



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:** 09/12/2023  
**Placement:** Administrative  
**Estimated Time:**  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors  
**FROM:** Department Betsy M. Schaffer, CPA, CPFO  
Director(s) Auditor-Controller, (805) 568-2100  
Contact Info: Joel Boyer, CPA  
Internal Audit Division Chief, (805) 568-2456  
**SUBJECT:** External Monitoring Report of County Departments - Performed by State,  
Federal, & Other Outside Agencies for the period of 7/1/2022-6/30/2023

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**County Counsel Concurrence**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- a) Receive and file the Auditor-Controller's External Monitoring Report of County Departments - Performed by State, Federal, & Other Outside Agencies for the period of 7/1/2022-6/30/2023.
- b) Determine that the above actions are not a project under the California Environmental Quality Act (CEQA) pursuant to section 15378(b)(5) of the CEQA guidelines, because they consist of administrative activities of the government that will not result in direct or indirect physical changes in the environment.

**Summary Text:**

County departments are subject to monitoring by external agencies; primarily, by the State of California. The majority of monitoring is performed over State and Federal funding received by the County. Monitoring can take place on different levels such as an audit, review, or specific procedures performed on certain processes. Generally, the objective of monitoring is to determine whether the County complies with certain legal restrictions that are placed on funding. Noncompliance may result in a loss of, or reduction in, funding. All monitoring of County departments that have not already been presented to the Board of Supervisors are compiled in the External Monitoring Reports of County Departments, Performed by State, Federal, and Other Outside Agencies based upon departmental reports filed with the Auditor-Controller. During the twelve months covered by the Report, no department had a program monitoring

report ranked as high risk, two departments had a program monitoring reports ranked as moderate risk, and five departments had program monitoring reports that were ranked as low risk. The corrective actions proposed by the two departments with moderate risk monitoring are in the Report.

**Background:**

Per Board of Supervisors (Board) Resolution 21387, which enacted California Government Code §26883, the Board authorized the Auditor-Controller to audit the accounts and records of any department, office, board, or institution under the Board's control and of any department, office, board, or institution under the Board's control and of any district whose funds are kept in the County treasury. The Internal Audit Division of the Auditor-Controller's Office was established via Board Resolution 21387 to fulfill the responsibilities assigned to the Auditor-Controller. Additional audit rights and authorities above and beyond those provided under Board Resolution 21387 may be conferred to the Auditor-Controller from time to time, through State Government Code and other statutory pronouncements. The Internal Audit Charter was approved by the Board in 2018 to formalize the mission, purpose, authority, scope of duties, and responsibilities of the Internal Audit Division.

The External Audits Policy was established effective 2008 requiring, among other things, that audit reports and findings resulting from external audits be communicated to the Internal Audit Division of the Auditor-Controller's Office in a timely manner. A 2012 Grand Jury report expanded upon the External Audits Policy by recommending that the results of these reports be annually reported to the Board.

The attached Report's primary objective is reporting external monitoring. As a result, monitoring reports produced by the Internal Audit Division of the Auditor-Controller's Office are omitted from the Report. For a summary of projects and engagements completed by the Internal Audit Division during the reporting period please refer to the Fiscal Year (FY) 2023-24 Internal Audit Plan. In addition, reports resulting from other certifications or performance reviews such as the Operational and Organizational Performance Reviews performed by KPMG in connection to Renew '22 are also omitted. Full reports for the KPMG Reviews are available via the County's website under the County Executive Office's Programs and Initiatives.

The Report attached summarizes the results of monitoring reports issued to Departments within the County by external agencies, based upon departmental reports filed with the Auditor-Controller's office. These monitoring reports provide information on strengths and weaknesses in departmental policies and procedures and extend into organizations that receive County funds. We have excluded any monitoring reports that have already been presented to the Board such as the audit of the Annual Comprehensive Financial Report (ACFR), the Single Audit, and the aforementioned KPMG Operational and Organizational Performance Reviews. In general, most of the other monitoring that occurs is performed by the State over compliance restrictions associated with funds disbursed to the County.

The Report compiles the results of all monitoring reports that were received by County departments from July 1, 2022 through June 30, 2023 and includes a risk assessment of each program based upon report results. The risk assessments are self-evaluations made by each department and do not reflect findings in reports from prior or subsequent years. Therefore, a risk assessment may change each year, depending on the monitoring results and activities for the year.

High risk programs indicate there may be a potential for a large dollar amount of error or loss, significant lack of monitoring, or wide-spread violation of law. Moderate risk programs indicate a potential for moderate dollar amount of error or loss, some violation of policy, and other compensating procedures may exist to correct issues. Low risk programs are summarized on pages three and four of the Report.

The Report is provided to the Board to disclose strengths and weaknesses in departmental procedures and processes as identified by outside auditors. Weaknesses in these processes and procedures should be corrected and monitored by County management. The results of the monitoring reports comprised within this Report also help inform the Internal Audit Division of Countywide risks and are considered when preparing each year's Internal Audit Plan.

**Fiscal and Facilities Impacts:**

N/A

**Fiscal Analysis:**

N/A

**Key Contract Risks:**

N/A

**Staffing Impacts:**

None

**Special Instructions:**

N/A

**Attachments:**

External Monitoring Report of County Departments - Performed by State, Federal, & Other Outside Agencies for the Period of 7/1/2022-6/30/2023

**Authored by:**

Joel Boyer, Internal Audit Division Chief, Office of the Auditor-Controller

**CC:**

Mona Miyasato, County Executive Officer  
County of Santa Barbara Department Directors