Attachment B

COUNTY OF SANTA BARBARA
OFFICE OF THE AUDITOR-CONTROLLER

Annual Countywide Risk Assessment and Internal Audit Plan

July 1, 2026 – June 30, 2027

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Auditor-Controller

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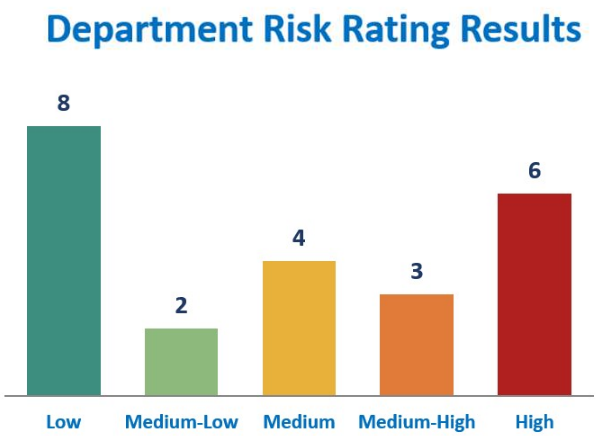
Background

The FY 2026-2027 Annual Countywide Risk Assessment and Internal Audit Plan has been developed to determine the potential for risk throughout County operations and document the planned response of the Internal Audit (IA) Division of the Office of the Auditor-Controller. It is submitted to the Board of Supervisors in accordance with the County of Santa Barbara Internal Audit Charter and the International Standards for the Professional Practice of Internal Auditing, which require that an audit plan be developed and reported to the Board.

Please refer to the full report for a complete description of the FY 2026-2027 Annual Countywide Risk Assessment and Internal Audit Plan.

Countywide Risk Assessment (CRA)

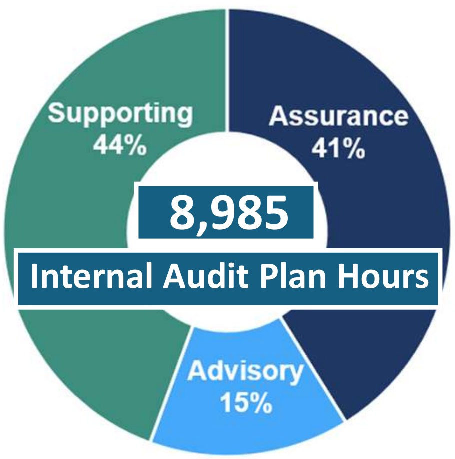
The CRA is a systematic process used to evaluate, measure and report risks for the organization. In alignment with the Institute of Internal Auditors' definition, risk is considered the possibility of an event occurring that may impact the achievement of an organization's objectives. The IA Division uses the CRA outcomes to prioritize both the timing and scope of the activities in the Internal Audit Plan.



- **All Departments** (23) were scored on a 100-point, 8-criteria weighted model. Top drivers: Adopted Budget vs. Actuals (25%), Risk Assessment Questionnaire (25%).
- **Six High-Risk** departments (listed in alphabetical order): Behavioral Wellness, Community Services, Fire, General Services, Public Works, Sheriff.
- **Risk Assessment Questionnaire** was developed by Internal Audit to identify risks Countywide; management responses were received from all departments.
- **Judgmental risk adjustment** elevated the following departments (listed in alphabetical order): Auditor-Controller, Community Services, Human Resources, Information Technology, Sheriff.

Internal Audit Plan

The Internal Audit Plan establishes the IA Division's priorities for the period of July 1, 2026 through June 30, 2027. It is a risk-based plan. Activity is categorized as either Assurance, Advisory or Supporting. Planned activity includes mandatory projects required by statute and Board resolution and other discretionary activities which together align planned coverage with available staffing and resources.



- **11 Assurance engagements** (3,725 hrs., 41%): include the Overtime Audit, Quarterly Treasurer's Statement Reviews, and the Tax Redemption Officer Audit.
- **4 Advisory engagements** (1,350 hrs., 15%): include the Overtime Analysis Project, County Owned Real Property and Internal Control Matrix Reviews.
- **12 Supporting activities** (3,910 hrs., 44%): include Internal Audit Planning and Administration as well as continuous monitoring of various fiscal related operations.
- **Capacity**: 8,985 Internal Audit Plan hours across 5 full-time-equivalent employees.