

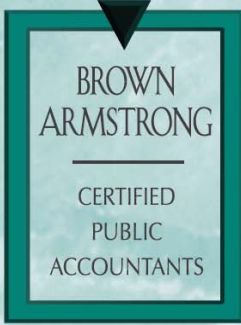
COUNTY OF SANTA BARBARA, CALIFORNIA
SINGLE AUDIT REPORTS
FOR THE YEAR ENDED JUNE 30, 2017

**COUNTY OF SANTA BARBARA, CALIFORNIA
SINGLE AUDIT REPORTS
FOR THE YEAR ENDED JUNE 30, 2017**

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 the Uniform Guidance.....	3
Independent Auditor's Report on Supplementary Information – Schedule of Expenditures of Federal Awards.....	5
<u>Financial Statements</u>	
Schedule of Expenditures of Federal Awards.....	6
Notes to Schedule of Expenditures of Federal Awards	11
<u>Findings and Questioned Costs</u>	
Schedule of Findings and Questioned Costs.....	13
Status of Prior Year Findings and Questioned Costs	18
Corrective Action Plan.....	22

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

BAKERSFIELD OFFICE (MAIN OFFICE)

4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE

7673 N. INGRAM AVENUE
SUITE 101
FRESNO, CA 93711
TEL 559.476.3592
FAX 559.476.3593

LAGUNA HILLS OFFICE

23272 MILL CREEK DRIVE
SUITE 255
LAGUNA HILLS, CA 92563
TEL 949.652.5422

STOCKTON OFFICE

5250 CLAREMONT AVENUE
SUITE 150
STOCKTON, CA 95207
TEL 209.451.4833

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, 2017, 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 25, 2017.

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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Finding 2017-FS01 that we consider to be a significant deficiency.

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 2017-001 through 2017-003.

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.

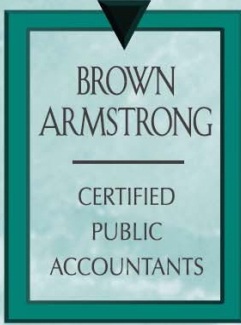
Purpose of this Report

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
August 25, 2017



BROWN ARMSTRONG
Certified Public Accountants

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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) *Compliance Supplement* that could have a direct and material effect on each of the County’s major federal programs for the year ended June 30, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 for the year ended June 30, 2017.

**BAKERSFIELD OFFICE
(MAIN OFFICE)**

4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE

7673 N. INGRAM AVENUE
SUITE 101
FRESNO, CA 93711
TEL 559.476.3592
FAX 559.476.3593

LAGUNA HILLS OFFICE

23272 MILL CREEK DRIVE
SUITE 255
LAGUNA HILLS, CA 92563
TEL 949.652.5422

STOCKTON OFFICE

5250 CLAREMONT AVENUE
SUITE 150
STOCKTON, CA 95207
TEL 209.451.4833

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as Findings 2017-001 through 2017-003. 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 the Uniform Guidance, 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.

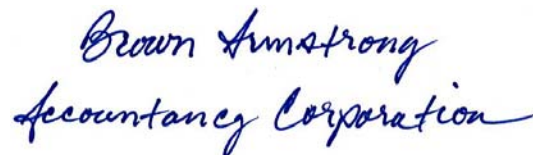
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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. 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.

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 or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of findings and Questioned Costs as Findings 2017-001 through 2017-003 to be significant deficiencies.

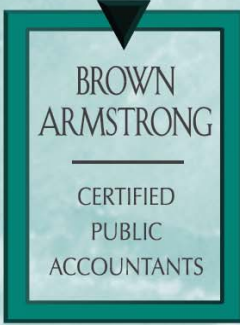
The County's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation".

Bakersfield, California
October 27, 2017



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

**BAKERSFIELD OFFICE
(MAIN OFFICE)**

4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE

7673 N. INGRAM AVENUE
SUITE 101
FRESNO, CA 93711
TEL 559.476.3592
FAX 559.476.3593

LAGUNA HILLS OFFICE

23272 MILL CREEK DRIVE
SUITE 255
LAGUNA HILLS, CA 92563
TEL 949.652.5422

STOCKTON OFFICE

5250 CLAREMONT AVENUE
SUITE 150
STOCKTON, CA 95207
TEL 209.451.4833

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, 2017, which collectively comprise the County's basic financial statements. We issued our report thereon dated August 25, 2017, which contained unmodified opinions on those financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic 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 basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic 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

Bakersfield, California
October 27, 2017

FINANCIAL STATEMENTS

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass Through Number	Passed Through to Subrecipients	Total Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Direct Programs:				
Cooperative Forestry Assistance	10.664	11-LE-11051360-224 A	\$ -	\$ 9,178
Subtotal			-	9,178
Passed through California Department of Food and Agriculture:				
Plant and Animal Disease, Pest Control, and Animal Care	10.025	14-0192-SF	-	110,604
Plant and Animal Disease, Pest Control, and Animal Care	10.025	15-0295-SF	-	15,488
Plant and Animal Disease, Pest Control, and Animal Care	10.025	16-0211-SF	-	13,533
Plant and Animal Disease, Pest Control, and Animal Care	10.025	16-0400-SF	-	945
Plant and Animal Disease, Pest Control, and Animal Care	10.025	16-0524-SF	-	152,530
Plant and Animal Disease, Pest Control, and Animal Care	10.025	15-0477-SF	-	36,881
Plant and Animal Disease, Pest Control, and Animal Care	10.025	16-0541-SF	-	7,018
Subtotal			-	336,999
Passed through California Department of Public Health:				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	15-10114	-	3,545,904
Subtotal			-	3,545,904
Passed through California Department of Social Services:				
State Administrative Matching Grants for the Supplemental Food Program	10.561	Santa Barbara	-	9,677,641
Subtotal - Food Stamp Cluster			-	9,677,641
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	13,569,722
U.S. DEPARTMENT OF ENERGY				
Passed through California Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	400-09-024	-	21,139
TOTAL U.S. DEPARTMENT OF ENERGY			-	21,139
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs:				
Affordable Care Act (ACA) Grants for Capital Development in Health Centers	93.526	C8CCS27684	-	5,352
Affordable Care Act (ACA) Grants for New and Expanded Services under the Health Center Program	93.527	H80CS00046	-	996,265
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	H80CS00046	16,583	1,107,553
Grants to Provide Outpatient Early Invention Services with Respect to HIV Disease	93.918	H76HA00193	-	340,559
Passed through California Department of Social Services: Guardianship Assistance	93.090	Santa Barbara	-	168,043
Passed through California Department of Social Services: Foster Care - Title IV-E	93.658	Santa Barbara	-	2,563
Foster Care - Title IV-E	93.658	Santa Barbara	-	8,538,390
Subtotal - Foster Care - Title IV-E			-	8,540,953

See accompanying notes to the 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 the Uniform Guidance.

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass Through Number	Passed Through to Subrecipients	Total Expenditures
Passed through California Department of Health Services: Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	Santa Barbara Pending	-	110,166
Passed through California Health and Human Services: Projects for Assistance in Transition from Homelessness (PATH)	93.150	2X06SM060005-16	-	58,093
Passed through Department of Health and Human Services: Block Grants for Community Mental Health Services	93.958	2B09M010005-16	-	442,928
Passed through California Department of Public Health: Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	14-10413	34,500	572,086
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	15-10385	48,000	64,821
Subtotal			82,500	636,907
Passed through California Department of Public Health: Preventative Health and Health Services Block Grant	93.991	16-10158	202,630	731,379
Maternal and Child Health Services Block Grant to the States	93.994	201642	-	1,165,384
Immunization Cooperative Agreements	93.268	15-10451	-	165,525
Passed through California Department of Health Care Services: Centers for Disease Control and Prevention - Investigation and Technical Assistance	93.283	12-89329	-	5,000
Passed through California Department of Public Health - Office of AIDS: HIV Care Formula Grants	93.917	15-10930	33,678	100,818
HIV Care Formula Grants	93.917	15-11075	-	231,475
Subtotal			33,678	332,293
Passed through California Department of Social Services: Promoting Safe and Stable Families	93.556	Santa Barbara	-	312,096
Refugee and Entrant Assistance - State Administered Programs	93.566	Santa Barbara	-	4,682
Stephanie Tubbs Jones Child Welfare Services Programs	93.645	Santa Barbara	-	312,683
Adoption Assistance	93.659	Santa Barbara	-	4,281,662
Social Services Block Grant	93.667	Santa Barbara	-	2,504,732
Chafee Foster Care Independence Program	93.674	Santa Barbara	-	109,129
Temporary Assistance for Needy Families	93.558	Santa Barbara	-	22,557,550

See accompanying notes to the 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 the Uniform Guidance.

COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass Through Number	Passed Through to Subrecipients	Total Expenditures
Passed through California Department of Child Support Services: Child Support Enforcement	93.563	Santa Barbara (County 42)	-	6,189,998
Passed through Substance Abuse and Mental Health Services Administration Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	1H79T1025033-01	-	122,302
Passed through U.S. Department of Health and Human Services: Block Grants for Prevention and Treatment of Substance Abuse	93.959	12NNA42	-	587,096
Passed through California Department of Alcohol and Drug Programs: Block Grants for Prevention and Treatment of Substance Abuse	93.959	14-90100	-	1,695,975
Subtotal - Block Grants for Prevention and Treatment of Substance Abuse			-	2,283,071
Passed through California Department of Mental Health: Medical Assistance Program	93.778	42	-	5,662,053
Passed through California Department of Social Services: Medical Assistance Program	93.778	Santa Barbara	-	22,210,363
Passed through State of California Department of Health Care Services: Medical Assistance Program	93.778	SB18 Sec 22	57,909	59,553
Subtotal - Medicaid Cluster			57,909	27,931,969
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			393,300	81,416,274
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through Governor's Office of Emergency Services:				
Emergency Management Performance Grants	97.042	2016-0049, CalOES 083-00000	-	215,789
Pre-Disaster Mitigation	97.047	FEMA-PDM2014-CA, Cal OES #083-00000, PL0299, FEMA, #007	-	26,380
Homeland Security Grant Program	97.067	2015-0078, OES #083-00000	-	121,114
Homeland Security Grant Program	97.067	2016-00102, OES #083-00000	-	6,359
Passed through San Diego Sheriff's Department: Homeland Security Grant Program	97.067	2014-2015	-	68,133
Subtotal - Homeland Security Grant Program			-	195,606
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			-	437,775
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Programs:				
Community Development Block Grants/Entitlement Grants	14.218	B14UC060509	82,517	252,517
Community Development Block Grants/Entitlement Grants	14.218	B15UC060509	239,634	303,509
Community Development Block Grants/Entitlement Grants	14.218	B16UC060509	318,301	533,288
Subtotal - CDBG- Entitlement Grants Cluster			640,452	1,089,314
Emergency Solution Grants Program	14.231	E14UC060509	14,318	14,318
Emergency Solution Grants Program	14.231	E16UC060509	73,654	73,654
Subtotal			87,972	87,972
Supportive Housing Program	14.235	CA0595L9D031508	-	71,919
Supportive Housing Program	14.235	CA0595L9D031609	-	43,396
Supportive Housing Program	14.235	CA0598B9D031407	-	45,310
Supportive Housing Program	14.235	CA0598L9D031508	-	104,767
Supportive Housing Program	14.235	CA1006B9D031403	-	19,753
Supportive Housing Program	14.235	CA1006L9D031504	-	30,264
Supportive Housing Program	14.235	CA1123L9D031401	42,518	42,518
Supportive Housing Program	14.235	CA1354L9D031400	-	20,374
Supportive Housing Program	14.235	CA1441L9D031500	-	8,205
Subtotal			42,518	386,506

See accompanying notes to the 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 the Uniform Guidance.

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass Through Number	Passed Through to Subrecipients	Total Expenditures
HOME Investment Partnerships Program	14.239	M10-DC060554	351,499	351,499
HOME Investment Partnerships Program	14.239	M11-DC060554	128,852	128,852
HOME Investment Partnerships Program	14.239	M12-DC060554	10,739	10,739
HOME Investment Partnerships Program	14.239	M14-DC060554	468,677	468,677
HOME Investment Partnerships Program	14.239	M15-DC060554	450,573	450,573
HOME Investment Partnerships Program	14.239	M16-DC060554	15,998	57,075
Subtotal			1,426,338	1,467,415
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			2,197,280	3,031,207
U.S. DEPARTMENT OF JUSTICE				
Passed through Board of State and Community Corrections:				
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	BSCC 396-15	63,561	64,761
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	BSCC 396-16	48,422	48,422
Subtotal			111,983	113,183
Passed through Governor's Office of Emergency Services, California:				
Crime Victim Assistance	16.575	HA15 02 0420	-	52,193
Crime Victim Assistance	16.575	UV15 01 0420	-	181,793
Crime Victim Assistance	16.575	XC16 01 0420	-	97,051
Crime Victim Assistance	16.575	XE16 01 0420	-	111,873
Crime Victim Assistance	16.575	VW16 35 0420	-	349,615
Subtotal			-	792,525
Direct Program:				
Services for Trafficking Victims	16.320	2016-VT-BX-K019	-	36,023
Services for Trafficking Victims	16.320		-	117,428
Subtotal			-	153,451
Passed through State Office of Criminal Justice and Planning (OCJP):				
Byrne Formula Grant Program	16.579	SF-08-A-410843	-	25,773
Direct Program:				
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738		-	56,642
TOTAL U.S. DEPARTMENT OF JUSTICE			111,983	1,141,574
U.S. DEPARTMENT OF LABOR				
Passed through California Employment Development Department:				
WIA/WIOA Dislocated Worker Formula Grants	17.278	K698384	-	75,442
WIA/WIOA Dislocated Worker Formula Grants	17.278	K7102061	-	550,636
WIA/WIOA Dislocated Worker Formula Grants	17.278	K7102061	-	47,437
WIA/WIOA Adult Program	17.258	K698384	-	225,967
WIA/WIOA Adult Program	17.258	K7102061	-	684,993
WIA Youth Activities	17.259	K7102061	-	527,057
WIA Youth Activities	17.259	K698384	-	187,166
Subtotal - WIA Cluster			-	2,298,698

See accompanying notes to the 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 the Uniform Guidance.

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass Through Number	Passed Through to Subrecipients	Total Expenditures
WIA/WIOA Dislocated Worker National Reserve Demonstration Grants	17.280	MI-28988-16-60-A-6	-	216,529
Passed through Department of Social Services: Homeless Veterans Reintegration Project	17.805	Santa Barbara	-	6,992
TOTAL U.S. DEPARTMENT OF LABOR			-	2,522,219
U.S. DEPARTMENT OF THE INTERIOR Passed through U.S. Fish and Wildlife Services (USFWS):				
Coastal Impact Assistance Program	15.668	F12AF00475	-	226,798
Coastal Impact Assistance Program	15.668	F12AF00478	-	24,191
Coastal Impact Assistance Program	15.668	F12AF700307	-	49,617
Subtotal			-	300,606
TOTAL U.S. DEPARTMENT OF THE INTERIOR			-	300,606
U.S. DEPARTMENT OF TRANSPORTATION Direct Programs:				
Airport Improvement Program	20.106	WPG060243014	-	284,833
Airport Improvement Program	20.106	WPG060243015	-	178,630
Subtotal			-	463,463
State and Community Highway Safety	20.600	AL1711		95,173
State and Community Highway Safety	20.600	AL1643	-	35,998
State and Community Highway Safety	20.600	PT1602	-	26,743
Subtotal			-	157,914
Passed through State of California Office of Traffic Safety: Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT1602	-	31,665
Subtotal			-	31,665
Passed through Caltrans:				
Highway Planning and Construction	20.205	05-5951(024)	-	17,059
Highway Planning and Construction	20.205	05-5951(072)	-	208,583
Highway Planning and Construction	20.205	05-5951(082)	-	149,274
Highway Planning and Construction	20.205	05-5951(151)	-	326,984
Highway Planning and Construction	20.205	05-5951(152)	-	8,430
Highway Planning and Construction	20.205	05-5951R	-	243,663
Highway Planning and Construction	20.205	05-5951/M015	-	23,539
Highway Planning and Construction	20.205	05-5951/M039	-	1,436,827
Highway Planning and Construction	20.205	05-5951/M067	-	20,023
Highway Planning and Construction	20.205	05-5951/N054	-	125,628
Highway Planning and Construction	20.205	05-930143	-	4,545,551
Highway Planning and Construction	20.205	STPLZ5951(039)	-	31,226
Subtotal - Highway Planning and Construction			-	7,136,787
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			-	7,789,829
Passed through California Department of Public Health Capitalization Grants for Drinking Water State Revolving Funds	66.468	Santa Barbara	-	5,700
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			-	5,700
TOTAL EXPENDITURES OF FEDERAL AWARDS EXCLUDING LOANS			\$ 2,702,563	\$ 110,236,045
<u>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			\$ 643,656
HOME Investment Partnerships Program	14.239			26,959,316
FEDERAL LOAN BALANCES WITH A CONTINUING COMPLIANCE REQUIREMENT				27,602,972
TOTAL EXPENDITURES OF FEDERAL AWARDS INCLUDING LOANS				\$ 137,839,017

See accompanying notes to the 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 the Uniform Guidance.

**COUNTY OF SANTA BARBARA, CALIFORNIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

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 – INDIRECT COST RATE

The County has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 6 – DISCLOSURES FOR STATE GRANT

Grant revenues and expenditures by category for the fiscal year ended June 30, 2017, are as follows:

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

Revenues:		
State		\$ 331,499
Carryover from 2015/16		85,105
		<hr/>
Total revenues		<u>\$ 416,604</u>
Expenditures:		
Personnel services		\$ 277,860
Operating expenditures		87,308
Equipment		19,887
		<hr/>
Total expenditures		<u>\$ 385,055</u>
Net unspent as of June 30, 2017		<u>\$ 31,549</u>

NOTE 6 – DISCLOSURES FOR STATE GRANT (Continued)

State of California Department of Insurance – Automobile Insurance Fraud Program

Revenues:		
State	\$	115,000
Carryover from 2015/16		<u>12,123</u>
Total revenues	\$	<u><u>127,123</u></u>
Expenditures:		
Personnel services	\$	118,067
Operating expenditures		<u>9,056</u>
Total expenditures	\$	<u><u>127,123</u></u>
Net unspent as of June 30, 2017	\$	<u><u>-</u></u>

NOTE 7 – LOANS OUTSTANDING

The following programs had federally-funded loans outstanding at June 30, 2017 and 2016:

Federal CFDA #	Program Title	June 30, 2017	June 30, 2016
14.218	Community Development Block Grants/Entitlement Grants	\$ 643,656	\$ 646,026
14.239	HOME Investment Partnerships Program	<u>26,959,316</u>	<u>26,037,136</u>
Totals		<u><u>\$ 27,602,972</u></u>	<u><u>\$ 26,683,162</u></u>

FINDINGS AND QUESTIONED COSTS

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

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: **Yes. See finding 2017-FS01.**

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 findings 2017-001 through 2017-003.**

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. Highway Planning and Construction – **Unmodified opinion.**
5. Special Supplemental Nutrition Program for Women, Infants, and Children – **Unmodified opinion.**

- (f) Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance: **Yes. See findings 2017-001 through 2017-003.**

- (g) Major programs:

- U.S. Department of Agriculture
 - State Administrative Matching Grants for Supplemental Nutrition Assistance Program (CFDA 10.561)
 - Special Supplemental Nutrition Program for Women, Infants, and Children (CFDA No. 10.557)
- U.S. Department of Health and Human Services
 - Medical Assistance Program (CFDA No. 93.778)
 - Temporary Assistance for Needy Families (CFDA No. 93.558)
- U.S. Department of Transportation
 - Highway Planning and Construction (CFDA No. 20.205)

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

- (h) Low-risk auditee determination under the Uniform Guidance: **Yes.**

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

Finding 2017-FS01

General Ledger Access

Condition:

The ability to administer permissions and allow/remove access within the FIN system is afforded to various individuals throughout the County's various departments, and some of these individuals are responsible for performing activities involving financial transactions. Additionally, the Auditor-Controller's Office does not examine valid user accounts within Active Directory or FIN to determine whether they have been assigned the appropriate roles/permissions and/or placed within the appropriate groups within these systems. Finally, an established, standard procedure for removing terminated employees' access to the FIN system has not been developed, and access removal methods vary between departments; Departmental FIN Administrators (DFA) may also allow user accounts belonging to terminated employees to remain active beyond terminated employees' separation date for various business-use purposes.

Effect of Condition:

This creates a problematic lack of segregation of duties in that employees responsible for activities involving financial transactions are also capable of and responsible for administering Information Technology (IT) security within the FIN application. This also increases the risk that unauthorized financial transactions are processed as well as the risk that unauthorized changes are made to the system itself, including unauthorized changes to user accounts within the system. Additionally, the risk increases that user accounts may have access to system functions that are not commensurate with current job responsibilities or current functional requirements.

Recommendation:

It is recommended that the Auditor-Controller's Office examine the user administration permissions given to the various Departmental FIN Administrators as well as the additional permissions assigned to non-IT Auditor-Controller staff and seek to remove these permissions from any individual that performs activities related to financial transactions as part of their job responsibilities. It is also recommended that the Auditor-Controller's Office implement regularly scheduled (on an annual basis, at a minimum) reviews of user accounts belonging to Auditor-Controller staff within the Active Directory domains and their associated permissions/roles and/or group memberships to ensure that the permissions assigned within the systems are appropriate for the individual's job responsibilities or functional requirements. It is finally recommended that the Auditor-Controller's Office develop an established procedure for removing terminated employees' access to the FIN system as well as its SQL databases, and that this process is used by each department and when removing access for all County employees.

Views of Responsible Officials and Planned Corrective Actions:

The County concurs. Refer to separate Corrective Action Plan Report for management's responses.

3. **Findings and Recommendations Relating to Federal Awards**

2017-001

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 2016/17

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

Questioned Costs: \$278

Criteria:

The April 2017 Uniform Guidance *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 40 case files selected for eligibility test work, we noted the following:

- 2 cases whereby the County inaccurately issued benefit payments causing an overpayment.
- 1 case whereby the County inaccurately issued benefit payments causing an underpayment.
- This is a systematic finding.

Effect:

The participant received incorrect benefit amounts.

Cause:

The income verification process incorrectly calculated the benefits. This action caused an inaccurate-issuance of \$334 in benefits.

Repeat Finding:

See prior year Finding 2016-001.

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 and Planned Corrective Actions:

The County concurs. Refer to separate Corrective Action Plan Report for management's responses.

2017-002

Program: Temporary Assistance for Needy Families

CFDA No.: 93.558

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 2016/17

Compliance Requirement: Eligibility

Questioned Costs: \$30

Criteria:

The April 2017 Uniform Guidance *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:

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

- 1 case whereby the County inaccurately issued benefit payments causing an underpayment.
- This is a systematic finding.

Effect:

The participant received incorrect benefit amounts.

Cause:

The \$30 underpayment occurred because the eligibility worker erroneously used the bi-weekly income multiplier when the department processed the intake application. The applicant was receiving two checks every month so the multiplier was not appropriate. The income was re-calculated without the bi-weekly multiplier and eligibility was re-evaluated with a lower income amount.

Repeat Finding:

See prior year Finding 2016-002.

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 and Planned Corrective Actions:

The County concurs. Refer to separate Corrective Action Plan Report for management's responses.

2017-003

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 2016/17

Compliance Requirement: Eligibility

Questioned Costs: \$0

Criteria:

The April 2017 Uniform Guidance *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:

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

- 2 case files whereby the County failed to perform a client reassessment of needs within the 12-month renewal period.
- These are systematic findings.

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.

Cause:

Reassessments are required to be completed within 12 months from the previous face to face visit. The department experienced staffing shortages during fiscal year 15/16.

Repeat Finding:

See prior year Finding 2016-003.

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 and Planned Corrective Actions:

The County concurs. Refer to separate Corrective Action Plan Report for management's responses.

**COUNTY OF SANTA BARBARA, CALIFORNIA
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

2016-001

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 2015/16

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

Questioned Costs: Underpayment of \$209

Criteria:

The June 2016 Uniform Guidance *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 40 case files selected for eligibility test work, we noted the following:

- 1 case whereby the County inaccurately issued benefit payments causing an underpayment.
- This is a systematic finding.

Effect:

The participant received incorrect benefit amounts.

Cause:

When the October 2015 Semi-Annual Report (SAR7) was processed, the terminated income was not removed from the budget. This action caused an under-issuance of \$209 in benefits.

Repeat Finding:

See prior year Finding 2015-002.

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 under issuance of \$209. Immediate steps were taken to issue the household a supplemental payment. This finding, the error that caused it, and existing Policies and Procedures will be reviewed at the December 14, 2016 CalFresh TEAM meeting. This meeting is chaired by Department Business Specialists and is attended by supervisors, lead workers, and managers.

Staff will be reminded of resources available to assist staff with processing SAR7s and terminating income in CalWIN. Supervisors will continue to conduct monthly case reviews (reference Admin AD 09-102 "Case Review Policy") and will focus on cases with terminated income. In addition, the following actions have been taken:

- "Income Reports for CalFresh" cheat sheet was shared with all CalFresh staff in September 2016 and will be reviewed at unit meetings by the Supervisor by January 31, 2017.
- "Did You Know" document titled "Terminated Income in CalWIN" was shared with all staff in June 2016 and will be reviewed at unit meetings by the Supervisor by January 31, 2017. The document will be reviewed again by June 30, 2017.
- Staff Development provided refresher training on how to review Wrap up windows and how to terminate income in CalWIN in September 2016. The PowerPoint presentation is available for those who did not attend the training.

Contact Information of Responsible Official:

Maria Gardner
Deputy Director
Economic Assistance
805-346-8289

Current Year Status:

See Finding 2017-001.

2016-002

Program: Temporary Assistance for Needy Families

CFDA No.: 93.558

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 2015/16

Compliance Requirement: Eligibility

Questioned Costs: Underpayment of \$32; Overpayment of \$47

Criteria:

The June 2016 Uniform Guidance *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:

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

- 1 case whereby the County inaccurately issued benefit payments causing an underpayment of \$32.
- 1 case whereby the County inaccurately issued benefit payments causing an overpayment of \$47.
- These are isolated findings.

Effect:

The participant received incorrect benefit amounts.

Cause:

The \$47 overpayment occurred because the eligibility worker failed to budget Income In-Kind which was originally disclosed by the applicant during the Intake Interview. The Income In-Kind was subsequently added to the CalWORKs budget and eligibility was re-evaluated effective the month of application.

The \$32 underpayment occurred because the eligibility worker erroneously used the bi-weekly income multiplier when the department processed the intake application. The applicant was receiving two checks every month so the multiplier was not appropriate. The income was re-calculated without the bi-weekly multiplier and eligibility was re-evaluated with a lower income amount.

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 two CalWORKs cases whereby the County inaccurately issued payments causing an overpayment of \$47 and an underpayment of \$33. Immediate steps were taken to recoup the overpayment and issue the household a supplemental payment.

These findings, the errors that caused them, and existing Policies and Procedures will be reviewed at the November 22, 2016 CalWORKS TEAM meeting. This meeting is chaired by Department Business Specialists and is attended by supervisors, lead workers, and managers.

In order to correct this issue, the Department will send a bulletin article to CalWORKs staff reminding them to (1) evaluate cases for any Income In-Kind and include this income with the CalWORKs budget for eligibility purposes and (2) thoroughly review pay stubs and clarify payment periods with applicants/recipients in order to avoid incorrectly using the bi-weekly and/or weekly multipliers.

The bulletin reminder will also be reviewed and discussed with CalWORKs supervisors during the upcoming bi-monthly TEAM Meeting. During this meeting, they will be asked to review the bulletin article with their staff during their monthly unit meeting and pay special attention to these two areas during the ongoing monthly case reviews of their staff.

Contact Information of Responsible Official:

Ken Jensen
Deputy Director
Employment Services
805-346-7312

Current Year Status:

See Finding 2017-002.

2016-003

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 2015/16

Compliance Requirement: Eligibility

Questioned Costs: \$0

Criteria:

The June 2016 Uniform Guidance *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:

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

- 3 case files whereby the County failed to perform a client reassessment of needs within the 12 month renewal period.
- These are systematic findings.

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.

Cause:

Reassessments are required to be completed within 12 months from the previous face to face visit. The department experienced staffing shortages during fiscal year 15/16.

Repeat Finding:

See prior year Finding 2015-001.

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:

The Department acknowledges the three cases whereby the County did not complete the reassessment within 12 months from the previous face-to-face visit. Additional staff has been hired and trained 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. Per CDSS, Santa Barbara County has a current average reassessment compliance rate for the fiscal year beginning July 2016 of 99.7%.

Staff is reminded at unit meetings and conferences of the importance of completing annual reassessments in a timely manner. Supervisors will continue to monitor caseloads for compliance with this mandate.

Contact Information of Responsible Official:

Amy Krueger
Operations Manager
Adult & Children Services
805-346-7248

Current Year Status:

See Finding 2017-003.

**COUNTY OF SANTA BARBARA, CALIFORNIA
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2017**

I. FINANCIAL STATEMENT FINDINGS

**Finding 2017-FS01
General Ledger Access**

Management's or Department's Response:

We concur.

Views of Responsible Officials and Corrective Action:

The Auditor's Office intends to limit Departmental FIN Administrators (DFAs) to one DFA per department. The Auditor's Office will also provide periodic training for Departmental Chief Financial Officers (CFOs) regarding the responsibilities of DFAs and segregation of duties principles, as well as conduct at least an annual review of departmental assignments of access and approvals in FIN Web with each department's DFA and CFO. The Auditor's Office intends to rejoin the County network domain in order to leverage the County Information and Technology Department's (ICT) knowledge and tools for better analysis and maintenance of its active directory domain accounts. Please note that current physical and network access controls along with the County Passport user authentication process prevent separated employees from unauthorized access to FIN Web. Additionally, the Auditor's Office is in the process of building an automated process to terminate user access and approvals within FIN Web when an employee separates from the County or transfers to another department. Regarding SQL database accounts, the Auditor's Office is in the process of minimizing the number of SQL accounts and intends to build an automated process to remove the accounts of employees upon separation from the County.

Contact Information of Responsible Official:

Theo Fallati, CPA CPFO
Auditor-Controller
County of Santa Barbara
805-568-2100

II. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2017-001

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 2016/17

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

Questioned Costs: \$278

Management's or Department's Response:

We concur.

Views of Responsible Officials and Corrective Action:

The Department acknowledges the two cases whereby the County inaccurately issued benefit payments causing an overpayment of \$23 and \$283 respectively. On one case, the eligibility worker did not apply the multiplier when calculating the dependent care deduction. This caused net income to be under-stated, creating an overpayment. On a second case, the late processing of the recertification caused the issuance of the regular CF allotment without considering the new income. The income had increased as did the number of household members.

Immediate steps were taken to alert the household of the overpayment. This finding was reviewed at the October 11, 2017 CalFresh TEAM meeting. Policy and procedures will be reviewed at the December 13, 2017 CalFresh TEAM meeting. This meeting is chaired by Department Business Specialists and is attended by supervisors, lead workers, and managers.

Staff will be reminded of resources available to assist staff with processing SAR7 reports and calculating the correct deduction in CalWIN. Staff will also be reminded to process recertifications on a timely fashion to allow for adjustment in income to issue correct benefits. Supervisors continue to conduct monthly case reviews (reference Administrative Directive (AD) 09-102 Case Review Policy) and will focus on the accuracy of correct deductions used in the CF budget and timely processing of the recertification. In addition, the following actions have been taken:

- Review of CF AD 17-304 CalFresh deductions with the emphasis on applying the multipliers to determine deductions will be reviewed at unit meetings by the Supervisor by January 31, 2018.
- Review of CF AD 15-301 CalFresh Recertification (RRR) process with the emphasis of completing the RRR on a timely basis will be reviewed at unit meetings by the Supervisor by January 31, 2018.

The Department acknowledges the one case whereby the County inaccurately issued benefit payments causing an underpayment of \$28. The underpayment occurred during the processing of the February 2017 SAR7 report. Upon restoration, the eligibility worker over-stated income. Once corrected, an under-payment occurred. Immediate steps were taken to issue the CalFresh household a supplement payment. This finding was reviewed at the October 11, 2017 CalFresh TEAM meeting. Policy and procedures will be reviewed at the December 13, 2017 CalFresh TEAM meeting. This meeting is chaired by Department Business Specialists (DBS) and is attended by supervisors, lead workers, and managers.

Staff will be reminded of resources available to assist staff with processing SAR7 reports and calculating correct income in CalWIN. Supervisors will conduct monthly case reviews (reference AD 09-102 Case Review Policy) and will focus on the accuracy of gross income used in the CF budget. In addition, the following actions have been taken:

- A document titled Income Reports for CalFresh was created and distributed to line staff on September 2016 as a resource to assist in processing a SAR7 report. The document will be reviewed again by January 31, 2018.

Contact Information of Responsible Official:

Maria Gardner
Deputy Director
Economic Assistance
805-346-8289

2017-002

Program: Temporary Assistance for Needy Families
CFDA No.: 93.558
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 2016/17
Compliance Requirement: Eligibility
Questioned Costs: \$30

Management's or Department's Response:

We concur.

Views of Responsible Officials and Corrective Action:

The Department acknowledges the one CalWORKs case whereby the County inaccurately issued payments causing an underpayment of \$30. Immediate steps were taken to issue the household a supplemental payment.

This finding, the error that caused it, and existing policies and procedures will be reviewed at the November 7, 2017 CalWORKS TEAM meeting. This meeting is chaired by Department Business Specialists (DBS) and is attended by CalWORKs supervisors, lead workers, and managers.

In addition, Sections D-5 to D-8 of the Semi Annual Reporting (SAR) Desk Guide will be reviewed during the November 2017 CalWORKs Team Meeting. These sections outline the policies governing the use of income multipliers. Supervisors will be instructed to pay special attention to this area during the ongoing monthly case reviews of their staff.

Lastly, supervisors will be asked to review the single audit findings and the SAR Desk Guide sections with their staff during their November or December 2017 monthly unit meetings. Staff will be reminded to thoroughly review pay stubs and clarify payment periods with applicants/recipients in order to avoid incorrectly using the bi-weekly and/or weekly multipliers. Supervisors should also inform their staff that they will pay special attention to this area when conducting monthly case reviews.

Contact Information of Responsible Official:

Maria Gardner
Deputy Director
Economic Assistance
805-346-8289

2017-003

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 2016/17
Compliance Requirement: Eligibility
Questioned Costs: \$0

Management's or Department's Response:

We concur.

Views of Responsible Officials and Corrective Action:

The Department acknowledges the two cases whereby the County did not complete the reassessment within 12 months from the previous face-to-face visit.

The Department of Social Services (CDSS) remains in compliance with the State standard which is to process at least 80% of reassessments timely. Per CDSS, Santa Barbara County has a current average reassessment compliance rate for the fiscal year beginning July 2017 of 99%.

Part of the monthly housekeeping items at In-Home Supportive Services (IHSS) unit meetings is a reminder to staff regarding the importance of timely reassessments. Supervisors will discuss the importance of timely reassessments at their unit meeting no later than December 2017.

Supervisors also review caseload activity and timelines with staff during individual monthly conferences. Supervisors and workers will develop a plan to address any challenges the workers might be experiencing in keeping work timely. The supervisors strategize with each other and staff on managing additional work created by vacancies/absences and how to best remain efficient and timely in completing all assigned work.

Contact Information of Responsible Official:

Mark Contois
Operations Manager
Adult & Children Services
805-346-7609