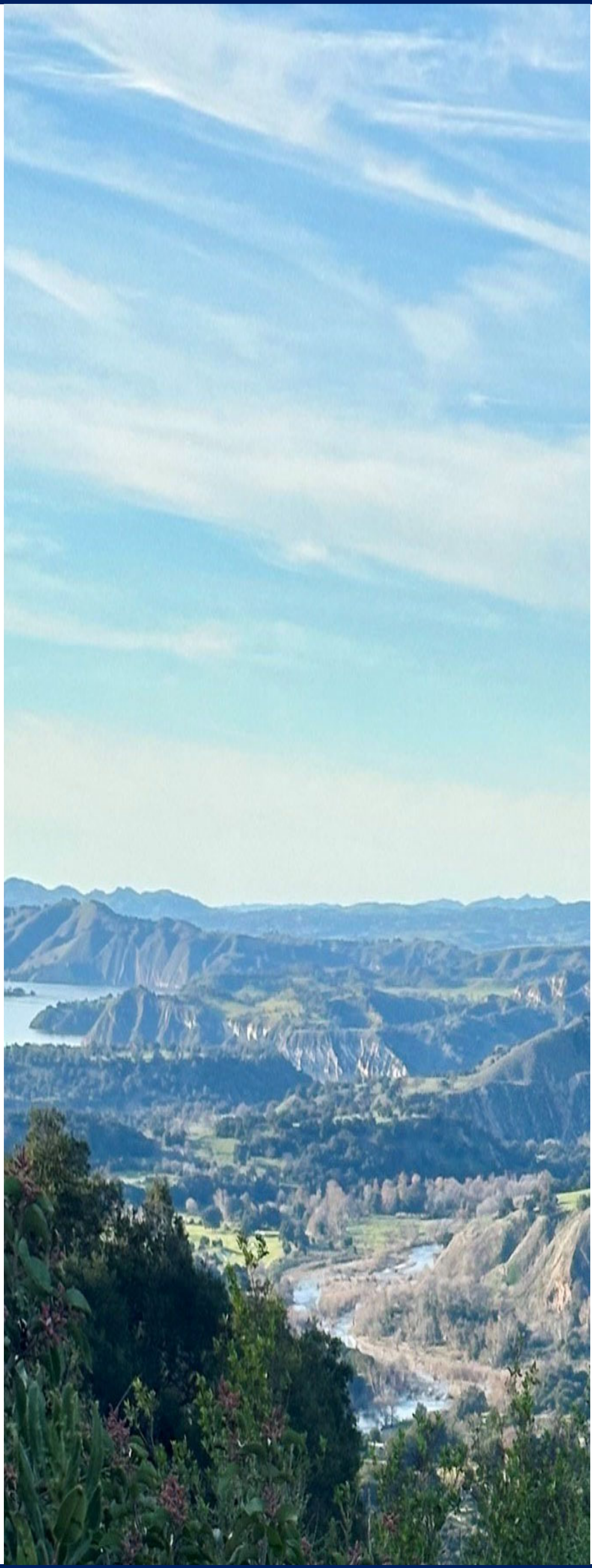
Attachment A

Annual Countywide Risk Assessment and Internal Audit Plan

Fiscal Year 2026-2027



one COUNTY one FUTURE

County of Santa Barbara
Office of the Auditor-Controller
Internal Audit Division

Betsy M. Schaffer, CPA, CFE, CPFO
Auditor-Controller

Ed Price, CPA, CPFO
Assistant Auditor-Controller

Joel Boyer, CPA
Internal Audit Division Chief

Jonathan Rodriguez, CPA, CFE
Internal Audit Supervisor

Image: view from Highway 154 towards Lake Cachuma, by Jonathan Rodriguez

Betsy M. Schaffer, CPA
Auditor-Controller

C. Edwin Price, Jr., CPA
Assistant Auditor-Controller

EXECUTIVE SUMMARY

FY 2026-2027 Annual Countywide Risk Assessment and Internal Audit Plan

County of Santa Barbara • Office of the Auditor-Controller • Internal Audit Division

The FY 2026-2027 Annual Countywide Risk Assessment and Internal Audit Plan is prepared in accordance with the County's Internal Audit Charter. This risk-based plan sets the Internal Audit Division's priorities and activity for the period of July 1, 2026 - June 30, 2027.

27
Engagements & Activities
+4 from prior year

8,985
Budgeted Internal Audit Plan Hours
+2,105 from prior year

6
High-Risk Departments
-1 from prior year

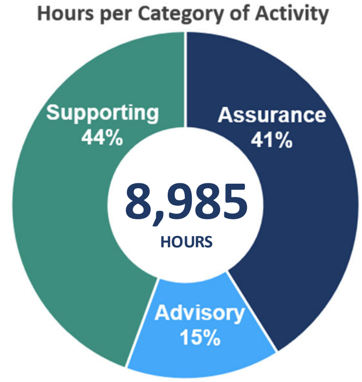
5
Internal Audit Division Staff
+1 from prior year

Countywide Risk Assessment

Department Risk Rating Results

Internal Audit Plan

Hours per Category of Activity



Countywide Risk Assessment Highlights

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

Internal Audit Plan Highlights

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

Please see the full report for a complete description of the Annual Countywide Risk Assessment and Internal Audit Plan.

Table of Contents

one COUNTY | one FUTURE

Annual Countywide Risk Assessment and Internal Audit Plan for FY 2026-2027

Introduction

The Internal Audit (IA) Division of the County of Santa Barbara, Office of the Auditor-Controller, is pleased to present its Annual Countywide Risk Assessment and Internal Audit Plan for the period of July 1, 2026 through June 30, 2027. Prepared pursuant to the County's Internal Audit Charter and in alignment with the Global Internal Audit Standards, this risk-based Plan establishes the IA Division's priorities and reflects the results of the Countywide Risk Assessment.

Internal Audit Mission, Purpose, Authority, and Responsibility

In May 1961, pursuant to California Government Code §26883, the County of Santa Barbara Board of Supervisors (BOS) authorized the Auditor-Controller to audit the accounts and records of any department, office, board, or institution under control of the BOS and of any district whose funds are kept in the County Treasury. The IA Division was subsequently established in order to fulfill the auditing responsibilities assigned to the Auditor-Controller.

The mission of the IA Division is to provide reliable, independent, and objective assurance and advisory services to County management, the BOS, and other County stakeholders. The IA Division is committed to providing expert evaluations to improve the effectiveness of internal controls, reduce risk, and enhance operational efficiency for County stakeholders. This work supports the protection and safeguarding of County resources and assets.

The primary goals and responsibilities of the IA Division include:

- To provide IA services to County management, the BOS, and other County stakeholders.
- To be trusted advisors to key County stakeholders by helping to continuously improve County practices in the areas of governance, risk management, and compliance.
- To deliver value by providing insight that helps management design the County's operations and processes to more successfully accomplish control objectives of reliability of financial reporting, compliance with laws and regulations, efficiency and effectiveness of operations, and safeguarding of assets.
- To develop highly proficient audit professionals to assist management in determining whether the County is operating effectively, efficiently, and in compliance with applicable policies, procedures, and regulations.

Independence

The IA Division consists of a Division Chief, a Supervisor, a Financial Systems Analyst, a Financial Accounting Analyst, and an Accountant-Auditor, who report to the Auditor-Controller. The Auditor-Controller maintains organizational independence through election to the position by the constituents of the County.

In accordance with California Government Code §1236, IA Division staff are to be independent of activities under audit or review and are to have no direct operational responsibility or authority over any of the activities audited or reviewed. Accordingly, IA Division staff will not implement internal controls, install systems, prepare records, or engage in any other activity that may compromise independence or impair judgment.

Independence (continued)

IA Division staff exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. IA Division staff will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments. In order to confirm independence on an engagement-by-engagement basis, Statements of Independence are completed for each individual engagement by applicable IA Division staff assigned to the engagement.

Internal Audit Charter

The IA Charter was approved by the BOS on June 5, 2018 and formalized the mission, purpose, authority, scope of duties, and responsibilities of the IA Division. The IA Charter also outlines professional standards the Division must adhere to as well as establishes Division governance and standards for independence and objectivity.

To learn more about the Office of the Auditor-Controller and the Internal Audit Division please visit our website:
https://www.countyofsb.org/auditor-controller

Countywide Risk Assessment

Countywide Risk Assessment Background

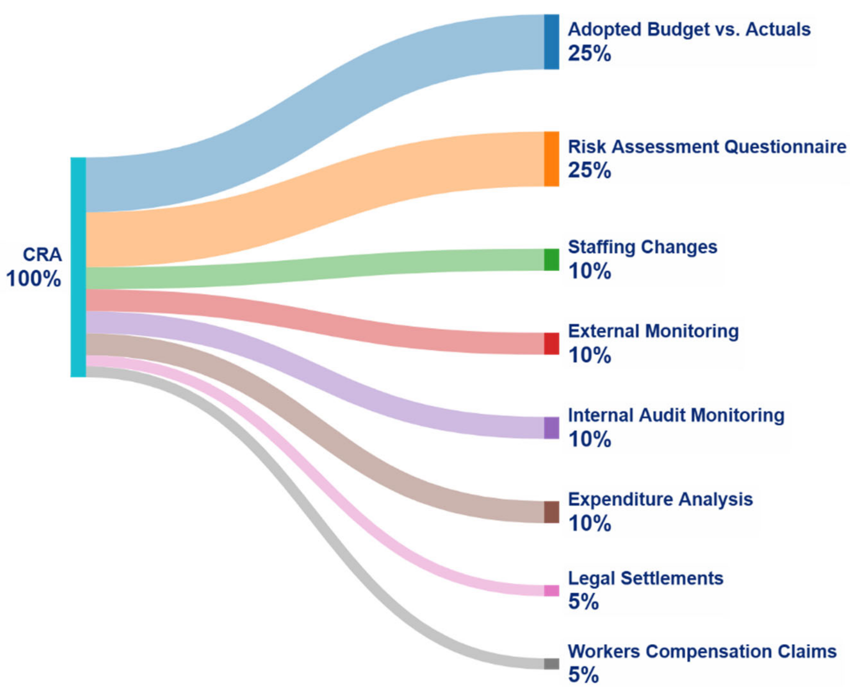
The IA Division of the County of Santa Barbara's Office of the Auditor-Controller utilized a Countywide Risk Assessment (CRA) methodology for the development of the FY 2026-2027 Internal Audit Plan. The CRA is a systematic process to evaluate, measure and report risks for the organization. In alignment with the Institute of Internal Auditors' definition, risk is considered the possibility of an event occurring that may impact the achievement of an organization's objectives. IA uses the CRA outcomes to prioritize both the timing and scope of audit activities included in the Internal Audit Plan. The CRA specifically guides planning for discretionary audit work that is not otherwise required by government code or regulation.

CRA Process

The CRA process included developing an understanding of the County's organizational objectives, documenting a list of evaluation criteria, data collection, communications with County leadership, and reviewing results. County departments were evaluated against the full set of criteria using a weighted scoring model and assigned a risk category of High, Medium-High, Medium, Medium-Low, or Low.

CRA Criteria

The criteria selected for the CRA are subject to change year-to-year in order to best capture the risks faced by the County. They are chosen based on industry standards, authoritative guidance, input from management, and coverage of key financial, operational, and compliance-related risk areas. Each criterion is assigned a weighted score to quantify *potential* risk. Prior to any adjustments (see "Judgmental Adjustment"), each department is assessed on a 100-point scale, with the total distributed across eight (8) defined criteria as follows:



CRA Criteria (continued)

Details for each criterion are as follows:

1. Adopted Budget vs. Actuals - 25% of overall risk
   This criterion measures the difference between the budgeted amounts adopted for a fiscal year and the actual amounts realized at the end of a fiscal year. Data for the two most recently available fiscal years were used (FY 2023-2024, FY 2024-2025). The difference between the originally adopted budget and the actuals reflects either unspent allocated funds or funds which were approved during the fiscal year as part of the modified budget process. In either case, these differences indicate budgeting inaccuracy at the start of a fiscal year. The greater the difference, the greater the risk as such inaccuracies may make it more difficult for programs to receive the funding they require.
2. Risk Assessment Questionnaire - 25% of overall risk
   This criterion derives a risk rating from a self-assessment questionnaire distributed to department management Countywide. Respondents rated a series of statements about their internal control environment on a five-point agreement scale (Strongly Agree, Agree, Neither Agree nor Disagree, Disagree, Strongly Disagree), for example, the extent to which formal policies and procedures govern areas such as overtime administration and the management of capital-equipment assets. The questionnaire also gathered open-ended responses identifying potential risks within each department's budget programs and its reliance on key information systems and software applications. Responses with weaker self-reported controls and a greater number of self-identified risks corresponded with a greater risk.
3. Staffing Changes - 10% of overall risk
   This criterion measures staffing count changes by department with special consideration made to changes in management staffing. Employee data for the two most recently available fiscal years were used (FY 2023-2024, FY 2024-2025). Large increases or decreases in staffing numbers may indicate impactful changes in a department (such as programs being added or cut) and reflect a greater risk.
4. External Monitoring - 10% of overall risk
   County departments are subject to oversight by various external agencies, primarily to ensure that State and Federal funds awarded to the County are expended in compliance with applicable regulations and requirements. This criterion evaluates both the frequency and severity of prior audit findings associated with each department over the last ten fiscal years. A higher number and greater severity of prior findings indicate a greater risk.
5. Internal Audit Monitoring - 10% of overall risk
   This criterion assigns risk ratings to departments based on IA's judgement of each department's operations. This judgmental assignment includes considerations for whistleblower reports, interest from the Board of Supervisors, management, media coverage, information obtained related to lost and stolen property, and other confidential information brought to IA's attention.
6. Expenditure Analysis - 10% of overall risk
   This criterion assigns risk ratings to departments based on their relative share of the County's total annual expenditures recorded within the County's general ledger. Expenditures (which include Salaries and Employee Benefits, Services and Supplies, Other Charges, and Capital Assets) were analyzed by calculating the four-year average of expenditures recorded per department for the most recently completed and available fiscal years (FY 2021-2022 to FY 2024-2025). Departments with higher levels of expenditures are assigned greater risk due to their financial impact and the operational significance of their activities.

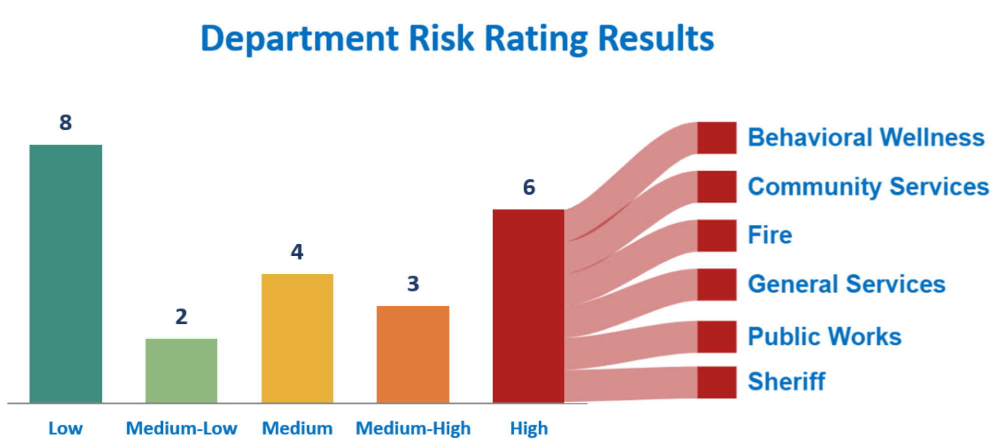
CRA Criteria (continued)

7. Legal Settlements - 5% of overall risk
   This criterion assigns risk based on County legal settlements associated with a specific department. For the purposes of this analysis, a settlement is defined as a payment made to resolve actual or potential litigation between the County and an external party, including employees, members of the public, businesses, or other government entities. Departments associated with settlement activity negatively impact multiple organizational risk areas, including financial, operational, compliance, legal, reputational, and safety risks. Data for this analysis was obtained from Santa Barbara County Risk Management and reflects all paid claims for the prior three fiscal years (FY 2022-2023 to FY 2024-2025). Departments with the highest total settlement amounts are assigned greater risk.
8. Workers' Compensation Claims - 5% of overall risk
   This criterion assigns risk to departments based on the total dollar amount of workers' compensation claims attributed to each department. These claims, filed for on-the-job injuries, reflect the presence of physical risks to County employees and potential operational vulnerabilities. Data for this analysis was provided by County Risk Management and includes claim amounts recorded over the prior three calendar years (2023 to 2025). Departments with higher total claim amounts are assigned greater risk.

❖ Judgmental Adjustment
The development of a risk assessment allows for judgment-based adjustments to more accurately reflect the actual risk environment facing an organization. This criterion also takes into consideration the last time a department was selected by IA for an engagement.

CRA Ratings

The departments that have the highest risk scores across all criteria are most likely to be selected by IA for engagements in the Internal Audit Plan. The visual below illustrates the risk distributed across the County departments. There were six (6) high-risk departments identified by the CRA process (listed in alphabetical order):



Please refer to "Exhibit A" for the detailed rating results across all criteria for all departments

Internal Audit Plan

Internal Audit Plan Background

The FY 2026-2027 Internal Audit Plan establishes the IA Division's priorities for the period of July 1, 2026 through June 30, 2027. It is a risk-based plan, focusing activity on the areas of greatest potential risk, and is built upon the documented annual Countywide Risk Assessment described in the prior section. Internal Audit Plan activity is categorized as either Assurance, Advisory or Supporting. Planned activity includes mandatory projects required by statute and Board resolution and other discretionary activities which together align planned coverage with available staffing and resources.

The Internal Audit Plan is a dynamic document and may change throughout the fiscal year in order to more accurately reflect the risks and priorities faced by the County.

Internal Audit Plan Process

Principal factors considered while developing the FY 2026-2027 Audit Plan included (but were not limited to):

- Engagements (Audits, Reviews, etc.) mandated by California Government Code and/or County BOS Resolutions
- FY 2026-2027 Countywide Risk Assessment
- Consultations with County management
- IA Division staffing and available hours

Internal Audit Plan Criteria

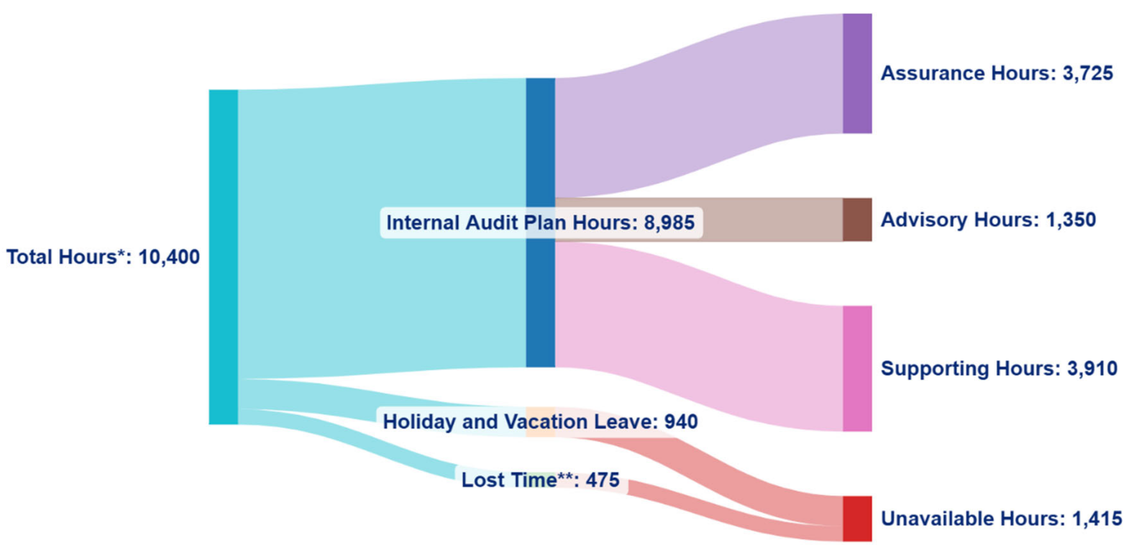
IA Division activity is generally categorized as follows:

- Assurance Services
  - Engagements in which IA performs an objective assessment and expresses an independent opinion or conclusion about a process, subject, or activity, evaluated against established criteria. Assurance services include engagements such as Audits and Reviews. They exist to give the Board and/or management reliable, independent confidence about how well governance, risk management, and controls are working.
- Advisory Services
  - Engagements in which IA provides advice to the Board and/or management, on a process, subject, or activity without expressing a formal opinion or conclusion and without assuming management responsibility. They are intended to add value earlier and may offer greater flexibly than an assurance engagement.
- Supporting Services
  - Activity that provides coverage for Countywide monitoring of fiscal operations, such as whistleblower research and administration. This category also includes certain fiscal year end monitoring reports, staff training and development, and general IA Division administration and planning.

IA Division Staffing & Available Hours

The IA Division has five (5) full time staff as of June 30, 2026. Their certifications, development, and available hours are as follows:

- IA Division Staff Certifications
  - IA Division Chief: Certified Public Accountant (CPA)
  - IA Supervisor: CPA, Certified Fraud Examiner (CFE)
  - IA Financial Systems Analyst: CPA, CFE
  - IA Financial Accounting Analyst: CPA Candidate (not licensed)
  - IA Accountant-Auditor II: CPA Candidate (not licensed)
- Staff Development
  - IA Division Chief intends to pursue the CFE certification
  - Continuing Professional Education (CPE) completed annually by CPA licensees as required by the California Board of Accountancy
  - The IA Chief and Supervisor provide IA staff in-house training
  - IA staff are encouraged to pursue CPA, CFE, and Certified Internal Auditor (CIA) certification
- IA Division Available Hours
  - A total of 8,985 staff hours are available for the Internal Audit Plan, as illustrated below:



*2,080 hours x 5 full-time IA Staff = 10,400 hours available.
**Lost Time consists of hours "lost" due to sickness or leave of absence. Hours are estimated based off of the Auditor-Controller Department average of 4.5% for the 2025 payroll calendar year.

Please refer to "Exhibit B" for the detailed FY 2026-2027 Internal Audit Plan

Please refer to "Exhibit C" for the status of the prior year FY 2025-2026 Internal Audit Plan

Exhibit A - FY 2026-2027 Countywide Risk Assessment Results

Risk Percentage Per Criteria	25%	25%	10%	10%	10%	10%	5%	5%	N/A	100%
Department	**Adopted Budget vs. Actuals**	**Risk Assessment Questionnaire**	**Staffing Changes**	**External Monitoring**	**Internal Audit Monitoring**	**Expenditure Analysis**	**Legal Settlements**	**Workers' Compensation Claims**	**Judgmental Adjustment***	**Risk Assignment**
Public Works	HIGH	HIGH	MEDIUM	MEDIUM	MEDIUM-HIGH	HIGH	MEDIUM-LOW	LOW		HIGH
Behavioral Wellness	MEDIUM	MEDIUM-HIGH	MEDIUM-HIGH	MEDIUM-HIGH	HIGH	MEDIUM-HIGH	HIGH	LOW		HIGH
General Services**	HIGH	HIGH	MEDIUM-HIGH	LOW	HIGH	MEDIUM	LOW	MEDIUM-LOW		HIGH
Community Services	MEDIUM	MEDIUM-HIGH	MEDIUM-HIGH	MEDIUM-LOW	HIGH	MEDIUM-LOW	LOW	LOW	X	HIGH
Fire	MEDIUM	HIGH	MEDIUM-HIGH	MEDIUM-LOW	HIGH	MEDIUM	LOW	HIGH		HIGH
Sheriff	MEDIUM-LOW	HIGH	MEDIUM	MEDIUM	HIGH	HIGH	LOW	MEDIUM	X	HIGH
County Health	MEDIUM	MEDIUM-HIGH	HIGH	MEDIUM-HIGH	MEDIUM	MEDIUM	LOW	LOW		MEDIUM-HIGH
Auditor-Controller**	MEDIUM-LOW	HIGH	MEDIUM	MEDIUM	MEDIUM-HIGH	LOW	LOW	LOW	X	MEDIUM-HIGH
County Executive Office**	MEDIUM-HIGH	MEDIUM-HIGH	HIGH	MEDIUM	MEDIUM	MEDIUM	LOW	LOW		MEDIUM-HIGH
Social Services	LOW	HIGH	MEDIUM	HIGH	MEDIUM	HIGH	LOW	LOW		MEDIUM
Information Technology	MEDIUM	MEDIUM-HIGH	MEDIUM-HIGH	LOW	MEDIUM-HIGH	MEDIUM-LOW	LOW	LOW	X	MEDIUM
Treasurer-Tax Collector**	MEDIUM-HIGH	MEDIUM-HIGH	MEDIUM	MEDIUM-LOW	MEDIUM	LOW	LOW	LOW		MEDIUM
Human Resources	LOW	MEDIUM-HIGH	HIGH	MEDIUM-LOW	HIGH	LOW	LOW	LOW	X	MEDIUM
Probation	LOW	HIGH	MEDIUM	MEDIUM-HIGH	MEDIUM-LOW	MEDIUM-LOW	LOW	MEDIUM		MEDIUM-LOW
Clerk-Recorder-Assessor	LOW	HIGH	MEDIUM-HIGH	MEDIUM-LOW	MEDIUM-HIGH	LOW	LOW	LOW		MEDIUM-LOW
Agricultural Commissioner	LOW	MEDIUM-HIGH	MEDIUM	MEDIUM	MEDIUM	LOW	LOW	LOW		LOW
Planning & Development	MEDIUM-LOW	MEDIUM-HIGH	MEDIUM	LOW	MEDIUM	LOW	LOW	LOW		LOW
First 5	LOW	MEDIUM-HIGH	MEDIUM-HIGH	LOW	MEDIUM	LOW	LOW	LOW		LOW
Public Defender	LOW	MEDIUM-HIGH	MEDIUM	LOW	MEDIUM	LOW	LOW	LOW		LOW
Child Support Services	LOW	MEDIUM	MEDIUM-HIGH	MEDIUM	MEDIUM-LOW	LOW	LOW	MEDIUM-LOW		LOW
District Attorney	LOW	MEDIUM-HIGH	MEDIUM	MEDIUM-LOW	MEDIUM-LOW	MEDIUM-LOW	LOW	LOW		LOW
County Counsel	LOW	MEDIUM-HIGH	MEDIUM	LOW	MEDIUM	LOW	LOW	LOW		LOW
Board of Supervisors	LOW	MEDIUM-HIGH	MEDIUM-HIGH	LOW	MEDIUM-LOW	LOW	LOW	LOW		LOW

Ratings:	LOW	MEDIUM-LOW	MEDIUM	MEDIUM-HIGH	HIGH
Departments per rating:	8	2	4	3	6

Footnotes:

** Judgmental Adjustment applied to department(s) to more accurately reflect the actual risk environment. This criterion also takes into consideration the last time a department was selected by IA for an engagement.*

*** Auditor-Controller incl. General Revenues; County Executive Office incl. Court Special Services & General County Programs; General Services incl. North County Jail; Treasurer-Tax Collector incl. Debt Service.*

Exhibit B - FY 2026-2027 Internal Audit Plan

STAFF HOURS AVAILABLE FOR INTERNAL AUDIT PLAN	8,985

ACTIVITY TYPE	ENGAGEMENT / ACTIVITY NAME	AGENCY / DEPARTMENT	HOURS ALLOCATED TO ENGAGEMENT	PRELIMINARY ENGAGEMENT / ACTIVITY OBJECTIVE
ASSURANCE	Overtime Audit	TBD	800	Determine whether, for a selected department, employee overtime is accurately recorded, properly approved based on a documented and substantiated need, and correctly paid in accordance with County policies, applicable Memoranda of Understanding (MOUs), and applicable labor and wage laws, and evaluate the design and operating effectiveness of related internal controls.
	Quarterly Treasurer-Tax Collector Statement of Assets Review	Treasurer-Tax Collector	550	Mandatory engagement, pursuant to California Government Code §26920 and Santa Barbara County Code 2-23.2, the quarterly Cash and Investments Reviews determine whether cash and investments shown on the Statement of Assets of the Santa Barbara County Treasurer's Investment Pool are reasonably stated and do not appear to require any material adjustments. Cash and Investments Reviews will be performed for the quarters ending September 30, 2026; December 31, 2026; and March 31, 2027.
	Claim Compliance Review	Behavioral Wellness	450	Determine whether, within a defined scope, billing claims submitted for reimbursement by the County were allowable and consistent with the terms of their agreements.
	Procurement Compliance - Affordable Housing	Community Services	365	Determine whether the procurement of a selected affordable housing related contract complied with applicable California Public Contract Code, County purchasing policy, and contractual terms.
	Information Technology Reviews - Workday	Countywide	320	Determine if the implementation of the enterprise resource planning system Workday, Phase 2: Human Capital Management, appropriately reconciles to County legacy data.
	Franchise Fee Administration & Compliance	TBD	300	Determine whether selected franchise fee revenue is timely received, accurately calculated, and fully recovered in conformance with executed franchise agreements and applicable government code and County policy. Review effectiveness of monitoring, oversight, and reconciliation.
	Tax Redemption Officer Audit	Treasurer-Tax Collector	300	Mandatory engagement, determine whether Property Tax Redemption activities are accurately initiated, calculated, recorded, fulfilled and reported in compliance with applicable California (CA) Revenue & Taxation Code (RTC). This audit for the period of July 1, 2023 - June 30, 2026 will verify the accuracy and completeness of records supporting Property Tax Redemption activities and verify that the Santa Barbara County Tax Collector's Redemption process related to tax-defaulted property is in compliance with California RTC §3691-3731.1 and §4101-4379.
	Affordable Housing Lottery & BMR Allocation Process Audit	Community Services	300	Determine whether the County's Affordable Housing Lottery / Below Market Rate (BMR) allocation process is administered fairly, consistently, and in conformance with program requirements and applicable fair-housing laws, including whether eligible applicants are accurately identified, ranked, and selected, and whether units are allocated in accordance with established criteria.
	External Bank Accounts & Lines of Credit Review	Countywide	200	Determine whether external bank accounts and lines of credit maintained outside the County Treasury are properly authorized and administered in compliance with County authorization policies.
	Special District Monitoring and Reporting Compliance	Various	80	Determine whether the County's independent Special Districts are in compliance with applicable financial reporting and budget requirements, including review of Special District financial statement audits and budget reporting.
	Unannounced Quarterly Cash Counts	TBD	60	Mandatory engagement, pursuant to California Government Code §26920, as a separate component of the Quarterly Treasurer-Tax Collector Statement of Assets Review, Internal Audit performs unannounced quarterly cash counts at various County departments to verify imprest cash change fund balances and determine compliance with the County Cash Handling Guidelines for change funds. Cash counts also assist in determining compliance with the County's Cash Handling Guidelines by reviewing existing practices of controlling cash receipts, accountability for cash, safeguarding of cash, timely deposits, and accurate recordkeeping.
	Assurance Services - Hours Allocated		**3,725**	

Exhibit B - FY 2026-2027 Internal Audit Plan (continued)

ACTIVITY TYPE	ENGAGEMENT / ACTIVITY NAME	AGENCY / DEPARTMENT	HOURS ALLOCATED TO ENGAGEMENT	PRELIMINARY ENGAGEMENT / ACTIVITY OBJECTIVE
ADVISORY	Overtime Analysis Project	Behavioral Wellness Fire Probation Sheriff Social Services	900	County BOS directed the Auditor-Controller to analyze overtime-related data across the following departments (listed alphabetically): Behavioral Wellness, Fire, Probation, Sheriff, and Social Services. Objective is to identify trends, cost drivers, opportunities for improvement, and provide observations to support management decision-making. As an advisory engagement, this work does not express an assurance conclusion.
	County-Owned Real Property Process Review	General Services	250	Review the County's process for monitoring County-owned real property and identify opportunities to strengthen controls and improve efficiency. As an advisory engagement, this work does not express an assurance conclusion.
	Internal Control Matrix Review	TBD	100	For a selected department and business process, review internal controls across the end-to-end process and identify opportunities to strengthen control design and improve efficiency. As an advisory engagement, this work does not express an assurance conclusion.
	Giveaway Program Analysis	Community Services	100	Review a giveaway program available for the public and identify opportunities for improvement. As an advisory engagement, this work does not express an assurance conclusion.
	Advisory Services - Hours Allocated		**1,350**	

Exhibit B - FY 2026-2027 Internal Audit Plan (continued)

ACTIVITY TYPE	ENGAGEMENT / ACTIVITY NAME	AGENCY / DEPARTMENT	HOURS ALLOCATED TO ENGAGEMENT	PRELIMINARY ENGAGEMENT / ACTIVITY OBJECTIVE
SUPPORTING	Internal Audit Planning and Administration	N/A	700	Provide for ongoing administration of the IA Division, including staffing and scheduling, engagement planning and budget monitoring, communication with auditees, and other activities necessary to manage the internal audit function.
	Special Research and Response	Auditor-Controller	650	Reserve capacity for special requests, management requests, research, and unforeseen assistance on projects and engagements arising during the fiscal year.
	Whistleblower Hotline Administration & Reporting	Countywide	550	Per County BOS Resolution 11-432, which established the County's Fraud, Theft, and Loss Policy, and California Government Code §53087.6 which authorizes local governments to create whistleblower hotlines, the County's Whistleblower Policy was created to establish the County's Whistleblower Hotline (Hotline). The purpose of the Hotline is to allow for confidential reporting by employees, vendors, constituents, etc. of incidents of suspected fraud, waste, and abuse. The IA Division administers the Hotline and is responsible for the evaluation and assessment of the reported incidents in order to determine whether incidents should be investigated directly or referred to appropriate County management and/or external entities (ex: local police).
	Internal Audit Training and Development	N/A	450	Provide for staff continuing professional education and development consistent with the IIA's competency and due professional care requirements and California Board of Accountancy CPE requirements. Includes in-house and externally provided training.
	First 5 Financial Statement Compilation	First 5	400	Compile the FY 2025-2026 financial statements for the First 5 Santa Barbara County Children and Families Commission (First 5) Annual Report and act as an intermediary between First 5 and the County's external auditors, Brown Armstrong Accountancy Corporation, during the annual audit. In addition, the budgeted hours include FY 2026-2027 soft-close preparatory work.
	Annual Internal Audit Plan and Risk Assessment Development	Countywide	350	Pursuant to the County's IA Charter, the IA Division conducts a risk assessment that is used as a component of the annual Internal Audit Plan. The Countywide Risk Assessment is a systematic process used to evaluate, measure, and report organizational risks. The Internal Audit Plan establishes the IA Division's planned response to the risks identified.
	External Audit Monitoring and Reporting	Countywide	250	Per the County's External Audits Policy, audit reports prepared by outside audit agencies should be provided to IA in order to allow for review of results and findings. IA should also be made aware of audit entrance and exit conferences as attendance at these conferences may occasionally be necessary and can be determined on an audit-by-audit basis. An annual report is presented to the BOS summarizing overall observations of external audits performed throughout the fiscal year.
	Security Incident and Property Loss Monitoring and Reporting	Countywide	150	Per the County's Fraud, Theft, and Loss Policy, all instances of lost, stolen, and damaged property are to be immediately reported to the IA Division and Risk Management. Security incident (including data breach) and property loss reporting will be tracked throughout the year, and an annual Security Incident and Property Loss Report will be prepared for the BOS following fiscal year-end.
	Transfer of Fiscal Responsibility	Countywide	150	Upon a change in department head, document departmental fiscal items such as credit cards, capital asset balances, and funds entrusted to the department and obtain attestation from both the exiting and incoming department heads acknowledging their fiscal responsibility.
	Internal Audit Follow-Up and Monitoring	Countywide	100	Monitor and follow up on the status of management's corrective actions in response to prior audit recommendations, consistent with the IIA's requirement to monitor management's progress on action plans.
	Annual Report of $200k+ Disbursements to Vendors	Countywide	80	Annual fiscal year-end report presented to the BOS detailing vendors that received total payments in excess of $200,000 during the fiscal year.
	Cash Shortages and Overages Monitoring and Reporting	Countywide	80	Continuous monitoring of cash shortages and overages will be performed throughout the year. Per County Cash Handling Guidelines, shortages and overages in excess of $50 must be reported to the Auditor-Controller. The IA Division will review the facts and circumstances related to $50+ shortages and overages and will follow up accordingly with applicable Department management. This also includes an annual fiscal year-end report presented to the BOS summarizing FY results.
	Supporting Services - Hours Allocated		**3,910**	

Total hours available and allocated in the Internal Audit Plan	**8,985**

Exhibit C - Status of FY 2025-2026 Internal Audit Plan

#	PROJECT / ENGAGEMENT *	STATUS
Mandatory Projects/Engagements		
M1	Whistleblower Hotline Administration, Management, and Reporting	Completed
M2	Quarterly Treasurer's Statement of Assets (Cash and Investment) Reviews	Completed
M3	Tax Redemption Officer Audit	Completed
M4	Unannounced Quarterly Cash Counts	Completed
Discretionary Projects/Engagements		
D1	Reserved for Requested Projects & Engagements	Completed
D2	Reserved for Workday ERP Projects & Engagements	Completed
D3	Contract Engagement(s)	Completed
D4	Reserved for Information Technology (IT) Controls Engagements for High-Risk Departments	Deferred
D5	Reserved for Financial Controls Engagements for High-Risk Departments	Deferred
D6	Accounts Receivable Audit(s)	Completed
D7	First 5 Santa Barbara County Children & Families Commission Financial Statement Compilation	Completed
D8	Department Petty Cash Reviews	Deferred
D9	General Ledger Transactions Testing	Deferred
D10	Security Incident and Property Loss Monitoring and Reporting	Completed
D11	External Audit Monitoring and Reporting	Completed
D12	Cash Shortages and Overages Monitoring and Reporting	Completed
D13	Annual Whistleblower Hotline Report	Postponed
D14	Annual Report of $200K+ Disbursements to Vendors	Completed
D15	Special District Monitoring and Assistance	Completed
D16	Sheriff Overtime Analysis Project**	In progress
D17	Countywide Overtime Data Analysis Project**	In progress
D18	Housing Lottery Reviews**	Completed
D19	Green Appliance Giveaway Project**	Completed
D20	Agreed-Upon Procedures: Nasif, Hicks, Harris & Co., LLP (NHH) & Behavioral Wellness**	In progress
D21	Agreed-Upon Procedures: NHH & Community Services Department**	Completed
D22	Transient Occupancy Tax Allegation Review Project**	Completed
D23	Transfer of Fiscal Responsibility: Fire**	Completed
D24	Financial Review of the Sheriff's Office**	Completed
Administrative Projects/Activities		
A1	Internal Audit Planning and Administration	Completed
A2	Internal Audit Training and Development	Completed
A3	Annual Countywide Risk Assessment	Completed
A4	Annual Internal Audit Plan	Completed

Footnotes:

**Prior year Internal Audit Plan activity was categorized as Mandatory, Discretionary, and Administrative. Prospectively activity will be categorized as Assurance, Advisory, and Supporting.*

***Signifies a project or engagement that was not identified in the original Internal Audit Plan but was started during the fiscal year.*