



**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 and
County Executive
Office
Department No.: 061 and 012
For Agenda Of: June 25, 2024
Placement: Departmental
Estimated Time: 30 minutes
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department: Mona Miyasato, County Executive Officer
Director(s): Betsy M. Schaffer, CPA, Auditor-Controller
Contact Info: Steven Yee, Senior Fiscal & Policy Analyst

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SUBJECT: **KPMG Operational Performance Review – Santa Barbara County Auditor-Controller’s Office**

County Counsel Concurrence

As to form: N/A

Auditor-Controller Concurrence

As to form: N/A

Other Concurrence:

As to form: N/A

Recommended Actions:

It is recommended that the Board of Supervisors:

- a) Receive and file a report on KPMG’s Operational and Performance Review of the Santa Barbara County Auditor-Controller’s Office;
- b) Provide direction as appropriate; and
- c) Find that the proposed actions do not constitute a “Project” within the meaning of the California Environmental Quality Act, pursuant to 14 CCR 15378(b)(2), as it consists of general policy and procedure making.

Summary:

The Santa Barbara County Auditor-Controller’s Office is the nineteenth County agency review completed by KPMG. The purpose of this review is to provide a high-level assessment of the Office, identify strengths and opportunities, and benchmark financial and operational areas with similar jurisdictions. The focus is to improve the overall operational efficiency, effectiveness, and service delivery provided by the Department. KPMG’s report, entitled “Improving Performance to Better Serve our County Residents: Countywide Operational Performance Review – Santa Barbara County Auditor- Controller Department” is attached. The Department’s response and implementation timeframe is also attached.

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Overview of the Department:

The Auditor-Controller's Office mission is to ensure the County's financial integrity and promote efficient, effective, and accountable government. The department is comprised of 55.6 full-time equivalent (FTE) positions housed within its four divisions of Administration and Support, Audit Services, Accounting Services, and Financial Reporting. The department's adopted Fiscal Year (FY) 2023-24 operating budget of \$10.7 million represents approximately 0.7 % of the County's total adopted operating budget.

Overview of the KPMG Recommendations:

In brief, the KPMG report identifies eight recommendations. The recommendations are divided into four categories: 1) Staffing Analysis and Enterprise Resource Planning (ERP) System Implementation; 2) Internal Audit; 3) Property Tax; and 4) Human Resources and Payroll. These recommendations are summarized below, and are discussed more fully in the attached response and implementation table.

Staffing Analysis and ERP Implementation

- 1.1: In conjunction with County Human Resources, seek to expedite the filling of vacant roles across the Department to achieve planned staffing for permanent positions.
- 1.2: Enhance performance management processes to improve data-driven workload, resource allocation, and task assignment decision-making.
- 1.3: In conjunction with the ERP management team, consider transitioning to a hybrid Workday support organization structure as part of ERP implementation to help ensure optimal resource alignment.
- 1.4: Broaden accreditation pathways and recruitment focus to reflect changes in the diversity of staff skills required by the Department.

Internal Audit

- 2.1: Strengthen risk assessment methodology to increase effectiveness of auditing procedures.
- 2.2: Re-evaluate internal audit plan and assess future resourcing needs.

Property Tax

- 3.1: Enhance property tax budget and revenue forecasting based on available data, in conjunction with the County Assessor's Office and the CEO's Office.

HR and Payroll

- 4.1: In conjunction with County HR, revise respective roles and responsibilities for the reconciliation of employee benefits payments.

The Department agrees with a majority of these recommendations. As detailed in the Department Response and Implementation Plan included as Attachment B, some of the recommended changes have already been implemented, are currently underway, or are planned to be implemented in FY 2024-25.

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Background:

The County contracted with KPMG in May 2019, following a competitive process, to conduct reviews of departmental operations. To date, nineteen department reviews have been completed, with the review of the Auditor-Controller department representing the last departmental review. KPMG reviews are designed to provide a high-level assessment of departments, identify strengths and opportunities, and benchmark financial and operational areas with similar jurisdictions. The County Executive Office works collaboratively with departments to review and monitor the implementation of KPMG's recommendations.

Performance Measure: Performance measures will be developed in conjunction with the report recommendations and included in future budget development to track progress and cost/benefit of the operational performance reviews.

Fiscal and Facilities Impacts:

Many of the recommendations provided by KPMG will not require additional resources or budget and, if implemented, will likely result in efficiencies of cost, time savings or improved outcomes. Other areas of improvement may require additional resources and those recommendations will be evaluated through the annual budget process.

Attachments:

- A) KPMG report: Improving Performance to Better Serve our County Residents: County-wide Operational Performance Review – Santa Barbara County Auditor-Controller Department.
- B) Santa Barbara County Auditor-Controller Office Response and Implementation Plan. _

Authored by: Steven Yee, Senior Fiscal & Policy Analyst