

SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors
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Santa Barbara, CA 93101
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Agenda Number:
Prepared on: 2/1/06
Department Name: CEO
Department No.: 012
Agenda Date: 3/7/06
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Michael F. Brown
County Executive Officer

STAFF CONTACT: Robert W. Geis, CPA, CPFO
Auditor-Controller

SUBJECT: Policy on Donations and Gifts to County

Recommendation(s):

That the Board of Supervisors:

1. Accept an updated policy on acceptance of donations and gifts to the County in accordance with Resolution No. 99-485, which authorizes the County Executive Officer and Department Heads to accept any gift, bequest or devise (donation) in favor of the County for a public purpose of up to \$10,000 in value without an action of the Board of Supervisors;
2. Accept a "Review of Sheriff's Council Donations" report completed by the Auditor-Controller on 12/22/05 for the purpose of determining compliance with County donation policy in effect during the period of review (1994 to November 2004).

Alignment with Board Strategic Plan:

Strategic Goal No. 1 - An efficient government able to anticipate and respond effectively to the needs of the community

Executive Summary and Discussion:

Updated Donation Acceptance Policy

At the request of the Board, the County Executive Office and the Auditor-Controller conducted a survey on donations received by County departments to determine the types of donations received, the estimated value, and the frequency of receipt. The department responses provided important insight into the many programs benefited by such donations and many suggestions for improving current practices. After reviewing the responses, our offices determined that the County's procedures on accepting donations needed to be updated to provide Countywide consistency and to be in compliance with Internal Revenue Service tax rules.

The intent of the updated policy is to provide clarification on certain nuances related to the donations received by departments as well as provide guidance on when a donation is required to be accepted by the Board of Supervisors. The attached policy clarifies and improves practices while also reflecting the necessary steps required to be in compliance with the Internal Revenue Service.

Departments reviewed drafts of the policy and their feedback was incorporated as appropriate. Some specific policy highlights are provided below:

- The posted administrative gifts policy states that gifts up to \$5,000 can be accepted by department heads, and amounts above \$5,000 require Board of Supervisors (BOS) acceptance. The Board, however, approved \$10,000 as the threshold requiring BOS acceptance at its December 7, 1999 meeting (Resolution #99-485). Approval of this updated policy should remedy this oversight.
- The updated policy excludes three types of items since they do not meet the definition of a donation and special tax treatment or accounting is not necessarily needed for them: volunteer service hours, shared cost programs, and operating or capital grants. The exclusion of these items means that they do not fall under this policy and therefore do not have to follow the procedures outlined in the policy.
- The updated policy states that “a donation of any amount may be presented to the Board of Supervisors for acceptance or rejection if the department head determines that doing so would serve the public interest.”
- The updated policy states that Board Letters recommending acceptance of a gift must include the donor’s name. This has been made part of the policy to be in compliance with California Code of Regulations, Title 2, §18944.2.

Review of Sheriff’s Council Donations

From 1994 to November 2005, the Santa Barbara County Sheriff’s Department has received over \$2 million in donations from the Sheriff’s Council. Over half of this amount has been received since January 2003. The Auditor-Controller’s Office completed a review identifying the types and purposes of donations received and determined whether or not these amounts were technically accepted by the County Board of Supervisors per County Gift Acceptance Policy.

As a confirmation step, the Auditor-Controller’s Office also reviewed annual tax returns (IRS Form 990s) of the Sheriff’s Council (SC) to verify that amounts received by the Sheriff corresponded with amounts the SC reported that they distributed to the Sheriff. As an additional step in the review, a year-by-year comparison of revenues and expenses as reported by the SC on the 990s was completed.

In the end, our review found that all donations received had either been implicitly or appropriately accepted by the Board of Supervisors. The review also noted that the actual amount of donations received by the County was less than what the SC reported to have contributed to Sheriff program expenses on their form 990s. However, our conclusion is that the difference most likely went as payments to other entities for support of Sheriff programs.

Mandates and Service Levels:

Resolution 99-485; Government Code Section 25355; California Code of Regulations, Title 2, §18944.2; Internal Revenue Code Section 170(c)(1)

Fiscal and Facilities Impacts:

In fiscal year 2004-05, over \$800,000 in cash donations was received by the County. The dollar value of numerous types of non-cash or in-kind donations is not quantifiable.

Special Instructions:

None

CC: Jim Anderson, Sheriff’s Department

Attachments:

- Resolution No. 99-485 and Minute Order
- Donation Acceptance Policy
- Review of Sheriff’s Council Donations