

COUNTY OF SANTA BARBARA, CALIFORNIA
SINGLE AUDIT REPORTS
FOR THE YEAR ENDED JUNE 30, 2010

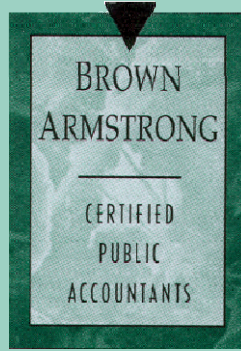
**COUNTY OF SANTA BARBARA, CALIFORNIA
SINGLE AUDIT REPORTS
FOR THE YEAR ENDED JUNE 30, 2010**

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REPORTS

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**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**

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

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, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 25, 2010. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Santa Barbara's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of 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 section as findings 10-01 through 10-08.

We noted certain matters that we reported to management of County of Santa Barbara, California, in a separate letter dated August 25, 2010.

The County of Santa Barbara, California's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County of Santa Barbara, California's response and, accordingly, we express no opinion on it.

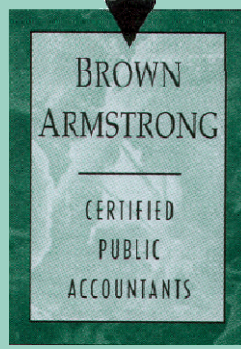
This report is intended solely for the information and use of the County Board of Supervisors and management of the County as well as the County's federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in black ink, appearing to read "G. H. H.", is positioned below the company name.

Bakersfield, California
August 25, 2010

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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the County of Santa Barbara, California (the County) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Santa Barbara, California's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the County's compliance with those requirements.

As described in item 10-02 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply, in all instances, with requirements regarding eligibility and allowable costs and activities that are applicable to its Medicaid Cluster (CFDA No. 93.778). Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

As described in item 10-03 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply, in all instances, with requirements regarding special tests and provisions that are applicable to its Food Stamps Program (CFDA No. 10.561). Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

As described in items 10-04 and 10-05 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply, in all instances, with requirements regarding eligibility and special tests and provisions that are applicable to its Temporary Assistance for Needy Families Cluster (CFDA Nos. 93.558 and 93.714). Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

As described in item 10-07 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply, in all instances, with requirements regarding allowable costs and activities that are applicable to its Adoption Assistance Program (CFDA No. 93.659). Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

As described in items 10-01 and 10-06 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply, in all instances, with requirements regarding eligibility that are applicable to its Foster Care Program – Title IV-E (CFDA No. 93.658). Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

As described in item 10-08 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply, in all instances, with requirements regarding allowable costs and activities that are applicable to its Child Support Enforcement Program (CFDA No. 93.563). Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the six preceding paragraphs, the County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its other major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

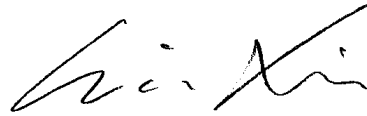
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items 10-01 through 10-08. 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.

The County of Santa Barbara, California's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the County of Santa Barbara, California's response and, accordingly, we express no opinion on it.

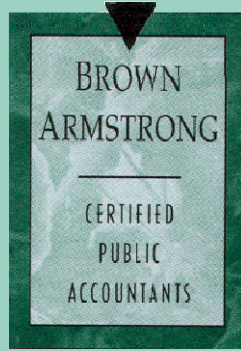
This report is intended solely for the information and use of the County Board of Supervisors and management of the County as well as the County's federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in black ink, appearing to read "G. A. Armstrong", is positioned below the company name.

Bakersfield, California
August 25, 2010

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REPORT ON SUPPLEMENTARY INFORMATION – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

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, 2010, which collectively comprise the County's basic financial statements, and have issued our report thereon, dated August 25, 2010.

Our audit was performed 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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

Bakersfield, California
August 25, 2010

FINANCIAL STATEMENTS

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

<u>Federal grantor/pass-through grantor/program title</u>	<u>Catalog of federal domestic assistance number</u>	<u>Supplemental identifying number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE			
Cooperative Forestry Assistance	10.664	06-LE-1105-1360-032	\$ 20,229
Cooperative Forestry Assistance	10.664	06-LE-1105-1360-036	41,049
Passed through California Fire Safe Council:			
Cooperative Forestry Assistance	10.664	10USFS-ES518	9,590
Passed through California Department of Food and Agriculture:			
Plant and Animal Disease, Pest Control, and Animal Care	10.025	07-0015	86,461
Plant and Animal Disease, Pest Control, and Animal Care	10.025	09-0834	4,625
Plant and Animal Disease, Pest Control, and Animal Care	10.025	09-0424	6,103
ARRA-Wildland Fire Management	10.688	09-0569	24,073
Passed through California Department of Public Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children (M-10)	10.557	08-85469	3,134,613
Passed through California Department of Education:			
School Breakfast Program	10.553	42-10421-4232815-01	129,955
National School Lunch Program	10.555	42-10421-4232815-01	204,613
Passed through California Department of Social Services:			
State Administrative Matching Grants for Food Stamp Program (M-10)	10.561	Santa Barbara	4,675,767
Passed through Natural Resources Conservation Service:			
Emergency Watershed Protection Program (EWP)	10.923	69-9104-9-318	<u>285,730</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>8,622,808</u>
U.S. DEPARTMENT OF EDUCATION-SPECIAL EDUCATION CLUSTER (IDEA)			
Passed through Fighting Back:			
Safe and Drug-Free Schools and Communities - National Programs	84.184	Santa Barbara (County 42)	88,140
Passed through California Department of Education:			
Special Education-Grants to States	84.027	08 14468 1042 01	<u>886,810</u>
TOTAL U.S. DEPARTMENT OF EDUCATION-SPECIAL EDUCATION CLUSTER (IDEA)			<u>974,950</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed through California Department of Health Services:			
Beach Monitoring and Notification Program Implementation Grants	66.472	09-11383	2,135
Beach Monitoring and Notification Program Implementation Grants	66.472	08-85540	<u>17,680</u>
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			<u>19,815</u>

(Continued)

Grants that are major programs are noted in the program "title" field by "(M-10)."

See accompanying notes to schedule of expenditures of federal awards and report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2010**

<u>Federal grantor/pass-through grantor/program title</u>	<u>Catalog of federal domestic assistance number</u>	<u>Supplemental identifying number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Consolidated Health Centers (Health Care For the Homeless)	93.224	H80CS00046	483,413
ARRA-Health Center Integrated Services Development Initiative(g1)	93.703	C81CS13532	252,771
ARRA-Health Center Integrated Services Development Initiative(g1)	93.703	H8BCS12328	106,858
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	H76HA00193	355,524
Passed through California Department of Alcohol and Drug Programs:			
Substance Abuse and Mental Health Services-Projects of Regional and National Significance	93.243	1H79TI01994 9-01	312,921
Substance Abuse and Mental Health Services-Projects of Regional and National Significance	93.243	4H79TI1689-03-06	49,247
Substance Abuse and Mental Health Services-Projects of Regional and National Significance	93.243	1H79TI019598-01	446,676
Block Grants for Prevention and Treatment of Substance Abuse (M-10)	93.959	NNA42	2,549,445
Passed through California Department of Health Services:			
Public Health and Social Services Emergency Fund	93.003	Santa Barbara	425,693
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	Santa Barbara	59,372
Centers for Disease Control and Prevention- Investigation and Technical Assistance	93.283	06-55702	5,000
Centers for Disease Control and Prevention- Investigation and Technical Assistance	93.283	Santa Barbara	362,395
Passed through California Department of Mental Health:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	McKinney Grant (PATH)	55,896
Medical Assistance Program (M-10)	93.778	42-4450	2,531,628
Block Grants for Community Mental Health Services	93.958	SCC42	284,924
Passed through California Department of Public Health:			
Immunization Grants	93.268	08-85321	149,856
Immunization Grants	93.268	08-85370	193,398
Preventative Health and Health Services Block Grant	93.991	08-85157	245,084
Maternal and Child Health Services Block Grant to the States	93.994	200842	884,686
Public Health Emergency Preparedness	93.069	EPO P3-42	637,484
Public Health Emergency Preparedness	93.069	EPO 09-42	65,304
ARRA - Immunization	93.712	09-11298 A01	42,000
National Bioterrorism Hospital Preparedness Program	93.889	EPO 09-42	48,733
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	09-11149	25,423

(Continued)

Grants that are major programs are noted in the program "title" field by "(M-10)."

See accompanying notes to schedule of expenditures of federal awards and report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2010**

<u>Federal grantor/pass-through grantor/program title</u>	<u>Catalog of federal domestic assistance number</u>	<u>Supplemental identifying number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)			
Passed through California Department of Public Health-Office of AIDS: HIV Care Formula Grants	93.917	06-55773	470,016
Passed through California Department of Social Services: Promoting Safe and Stable Families	93.556	Santa Barbara	271,298
Temporary Assistance for Needy Families (M-10)	93.558	Santa Barbara	29,903,981
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (M-10)	93.714	Santa Barbara	1,458,246
Child Support Enforcement (M-10)	93.563	Santa Barbara (County 42)	5,087,328
ARRA - Child Support Enforcement (M-10)	93.563	Santa Barbara (County 42)	1,014,900
Refugee and Entrant Assistance-State Administered Programs	93.566	Santa Barbara	15,485
Child Welfare Services-State Grants	93.645	Santa Barbara	342,625
Foster Care-Title IV-E (M-10)	93.658	Santa Barbara	7,626,172
ARRA-Foster Care--Title IV-E Assistance (M-10)	93.658	Santa Barbara	322,420
Adoption Assistance (M-10)	93.659	Santa Barbara	2,087,491
ARRA-Adoption Assistance (M-10)	93.659	Santa Barbara	220,184
Social Services Block Grant	93.667	Santa Barbara	401,436
Chafee Foster Care Independent Living	93.674	Santa Barbara	129,295
Passed through California Secretary of State: Voting Access for Individuals with Disabilities Grants to States and Local Governments	93.617	09G26108	92,371
Voting Access for Individuals with Disabilities Grants to States and Local Governments	93.617	09G26142	851
Passed through Central Coast Commission for Senior Citizens: Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services	93.043	90530A	<u>7,538</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>60,025,368</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - MEDICAID CLUSTER			
Passed through California Department of Health Care Services: Medical Assistance Program (M-10)	93.778	08-85132	765,218
Passed through California Department of Social Services: Medical Assistance Program (M-10)	93.778	Santa Barbara	16,641,200
ARRA-Medical Assistance Program (M-10)	93.778	Santa Barbara	<u>359,444</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - MEDICAID CLUSTER			<u>17,765,862</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Emergency Management Performance Grants	97.042	2008-9, OES #83-00000	130,260
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	2008-0006. OES #083-00000	144,635
Law Enforcement Terrorism Prevention Programs (LETPP)	97.074	2007-71, OES #083-00000	665,577
Law Enforcement Terrorism Prevention Programs (LETPP)	97.074	2009-0019, OES #083-00000	111,016
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>1,051,488</u>

(Continued)

Grants that are major programs are noted in the program "title" field by "(M-10)."

See accompanying notes to schedule of expenditures of federal awards and report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2010**

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental identifying number	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Community Development Block Grants/Entitlement Grants (M-10)	14.218	B08UC060509	1,293,238
Community Development Block Grants/Entitlement Grants (M-10)	14.218	ARRA HPRP S09UY060509	81,497
Community Development Block Grants/Entitlement Grants (M-10)	14.218	B09UC060509	342,891
ARRA - Community Development Block Grants/Entitlement Grants (CDBG-R) (M-10)	14.253	ARRA CDBG-R B09UY060509	134,825
Emergency Shelter Grants Program	14.231	S08-UC060509	28,837
Emergency Shelter Grants Program	14.231	S09-UC060509	11,930
Supportive Housing Program	14.235	Esperanza	159,484
Supportive Housing Program	14.235	CA0598B9D030801 HMIS	84,087
Supportive Housing Program	14.235	CA0595B9D030802	115,315
Supportive Housing Program	14.235	CA16B703011	609
HOME Investment Partnerships Program	14.239	M09-DC060554	32,659
HOME Investment Partnerships Program	14.239	M06-DC060554	741,466
HOME Investment Partnerships Program	14.239	M04-DC060554	22,286
HOME Investment Partnerships Program	14.239	M08-DC060554	85,529
HOME Investment Partnerships Program	14.239	M05-DC060554	374,089
Passed through California Department of Health Services: Housing Opportunities for Persons with AIDS	14.241	07-65538 A1	181,238
Passed through California Department of Housing and Community Development: Community Development Block Grants/State's Program	14.228	03-STBG-1848	<u>4,507</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>3,694,487</u>
U.S. DEPARTMENT OF JUSTICE			
State Criminal Alien Assistance Program	16.606	2008-AP-BX-0076	712,938
Passed through California Corrections Standards Authority: Juvenile Accountability Incentive Block Grants	16.523	CSA 126-08	30,805
Juvenile Accountability Incentive Block Grants	16.523	CSA 162-09AMYVPT	12,600
Passed through Governor's California Emergency Management Agency: Crime Victim Assistance	16.575	VW08 27 0420	114,717
Passed through Governor's Office of Emergency Services: Crime Victim Assistance	16.575	EA08 09 0420	61,292
Violence Against Women Formula Grants	16.588	VV08 04 0420	12,228
Violence Against Women Formula Grants	16.588	Santa Barbara (County 42)	184,242
Community Prosecution and Project Safe Neighborhoods	16.609	US08 01 0420	29,653
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Santa Barbara (County 42)	283,558
ARRA - State Victim Assistance Formula Grant Program	16.801	Santa Barbara (County 42)	18,159
Program/Grants to Units of Local Government	16.804	ZA09010420	10,625
Program/Grants to Units of Local Government	16.804	ZO09 01 0420	266,066
ARRA - Edward Byrne Memorial Competitive Grant Program	16.808	ZP09010420	17,297
Passed through Office of Justice Program: Edward Byrne Memorial Justice Assistance Grant Program	16.738	Santa Barbara (County 42)	180,786
Drug Court Discretionary Grant Program	16.585	2009-DC-BX-0027	72,390
ARRA - Edward Byrne Memorial Competitive Grant Program	16.808	2009-SC-B9-0073	235,420
Passed through Santa Barbara Police Department: Program/Grants to Units of Local Government	16.804	Santa Barbara (County 42)	132,554
Passed through California Emergency Management Agency: Byrne Formula Grant Program	16.579	SF-08-A-410843	<u>132,795</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>2,508,125</u>

(Continued)

Grants that are major programs are noted in the program "title" field by "(M-10)."

See accompanying notes to schedule of expenditures of federal awards and report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2010**

<u>Federal grantor/pass-through grantor/program title</u>	<u>Catalog of federal domestic assistance number</u>	<u>Supplemental identifying number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF LABOR - WIA CLUSTER			
Passed through California Employment Development Department:			
WIA Adult Program (M-10)	17.258	R865490	291,242
ARRA-WIA Adult Program (M-10)	17.258	Santa Barbara (County 42)	98,859
WIA Adult Program (M-10)	17.258	R970559	277,273
WIA Youth Activities (M-10)	17.259	R970559	1,010,004
ARRA-WIA Youth Activities (M-10)	17.259	Santa Barbara (County 42)	643,159
ARRA-WIA Dislocated Workers (M-10)	17.260	Santa Barbara (County 42)	164,847
WIA Dislocated Workers (M-10)	17.260	Santa Barbara (County 42)	130,426
WIA Dislocated Workers (M-10)	17.260	Santa Barbara (County 42)	1,196,204
WIA Dislocated Workers (M-10)	17.260	R970559	162,492
TOTAL U.S. DEPARTMENT OF LABOR - WIA CLUSTER			3,974,506
U.S. DEPARTMENT OF THE INTERIOR			
Passed through Minerals Management Service:			
Coastal Impact Assistance Program (CIAP)	15.426	OMB 1010-0170	12,000
Passed through U.S. Fish and Wildlife Service - Ventura Office:			
Conservation Grants Private Stewardship for Imperiled Species	15.632	81440-06-J004	17,877
Passed through U.S. Bureau of Reclamation:			
Recreation Resources Management	15.524	R10AC20R41	3,855
Fish and Wildlife Coordination Act	15.517	R10AC20560	334,953
Water Reclamation and Reuse Program	15.504	04FC210003	2,491
Water Reclamation and Reuse Program	15.504	R10AC20626	1,086,762
Water Reclamation and Reuse Program	15.504	R10AC20627	30,481
TOTAL U.S. DEPARTMENT OF THE INTERIOR			1,488,419
U.S. DEPARTMENT OF TRANSPORTATION - HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			
Passed through Caltrans:			
Highway Planning and Construction (M-10)	20.205	05-0591/N054	52,971
Highway Planning and Construction (M-10)	20.205	05-0591/M045	45,137
Highway Planning and Construction (M-10)	20.205	05-5951/M038	3,031,081
Highway Planning and Construction (M-10)	20.205	05-5951/M041	2,776
Highway Planning and Construction (M-10)	20.205	05-5951/M042	378,218
Highway Planning and Construction (M-10)	20.205	05-5951/M043	150,776
Highway Planning and Construction (M-10)	20.205	05-5951/M049	5,120
Highway Planning and Construction (M-10)	20.205	05-5951/M053	15,264
Highway Planning and Construction (M-10)	20.205	SRTSL-5951(121)	40,000
			(Continued)

Grants that are major programs are noted in the program "title" field by "(M-10)."

See accompanying notes to schedule of expenditures of federal awards and report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2010**

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental identifying number	Expenditures
Passed through Caltrans (Continued):			
Highway Planning and Construction (M-10)	20.205	05-5951/M067	8,533
Highway Planning and Construction (M-10)	20.205	05-5951(090)	56,819
ARRA-Highway Planning and Construction (M-10)	20.205	05-930196	1,485,672
ARRA-Highway Planning and Construction (M-10)	20.205	05-930198	468,094
ARRA-Highway Planning and Construction (M-10)	20.205	05-930197L	258,512
Highway Planning and Construction (M-10)	20.205	05-5951 (082)	59,141
Highway Planning and Construction (M-10)	20.205	05-5951/M020	39,697
Highway Planning and Construction (M-10)	20.205	05-5951(093)	149,603
Highway Planning and Construction (M-10)	20.205	05-5951(113)	501,764
Highway Planning and Construction (M-10)	20.205	05-5951(115)	30,463
Highway Planning and Construction (M-10)	20.205	05-5951(117)	234,483
Highway Planning and Construction (M-10)	20.205	05-5951/	251,826
Highway Planning and Construction (M-10)	20.205	05-5951/122	26,201
Highway Planning and Construction (M-10)	20.205	05-5951/M015	96,093
Highway Planning and Construction (M-10)	20.205	05-5951(072)	69,977
Highway Planning and Construction (M-10)	20.205	STPLZ5951(039)	58
Highway Planning and Construction (M-10)	20.205	05-930143	4,469
Highway Planning and Construction (M-10)	20.205	05-5951/M048	2,738
ARRA-Highway Planning and Construction (M-10)	20.205	05-930217	413,492
ARRA-Highway Planning and Construction (M-10)	20.205	05-930220	140,445
ARRA-Highway Planning and Construction (M-10)	20.205	05-930226	508,302
ARRA-Highway Planning and Construction (M-10)	20.205	05-930224	92,751
ARRA-Highway Planning and Construction (M-10)	20.205	05-930225	1,252,381
Passed through Santa Barbara County Association of Governments:			
Highway Planning and Construction (M-10)	20.205	X09-5951(123)	<u>458,115</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION - HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			<u>10,330,972</u>
U.S. DEPARTMENT OF TRANSPORTATION - HIGHWAY SAFETY CLUSTER			
Passed through State CSA:			
State and Community Highway Safety	20.600	EMS-9076	25,666
State and Community Highway Safety	20.600	AL 0838	160,485
State and Community Highway Safety	20.600	AL 0962	<u>62,100</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION - HIGHWAY SAFETY CLUSTER			<u>248,251</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 110,705,051</u>

Grants that are major programs are noted in the program "title" field by "(M-10)."

See accompanying notes to schedule of expenditures of federal awards and report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.

**COUNTY OF SANTA BARBARA, CALIFORNIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards 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 Schedule of Expenditures of Federal Awards 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 Schedule of Expenditures of Federal Awards 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 Schedule of Expenditures of Federal Awards agree, in all material respects, with the amounts reported in related federal financial reports.

NOTE 5 – DISCLOSURES FOR STATE GRANT

Grant revenues and expenditures by category for the fiscal year ended June 30, 2010, are as follows:

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

Revenues:		
State	\$	341,532
Total revenues	\$	341,532
Expenditures:		
Personnel services	\$	341,532
Total expenditures	\$	341,532

FINDINGS AND QUESTIONED COSTS

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

1. Summary of Auditor's Results

Financial Statements

- (a) The type of report issued on the financial statements: **Unqualified 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 10-01 through 10-08.**

Material weaknesses: **None.**

- (e) The type of report issued on compliance for major programs:

1. Food Stamps Program – **Qualified opinion**
2. Medicaid Cluster – **Qualified opinion**
3. Temporary Assistance for Needy Families Cluster – **Qualified opinion**
4. Child Support Enforcement Program – **Qualified opinion**
5. Foster Care Program – **Qualified opinion**
6. Substance Abuse Prevention and Treatment (SAPT) Block Grant – **Unqualified opinion**
7. Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) – **Unqualified opinion**
8. Adoption Assistance – **Qualified opinion**
9. Workforce Investment Act (WIA) Cluster – **Unqualified opinion**
10. Community Development Block Grants/Entitlement (CDBG) – **Unqualified opinion**
11. Highway Planning and Construction – **Unqualified opinion**

- (f) Any audit findings, which are required to be reported under Section 510(a) of OMB Circular A-133: **Yes. See items 10-01 through 10-08.**

- (g) Major programs:

- U.S. Department of Agriculture
 - Food Stamps Program (CFDA No.10.561)
 - Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) (CFDA No. 10.557)

- U.S. Department of Health and Human Services
 - Medicaid Cluster, including ARRA Grant (CFDA No. 93.778)
 - Temporary Assistance for Needy Families Cluster, including ARRA Grant (CFDA Nos. 93.558 and 93.714)
 - Child Support Enforcement Program, including ARRA Grant (CFDA No. 93.563)
 - Foster Care Program – Title IV-E, including ARRA Grant (CFDA No. 93.658)
 - Substance Abuse Prevention and Treatment (SAPT) Block Grant (CFDA No. 93.959)
 - Adoption Assistance, including ARRA Grant (CFDA No. 93.659)
- U.S. Department of Labor
 - Workforce Investment Act (WIA) Cluster, including ARRA Grant (CFDA Nos. 17.258, 17.259, 17.260)
- U.S. Department of Housing and Urban Development
 - Community Development Block Grants/Entitlement (CDBG) Cluster, including ARRA Grant (CFDA Nos. 14.218 and 14.253)
- U.S. Department of Transportation
 - Highway Planning and Construction, including ARRA Grant (CFDA No. 20.205)

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

(h) Low-risk auditee determination under Section 530 of OMB Circular A-133: **No. The 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

10-01

Program: Foster Care Title IV-E, Including ARRA Grant Funding

CFDA No.: 93.658

Federal Agencies: U.S. Department of Health and Human Services

Passed-through: California Department of Social Services

Award Numbers: Santa Barbara

Award Year: Fiscal year 2009/2010

Compliance Requirement: Eligibility

Questioned Costs: \$47,089

Criteria:

The *June 2010 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/group program cases 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 cases.

Condition Found:

Out of the 60 cases selected for eligibility testwork, we noted the following:

- 4 case files where the cases are not eligible per AFDC 1996 requirements.

Effect:

Participants may be ineligible to receive benefits per AFDC 1996 requirements, but may be eligible to receive benefits under another funding source.

Recommendation:

We recommend that the County establish formal policies and procedures with regards to ongoing IV-E eligibility determination requirements in order to ensure that IV-E eligibility determinations are being performed within the specified timeframe. This will help ensure the accuracy of the case data and that IV-E eligibility determinations are supported by the proper documentation in the case file.

Views of Responsible Officials:

We concur with this finding. The Department Acknowledges that four AFDC-FC cases were coded with the incorrect funding source (federal payment issued rather than state). This finding supports the need for continued use of revised and updated documents and review of cases that were granted by the Intake Supervisor. Corrective action will include:

- 1) Review of and training of Foster Care staff on Title IV-E requirements.
- 2) Revision of Granting Case Checklist and Renewal Checklist to include Title IV-E review and supervisor sign off.
- 3) Review of all granted cases with written approval by Foster Care Supervisor.
- 4) Training of Foster Care staff on completion of FC2 and FC3 and supporting documentation
Training of CWS Placement Staff on completion of FC2 and importance of providing timely and accurate information to eligibility staff.
- 5) Training of Foster Care staff on case file documents.

Contact information of responsible official:

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10-02

Program: Medicaid Cluster, Including ARRA Grant Funding

CFDA No.: 93.778

Federal Agency: U.S. Department of Health and Human Services

Passed-through: California Department of Health Care Services

Award Numbers: Various

Award Year: Fiscal year 2009/10

Compliance Requirement: Eligibility

Questioned Costs: \$0

Criteria:

The *June 2010 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/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 includes the following:

- Obtaining a written application, MC 210 "Statement of Facts", signed under penalty of perjury by the applicant.
- Verification of an applicant's information reported on the MC 210 "Statement of Facts", including identity, social security number, residency, monthly expenses, as well as pregnancy, if necessary.
- Verification of an applicant's income eligibility using the Income and Eligibility Verification System (IEVS). If the applicant is employed, a pay stub is required to verify income.
- 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 and recipient's social security number (SSN) to ensure that each SSN furnished was issued to that individual.
- Verification of an applicant's qualified alien status by obtaining an MC 13 if the applicant is not a U.S. citizen.
- Verification of the eligibility of Medicaid recipients with respect to circumstances that may change, at least every 12 months.

Out of the 60 case files selected for eligibility testwork, we noted the following:

- 4 case files whereby the County did not use the IEVS in a timely manner to verify income and property documentation.
- 4 case files whereby the eligibility information provided by the client did not match the information entered into the system.
- 4 case files whereby the County failed to timely process the client's reapplication form to redetermine eligibility.

Out of the 60 case files selected for IHSS eligibility testwork, we noted the following

- 10 case files whereby the County failed to perform a client reassessment of needs within the 12 month renewal period.

Effect:

Participant data may not be accurate in the participant file or the system, which could lead to initial and continual eligibility errors, inaccurate benefit calculations, and benefit overpayments.

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.

Views of Responsible Officials:

We concur with this finding.

To ensure IEVS reports are issued and used timely, the business process has been changed to have the IEVS request occur at the time the renewal packet is received from the client. In addition to the business process change, the newly revised Administrative Directive (Admin AD 06-22) IEVS Reports will be reviewed with staff during the next Medi-Cal TEAM meeting. Eligibility Supervisors will be required to review this AD with their eligibility staff and will be submitting a training report as verification of compliance.

The department recognizes the importance of processing re-determinations in a timely manner. Even though the department has policies and processes in place to ensure re-determinations are completed timely, it is becoming increasingly challenging to meet these deadlines due to the level of resources and increasing caseloads.

IHSS

We concur with this finding.

The department recognizes the importance of processing reassessments in a timely manner. The department acknowledges that ten reassessments were not completed within the mandated time frames. Limited resources have been redirected to this area. Using the CDSS formula for overdue assessments, we recently achieved 92% compliance and are confident that we have improved in this area. The Department Business Specialist and the program Supervisors will continue to monitor this area.

Contact information of responsible official:

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10-03

Program: Food Stamps Program

CFDA No.: 10.561

Federal Agency: U.S. Department of Agriculture

Passed-through: California Department of Social Services

Award No.: Santa Barbara

Award Year: Fiscal year 2009/10

Compliance Requirement: Special Tests and Provisions – ADP System for Food Stamps

Questioned Costs: \$438

Criteria:

The *June 2010 OMB Circular A-133 Compliance Supplement* requirements for special tests and provisions requires 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. In addition *June 2010 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/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 60 case files selected for testing, we noted:

- 3 case files whereby the County inaccurately entered the participant's income into the CalWin System.

Effect:

Participants may be receiving incorrect benefit amounts.

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. We recommend that the County require the determination and calculation be reviewed 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:

We concur with this finding:

The Department acknowledges that the participant's income was entered inaccurately into the CalWIN System (three instances). Administrative Directive AD 09-102 Case Review Policy Multiple Programs CalWORKs, CalFresh (Food Stamps) and Medi-Cal was revised on 10/06/10 to reflect the importance of this process. The Department has reemphasized its commitment to program integrity by 1) communicating this with the supervisors and 2) creating a new Compliance Division to provide the segregation of duties and the necessary oversight to ensure this critical function occurs. The Compliance Division collects supervisor case reviews and will provide management with an error trend analysis. Staff will follow-up on any actions needed as a result of the error trend analysis.

Contact information of responsible official:

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10-04

Program: Temporary Assistance for Needy Families Cluster, Including ARRA Grant Funding

CFDA Nos.: 93.558 and 93.714

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 2009/10

Compliance Requirement: Eligibility

Questioned Costs: \$1,036

Criteria:

The *June 2010 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/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 60 case files selected for eligibility testing, we noted:

- 8 case files whereby the County inaccurately recorded the participants' benefit amounts from supporting documentation.

Effect:

Participants may be receiving incorrect benefit amounts.

Recommendation:

We recommend that the County strictly adhere to the established policies and procedures with regards to ongoing eligibility determination, required documentation, and maintenance of the participant's file. This will help ensure the accuracy of the participant's data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:

We concur with this finding:

The Department acknowledges that the participant's income was entered inaccurately into the CalWIN System (eight instances). Administrative Directive AD 09-102 Case Review Policy Multiple Programs CalWORKs, CalFresh (Food Stamps) and Medi-Cal was revised on 10/06/10 to reflect the importance of this process. The Department has reemphasized its commitment to program integrity

by 1) communicating this with the supervisors and 2) creating a new Compliance Division to provide the segregation of duties and the necessary oversight to ensure this critical function occurs. The Compliance Division collects supervisor case reviews and will provide management with an error trend analysis. Staff will follow-up on any actions needed as a result of the error trend analysis.

Contact information of responsible official:

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10-05

Program: Temporary Assistance for Needy Families Cluster, Including ARRA Grant Funding

CFDA Nos.: 93.558 and 93.714

Federal Agencies: U.S. Department of Health and Human Services

Passed-through: California Department of Social Services

Award Numbers: Santa Barbara

Award Year: Fiscal year 2009/10

Compliance Requirement: Special Tests and Provisions

Questioned Costs: \$0

Criteria:

The *June 2010 OMB Circular A-133 Compliance Supplement* requires each State to participate in the Income Eligibility and Verification System (IEVS), the Child Support Non-Cooperation, and Penalty for Refusal to Work. Under the State of California IEVS Plan the County is required to properly consider the information obtained from the State of California data matching system in determining the eligibility and the amount of Temporary Assistance for Needy Families (TANF) benefits.

Condition Found:

Out of the 60 case files selected for eligibility testing, we noted:

- 8 case files whereby the County did not use the IEVS to verify income and property documentation. Upon review of IEVS reports processed at a later date, for the 8 case files, it was determined that no impact to eligibility resulted.

Effect:

Lack of investigative procedures could result in participants receiving incorrect benefit amounts.

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.

Views of Responsible Officials:

We concur with this finding:

The Department acknowledges the IEVS reports were not used in a timely manner to verify income and property. Administrative Directive AD 09-102 Case Review Policy Multiple Programs CalWORKs, CalFresh (Food Stamps) and Medi-Cal was revised on 10/06/10 to reflect the importance of this process. The Department has reemphasized its commitment to program integrity by 1) communicating this with the supervisors and 2) creating a new Compliance Division to provide the segregation of duties and the necessary oversight to ensure this critical function occurs. The Compliance Division collects supervisor case reviews and will provide management with an error trend analysis. Staff will follow-up on any actions needed as a result of the error trend analysis.

AD 06-22 – IEVS Report was recently revised to give staff detailed instructions on when to request the IEVS Applicant Reports and the steps to take in resolving any discrepancies. Ongoing workers are required to request an IEVS Applicant Report during the yearly renewal process. As a result of

this finding, case reviews will include verifying that the IEVS Applicant Report was requested timely and processed timely. Any discrepancies found will be followed up with the clients

Contact information of responsible official:

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10-06

Program: Foster Care Title IV-E, Including ARRA Grant Funding

CFDA No.: 93.658

Federal Agencies: U.S. Department of Health and Human Services

Passed-through: California Department of Social Services

Award Numbers: Santa Barbara

Award Year: Fiscal year 2009/2010

Compliance Requirement: Eligibility

Questioned Costs: \$0

Criteria:

The *June 2010 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/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 60 participants selected for eligibility testwork, we noted the following:

- 13 case files whereby the County failed to re-determine reasonable candidacy every six months.
- 4 case files whereby the case plans were missing one of the required signatures.

Effect:

Ineligible participants may be receiving benefits.

Recommendation:

We recommend that the County establish formal policies and procedures with regards to ongoing eligibility re-determination requirements in order to ensure that eligibility re-determinations are being performed within the specified timeframe. 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 Probation Department concurs with both of these findings. It should be noted that upon re-determination, all cases remained Title IV-E eligible. As a result of the audit, Probation implemented a more efficient method of tracking required review dates for case plans and a method and means for documenting when a minor becomes ineligible for Title IV-E. In July 2010, as a response to the audit, a Title IV-E Section was added to the Overview page of Probation's online case management system (IMPACT), which now clearly states whether the minor is eligible, billable, and when the next review date is due. All Juvenile Division staff received instruction on the use of the new features and this information is now visible whenever a minor's electronic file is accessed. Additionally, a required comment section has been added to the IMPACT screen used to modify IV-E eligibility. Staff are required to add a comment whenever there is a change in a minor's Title IV-E eligibility. This documentation helps the Supervisor when reviewing files to determine when and why a minor's IV-E status is changed.

The addition of the six month review date on the overview page, the availability of management reports detailing reviews which are coming due or are overdue, and supervisor review of the management reports will ensure that six month reviews are being performed timely. Displaying

eligibility status on the overview page and tracking features built into the system will ensure that ineligible minors do not receive benefits. The Department has also implemented quarterly reviews by Juvenile Division managers to ensure compliance with all Title IV-E requirements.

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10-07

Program: Adoption Assistance, Including ARRA Grant Funding
CFDA No.: 93.659
Federal Agencies: U.S. Department of Health and Human Services
Passed-through: California Department of Social Services
Award Numbers: Santa Barbara
Award Year: Fiscal Year 2009/2010
Compliance Requirement: Eligibility
Questioned Costs: \$287

Criteria:

The *June 2010 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that cases 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 for eligible cases.

Condition Found:

Out of the 60 participants selected for eligibility testwork, we noted the following:

- 15 case files whereby the County failed to agree the benefit payment on form AAP-2 to the amount in the CalWin System.
- 7 case files whereby the County failed to perform a 2 year assessment for eligibility in a timely manner.
- 8 case files whereby the County failed to update the CalWin System with information from form AAP-2 in a timely manner.
- 3 case files whereby the forms AAP-2 and/or AD4320 were missing the required signatures.
- 2 case files whereby the County failed to terminate benefits after the child became 18 years of age.

Effect:

Participants may be ineligible to receive benefits per AFDC 1996 requirements, but may be eligible to receive benefits under another funding source.

Recommendation:

We recommend that the County establish formal policies and procedures with regards to ongoing eligibility re-determination requirements in order to ensure that eligibility re-determinations are being performed within the specified timeframe. 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:

We concur with this finding.

The Department acknowledges that there were errors in CalWIN data entries, untimely reassessments, lack of required signatures on certain forms, and two instances whereby the county failed to terminate benefits after the child attained age 18. The following procedures will be developed in response to these findings:

- 1) Development of AAP case granting checklist
- 2) Development of AAP Reassessment Checklist
- 3) Training of AAP staff on AAP program requirements and case file documentations
- 4) Review and approval of all AAP case grantings by AAP eligibility supervisor
- 5) Review and approval of 50% of case grantings by AAP supervisor.
- 6) Development of AAP procedural handbook

Contact information of responsible official:

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10-08

Program: Child Support Enforcement Program, Including ARRA Grant Funding

CFDA No.: 93.563

Federal Agencies: U.S. Department of Health and Human Services

Passed-through: California Department of Social Services

Award Numbers: Santa Barbara

Award Year: Fiscal year 2009/2010

Compliance Requirement: Special Tests and Provisions

Questioned Costs: \$0

Criteria:

The *June 2010 OMB Circular A-133 Compliance Supplement* requirements for Special Tests and Provisions require the following:

The County to establish paternity and a support obligation for children under IV-D cases within 90 calendar days of locating the non-custodial parent.

Under IV-D cases where an obligation to support has been ordered, the County is required to monitor such cases. For cases requiring enforcement, an enforcement action must be initiated within 30 days of identifying a delinquency or 60 days if service of process is required.

The County is required to inquire if the custodial parent has insurance other than Medicaid and is required to petition or pursue enforcement of medical support in the form of health insurance as part of support orders.

Condition Found:

Out of the 60 participants selected for eligibility testwork, we noted the following:

- 10 case files whereby the County failed to serve process and/or establish an order for support obligation within 90 days of locating the non-custodial parent.

Effect:

The County is out of compliance with the requirements of the Special Tests and Provisions of OMB A-133.

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.

Views of Responsible Officials:

We concur with the conditions found on 10 of the case files.

In July 2009 Santa Barbara County developed and implemented Pre-Order Early Intervention Program and Team in order to engage Noncustodial Parents during the early stages of the establishment process. By establishing early communication with the Noncustodial Parents we believed amongst other benefits we would also see that orders were being obtained in a more efficient manner. Indeed since the implementation of this team we have continuously increased our Percent of Cases with a Child Support Order. At the end of the Federal Fiscal Year (09/2010) our percentage in this Federal Performance Measure was 85.3% – well exceeding the goal of 82.2% that had been set for us by the State. The Early Intervention Team also started working the Expedited Process Report in order to bring to disposition a slew of cases in which we had served the Noncustodial Parent but had not yet obtained an order. In August of 2009 when we first ran the report there were 666 such cases by May 2010 the team had cleared 338 cases of the report. Since the report is a “moving target” (new cases come on the report as others drop off) the team has incorporated working the report as part of their weekly routine. It should be noted that of the cases that failed in the establishment area on this audit - none were opened after July 2009.

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**COUNTY OF SANTA BARBARA, CALIFORNIA
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

09-01

Program: Foster Care Title IV-E, Including ARRA Grant Funding

CFDA No.: 93.658

Federal Agencies: U.S. Department of Health and Human Services

Passed-through: California Department of Social Services

Award Numbers: Santa Barbara

Award Year: Fiscal year 2008/2009

Compliance Requirement: Eligibility

Questioned Costs: \$26,927

Criteria:

The *March 2009 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/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 46 participants selected for eligibility testwork, we noted the following:

- 7 case files where a permanency plan was not adopted within 12 months of the date the child entered foster care.
- 1 case file where the shelter payment of \$41 was funded under Title IV-E when it should have been funded under Federal TANF.

Effect:

Participants should have received benefits under another funding source such as State funding.

Recommendation:

We recommend that the County establish formal policies and procedures with regards to ongoing IV-E eligibility re-determination requirements in order to ensure that IV-E eligibility re-determinations are being performed within the specified timeframe. This will help ensure the accuracy of the participant data and that IV-E eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:

We concur with this finding:

Even though the seven cases were still Foster Care eligible, the Department acknowledges that the permanency plans were not adopted timely and reimbursement for the placement costs incurred on these cases should have been from the State rather than Federal IV-E. As a consequence, the Department is seeking a change in protocol from the presiding juvenile court to include permanency plan findings on all family reunification cases at the six-month review hearing. This practice change should ensure that all permanency plans are adopted in a timely manner.

The \$41 of shelter costs charged to Title IV-E rather than Federal TANF was an isolated error. We have discussed our policy and procedures regarding these types of expenditures with supervisors.

Current Year Status:

Resolved.

09-02

Program: Medicaid Cluster, Including ARRA Grant Funding

CFDA No.: 93.778

Federal Agency: U.S. Department of Health and Human Services

Passed-through: California Department of Health Services

Award Numbers: Various

Award Year: Fiscal year 2008/09

Compliance Requirement: Eligibility

Questioned Costs: \$0

Criteria:

The *March 2009 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/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 includes the following:

- Obtaining a written application, MC 210 "Statement of Facts", signed under penalty of perjury by the applicant.
- Verification of an applicant's information reported on the MC 210 "Statement of Facts", including identity, social security number, residency, monthly expenses, as well as pregnancy, if necessary.
- Verification of an applicant's income eligibility using the Income and Eligibility Verification System (IEVS). If the applicant is employed, a pay stub is required to verify income.
- 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 and recipient's social security number (SSN) to ensure that each SSN furnished was issued to that individual.
- Verification of an applicant's qualified alien status by obtaining an MC 13 if the applicant is not a U.S. citizen.
- Verification of the eligibility of Medicaid recipients with respect to circumstances that may change, at least every 12 months.

Out of the 46 case files selected for eligibility testwork, we noted the following:

- 4 case files whereby the County did not use the IEVS to verify income and property documentation.
- 1 case file whereby the County failed to receive the Systematic Alien Verification for Entitlement of the client's qualified alien status from immigration.
- 2 case files whereby the eligibility information provided by the client did not match the information entered into the system.
- 2 case files whereby the County failed to timely process the client's reapplication form to redetermine eligibility.

Out of the 46 case files selected for IHSS eligibility testwork, we noted the following

- 4 case files whereby the County failed to review MEDS to re-determine the recipient's eligibility within the 12 month renewal period.
- 11 case files whereby the County failed to perform a client reassessment of needs within the 12 month renewal period.
- 2 case files whereby the County failed to obtain a SOC 295 application signed under penalty of perjury.

Effect:

Participant data may not be accurate in the participant file or the system, which could lead to initial and continual eligibility errors, inaccurate benefit calculations, and benefit overpayments.

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.

Views of Responsible Officials:

We concur with these findings:

Medi-Cal Eligibility:

The Department acknowledges that 100% compliance was not accomplished. Even though this is the goal, the Department is progressively more challenged by increasing caseload growth and other programmatic changes while resources are diminishing due to the economic downturn and State and County budget cuts. This has resulted in increased vacancies further pushing up caseloads which were already high due to years of the State not funding cost of doing business increases. While full compliance remains a top priority of the Department, it is not realistic that the County can or will maintain a 100% accuracy level during this economic downturn given our caseloads, staffing and the complexity of our program mandates.

Responses to specific findings:

IEVS is utilized to verify income and property information submitted by the client. The lack of running an IEVS report does not necessarily constitute the ineligibility of the client. This is an administrative error. However, to ensure an IEVS report is issued and used on every renewal case, the business process has been changed so that the 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 November 17, 2009 Medi-Cal supervisors meeting.

The Department business process requires staff to utilize CalWIN when requesting the client's qualified alien status from immigration to ensure the Department receives an automated SAVE response. In this particular instance, a worker performed the process manually and the verification was not in the CalWIN system. This procedure was reviewed at the November 17, 2009 Medi-Cal supervisors meeting.

Even though in both instances where information was entered incorrectly resulted in no effect on client benefit levels, it is the Department's commitment to accurately record all information. The Department relies on supervisory case reviews to ensure the integrity of the eligibility determinations and to ensure the correct amounts are entered into the system. Due to unprecedented caseload growth and a dearth of workers, supervisors have changed their focus to eligibility determination efforts rather than the necessary quality control efforts required. The Department has reemphasized its commitment to program integrity by 1) communicating this with the supervisors and 2) creating a new Compliance Division to provide the segregation of duties and the necessary oversight to ensure this critical function occurs. The Program Integrity Unit, now housed in the Compliance Division, will collect the supervisor's case reviews and provide management with an error trend analysis. Staff will follow-up on any actions needed as a result of the error trend analysis.

The Department is leveraging technology and adopting a new call center business model to deliver eligibility services in a modern and efficient manner. It is the Department's priority to process reapplication forms in a timely manner. However, due to budget constraints and increased demands, the Department has found processing all the cases timely quite challenging. We do not see this challenge diminishing in the near future. The Department communicated to the Medi-Cal supervisors on November 17, 2009, the importance of processing client's reapplication forms timely.

IHSS:

The Department recognizes that 100% compliance was not accomplished. Even though this is the goal, the Department is progressively more challenged by increasing caseload growth and other programmatic changes while resources are diminishing due to the economic downturn and State and County budget cuts. This has resulted in increased vacancies further pushing up caseloads which were already high due to years of the State not funding cost of doing business increases. While full compliance remains a top priority of the Department, it is not realistic that the County can or will maintain a 100% accuracy level during this economic downturn given our caseloads, staffing and the complexity of our program mandates. In addition, the California State Department of Social Services also recognizes that 100% compliance is unrealistic; therefore they allow a tolerance level of 80-90% compliance in this program.

Responses to specific findings:

The Department acknowledges there were four case files missing a MEDS print out. The MEDS print outs ensure that recipients are receiving Medi-Cal. Although all four cases were active on Medi-Cal for this period, a MEDS printout at redetermination is required by Department policy. This finding did not affect eligibility for IHSS and was only an administrative error. In the future, supervisors will ensure that this policy is reviewed with staff. Supervisors and Quality Assurance staff will continue to monitor case records to ensure this requirement is met.

The Department acknowledges that eleven redeterminations were not completed within the mandated time frames. The County has pre-existing policies and procedures with regards to an initial ongoing eligibility determination, required documentation, maintenance of participant files, and continues its efforts to ensure these policies are adhered to. This has been, and will continue to be, an area of focus for IHSS. The California Department of Social Services has renewed our plan assigning a Quality Assurance worker to assist in this area part time. Quality Assurance staff and IHSS Supervisors will continue monitoring Case Management Information and Payroll System reports to ensure timely face-to-face reassessments. The Department shall continue to strive to complete timely redeterminations within the capacity of current staffing levels. We have seen progress and will continue efforts to comply.

The Department acknowledges that there were two case files that were missing the SOC 295, a required form. Staff will be reminded by the IHSS Supervisors of this requirement and Supervisors will include this requirement as part of their case review process. IHSS Quality Assurance workers will also review cases to ensure the SOC 295 is completed and signed, as well.

Current Year Status:

See current year finding 10-02.

09-03

Program: Food Stamps Cluster, Including ARRA Grant Funding

CFDA No.: 10.551 and 10.561

Federal Agency: U.S. Department of Agriculture

Passed-through: California Department of Social Services

Award No.: Santa Barbara

Award Year: Fiscal year 2008/09

Compliance Requirement: Special Tests and Provisions – ADP System for Food Stamps

Questioned Costs: \$(654)

Criteria:

The *March 2009 OMB Circular A-133 Compliance Supplement* requirements for special tests and provisions requires 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. In addition *March 2009 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/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 46 case files selected for testing, we noted:

- 4 case files whereby the County calculated the benefit amounts incorrectly.

Effect:

Participants may be receiving incorrect benefit amounts.

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. We recommend that the County require the determination and calculation be reviewed 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:

We concur with this finding:

The Department acknowledges that 100% compliance was not accomplished. Even though this is the goal, the Department is progressively more challenged by increasing caseload growth and other programmatic changes while resources are diminishing due to the economic downturn and State and County budget cuts. This has resulted in increased vacancies further pushing up caseloads which were already high due to years of the State not funding cost of doing business increases. While full compliance remains a top priority of the Department, it is not realistic that the County can or will maintain a 100% accuracy level during this economic downturn given our caseloads, staffing and the complexity of our program mandates.

Responses to specific findings:

The Department relies on supervisory case reviews to ensure the integrity of the eligibility determinations and to ensure the correct amounts are entered into the system. Due to unprecedented caseload growth, supervisors have changed their focus to eligibility determination efforts rather than the necessary quality control efforts required. The Department has reemphasized its commitment to program integrity by 1) communicating this with the supervisors and 2) creating a new Compliance Division to provide the segregation of duties and the necessary oversight to ensure this critical function occurs. The Program Integrity Unit, now housed in the Compliance Division, will collect the supervisor's case reviews and provide management with an error trend analysis. Staff will follow-up on any actions needed as a result of the error trend analysis.

Current Year Status:

See current year finding 10-03.

09-04

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 2008/09

Compliance Requirement: Eligibility

Questioned Costs: \$919

Criteria:

The *March 2009 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/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 46 case files selected for eligibility testing, we noted:

- 4 case files whereby the eligibility information provided by the client did not match the information entered into the system.

Effect:

Participant data may not be current in the case file or the system, which could lead to continuation of eligibility errors and ineligible individuals receiving benefits.

Recommendation:

We recommend that the County strictly adhere to the established policies and procedures with regards to ongoing eligibility determination, required documentation, and maintenance of participant files. 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:

We concur with this finding:

The Department acknowledges that 100% compliance was not accomplished. Even though this is the goal, the Department is progressively more challenged by increasing caseload growth and other programmatic changes while resources are diminishing due to the economic downturn and State and County budget cuts. This has resulted in increased vacancies further pushing up caseloads which were already high due to years of the State not funding cost of doing business increases. While full compliance remains a top priority of the Department, it is not realistic that the County can or will maintain a 100% accuracy level during this economic downturn given our caseloads, staffing and the complexity of our program mandates.

Responses to specific findings:

The Department relies on supervisory case reviews to ensure the integrity of the eligibility determinations and to ensure the correct information is entered into the system. The Department has reemphasized its commitment to program integrity by 1) communicating this with the supervisors and 2) creating a new Compliance Division to provide the segregation of duties and the necessary oversight to ensure this critical function occurs. The Program Integrity Unit, now housed in the Compliance Division, will collect the supervisor's case reviews and provide management with an error trend analysis. Staff will follow-up on any actions needed as a result of the error trend analysis.

Current Year Status:

See current year finding 10-04.

09-05

Program: Temporary Assistance for Needy Families

CFDA No.: 93.558

Federal Agencies: U.S. Department of Health and Human Services

Passed-through: California Department of Social Services

Award Numbers: Santa Barbara

Award Year: Fiscal year 2008/09

Compliance Requirement: Special Tests and Provisions

Questioned Costs: \$306

Criteria:

The *March 2009 OMB Circular A-133 Compliance Supplement* requires each State to participate in the Income Eligibility and Verification System (IEVS), the Child Support Non-Cooperation, and Penalty for Refusal to Work. Under the State of California IEVS Plan, the County is required to properly consider the information obtained from the State of California data matching system in determining the eligibility and the amount of Temporary Assistance for Needy Families (TANF) benefits.

Condition Found:

Out of the 46 case files selected for eligibility testing, we noted:

- 14 case files whereby the County did not use the IEVS to verify income and property documentation.

Effect:

Lack of investigative procedures could result in participants receiving incorrect benefit amounts.

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.

Views of Responsible Officials:

We concur with this finding.

The Department acknowledges that 100% compliance was not accomplished. Even though this is the goal, the Department is progressively more challenged by increasing caseload growth and other programmatic changes while resources are diminishing due to the economic downturn and State and County budget cuts. This has resulted in increased vacancies further pushing up caseloads which were already high due to years of the State not funding cost of doing business increases. While full compliance remains a top priority of the Department, it is not realistic that the County can or will maintain a 100% accuracy level during this economic downturn given our caseloads, staffing and the complexity of our program mandates.

Responses to specific findings:

IEVS is utilized to verify income and property information submitted by the client. The lack of running an IEVS report changed the eligible benefit level by \$306 in only one of the forty six cases tested. In the future, to ensure an IEVS report is issued and used on every renewal case, the business process has been changed so that the 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 CalWorks 11/3/09 supervisors meeting.

Current Year Status:

See current year finding 10-05.

09-06

Program: Medicaid Cluster, Including ARRA Grant Funding
CFDA No.: 93.778
Federal Agency: U.S. Department of Health and Human Services
Passed-through: California Department of Mental Health
Award Numbers: Santa Barbara
Award Year: Fiscal year 2008/09
Compliance Requirement: Allowable Costs and Activities
Questioned Costs: \$0

Criteria:

The State of California requires that grant funds are to be used for Allowable Costs and Activities in accordance with the *March 2009 OMB Circular A-133 Compliance Supplement*, which requires that the pass-through entity establish control systems to ensure costs are for allowable activities and are properly coded.

Condition Found:

In performing allowable costs and activities testwork for administrative costs, we noted that:

Out of the 46 payroll expenditures selected for testing, we noted:

- 8 instances whereby the employee failed to sign the timecard.
- 7 instances whereby the timecard was not approved by a supervisor.
- 12 instances whereby the timecard was approved by a non-supervisory employee.

Effect:

Payroll expenditures charged to administrative grant program costs may be inaccurate.

Recommendation:

We recommend that the County establish formal policies and procedures with regards to payroll expenditure payment processes and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel. This will help ensure the accuracy of payroll expenditures.

Views of Responsible Officials:

ADMHS has implemented additional procedures to ensure that payroll expenditures are authorized and approved by the appropriate personnel. A memorandum was issued to all ADMHS staff on 8/26/09 reminding them of the County policy that timecards are to be authorized by employees and approved by supervisors either electronically or in writing. Additionally, timecard exception reports are reviewed on a monthly basis and any errors noted in the reports are researched and cleared by ADMHS HR staff. Management has also instituted a Fiscal/HR monthly review of timesheet error trends to ensure conformance with timecard policy.

Current Year Status:

Resolved.

09-07

Program: Foster Care Title IV-E, Including ARRA Grant Funding
CFDA No.: 93.658
Federal Agencies: U.S. Department of Health and Human Services
Passed-through: California Department of Social Services
Award Numbers: Santa Barbara
Award Year: Fiscal year 2008/2009
Compliance Requirement: Eligibility
Questioned Costs: \$0

Criteria:

The *March 2009 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/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 46 participants selected for eligibility testwork, we noted the following:

- 5 case files whereby the County failed to re-determine reasonable candidacy every six months.
- 4 case files whereby the case plans were not signed by the children or the parents.

Effect:

Ineligible participants may be receiving benefits.

Recommendation:

We recommend that the County establish formal policies and procedures with regards to ongoing eligibility re-determination requirements in order to ensure that eligibility re-determinations are being performed within the specified timeframe. 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 Probation Department concurs with both of these findings. It should be noted that upon redetermination all cases remained eligible. The Department acknowledges limited gaps in knowledge and training for the personnel responsible for completing these requirements. Between June and August of 2009, the Department contacted the oversight agency, Santa Barbara County Department of Social Services (DSS), and began discussions about process in order to assure full understanding of staff obligations and accompanying Title IV-E requirements. During these meetings, the Memorandum of Understanding between the two agencies was reviewed, as well as the protocols in place to ensure the successful completion of all requirements. The oversight protocol includes an annual review of Probation's Title IV-E eligible cases by DSS.

Probation modified the forms used to document that reasonable candidacy is established. During August and September 2009, staff received training on the use of the revised form and Title IV-E requirements. In conjunction with DSS, Probation developed a case plan training. A primary focus of this training is that a case plan is a living document designed for, and in collaboration with, the child and his or her family. Two sessions of this training have been delivered and the department expects to complete all case plan training by the end of October 2009. Probation reviewed its process for tracking six month case plan reviews and instituted a case management system report which allows staff to quickly determine which cases are approaching the deadline. Unit supervisors review the report on a monthly basis to ensure compliance with this requirement.

Current Year Status:

See current year finding 10-06.

09-08

Program: Substance Abuse Prevention and Treatment (SAPT) Block Grant

CFDA No.: 93.959

Federal Agency: U.S. Department of Health and Human Services

Passed-through: California Department of Alcohol and Drug Programs

Award Numbers: Santa Barbara

Award Year: Fiscal year 2008/09

Compliance Requirement: Allowable Costs and Activities

Questioned Costs: \$0

Criteria:

The State of California requires that grant funds are to be used for Allowable Costs and Activities in accordance with the *March 2009 OMB Circular A-133 Compliance Supplement*, which requires that the pass-through entity establish control systems to ensure costs are for allowable activities and are properly coded.

Condition Found:

In performing allowable costs and activities testwork for administrative costs, we noted:

Out of the 46 County Department of Alcohol, Drug & Mental Health Services for SAPT payroll expenditures selected for testing:

- 6 instances whereby the employee failed to sign the timecard.
- 1 instance whereby the timecard was not approved by a supervisor.
- 5 instances whereby the timecard was approved by a non-supervisory employee.

Effect:

Payroll expenditures charged to administrative grant program costs may be inaccurate.

Recommendation:

We recommend that the County establish formal policies and procedures with regards to payroll expenditure payment processes and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel. This will help ensure the accuracy of payroll expenditures.

Views of Responsible Officials:

ADMHS has implemented additional procedures to ensure that payroll expenditures are authorized and approved by the appropriate personnel. A memorandum was issued to all ADMHS staff on 8/26/09 reminding them of the County policy that timecards are to be authorized by employees and approved by supervisors either electronically or in writing. Additionally, timecard exception reports are reviewed on a monthly basis and any errors noted in the reports are researched and cleared by ADMHS HR staff. Management has also instituted a Fiscal/HR monthly review of timesheet error trends to ensure conformance with timecard policy.

Current Year Status:

Resolved.