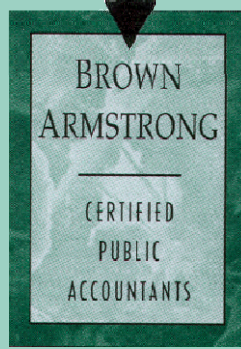


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AGREED UPON CONDITIONS REPORT DESIGNED TO INCREASE EFFICIENCY, INTERNAL CONTROLS AND/OR FINANCIAL REPORTING

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

We have audited the basic financial statements of the County of Santa Barbara, California (the County) for the year ended June 30, 2010, and have issued our report thereon dated August 25, 2010. In planning and performing our audit of the financial statements of the County, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

As a result of our audit, we noted certain agreed-upon findings. These findings and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve the internal control structure or result in other efficiencies and are summarized as follows:

Current Year Agreed Upon Findings & Recommendations

Agreed Upon Condition 1 – Random Moment Sampling (RMS)

Condition

The County failed to agree the data recorded per the timecard to the information in RMS records. The RMS system, implemented by the Department of Social Services, is used to accurately allocate indirect costs among the various programs.

Recommendation

We recommend that the County properly train its employees to input their information on their timecard accurately. In addition, we recommend that the County implement monitoring and review procedures by supervisors to cross check the accuracy of the timecard input.

Management Response

The Department of Social Services has the following procedures in place to ensure employees receive proper training on RMS data input.

- Timesheets are reviewed for accuracy each pay period by supervisors.
- RMS workers are emailed quarterly with instructions on how to input RMS data.
- Supervisors are sent quarterly a listing of their workers' responses (sample date/time and activity code/description) to review for accuracy before finalizing RMS results in relation to their timecard coding.

- The Department of Social Services' Staff Development Division includes time study/RMS information in their inductions training for new employees.
- Instructions for timesheets and RMS input are available to employees on the DSS intranet for their ongoing review.

In subsequent quarterly RMS instructions, as in prior, the importance of corresponding timesheet information and RMS data will continue to be strongly stressed.

Agreed Upon Condition 2 – WIA Eligibility

Condition

The County had one instance whereby the County failed to obtain sufficient supporting documentation to establish identity via form I-9. There is also an instance where the case file is missing evidence of review by a case manager or a supervisor.

Recommendation

We recommend that the County follow the established formal policies of requiring that support for verifying eligibility be in the case files.

Management Response

The Department acknowledges one instance whereby the county did not obtain sufficient supporting documentation to establish identity, and one instance where supervisor review was not documented.

The Department has policies and procedures in place to ensure that sufficient supporting documentation is obtained to establish identity. The WIA Department Business Specialist will review these policies and procedures with WIA Staff during refresher training, and ensure that sufficient documentation is obtained in alignment with the I-9 form.

Although the case in question was reviewed by a supervisor, the reviewer signature was not properly recorded. The Department has policies and procedures requiring case review by a case manager or supervisor. The WIA Department Business Specialist will conduct refresher training with WIA staff regarding "Reviewer Signature" policies and procedures to ensure standardized documentation.

Agreed Upon Condition 3 – CDBG – Monitoring Policy

Condition

The County's monitoring policy for CDBG lacks a requirement for documentations that provide evidence of the monitoring of the subrecipients. The monitoring files lack adequate supporting documents that proper procedures have been performed.

Recommendation

We recommend that the County establish a policy whereby supporting documents are requested and provided to show that the monitoring has been performed.

Management Response

The County will establish a monitoring policy under the CDBG program, whereby subrecipients receiving CDBG funding through the County for projects and/or programs will be monitored to verify that CDBG program regulations and additional federal requirements are complied with during the duration of the County agreement with the subrecipient. Monitoring will be conducted by County staff specializing in the CDBG program. Supporting documentation will be collected and maintained in a project file with a monitoring report issued by the County, demonstrating compliance with applicable laws and regulations.

Agreed Upon Condition 4 – WIC, Eligibility

Condition

The County failed to assess the participant's height and weight as required by federal law on one instance. On another instance, the County failed to verify the address of a participant during the intake.

Recommendation

We recommend that the County follow the policy of requiring a nutrition assessment as well as verifying that the participant is a resident of the County.

Management Response

The Department concurs with this finding. To help prevent future findings, all WIC staff will be retrained on the California WIC Program policy and procedure regarding eligibility requiring:

1. Each WIC applicant /participant provide proof of residency at each certification to ensure they are residents of Santa Barbara County and
2. A complete nutrition assessment be provided to ensure a nutrition need is documented at each certification.

In order to ensure staff is adhering to the above mentioned policies regarding eligibility, training will be provided by the WIC Training Coordinator and ongoing adherence to the policies will be monitored by WIC Site Supervisors.

Agreed Upon Condition 5 – Foster Care, Eligibility

Condition

The County failed to maintain a copy of the birth certificate in the case file. Maintaining a birth certificate is critical since eligibility ceases at the child's 18th birthday or 19th birthday if the child is enrolled in secondary education or equivalent vocational or technical training institution. Also, noted one case where the parental income verification, upon initial removal from the home, was missing from the file. Upon review of IEVS reports processed at a later date it was determined that no impact to eligibility resulted.

Recommendation

We recommend that the County follow the policy of requiring the case files to include copies of supporting documentation.

Management Response

The Department acknowledges the importance of retaining a copy of the birth certificate before returning the original to the child at emancipation, and the importance of maintaining the IEVS report in the case file. Birth verification is required for the granting of AFDC-Foster Care. In many cases the verification is obtained from other Income Maintenance files pending receipt of the actual birth certificate. The finding highlights the need to set controls for follow up for pending verifications. These findings support the need for continued use of a documents checklist by the Intake Eligibility Worker and review and documentation of case grantings by the Intake Supervisor.

Agreed Upon Condition 6 – Medi-Cal, Eligibility

Condition

The County failed to obtain the Systematic Alien Verification for Entitlement of the client's qualified alien status from immigration in two instances. Also in one instance, the County failed to terminate benefits even though a redetermination was not performed timely.

Recommendation

We recommend that the County establish formal policies and procedures with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant files 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.

Management Response

The Department acknowledges the lack of Systematic Alien Verification for Entitlement (SAVE) in two instances, and one instance of failure to terminate benefits timely. Staff will be reminded to review the SAVE report for accuracy and follow-up on discrepancies found, including transposed Alien numbers. In the two SAVE instances, when the correct Alien number was used, a positive SAVE response was obtained. Staff is encouraged to utilize CalWIN when requesting a SAVE since this will ensure the department received an automated SAVE response.

In the instance regarding failure to terminate benefits timely discontinued cases will continue to be reviewed to ensure the benefits get properly terminated.

The Systematic Alien Verification For Entitlement (SAVE) process will be discussed during the next Medi-Cal Team meeting scheduled January 2011 to ensure staff complies with the SAVE processing

Agreed Upon Condition 7 – IHSS, Eligibility

Condition

The County failed to process MEDS to redetermine the recipient's eligibility within the 12 month renewal period in one case. In another case, the participant's signature page of the SOC 295 application was not retained in the file.

Recommendation

We recommend that the County establish formal 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.

Management Response

The Department acknowledges the MEDS eligibility was not reviewed timely. The MEDS screens in question were subsequently obtained and no impact to eligibility resulted. In August 2010, a formal procedure was re-established to standardize the initial forms and packets that need to be completed during an initial or re-assessment, including the need to review and update MEDS screens (IHSS AD 10-04). This process will be emphasized with staff and compliance will be monitored through case reviews.

The Department acknowledges that Social Workers (SW) are required to obtain a completed and signed SOC 295 on all new applications. Administrative Directive (IHSS AD 10-04) was developed regarding standardizing forms and packets which need to be completed at each initial assessment and reassessment. A company has been contracted to make initial packets, including the SOC 295, to ensure this standardization. In April 2010, IHSS also initiated a document imaging policy so all forms will be scanned, reducing the number of forms that may be lost or misfiled. IHSS AD 10-04 was reviewed with Supervisors, who in turn reviewed with IHSS staff in November 2010 and December 2010. The SWs have been reminded of the need to ensure forms are completed fully and signed by the recipient at home visits.

Agreed Upon Condition 8 – Food Stamps, Eligibility

Condition

The County failed to process the QR-7 (quarterly reporting form informing the County of the participant's circumstances) in one case. In another case, the County failed to transfer an overpayment to the Treasurer Tax Collector for collection.

Recommendation

We recommend that the County establish formal policies and procedures with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant files 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.

Management Response

The Department acknowledges one failure to process QR7, and one failure to transfer an overpayment to the Treasurer Tax Collector in a timely fashion. The findings and corrective action plan will be reviewed with supervisory staff, with expectations that the supervisors provide unit training/review of the applicable policies and procedures. The current QR7 guidelines FS AD 04-01 and ADMIN AD 06-23 Processing Overpayments directives will be reviewed with supervisors at our next countywide CalFresh Team Meeting on 02/08/11.

Agreed Upon Condition 9 – TANF, Eligibility and Special Test and Provisions

Condition

The County failed to maintain required medical verification for an unborn child in one instance. In two cases, the time-clock limit for receiving benefits was misstated in the system. In two other cases, the County failed to investigate a discrepancy between IEVS and CalWin.

Recommendation

We recommend that the County strictly adhere to the established policies and procedures with regards to ongoing eligibility verification. This could prevent TANF benefit payments made to ineligible participants.

Management Response

The Department acknowledges one instance of failure to maintain required medical verification for an unborn, two instances of time clock limit system errors, and two instances of failure to investigate an IEVS discrepancy. The findings and corrective action plan will be reviewed with supervisory staff during the CalWORKs Team Meeting on 1/25/11. Supervisors will be given a list of focused case reviews for the next six months. Case review forms will be sent to the program support division and the Compliance Unit to identify any potential error trends. Training will be provided if errors are identified.

Agreed Upon Condition 10 – Child Support, Special Test and Provisions

Condition

Out of the 60 participants selected for eligibility testing, we noted two cases whereby the County failed to monitor or perform enforcement actions within the required timeframes.

Recommendation

The County should follow the established formal policies to require that cases be monitored within a specific timeframe.

Management Response

We concur with the conditions found on the two case files whereby the County failed to monitor or perform enforcement actions within the required timeframes.

Our County recently developed a Case Management Tool that Child Support Officers use to review their caseload to make sure they are taking an action on all their cases. This tool enables them to segment their caseload into like functions so they can better focus the actions they are implementing. For example if an Child Support Officer wants to review only their cases that have not had a payment within the last 60 days the tool can filter out just those cases; or an Child Support Officer in the Early Intervention team can filter out only the cases where the Noncustodial Parent has not been located. Prior to the development of this tool, there was no way to stratify the caseload in such a manner and we saw that we had cases that were falling through the cracks.

Status of Prior Year Agreed Upon Findings

Agreed Upon Condition 1 – Medi-cal and TANF, MEDS and IEVS Social Security Number Verification

Condition

Although current MEDS/IEVS reports were provided by the County, we could not determine whether MEDS/IEVS Social Security number verifications were run at application, as the County does not maintain MEDS/IEVS reports showing that Social Security numbers were verified at application in the case folders as an audit trail.

Recommendation

We recommend that the County follow the established formal policies to require that support for verifying Social Security numbers is in the case files.

Management Response

The business process has been changed so that the MEDS/IEVS request will happen at the time the renewal packet is mailed to the client. The request will be made by one worker and the renewal will be processed by another. This division of labor ensures the necessary checks and balances are in place to comply with this requirement. This new procedure was reviewed at the supervisors' meetings on 11/3/09 and 11/17/09.

Current Year Status

Resolved.

Agreed Upon Condition 2 – TANF, Lack of Collection Effort

Condition

The County paid benefits for Temporary Housing Assistance for a client ineligible for Calworks during that period. However, an eligibility worker discovered the error but no collection efforts were made on the erroneous housing payment.

Recommendation

We recommend that the County follow the established formal policy for collecting on erroneous payments of benefits.

Management Response

The Department has revised their policies, procedures, and business processes to require staff to adhere to state regulations and local policies governing collections of Temporary Housing Assistance.

Current Year Status

Resolved.

Agreed Upon Condition 3 – Child Support Program

Condition

The County had one instance where the attempt to establish paternity and a support obligation through court order was beyond the 90 day deadline. Additionally, the County failed to enter an out-of-state case into CSS (State Child Support) system, thus the system did not properly monitor the case and failed payments were not enforced.

Recommendation

We recommend that the County strictly adhere to the established policies and procedures with regards to establishing paternity and a support obligation within the required deadlines for IV-D cases, verify enforcement actions within the required time frame, and enforce the requirement for medical support as part of support orders.

Management Response

The Department concurs with this finding. In the fall of 2008, the State of California Department of Child Support Services concluded an eight year automation project, successfully linking all 58 counties in a single computer network serving over 1.5 million families. While this monumental achievement vastly improved information flow and implemented many automated procedures, our local agency has experienced challenges in getting through the learning curve and keeping up with the volume of documents that are automatically generated. During this same time period, we had struggles with funding losses due to State budget reductions that also created major challenges for the Department. In order to stabilize financially, departing staff were not replaced, South County office space was reduced, and the Department closed its Lompoc office. Consequently, we once again had to implement a new service delivery model for managing our cases. These challenges created some declines in performance. In particular, we fell behind in meeting timeframes associated with obtaining orders – a critical first step for all new collections. This deficiency has been identified as a system-wide priority, and the backlog has now been taken care of due to a concerted plan to address these issues with daily effort from all staff. We continue to monitor work productivity in order to assess whether or not we are meeting our goal to meet required performance mandates. The department recognizes that remaining in compliance with our mandates is of utmost importance in order to properly serve our customers.

Current Year Status

Resolved.

Agreed Upon Condition 4 – SAPT Block Grant, Late Filing of Report

Condition

The County filed the Quarterly Federal Financial Management Report (QFFMR) for the second quarter on March 23, 2009, past the due date of March 1, 2009. The County filed the Prevention and Treatment Cost Report on February 4, 2009 past the due date of November 1, 2008.

Recommendation

We recommend that the County keep track of the due dates and be proactive in filing the reports on a timely basis.

Management Response

ADMHS was in the process of restructuring their Fiscal Division in FY 2008/09 and as a result, there were reduced staffing levels in several areas during the fiscal period. Due to the low staffing levels, ADMHS was unable to submit several reports by the established due date. ADMHS has increased staffing and shifted duties where necessary to allow for timely submission of reports. ADMHS has also implemented recurring meetings to track all reporting due dates and to ensure timely submission.

Current Year Status

Resolved.

Agreed Upon Condition 5 – Random Moment Sampling (RMS)

Condition

The County failed to agree the data recorded per the timecard to the information in RMS records. The RMS system, implemented by the Department of Social Services, is used to accurately allocate indirect costs among the various programs.

Recommendation

We recommend that the County properly train its employees to input their information on their timecard accurately.

Management Response

The Department of Social Services has the following procedures in place to ensure employees receive proper training on RMS data input.

- Supervisors are sent a listing of their workers' responses (sample date/time and activity code/description) to review for accuracy before finalizing RMS results.
- RMS workers are emailed quarterly with instructions on how to input RMS data.
- The Department of Social Services' Staff Development Division includes time study/RMS information in their inductions training for new employees.
- Instructions for timesheets and RMS input are made available on the DSS intranet.

We will also include in the quarterly instructions to all staff that timesheet information should correspond with RMS data.

Current Year Status

See current year Agreed Upon Condition 1.

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in black ink, appearing to read "Eric H. Xin", written over a horizontal line.

By: Eric H. Xin

Bakersfield, California
August 25, 2010