



# BROWN ARMSTRONG

*Certified Public Accountants*

## **AGREED UPON CONDITIONS REPORT DESIGNED TO INCREASE EFFICIENCY, INTERNAL CONTROLS, AND/OR FINANCIAL REPORTING**

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

We have audited the basic financial statements of the County of Santa Barbara, California, (the County) for the year ended June 30, 2014, and have issued our report thereon dated November 13, 2014. In planning and performing our audit of the financial statements of the County, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

As a result of our audit, we noted a certain agreed upon condition. This condition and recommendation has been discussed with the appropriate members of management, and is intended to improve the internal control structure or result in other efficiencies, and is summarized as follows:

### **Current Year Agreed Upon Conditions and Recommendations**

#### **Agreed Upon Condition 1 – Allowable Cost, Payroll**

##### Condition

The County failed to follow its payroll policy of requiring employees to sign their timesheets. We noted 2 instances out of 60 tested whereby the employee's signature is missing from the timesheet.

##### Recommendation

We recommend that the County adhere to its payroll policy and require all employees to sign their timesheets

##### Management Response

The Department concurs with these two instances. The Department has clear written instructions regarding timesheet signatures. These instructions specify that it is the responsibility of the employee to submit their time sheet to their supervisor electronically for review and approval. This is how the employee electronically signs his or her time sheet. They further specify that the employee's time sheet must be approved and submitted electronically by the employee's supervisor. This is how the supervisor electronically signs the employee's time sheet. There are rare circumstances when a timesheet must be manually printed and signed. Such instances include when an employee is absent and the supervisor must submit the timesheet on their behalf. The manual process should be followed upon the employee's return. In regards to these two instances, the manual follow-up process did not occur.

#### **MAIN OFFICE**

##### **4200 TRUXTUN AVENUE**

SUITE 300  
BAKERSFIELD, CA 93309  
TEL 661.324.4971  
FAX 661.324.4997  
EMAIL info@bacpas.com

##### **7673 N. INGRAM AVENUE**

SUITE 101  
FRESNO, CALIFORNIA 93711  
TEL 559.476.3592  
FAX 559.476.3593

##### **221 E. WALNUT STREET**

SUITE 260  
PASADENA, CALIFORNIA 91101  
TEL 626.204.6542  
FAX 626.204.6547

##### **5250 CLAREMONT AVENUE**

SUITE 237  
STOCKTON, CA 95207  
TEL 209.451.4833

All employees have been reminded of proper timesheet procedures when the electronic signature process cannot be used. Additionally, The Department is in the process of developing a business process and report that will be used by Human Resource staff to ensure we are in compliance. We are targeting implementation of this new business process in October 2014. Additionally, the Department will conduct a review for accuracy related to this finding retroactively to the beginning of this fiscal year.

### **Status of Prior Year Agreed Upon Conditions**

#### **Agreed Upon Condition 1 – Special Supplemental Nutrition Program for Women, Infants, and Children, Allowable Cost**

##### Condition

The County failed to follow its payroll policy of requiring employees to sign their timesheets. We noted 1 instance out of the 20 tested whereby the employee's signature is missing from the timesheet.

##### Recommendation

We recommend that the County adhere to its payroll policy and require all employees to sign their timesheets.

##### Management Response

The Department concurs with this finding. All WIC staff will be retrained on the County payroll policy requiring all employees sign their timesheets. WIC supervisors will ensure ongoing adherence to the policy.

##### Current Year Status

Resolved.

#### **Agreed Upon Condition 2 – Allowable Cost, Payroll**

##### Condition

The County failed to follow its payroll policy of requiring employees to sign their timesheets. We noted 4 instances out of 60 tested whereby the employee's signature is missing from the timesheet.

##### Recommendation

We recommend that the County adhere to its payroll policy and require all employees to sign their timesheets.

##### Management Response

The Department has clear written instructions regarding timesheet signatures. These instructions are posted on the DSS Intranet website and are available to all DSS employees. These instructions specify that it is the responsibility of the employee to submit their time sheet to their supervisor electronically for review and approval. This is how the employee electronically signs his or her time sheet. They further specify that the employee's time sheet must be approved and submitted electronically by the employee's supervisor. This is how the supervisor electronically signs the employee's time sheet. Fiscal will work with Staff Development to ensure that staff are reminded of this policy.

##### Current Year Status

See Agreed Upon Condition 1.

**Agreed Upon Condition 3 – Allowable Cost, Non-Payroll Direct and Indirect**

Condition

We noted 1 instance out of 60 tested whereby the County failed to retain supporting documentation. We were unable to verify the expenditure was an allowable expense.

Recommendation

We recommend that the County adhere to its policy and require supporting documentation be retained for all expenditures.

Management Response

The Department has strict policies surrounding Fiscal procedures. As this was one instance, this appears to be anomalous. However, the Department will remind Fiscal staff the Employee University Journal Entry must contain an upload supporting the charges to DSS.

Current Year Status

Resolved.

\*\*\*\*\*

This report is intended solely for the use of the Board of Supervisors and management of the County and should not be used for any other purpose. However, this report is a matter of public record, and its distribution is not limited.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong  
Accountancy Corporation*

Bakersfield, California  
November 13, 2014