



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

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

Department Name: Auditor-Controller
Department No.: 061
For Agenda Of: 09/04/12
Placement: Administrative
Estimated Tme: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

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

SUBJECT: **Santa Barbara Veterans' Coordinating Council Management Agreement Audit Report**

County Counsel Concurrence

As to form: N/A

Other Concurrence: N/A

As to form: No

Recommended Actions:

That the Board of Supervisors: Receive and file the Management Agreement Audit Report (the Audit Report) of the Santa Barbara Veterans' Coordinating Council's Agreement with the County.

Summary Text:

The Audit Report is submitted pursuant to California Government Code 26883 which requires that the Auditor-Controller's audit reports be filed with the Board of Supervisors.

During our audit, we noted instances of noncompliance with the Management Agreement (the Agreement) between the Veterans' Coordinating Council and the County.

Background:

The Auditor's Office commenced this audit at the request of the General Services Department.

Under Military and Veterans Code Section 1262 the County entered into the Agreement with the Council. According to the terms and conditions of the Agreement, the Council assumed management of the County Building located at 112 W. Cabrillo Blvd (the Building). The Council is responsible for the lease of the building to the general public and other organizations. The Council is also responsible for utility payments, janitorial, services, maintenance, and capital improvement contributions if the costs for

these items do not exceed available revenues. If the costs exceed available revenues, the agreement contains a provision that the County Board of Supervisors, by majority vote, will pay any excess amounts. The Veterans' Council has not contributed the amount of capital required by the contract, nor to utility payments for the Building due to insufficient income amounts. However, the Council's deficiencies in these contributions have not been approved by the Board of Supervisors as required by the Agreement.

We noted other instances of noncompliance with the agreement both by the County and the Council. These instances of non-compliance include financial information was not submitted to the County by the Council, a lapse in the Council's general liability insurance occurred, and non-Council related expenses were charged to the Council. We also identified weaknesses in the consistency over the accounting treatment of certain transactions. Our report outlines recommendations that the County and Council should take to improve financial accountability and ensure compliance with the Agreement.

It should be noted in the responses from General Services and the Santa Barbara Coordinating Council that some positive steps are already being taken. For example, the Council's General Liability insurance has been made current and the Council has formed a Finance Subcommittee to address many of the other recommendations. General Services and the Council are working cooperatively to address the recommendations and have committed to correct all deficiencies within 6 months.

Performance Measure: N/A

Fiscal and Facilities Impacts:

Budgeted: Staff time of 250 hours was incurred in this audit.

Fiscal Analysis: N/A

Staffing Impacts:

Legal Positions:
N/A

FTEs:
N/A

Special Instructions:

None

Attachments:

Santa Barbara Veterans' Coordinating Council Management Agreement Audit Report

Authored by: Heather Fletcher, Audit Manager

cc: Chandra Wallar, County Executive Officer
Renee Bahl, Assistant County Executive Officer
Robert Nisbet, Director of General Services