

The Department concurs with the single finding of whereby benefits were issued when the individual was no longer eligible. The Department has already completed the process to collect the overpayment. As stated above, the Department continues to work diligently in adopting and

implementing new business practices to ensure cases are terminated when they no longer meet the eligibility criteria. As stated, an additional supervisor has been hired to support program. Once trained, the supervisor will conduct a thorough review of 5% of cases to ensure accurate issuance and discontinuance of benefits. As stated, we are pursuing filling all vacancies and have reassigned one clerical support staff to this unit to support the eligibility staff.

Contact Information of Responsible Official:

Devin Drake
Telephone: (805) 346-8351

Current Year Status:

Resolved.

2014-002

Program: Medical Assistance Program (Medicaid Cluster)

CFDA No.: 93.778

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

Passed-Through: California Departments of Health Care Services, Mental Health, and Social Services

Award Number: Santa Barbara

Award Year: Fiscal Year 2013/14

Compliance Requirement: Eligibility

Questioned Costs: \$0

Criteria:

The March 2014 OMB Circular A-133 *Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/group program participants were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made only to eligible participants.

Condition Found:

Specific requirements must be followed to ensure that the individual meets the financial and categorical requirements, which include the following:

- Obtaining a written application, Statement of Facts, signed under penalty of perjury by the applicant.
- Verification of an applicant's information reported on the MC 210 "Statement of Facts," including identity, social security number (SSN), residency, monthly expenses, as well as pregnancy, if necessary.
- Reconfirming of an applicant's income eligibility using the Income and Eligibility Verification System (IEVS), a secondary income verification tool. Verification of the applicant's income by obtaining a pay stub if the applicant is employed.
- Verification of an applicant's supplemental social security income (SSI) eligibility by obtaining a Medi-Cal Eligibility Data System (MEDS) report, if the applicant is applying for the Qualified Medicare Beneficiary (QMB) program.
- Verification of an applicant and recipient's SSN to ensure that each SSN furnished was issued to that individual.
- Verification of an applicant's qualified alien status by obtaining the Statement of Citizenship, Alienage, and Immigration Status form if the applicant is not a U.S. citizen.
- Verification of the eligibility of Medicaid recipients with respect to circumstances that may change, at least every 12 months.

Out of the 40 case files selected for eligibility testwork, we noted the following:

- 1 case file whereby the income data in CalWIN did not match data provided by the client and/or IEVS.
- 2 case files whereby IEVS verification was not performed for one or more members of the assistance unit.
- 1 case file whereby the SAVE report was not processed at the time of application.
- 6 cases whereby redetermination was processed late.

Out of the 40 case files selected for In-Home Supportive Services (IHSS) eligibility testwork, we noted the following:

- 4 case files whereby date of the signed application (SOC 295) did not agree with the IHSS Application date in the system.
- 7 case files whereby the County failed to perform a client reassessment of needs within the 12 month renewal period.
- 1 case file whereby the application (SOC 295) was not signed under penalty of perjury.
- 2 case files whereby the County was unable to verify an application (SOC 295) was completed at the time of benefit issuance.

Effect:

Participant data may not be accurate in the participant file or the system, which could lead to initial and continual eligibility errors and inaccurate benefit calculations.

Recommendation:

We recommend that the County adhere to established policies and procedures with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant file and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:

Medi-Cal

The Department acknowledges the one case whereby the income information provided by the client and/or IEVS did not match the information entered into the system. The cause of the error has been investigated and the findings and Corrective Action Plan will be reviewed with the Medi-Cal (MC) supervisors at the November 2014 Team meeting. Supervisors will then review the findings and plan with their staff by December 31, 2014, so that all staff is made aware of this finding.

Additionally, the Department has implemented procedures to ensure consistency between the information provided by the client and the information entered into the system. On November 14, 2013, the CalWIN data system "Case Comment" section was modified to require an income determination, including a section in which the Eligibility Worker (EW) must enter all paystub amounts, dates received, and multiplier used. Gross income is now automatically tallied so that there is no error in the calculation of the gross income. This modification will reduce future calculation errors. The Department issued instructions for this change in Administrative Directive 06-04 "Case Comments." Review of these instructions will be a mandatory training to be completed by staff by December 31, 2014. The information will also be reviewed at the November 2014 Medi-Cal Team meeting. We are already seeing positive results from this system change.

The Department continues to rely on case reviews to ensure the integrity of the eligibility determinations and to ensure the correct information is entered into the CalWIN system. The Quality Assurance unit continues to collect and conduct an analysis of all Supervisor reviews. Results and trends are compiled into a quarterly report which is shared with program managers, Department Business Specialists, line supervisors, and line staff. The quarterly report will be reviewed at the Branch meeting with Managers to strategize if additional training or enhanced monitoring measures

need to be implemented. As a follow-up and reinforcement measure, Quality Assurance will conduct a focused review by March 31, 2015, to validate that staff are correctly entering income into the CalWIN system. As an additional reinforcement measure, Quality Assurance (QA) will develop and conduct a series of "IEVS Processing Overview" presentations for all Medi-Cal staff by June 30, 2015.

The Department acknowledges that the IEVS report as a secondary verification of income and property was not run timely on two case files. IEVS was subsequently processed for these cases, resulting in no change in eligibility. A Medi-Cal program bulletin article will be published in November 2014 to remind all eligibility staff of the IEVS secondary verification requirement during the application and renewal process. Online IEVS training is available via the Department's Site Providing Online Training (SPOT) and staff will be required to review annually. Various awareness campaigns will be done highlighting IEVS policies and procedures. The Department has longstanding policies and procedures with regards to IEVS processing and the instructions in Administrative Directive 06-22 "IEVS/SAVE" clearly outlines the requirements. The information will also be reviewed at the November 2014 Medi-Cal Team meeting. Supervisors will review the findings with their staff by December 31, 2014. As mentioned, QA will conduct a focused review by March 31, 2015 as a reinforcement measure and to validate that IEVS reports are run timely, and will conduct an "IEVS Processing Overview" presentation for Medi-Cal staff by June 30, 2015.

The Department acknowledges that the SAVE report as a verification of alien status was not run timely on one case file. SAVE was subsequently processed, resulting in no change in eligibility. The SAVE process is quite similar to the IEVS process and all corrective remedies will be applied as mentioned above.

The Department recognizes the importance of processing redeterminations in a timely manner and acknowledges that six redeterminations were not completed within the mandated time frames. The Department has longstanding policy and procedures with regards to ongoing eligibility determinations which will be reinforced. However, the Department of Health Care Services has released new redetermination guidelines as a consequence of the Medicaid expansion through the Affordable Care Act. New instructions in the form of an Administrative Directive will be written and reviewed with staff to provide clear written direction and policy on the recent changes. Staff at the Benefit Service Center (BSC) call center is currently evaluating and testing new procedures to improve on processing redeterminations. The resulting information will be reviewed before the January 2015 Medi-Cal Team meeting.

Finally, increased caseloads and recurrent audit findings continue to be the driving factors in the increase in positions to the Department. The addition of line staff and Supervisors will be a major factor in the Department's ability to contain and reduce the number of audit findings in the Medi-Cal program. The first wave of new hires from this staffing augmentation was released to the line in January 2014 and the second wave of new hires released to the line in August 2014. Training will continue to occur twice per year to account for new hires related to normal attrition.

IHSS

The Department agrees with the four findings where the date on the application form (SOC 295) did not match with the IHSS application date on the CMIPS Case Home Screen. A change in procedures was immediately implemented to eliminate this exception:

- All IHSS Social Workers (SWs) have been assigned iPads to use during their home visits. Initial referrals (W-238) are completed and saved in the SWs intake folder. That information is then pre-populated onto forms that are linked to the iPads, including the Application for Services (SOC 295). The SWs are still responsible for verifying that the date on the initial referral form (W-238) is the same date that appears on the SOC 295 and matches the date that is entered into CMIPS. This corrective action plan should reduce, if not eliminate, this exception in future audits.

The Department agrees with the seven findings where reassessment of needs was not performed within the 12 month renewal period and is taking the following steps to eliminate this exception:

- In fiscal year 2013/14, IHSS experienced a number of significant program changes and implemented a new computer system (CMIPS II) November 2013. SWs had to learn a whole new system, including completing their own data entries, and how to navigate around the system. As with any new system, there was a steep learning curve which delayed the SWs' ability to process reassessments as quickly as they had previously done.
- To compensate, IHSS made a concerted effort to reduce the number of overdue reassessments. Extra help staff was hired and trained in IHSS procedures so they could assist with this effort, as well as QA staff being temporarily reassigned to assist with the backlog on a part time basis. The number of full time IHSS staff was also increased from twelve to fifteen SWs positions.
- IHSS continues to be short staffed but interviews have been held and positions have been offered. The new staff will complete a training period which includes timely completion of reassessments.
- Although this audit identified seven cases with overdue reassessments, we continue to exceed the State standard of 90% compliance for processing timely reassessments using the State's methodology for determining compliance. We expect the new Fair Labor Standards Act provider overtime legislation to have a major impact to the program in the coming months. IHSS will be hiring additional staff to assist with these new responsibilities. The Department is committed to improving the compliance rate on overdue reassessments.

The Department also agrees with the single instance of an unsigned Application for Services but believes this is an anomaly and is unique to this case. However:

- Now that IHSS SWs are using an iPad during their initial home visits and reassessments, we believe this exception may be eliminated since all forms are now available on the iPad and the applicant/recipient signs the form directly onto the iPad.

Finally, the Department agrees that in two instances we could not verify an SOC 295 was signed at the time of application. We are confident that the form was signed at the original home visit. However, due to the age of these cases, the Department is unable to access the hard case history file. The form was inadvertently not scanned into the DocSTAR system when we converted to document imaging several years ago. In order to reduce or eliminate this exception in future audits, Santa Barbara County is taking the following steps:

- Prior to conducting annual reassessments, SWs have been instructed to review imaged documents in the DocSTAR to ensure there is a completed SOC 295 on file. If not, they are required to obtain a duplicate form during the visit.
- Supervisors have been instructed to specifically look for this form whenever they are completing a case review.
- One of the clerical staff personnel has been given a special project to review all cases that have been active prior to April 2010 to ensure that mandatory forms have been completed and scanned into document imaging. This is an ongoing project that is expected to be completed within a few months.

Additionally, IHSS Quality Assurance thoroughly reviews a significant number of cases annually. In fiscal year 2014/15, QA will conduct 300 desk reviews and a subset of 60 home visits. Additionally, QA will select two areas on which to perform Targeted Reviews. QA conducts an analysis of the reviews and results are compiled into a quarterly report which is shared with program managers, Department Business Specialists, line supervisors and line staff. The quarterly report will be reviewed at the Branch meeting with Managers to strategize if additional training or enhanced monitoring measures need to be implemented.

Although the Department acknowledges the audit exceptions, the majority of exceptions are procedural and have had no impact eligibility. Regardless, the Department continuously strives to improve in all procedures and takes all audit exceptions seriously.

Contact Information of Responsible Officials:

Maria Gardner (Medi-cal)
Telephone: (805) 346-8289
Devin Drake (IHSS)
Telephone: (805) 346-8351

Current Year Status:

See Finding 2015-001.

2014-003

Program: State Administrative Matching Grants for Supplemental Nutrition Assistance Program

CFDA No.: 10.561

Federal Agency: U.S. Department of Agriculture

Passed-Through: California Department of Social Services

Award Number: Santa Barbara

Award Year: Fiscal Year 2013/14

Compliance Requirement: Special Tests and Provisions – ADP System for Food Stamps

Questioned Costs: \$456

Criteria:

The March 2014 OMB Circular A-133 *Compliance Supplement* requirements for special tests and provisions require that the County (1) accurately and completely process and store all case file information for eligibility determination and benefit calculation; (2) automatically cut off households at the end of their certification period unless recertified; and (3) provide data necessary to meet federal issuance and reconciliation reporting requirements. In addition, the March 2014 OMB Circular A-133 *Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/group program participants were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made only to eligible participants.

Condition Found:

Out of the 40 case files tested, we noted the following:

- 2 cases whereby the County inaccurately entered the participant's income and/or housing costs into the CalWIN system.
- 1 case whereby the required quarterly Eligibility/Status Report for re-determining the participant's eligibility was not processed timely.

Effect:

- The participants may receive incorrect benefit amounts.
- Ineligible participants may receive benefit amounts.

Recommendation:

We recommend that the County adhere to established policies and procedures with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant files and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel. We recommend that the County require the determination, re-determination, and calculation be reviewed, on a sample basis, by other County personnel. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:

The Department acknowledges two cases where the County inaccurately entered the participant's income and/or housing into the CalWIN system, creating overissuances for both cases. The two cases have been corrected and we are pursuing collection of the overissuances.

The causes of the errors and methods to avoid these errors will be reviewed with CalFresh (CF) supervisors at the October 8, 2014 CF "Team" meeting. In turn, supervisors will review the findings with their staff by October 31, 2014. The Corrective Action Plan will be reviewed with the Supervisors before the January 2015 CalFresh Team meeting. In turn, supervisors will review the findings with their staff by December 31, 2014.

The Department has implemented procedures to ensure consistency between the information provided by the client and the information entered into the system. On November 14, 2013, the CalWIN data system "Case Comment" section was modified to require an income determination, including a section in which the EW must enter all paystub amounts, dates received, and multiplier used. Gross income is now automatically tallied so that there is no error in the calculation of the gross income. This modification will reduce future calculation errors. The Department issued instructions in Administrative Directive 06-04 "Case Comments." Review of these instructions will be a mandatory training to be completed by staff by December 31, 2014. We are already seeing positive results from this system change. In addition, the state implemented Semi-Annual Reporting (SAR) in place of the previous quarterly reporting in August 2013. With the implementation of SAR, the methodology of determining income has changed. Workers will no longer average income to determine CF benefits over the SAR period, which will eliminate budgeting errors.

The Department continues to rely on mandated case reviews to ensure the integrity of the eligibility determinations and to ensure the correct information is entered into the CalWIN system. The QA unit continues to collect and conduct an analysis of all Supervisor reviews. Results and trends are compiled into a quarterly report which is shared with program managers, Department Business Specialists, line supervisors, and line staff. The quarterly report will be reviewed at the Branch meeting with Managers to strategize if additional training or enhanced monitoring measures need to be implemented. As a follow-up and reinforcement measure to all of these efforts, QA will conduct a focused review by March 31, 2015, to validate that staff are correctly entering income and/or housing into the CalWIN system.

The Department acknowledges one case in which the quarterly QR7 was processed untimely. As mentioned, SAR implementation was effective August 2013. All CF cases on a quarterly cycle were converted to semi-annual by the end of October 2013. As a result, CF participants now submit a Periodic Report every six months as opposed to every three months. In response to increased caseloads, the Department hired additional staff. As a result, we are experiencing timely processing of the SAR7. We expect to see positive results from the implementation of the SAR7 process.

Finally, increased caseloads and recurrent audit findings continue to be the driving factors in adding positions to the Department of Social Services. The addition of line staff and Supervisors will be a major factor in the Department's ability to contain and reduce the number of audit findings in the CalFresh program. The first wave of new hires from this staffing augmentation was released to the line in January 2014 and the second wave of new hires released to the line in August 2014. Training will continue to occur twice per year to account for new hires related to normal attrition.

Contact Information of Responsible Official:

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Current Year Status:

Resolved.

2014-004

Program: Adoption Assistance Program

CFDA No.: 93.659

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

Passed-Through: California Department of Social Services

Award Number: Santa Barbara

Award Year: Fiscal year 2013/14

Compliance Requirement: Eligibility

Questioned Costs: \$710

Criteria:

The March 2014 OMB Circular A-133 *Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that cases were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made for eligible cases.

Condition Found:

Out of 40 participants selected for eligibility testing, we noted the following:

- 1 case file whereby the benefit amount was calculated incorrectly, causing an underpayment of benefits paid.

Effect:

The County is not in compliance with all eligibility requirements for the Adoption Assistance Program. Participants may be receiving inaccurate benefit amounts.

Recommendation:

We recommend that the County follow its policy that requires the case files be reviewed for accurate calculation of benefits so that the participants are paid properly.

Views of Responsible Officials:

The Department concurs with the single finding whereby the benefit amount was calculated incorrectly. The amount in question was determined to be an underpayment. This was rectified immediately and benefits have been issued. The underpayment was due to a change in the California Necessities Index (CNI). The CNI, which changes payment rates, is updated annually. However, the computer system is not updated in time to process these payment changes. The state instructions on the new rates are also often received after the fact. These changes require a manual process to issue retroactive benefits and thus are time-consuming. Although the current system does not support the ability to automatically generate the CNI, much progress has been made in collaboration with other counties for an automated issuance of the CNI. The system is currently being tested by the CalWIN Consortium and we anticipate feedback within the next few months. We anticipate the need to hire additional staff in preparation for the test work as information will have to be manually entered into the system on all the cases prior to the test work. We recently experienced a change in staffing that has impacted the ability to maintain the growing caseload. This program currently has one newly assigned eligibility worker to manage over 800 Adoption Assistance Program (AAP) cases. The worker is new to AAP and is currently participating in training. In addition, the supervisor assigned to support this unit is new to the program and is undergoing training. Once trained, the supervisor will conduct a 5% case review for accuracy in benefit issuances.

Contact Information of Responsible Official:

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Current Year Status:

Resolved.