

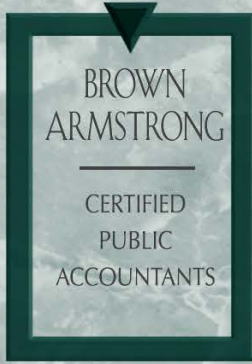
COUNTY OF SANTA BARBARA, CALIFORNIA
SINGLE AUDIT REPORTS
FOR THE YEAR ENDED JUNE 30, 2016

**COUNTY OF SANTA BARBARA, CALIFORNIA
SINGLE AUDIT REPORTS
FOR THE YEAR ENDED JUNE 30, 2016**

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.....	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

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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, 2016, 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, 2016.

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.

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 2016-001 through 2016-003.

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.

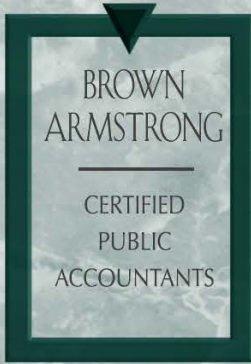
Purpose of this Report

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 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
November 30, 2016



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

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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 direct and material effect on each of the County's major federal programs for the year ended June 30, 2016. 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 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 identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2016.

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 2016-001 through 2016-003. 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.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. 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.

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 2016-001 through 2016-003 to be significant deficiencies.

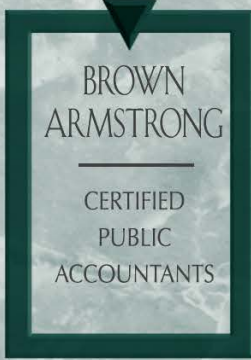
The County's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express 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

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
November 30, 2016



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

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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, 2016, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 26, 2016, 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 County's 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 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
November 30, 2016

FINANCIAL STATEMENTS

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

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 B	\$ -	\$ 6,342
Cooperative Forestry Assistance	10.664	11-LE-11051360-224 A	-	10,789
Subtotal			-	17,131
Passed through California Department of Food and Agriculture:				
Plant and Animal Disease, Pest Control, and Animal Care	10.025	15-0295-SF	-	22,144
Plant and Animal Disease, Pest Control, and Animal Care	10.025	15-0387-SF	-	1,572
Plant and Animal Disease, Pest Control, and Animal Care	10.025	14-0192-SF	-	136,196
Plant and Animal Disease, Pest Control, and Animal Care	10.025	14-0421-SF	-	2,169
Subtotal			-	162,081
Passed through California Department of Public Health:				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	14-10281	-	3,505,401
Passed through California Department of Social Services:				
State Administrative Matching Grants for the Supplemental Food Program	10.561	Santa Barbara	-	10,065,314
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	13,749,927
U.S. DEPARTMENT OF EDUCATION				
Passed through California Department of Education:				
Race to the Top - Early Learning Challenge	84.412	12-15181-2565-00	-	147,682
TOTAL U.S. DEPARTMENT OF EDUCATION			-	147,682
U.S. ELECTION ASSISTANCE COMMISSION				
Passed through California Secretary of State:				
Help America Vote Act Requirements Payment	90.401	13G30344	49,241	49,241
TOTAL U.S. ELECTION ASSISTANCE COMMISSION			49,241	49,241
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs:				
Affordable Care Act (ACA) Grants for Capital Development in Health Centers	93.526	C8CCS27684	-	223,694
Affordable Care Act (ACA) Grants for New and Expanded Services under the Health Center Program	93.527	H80CS00046	-	1,078,281
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	H80CS00046	122,741	817,323
Subtotal			122,741	1,895,604
Voting Access for Individuals with Disabilities-Grants to States	93.617	14G26138	12,652	12,652
Grants to Provide Outpatient Early Invention Services with Respect to HIV Disease	93.918	H76HA00193	101,586	328,392
Guardianship Assistance	93.090	Santa Barbara	-	149,183
Foster Care - Title IV-E	93.658			
Passed through California Department of Social Services:				
Foster Care - Title IV-E	93.658	Santa Barbara	-	8,536,671
Subtotal - Foster Care - Title IV-E			114,238	8,536,671

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 the Uniform Guidance.

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2016**

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 Alcohol and Drug Programs: Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	SPF SIG 12-04	-	85,187
Subtotal			-	85,187
Passed through California Department of Health Services: Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	Santa Barbara	-	107,744
Passed through California Department of Mental Health: Projects for Assistance in Transition from Homelessness (PATH)	93.150	2X06SM060005-10	-	57,792
Block Grants for Community Mental Health Services	93.958	3B09SM010005-10S1	-	240,324
Passed through California Department of Public Health: Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	14-10413	75,433	630,199
Passed through California Department of Public Health: Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	15-10385	-	8,649
Subtotal			75,433	638,848
Preventative Health and Health Services Block Grant	93.991	13-20509	218,576	816,350
Maternal and Child Health Services Block Grant to the States	93.994	201442	-	977,450
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	16,931	37,968
HIV Care Formula Grants	93.917	15-11075	-	28,944
HIV Care Formula Grants	93.917	13-20073 A01	100,185	176,329
HIV Care Formula Grants	93.917	13-20252 A01	43,163	49,292
Subtotal			378,855	292,533
Passed through California Department of Social Services: Promoting Safe and Stable Families	93.556	Santa Barbara	-	285,756
Refugee and Entrant Assistance - State Administered Programs	93.566	Santa Barbara	-	2,711
Stephanie Tubbs Jones Child Welfare Services Programs	93.645	Santa Barbara	-	318,380
Adoption Assistance	93.659	Santa Barbara	-	4,021,205
Social Services Block Grant	93.667	Santa Barbara	-	1,398,040
Chafee Foster Care Independence Program	93.674	Santa Barbara	-	113,135
Temporary Assistance for Needy Families	93.558	Santa Barbara	-	24,535,193

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 the Uniform Guidance.

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2016**

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)	-	6,369,897
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	-	338,373
Passed through U.S. Department of Health and Human Services: Block Grants for Prevention and Treatment of Substance Abuse	93.959	12NNA42	-	1,985,748
Passed through California Department of Alcohol and Drug Programs: Block Grants for Prevention and Treatment of Substance Abuse	93.959	12NNA42	-	693,135
Subtotal - Block Grants for Prevention and Treatment of Substance Abuse			-	2,678,883
Passed through California Department of Health Care Services: Medical Assistance Program	93.778	13-90025	112,500	643,046
Passed through California Department of Mental Health: Medical Assistance Program	93.778	42	-	5,116,645
Passed through California Department of Social Services: Medical Assistance Program	93.778	Santa Barbara	-	21,410,683
Passed through State of California: Medical Assistance Program	93.778	AB 82 .Sec 71	10,246	32,988
Passed through State of California Department of Health Care Services: Medical Assistance Program	93.778	SB18 Sec 22	18,538	20,391
Subtotal - Medicaid Cluster			141,284	27,223,753
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			832,551	81,818,275
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through Governor's Office of Emergency Services:				
Emergency Management Performance Grants	97.042	2015-0049, CalOES 083-00000	-	215,779
Pre-Disaster Mitigation	97.047	FEMA-PDM2014-CA, Cal OES #083-00000, PL0299, FEMA, #007	-	61,130
Homeland Security Grant Program	97.067	2014-0093, OES #083,00000	-	304,072
Homeland Security Grant Program	97.067	2015-0078, OES #083-00000	-	27,237
Passed through Governor's Office Cal OES:				
Passed through San Diego Sheriff's Department: Homeland Security Grant Program	97.067	2014-2015	-	318,912
Subtotal - Homeland Security Grant Program			-	650,221
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			-	927,130

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 the Uniform Guidance.

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2016**

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 HOUSING AND URBAN DEVELOPMENT				
Direct Programs:				
Community Development Block Grants/Entitlement Grants	14.218	B13UC060509	38,405	38,405
Community Development Block Grants/Entitlement Grants	14.218	B14UC060509	234,020	669,406
Community Development Block Grants/Entitlement Grants	14.218	B15UC060509	581,476	824,330
Subtotal - CDBG- Entitlement Grants Cluster			853,901	1,532,141
Emergency Solution Grants Program	14.231	E13-UC060509	23,736	23,736
Emergency Solution Grants Program	14.231	E14-UC060509	30,446	30,446
Subtotal			54,182	54,182
Supportive Housing Program	14.235	CA1006B9D031403 HMIS	11,501	43,896
Supportive Housing Program	14.235	CA0598B9D031205 HMIS	-	-
Supportive Housing Program	14.235	CA0598B9D031306 HMIS	12,969	46,758
Supportive Housing Program	14.235	CA0600L9D031407	21,318	21,913
Supportive Housing Program	14.235	CA1123B9D031100	99,166	104,232
Supportive Housing Program	14.235	CA0595L9D031508	-	115,315
Subtotal			144,954	332,114
HOME Investment Partnerships Program	14.239	M15-DC060554		70,187
HOME Investment Partnerships Program	14.239	M13-DC060554	82,370	82,370
HOME Investment Partnerships Program	14.239	M09-DC060554	7,000	8,680
HOME Investment Partnerships Program	14.239	M08-DC060554	25,066	25,066
Subtotal			114,436	186,303
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			1,167,473	2,104,740
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	76,193	77,938
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	BSCC 396-14	87,384	90,103
Subtotal - JAG Program Cluster			163,577	168,041
Passed through Board of State and Community Corrections:				
Juvenile Accountability Block Grants	16.523	BSCC 126-15	24,209	26,455
Passed through Office of Justice Program:				
Drug Court Discretionary Grant Program	16.585	2012-DC-BX-0018	3,490	38,448
Subtotal			3,490	38,448
Passed through Governor's Office of Emergency Services, California:				
Emergency Management Agency:				
Crime Victim Assistance	16.575	UV14 05 0420	-	129,032
Crime Victim Assistance	16.575	HA15 02 0420	-	100,342
Crime Victim Assistance	16.575	VW15 34 0420	-	242,925
Subtotal			-	472,299
Passed through State Office of Criminal Justice and Planning (OCJP):				
Byrne Formula Grant Program	16.579	SF-08-A-410843	-	30,241
TOTAL U.S. DEPARTMENT OF JUSTICE			191,276	735,484

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 the Uniform Guidance.

COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2016

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 LABOR				
Passed through California Employment Development Department:				
WIA/WIOA Dislocated Worker Formula Grants	17.278	K698384	-	704,997
WIA Dislocated Worker Formula Grants	17.278	K594783	-	141,671
WIA/WIOA Adult Program	17.258	K698384	-	214,033
WIA/WIOA Adult Program	17.258	K594783	-	292,724
WIA/WIOA Adult Program	17.258	K698384	-	881,505
WIA/WIOA Adult Program	17.259	K594783	-	204,634
WIA/WIOA Adult Program	17.259	K698384	-	1,043,287
Subtotal - WIA Cluster			-	3,482,851
Passed through Department of Social Services:				
Homeless Veterans Reintegration Project	17.805	Santa Barbara	-	6,991
TOTAL U.S. DEPARTMENT OF LABOR			-	3,489,842
U.S. DEPARTMENT OF THE INTERIOR				
Direct Programs:				
Water SMART(Sustaining and manage America's Resurces for Tomorrow	15.507		-	89,521
Recreation Resources Management	15.524	R13AP20020	-	83,000
Passed through U.S. Fish and Wildlife Services (USFWS):				
Coastal Impact Assistance Program	15.668	F12AF00475	-	138,421
Coastal Impact Assistance Program	15.668	F12AF00478	-	37,793
Coastal Impact Assistance Program	15.668	F12AF700307	-	852,186
Subtotal			-	1,028,400
TOTAL U.S. DEPARTMENT OF THE INTERIOR			-	1,200,921
U.S. DEPARTMENT OF TRANSPORTATION				
Direct Programs:				
Airport Improvement Program	20.106	WPG060243014	-	175,495
Airport Improvement Program	20.106	WPG060243013	-	104,344
Subtotal			-	279,839
State and Community Highway Safety	20.600	AL1643	-	95,989
State and Community Highway Safety	20.600	AL1517	-	29,301
Passed through State of California Office of Traffic Safety:				
State and Community Highway Safety	20.600	PT1602	-	32,680
Subtotal			-	157,970
Passed through California State Office of Emergency Services:				
Interagency Hazardous Materials Public Sector Training and Planning Costs	20.703	4221-401 HMEP 15	-	3,086
Passed through State of California Office of Traffic Safety:				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT1602	-	77,916

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 the Uniform Guidance.

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2016**

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Pass Through Number	Passed Through to Subrecipients	Total Expenditures
Passed through Caltrans:				
Highway Planning and Construction	20.205	05-0591/M040-M	-	62,114
Highway Planning and Construction	20.205	05-5951(024)	-	7,168
Highway Planning and Construction	20.205	05-5951(072)	-	3,578,058
Highway Planning and Construction	20.205	05-5951(082)	-	1,012,285
Highway Planning and Construction	20.205	05-5951(150)	-	575,180
Highway Planning and Construction	20.205	05-5951(151)	-	284,604
Highway Planning and Construction	20.205	05-5951(152)	-	14,139
Highway Planning and Construction	20.205	05-5951R	-	56,755
Highway Planning and Construction	20.205	05-5951/M015	-	561
Highway Planning and Construction	20.205	05-5951/M039	-	447,987
Highway Planning and Construction	20.205	05-5951/M067	-	17,065
Highway Planning and Construction	20.205	05-5951/N054	-	153,347
Highway Planning and Construction	20.205	05-930143	-	713,781
Highway Planning and Construction	20.205	SRTSL-5951(144)	-	1,049
Highway Planning and Construction	20.205	STPLZ5951(039)	-	482,949
Subtotal - Highway Planning and Construction			-	7,407,042
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			-	7,925,853
TOTAL EXPENDITURES OF FEDERAL AWARDS EXCLUDING LOANS			\$ 2,240,541	\$ 112,149,095
<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			\$ 646,026
HOME Investment Partnerships Program	14.239			26,037,136
FEDERAL LOAN BALANCES WITH A CONTINUING COMPLIANCE REQUIREMENT				26,683,162
TOTAL EXPENDITURES OF FEDERAL AWARDS INCLUDING LOANS				\$ 138,832,257

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 the Uniform Guidance.

**COUNTY OF SANTA BARBARA, CALIFORNIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

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, 2016, are as follows:

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

Revenues:	
State	\$ 340,420
Carryover from 2014/15	23,932
	<hr/>
Total revenues	<u>\$ 364,352</u>
Expenditures:	
Personal services	\$ 248,556
Operating expenditures	17,533
	<hr/>
Total expenditures	<u>\$ 266,089</u>
Net unspent as of June 30, 2016	<u>\$ 98,263</u>

NOTE 6 – DISCLOSURES FOR STATE GRANT (Continued)

State of California Department of Insurance – Automobile Insurance Fraud Program

Revenues:	
State	\$ 108,420
Carryover from 2014/15	<u>14,835</u>
Total revenues	<u><u>\$ 123,255</u></u>
Expenditures:	
Personnel services	\$ 102,781
Operating expenditures	<u>8,351</u>
Total expenditures	<u><u>\$ 111,132</u></u>
Net unspent as of June 30, 2016	<u><u>\$ 12,123</u></u>

NOTE 7 – LOANS OUTSTANDING

The following programs had federally-funded loans outstanding at June 30, 2016 and 2015:

Federal CFDA #	Program Title	June 30, 2016	June 30, 2015
14.218	Community Development Block Grants/Entitlement Grants	\$ 646,026	\$ 1,702,239
14.239	HOME Investment Partnerships Program	<u>26,037,136</u>	<u>21,961,799</u>
	Totals	<u><u>\$ 26,683,162</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, 2016**

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 2016-001 through 2016-003.**

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. Foster Care Program – **Unmodified opinion.**
5. Community Development Block Grants/Entitlement Grants – **Unmodified opinion.**
6. HOME Investment Partnership Program – **Unmodified opinion.**

- (f) Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance: **Yes. See items 2016-001 through 2016-003.**

- (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)
- U.S. Department of Housing and Urban Development
 - Community Development Block Grants/Entitlement Grants (CFDA No. 14.218)
 - HOME Investment Partnership Program (CFDA No. 14.239)

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

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

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

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

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

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

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

Current Year Status:

See Finding 2016-003.

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

Current Year Status:

See Finding 2016-001.