

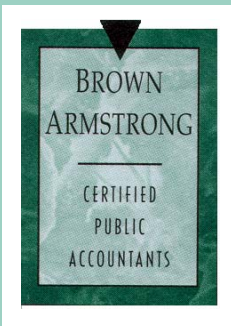
**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**SINGLE AUDIT REPORTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

**COUNTY OF SANTA BARBARA, CALIFORNIA  
SINGLE AUDIT REPORTS  
YEAR ENDED JUNE 30, 2007**

**TABLE OF CONTENTS**

	<u>Page</u>
<u>Reports</u>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	1
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	3
Report on Supplementary Information – Schedule of Expenditures of Federal Awards.....	6
<u>Financial Statements</u>	
Schedule of Expenditures of Federal Awards.....	7
Notes to Schedule of Expenditures of Federal Awards .....	14
<u>Findings and Questioned Costs</u>	
Schedule of Findings and Questioned Costs.....	16

## 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**

Lynn R. Krausse, CPA, MST  
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Ariadne S. Prunes, CPA

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, 2007, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 24, 2007. 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the County's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be 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

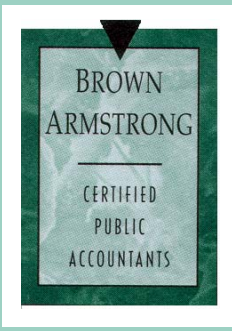
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 PAULDEN  
McCOWN STARBUCK THORNBURGH & KEETER  
ACCOUNTANCY CORPORATION

A handwritten signature in black ink, appearing to read "G. A. Paulden", is written over the printed name of the firm.

Bakersfield, California  
August 24, 2007



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**REPORT ON COMPLIANCE WITH REQUIREMENTS**  
**APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL**  
**OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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Ariadne S. Prunes, CPA

To 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 are applicable to each of its major federal programs for the year ended June 30, 2007. 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 07-04 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding eligibility 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 items 07-05, 07-06, and 07-07 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding reporting, eligibility, and special tests and provisions that are applicable to its Food Stamps Cluster (CFDA Nos. 10.551 and 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 07-08 and 07-09 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding eligibility and special tests and provisions that are applicable to its Temporary Assistance for Needy Families Program (CFDA No. 93.558). 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 07-02 and 07-03 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding allowable costs and activities and special tests and provisions 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.

As described in item 07-10 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding eligibility that are applicable to its Workforce Investment Act Cluster (CFDA Nos. 17.258, 17.259, and 17.260). 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 07-01 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply 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.

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 are applicable to each of its other major federal programs for the year ended June 30, 2007.

#### 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, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in the County's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 07-01, 07-02, 07-04, 07-06, 07-07, 07-08, 07-09, and 07-10 to be significant deficiencies

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 07-01, 07-04, and 07-09 to be material weaknesses.

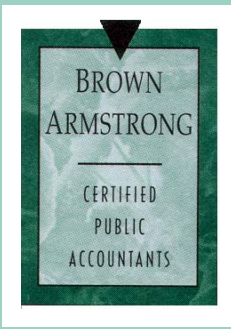
This report is intended solely for the information and use of the County Board of Supervisors and management of the County as well as the County's federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BROWN ARMSTRONG PAULDEN  
McCOWN STARBUCK THORNBURGH & KEETER  
ACCOUNTANCY CORPORATION

A handwritten signature in black ink, appearing to read "A. K.", is positioned below the firm name.

Bakersfield, California  
August 24, 2007





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**REPORT ON SUPPLEMENTARY INFORMATION – SCHEDULE  
OF EXPENDITURES OF FEDERAL AWARDS**

Lynn R. Krausse, CPA, MST  
Rosalva Flores, CPA  
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Sharon Jones, CPA, MST  
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Amanda Fedewa, CPA  
Jialan Su, CPA  
Ariadne S. Prunes, CPA

To 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, 2007, which collectively comprise the County's basic financial statements, and have issued our report thereon, dated August 24, 2007.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken 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 PAULDEN  
McCOWN STARBUCK THORNBURGH & KEETER  
ACCOUNTANCY CORPORATION

Bakersfield, California  
August 24, 2007

## **FINANCIAL STATEMENTS**

**COUNTY OF SANTA BARBARA, CALIFORNIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2007**

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental identifying number	Expenditures
<b>ELECTION ASSISTANCE COMMISSION (EAC)</b>			
Passed through California Secretary of State:			
Help American Vote Act Requirement Payments	90.401	05GR301042	\$ 25,734
Help American Vote Act Requirement Payments	90.401	05GREPID42	35,669
<b>TOTAL ELECTION ASSISTANCE COMMISSION (EAC)</b>			<u>61,403</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Direct Program -			
Cooperative Forestry Assistance	10.664	02-LE-11051360-074	32,878
Cooperative Forestry Assistance	10.664	06-LE-1105-1360-036	4,929
Passed through California Department of Food and Agriculture:			
Plant and Animal Disease, Pest Control, and Animal Care	10.025	06-0301	5,591
Plant and Animal Disease, Pest Control, and Animal Care	10.025	06-0376	135,998
Passed through California Department of Health Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	05-45796	2,133,182
Passed through National Fish and Wildlife Foundation and Animal & Plant Health Inspection Service:			
Wildlife Services	10.028	2005-0004-041	2,750
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>2,315,328</u>
<b>U.S. DEPARTMENT OF AGRICULTURE - CHILD NUTRITION CLUSTER</b>			
Passed through California Department of Education:			
National School Lunch Program	10.555	42-10421-4232815-01	184,489
School Breakfast Program	10.553	42-10421-4232815-01	116,685
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE - CHILD NUTRITION CLUSTER</b>			<u>301,174</u>
<b>U.S. DEPARTMENT OF AGRICULTURE - FOOD STAMPS CLUSTER</b>			
Passed through California Department of Social Services:			
Food Stamps (1)	10.551	Santa Barbara	21,943,867
State Administrative Matching Grants for Food Stamp Program (1)	10.561	Santa Barbara	3,839,210
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE - FOOD STAMPS CLUSTER</b>			<u>25,783,077</u>
			(Continued)

(1) Denotes a major federal financial assistance program.

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)  
YEAR ENDED JUNE 30, 2007**

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental identifying number	Expenditures
U.S. DEPARTMENT OF COMMERCE			
Direct Program -			
Coastal Zone Management Administration Awards	11.419	NA17OZ2073	151,769
TOTAL U.S. DEPARTMENT OF COMMERCE			151,769
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Alcohol and Drug Programs:			
Safe and Drug-Free Schools and Communities - State Grants	84.186	SDF 03-16	163,503
TOTAL U.S. DEPARTMENT OF EDUCATION			163,503
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Program -			
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	H76HA00193	355,711
Passed through California Department of Alcohol and Drug Programs:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	NNA42	2,571,066
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	--	440,910
Passed through California Department of Health Services - Office of AIDS:			
HIV Care Formula Grants	93.917	06-55773	12,314
Passed through California Department of Health Services:			
Acquired Immunodeficiency Syndrome (AIDS) Activity Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.118	04-35380 HIV 04-42	126,701
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	01-16411-A02	14,000
HIV Care Formula Grants	93.917	Santa Barbara 03-75929-A02	479,444 95,032
HIV Prevention Activities - Health Department Based	93.940	04-35380 EIP 04-42	60,000
Immunization Grants	93.268	06-55200	85,931
Immunization Grants	93.268	06-55247	233,825
Maternal and Child Health Services Block Grant to the States	93.994	200242	981,409
Preventive Health and Health Services Block Grant	93.991	04-35460	211,739
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	Santa Barbara	51,601
Public Health and Social Services Emergency Fund	93.003	Santa Barbara	185,674
Passed through California Department of Mental Health:			
Block Grants for Community Mental Health Services	93.958	SCC42	170,556
Projects for Assistance in Transition from Homelessness (PATH)	93.150	McKinney Grant (PATH)	58,284

(Continued)

(1) Denotes a major federal financial assistance program.

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)  
YEAR ENDED JUNE 30, 2007**

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental identifying number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)			
Passed through California Department of Social Services:			
Adoption Assistance	93.659	Santa Barbara	1,593,602
Chafee Foster Care Independent Living	93.674	Santa Barbara	156,071
Child Support Enforcement (1)	93.563	Santa Barbara (County 42)	6,322,423
Child Welfare Services - State Grants	93.645	Santa Barbara	258,885
Community-Based Family Resource and Support Grants	93.590	Santa Barbara	21,837
Foster Care - Title IV-E (1)	93.658	Santa Barbara	10,321,464
Promoting Safe and Stable Families	93.556	Santa Barbara	354,848
Refugee and Entrant Assistance - State Administered Programs	93.566	Santa Barbara	10,692
Social Services Block Grant	93.667	Santa Barbara	165,470
Temporary Assistance for Needy Families (1)	93.558	Santa Barbara	27,488,693
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	45530A	11,570
Passed through Ventura County Public Health:			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	none	4,999
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>52,844,751</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONSOLIDATED HEALTH CENTERS CLUSTER			
Direct Program -			
Consolidated Health Centers (Health Care For The Homeless)	93.224	H80CS00046	535,437
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONSOLIDATED HEALTH CENTERS CLUSTER			<u>535,437</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - MEDICAID CLUSTER			
Passed through California Department of Aging:			
Medical Assistance Program (1)	93.778	MS-0607-15	428,500
Passed through California Department of Health Services:			
Medical Assistance Program (1)	93.778	03-75090	898,582
Passed through California Department of Mental Health:			
Medical Assistance Program (1)	93.778	42-4450	2,524,269
Passed through California Department of Social Services:			
Medical Assistance Program (1)	93.778	Santa Barbara	13,708,151
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - MEDICAID CLUSTER			<u>17,559,502</u>
			(Continued)

(1) Denotes a major federal financial assistance program.

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)**  
**YEAR ENDED JUNE 30, 2007**

Federal grantor/pass-through grantor/program title	Catalog of federal assistance number	Supplemental identifying number	Expenditures
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Passed through Governor's Office of Emergency Services:			
Emergency Management Performance Grants	97.042	2006-8, OES #083-00000	69,041
Hazard Mitigation Grant	97.039	HMPG 1505-44-18	73,420
Hazard Mitigation Grant	97.039	HMPG 1505-45-19	55,500
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	2004-45, OES #083-00000	96,467
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	2005-15, OES #083-00000	251,803
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	2006-71, OES #083-00000 FEMA – 1577 – DR-CA,	1,140
Public Assistance Grants	97.036	OES ID #083-00000	2,377,448
State Homeland Security Program (SHSP)	97.073	2003-35, OES #083-00000	20,944
State Homeland Security Program (SHSP)	97.073	2004-45, OES #083-00000	462,369
State Homeland Security Program (SHSP)	97.073	2005-15, OES #083-00000	808,729
State Homeland Security Program (SHSP)	97.073	2006-71, OES #083-00000	25,554
Passed through Governor's Office of Homeland Security:			
State Homeland Security Program (SHSP)	97.073	2005-68, OES #083-00000	48,500
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<b>4,290,915</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Direct Program -			
HOME Investment Partnerships Program	14.239	M02-DC060554	11,503
HOME Investment Partnerships Program	14.239	M03-DC060554	409,803
HOME Investment Partnerships Program	14.239	M04-DC060554	1,535,356
HOME Investment Partnerships Program	14.239	M05-DC060554	547,842
HOME Investment Partnerships Program	14.239	M06-DC060554	118,548
Supportive Housing Program	14.235	CA16B403-002	19,732
Supportive Housing Program	14.235	CA16B503-002	115,315
Supportive Housing Program	14.235	CA16B503003	17,850
Supportive Housing Program	14.235	CA16B503009	160,586
Supportive Housing Program	14.235	CA16B503011	68,337
Passed through California Department of Health Services:			
Housing Opportunities for Persons with AIDS	14.241	04-35622	126,893
Housing Opportunities for Persons with AIDS	14.241	05-45920	7,736
Passed through California Department of Housing and Community Development			
Community Development Block Grants/State's Program	14.228	00-EDBG-759	455
Community Development Block Grants/State's Program	14.228	03-EDBG-916	86,234
Community Development Block Grants/State's Program	14.228	04-PTAA-0792	33,250
Community Development Block Grants/State's Program	14.228	05-EDBG-1969	240,261
Community Development Block Grants/State's Program	14.228	05-PTAA-1468	46,860
Community Development Block Grants/State's Program	14.228	05-STBG-1520	337,549
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b>3,884,110</b>

(Continued)

(1) Denotes a major federal financial assistance program.

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)**  
**YEAR ENDED JUNE 30, 2007**

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 - CDBG - ENTITLEMENT AND (HUD ADMINISTERED) SMALL CITIES CLUSTER			
Passed through City of Santa Maria:			
Community Development Block Grants/Entitlement Grants	14.218	--	6,000
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT - CDBG - ENTITLEMENT AND (HUD ADMINISTERED) SMALL CITIES CLUSTER			6,000
U.S. DEPARTMENT OF JUSTICE			
Direct Program -			
State Criminal Alien Assistance Program	16.606	2007-AP-BX-0518	583,205
Passed through Bureau of Justice Assistance:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2006DJBX0937	52,382
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DC06170420	145,402
Passed through California Corrections Standards Authority:			
Juvenile Accountability Incentive Block Grants	16.523	CSA 126-06	33,354
Passed through Governor's Office of Emergency Services:			
State Domestic Preparedness Equipment Support Program	16.007	2003-167, OES #083-00000	30,110
Passed through State Office of Criminal Justice & Planning (OCJP):			
Byrne Formula Grant Program	16.579	SF2A0400027	25,000
Passed through State Office of Emergency Services (OES):			
Crime Victim Assistance	16.575	EA 05 06 0420	15,920
Crime Victim Assistance	16.575	EA 06 07 0420	47,760
Crime Victim Assistance	16.575	VW 05 24 0420	114,716
Violence Against Women Formula Grants	16.588	VV 05 01 0420	105,000
TOTAL U.S. DEPARTMENT OF JUSTICE			1,152,849
U.S. DEPARTMENT OF LABOR - WIA CLUSTER			
Passed through California Employment Development Department:			
WIA Adult Program (1)	17.258	R692506	502,020
WIA Adult Program (1)	17.258	R760354	786,774
WIA Dislocated Workers (1)	17.260	R692506	513,498
WIA Dislocated Workers (1)	17.260	R760354	365,578
WIA Youth Activities (1)	17.259	R692506	647,121
WIA Youth Activities (1)	17.259	R760354	471,095
TOTAL U.S. DEPARTMENT OF LABOR - WIA CLUSTER			3,286,086
			(Continued)

(1) Denotes a major federal financial assistance program.

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)  
YEAR ENDED JUNE 30, 2007**

Federal grantor/pass-through grantor/program title	Catalog of federal assistance number	Supplemental identifying number	Expenditures
<b>U.S. DEPARTMENT OF THE INTERIOR</b>			
Direct Program -			
Fish and Wildlife Management Assistance	15.608	11440-03-J006	13,599
North American Wetlands Conservation Fund	15.623	CA-N181	32,232
Water Reclamation and Reuse Program	15.504	--	19,110
Water Reclamation and Reuse Program	15.504	03FC210003	35,654
Water Reclamation and Reuse Program	15.504	04FC210004	90,240
Water Reclamation and Reuse Program	15.504	04FC210005	16,075
Water Reclamation and Reuse Program	15.504	06FC202083	31,815
Water Reclamation and Reuse Program	15.504	06FC202084	12,210
Passed through Montana State University: Cultural Resource Management	15.224	--	4,404
Passed through U.S. Fish and Wildlife Service - Ventura Office: Conservation Grants Private Stewardship for Imperiled Species	15.632	81440-06-J004	10,968
<b>TOTAL U.S. DEPARTMENT OF THE INTERIOR</b>			<b>266,307</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Direct Program -			
Air Transportation Centers of Excellence	20.109	DTFA 08-01-C-21535	3,000
Air Transportation Centers of Excellence	20.109	DTFA 08-04-C-21746	5,130
Air Transportation Centers of Excellence	20.109	DTFA 08-06-C-22029	559,700
Air Transportation Centers of Excellence	20.109	--	102,216
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<b>670,046</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION - HIGHWAY PLANNING AND CONSTRUCTION CLUSTER</b>			
Passed through Caltrans:			
Highway Planning and Construction	20.205	05-0591/M040-M	106,477
Highway Planning and Construction	20.205	05-0591/M051	35,281
Highway Planning and Construction	20.205	05-5951/	33,395
Highway Planning and Construction	20.205	05-5951/M012	3,815
Highway Planning and Construction	20.205	05-5951/M015	80,969
Highway Planning and Construction	20.205	05-5951/M020	84,734
Highway Planning and Construction	20.205	05-5951/M030	9,190
Highway Planning and Construction	20.205	05-5951/M038	159,399
Highway Planning and Construction	20.205	05-5951/M039	259
Highway Planning and Construction	20.205	05-5951/M041	88,094
Highway Planning and Construction	20.205	05-5951/M042	39,918
Highway Planning and Construction	20.205	05-5951/M044	776,887
Highway Planning and Construction	20.205	05-5951/M046	1,082
Highway Planning and Construction	20.205	05-5951/M047	9,163

(Continued)

(1) Denotes a major federal financial assistance program.

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)**  
**YEAR ENDED JUNE 30, 2007**

Federal grantor/pass-through grantor/program title	Catalog of federal assistance number	Supplemental identifying number	Expenditures
Passed through Caltrans (Continued):			
Highway Planning and Construction	20.205	05-5951/M048	19,853
Highway Planning and Construction	20.205	05-5951/M049	21,124
Highway Planning and Construction	20.205	05-5951/M050	12,235
Highway Planning and Construction	20.205	05-5951/M053	31,376
Highway Planning and Construction	20.205	05-5951/M066	41,473
Highway Planning and Construction	20.205	05-5951/M067	11,382
Highway Planning and Construction	20.205	05-5951/M092	7,523
Highway Planning and Construction	20.205	05-5951/N054	8,913
TOTAL U.S. DEPARTMENT OF TRANSPORTATION - HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			1,582,542
U.S. DEPARTMENT OF TRANSPORTATION - HIGHWAY SAFETY CLUSTER			
Passed through State CSA:			
State and Community Highway Safety	20.600	AL 0699	17,740
Passed through State of California Office of Traffic Safety:			
State and Community Highway Safety	20.600	AL0680	72,873
TOTAL U.S. DEPARTMENT OF TRANSPORTATION - HIGHWAY SAFETY CLUSTER			90,613
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed through California Department of Health Services:			
Beach Monitoring and Notification Program Implementation Grants	66.472	00 - 90623	25,000
Passed through State Water Resources Control Board:			
State and Tribal Underground Storage Tanks Program	66.804	06-023-250-0	56,206
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			81,206
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 115,026,618

(1) Denotes a major federal financial assistance program.

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, 2007**

**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 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 GRANTS**

Grant revenues and expenditures by category for the fiscal year ended June 30, 2007 are as follows:

**(a) *Office of Emergency Services – Elder Abuse & Career Criminal Vertical (Grant No. VB05030420)***

	Grant number VB05030420
Revenues:	
State	\$ 105,738
Total revenues	105,738
Expenditures:	
Personal services	104,161
Operating expenses	1,577
Total expenditures	\$ 105,738

**NOTE 5 – DISCLOSURES FOR STATE GRANTS** (Continued)

**(b) State of California Department of Justice – Spousal Abuser Prosecution Program (Grant No. 06SA13C029)**

	Grant number 04SA13C029
Revenues:	
State	\$ 66,523
County match	13,305
	<hr/>
Total revenues	79,828
	<hr/> <hr/>
Expenditures:	
Personal services	79,828
	<hr/>
Total expenditures	\$ 79,828
	<hr/> <hr/>

## **FINDINGS AND QUESTIONED COSTS**

**COUNTY OF SANTA BARBARA, CALIFORNIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2007**

**1. Summary of Auditor's Results**

***Financial Statements***

- (a) The type of report issued on the financial statements: **Unqualified opinion.**
- (b) Reportable conditions 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 07-01, 07-02, 07-04, 07-06, 07-07, 07-08, 07-09, and 07-10.**

Material weaknesses: **Yes. See items 07-01, 07-04, and 07-09.**

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

1. Food Stamps Cluster – **Qualified opinion**
2. Medicaid Cluster – **Qualified opinion**
3. Temporary Assistance for Needy Families – **Qualified opinion**
4. Child Support Enforcement Program – **Qualified opinion**
5. Foster Care Program – **Qualified opinion**
6. Workforce Investment Act Cluster – **Qualified opinion**

- (f) Any audit findings, which are required to be reported under Section 510(a) of OMB Circular A-133: **Yes. See items 07-01 through 07-10.**

- (g) Major programs:

- U.S. Department of Agriculture
  - Food Stamps Cluster (CFDA Nos. 10.551 and 10.561)
- U.S. Department of Health and Human Services
  - Medicaid Cluster (CFDA No. 93.778)
  - Temporary Assistance for Needy Families (CFDA No. 93.558)
  - Child Support Enforcement Program (CFDA No. 93.563)
  - Foster Care Program – Title IV-E (CFDA No. 93.658)
- U.S. Department of Labor
  - Workforce Investment Act Cluster (CFDA Nos. 17.258, 17.259, and 17.260)

- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000.**
- (i) 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**

**07-01**

**Program:** Foster Care Title IV-E

**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 2006/2007

**Compliance Requirement:** Eligibility

**Questioned Costs:** \$33,517

**Criteria:**

The *March 2007 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:

- 3 cases where the children did not meet the eligibility requirements of the former AFDC program. The federal portion of the payments was \$33,517 and the non-federal portion of the payments was \$42,658.
- 1 case file did not contain evidence of a child abuse and neglect registry check on file.
- 1 case file did not include complete criminal background information or the County was unable to provide evidence that a criminal background investigation was performed.

**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:**

We concur with the findings. The Department acknowledges that there were three cases that did not meet the eligibility requirements, one case did not contain evidence of child abuse registry check and another did not include criminal background information.

In 12-06 Policies and Procedures were developed for the AFDC-FC unit and forty hours of training were provided to staff to address AFDC-FC eligibility including initial eligibility determination and ongoing eligibility and required documentation. Effective 7-07 monthly training began to review eligibility determinations.

An internal review of randomly selected cases will take place on a monthly basis for newly granted cases and redeterminations.

## **07-02**

**Program:** Child Support Enforcement Program

**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 (County 42)

**Award Year:** Fiscal year 2006/2007

**Compliance Requirement:** Allowable Costs and Activities

**Questioned Costs:** Unknown

### **Criteria:**

The State of California requires that grant funds are to be used for Allowable Costs and Activities in accordance with the *March 2007 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 32 County Department of Child Support Services non-payroll expenditures selected for testing:

- 1 expenditure item did not agree with supporting documentation.

Out of the 12 County Department of Child Support Services timesheets selected for testing:

- 1 timesheet was not properly authorized by the employee.
- The department payroll clerk and supervisor have the ability to modify an employee's timesheet without the employee's authorization.

### **Effect:**

Payroll and non-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 and non-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 and non-payroll expenditures and related supporting documentation.

### **Views of Responsible Officials:**

We concur with the finding relating to the non-payroll expenditures. The amount posted to the general ledger for the expenditure was accurate however the supporting documentation generated from the existing call application's report did not contain all applicable information. We obtained a new call accounting system that was put into place during the fiscal year 2007, yet subsequent to the expenditure. The documentation generated from the new system has been tested by the General Services Department and is accurate.

We concur with the finding relating to the payroll expenditures. There was a computer glitch in the Timesheet program and the error did not display on our Timesheet Exceptions by Department Report. Consequently the issue was referred to IT staff, who found that the signature was not showing up because the employee was not in a particular system table. The employee was added back in and now her signature shows up.

We are also working towards replacing our current timesheet system in the future to allow additional controls for timesheet approvals.

### **07-03**

**Program:** Child Support Enforcement Program  
**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 (County 42)  
**Award Year:** Fiscal year 2006/2007  
**Compliance Requirement:** Special Tests and Provisions  
**Questioned Costs:** Unknown

#### **Criteria:**

The 2007 *OMB Circular A-133* requirements for Special Tests and Provisions require the County to establish paternity and a support obligation for children under IV-D cases within 90 calendar days of locating the non-custodial parents.

#### **Condition Found:**

In performing special tests and provisions testwork relating to the establishment of paternity and support obligations for children under IV-D cases, we noted out of the 46 case files selected for testing, 4 case files indicate that the County failed to serve, process and/or establish an order for support obligation within the required 90 days of locating the non-custodial parents.

#### **Effect:**

The County is out of compliance with the requirement of establishing paternity and a support obligation within the required deadlines for IV-D cases.

#### **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.

#### **Views of Responsible Officials:**

We concur with this finding. On November 5, 2007, we will have transitioned to a new "statewide" computer system. One of the benefits of the new system will be to ensure that all cases – statewide – stay in compliance with required deadlines. The new web-based system has many automatic features incorporated in order to assist caseworkers with maintaining compliance at all stages of casework. One example of the enhanced efficiency the new system provides is to automatically produce legal actions, depending on case type and if all the necessary elements have been identified (e.g. address, employment, earnings, etc). This feature alone will go a long way towards helping us meet the mandated timeframes in which we have to establish an order. Additionally, after we have finished our transition, we intend to provide continuous training not only regarding the new system, but also in respect to the importance of meeting mandated timeframes, keeping reliable data, strengthening child support program knowledge and most importantly – renewing the focus on efficiently delivering the proper core services. Our goal will continue to be that all cases have an order established within the required timeframes.

### **07-04**

**Program:** Medicaid Cluster  
**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 2006/07  
**Compliance Requirement:** Eligibility  
**Questioned Costs:** Unknown



**Criteria:**

The *March 2007 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 security income eligibility by obtaining a Medi-Cal Eligibility Data System (MEDS) report, if the applicant is applying for the Qualified Medicare Beneficiary (QMB) program.

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

- 2 case files that contained applications that were not signed by the applicant under penalty of perjury. Instead the applications were signed by a County eligibility worker on behalf of the applicants.
- 2 case files where the County did not obtain a signed application from the participant.
- 1 case file where the County did not require the participant to furnish his/her SSN. The participant did not fall under any of the categories exempt from providing his/her SSN. As a result, no verification was performed with the Social Security Administration.
- 6 case files where the County failed to verify the participant's qualified alien status by obtaining a complete and signed MC 13 from the applicant.
- 1 case file where the County was unable to produce a case file for the participant.

**Effect:**

Participant data may not be accurate in the participant file or the system, which could lead to initial and continuation 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. The department acknowledges that complete eligibility documentation is required to establish accurate Medi-Cal eligibility. The Department of Social Services already has policies and procedures in place that require Medi-Cal staff to follow state policies regarding initial and ongoing eligibility determinations included in MCP 06-14 and MCP 06-19 for intake and AD 07-08 for ongoing eligibility determinations. DSS also provides each Medi-Cal staff member online access to a Ready Reference Guide which includes a filing guide. The filing guide delineates which documents must be in a working file. MCP 04-06 states the requirement for Medi-Cal staff to follow state policies regarding requirements of MC 13 for qualified aliens.

In addition, given the demand for accountability, monitoring, training, and management information, the Department Executive Operating Team decided to establish a Quality Assurance unit. The Quality Assurance unit will conduct Medi-Cal case reviews which will include areas such as timely processing, reinvestigations, Income Reports, and MEDS alerts. The Medi-Cal Program Analyst will also coordinate with this unit to include reviews on applicant signatures, IEVS, and the completion of the MC13 forms.

## **07-05**

**Program:** Food Stamps Cluster

**CFDA No.:** 10.551, 10.561

**Federal Agency:** U.S. Department of Agriculture

**Passed-through:** California Department of Social Services

**Award Number:** Santa Barbara

**Award Year:** Fiscal year 2006/07

**Compliance Requirement:** Reporting

**Questioned Costs:** \$0

### **Criteria:**

The State of California requires that the County to submit the following reports to the State of California:

- DFA 296X – quarterly
- FNS 209 – quarterly
- DFA 358 – annually
- DFA 256 – monthly
- DFA 296 – monthly
- FNS 885 – monthly

### **Condition Found:**

We noted the following conditions in reviewing the County's submission of reports to the State of California:

- Of the 4 DFA 296X reports observed, we noted the report for the quarter ending September 30, 2006 was filed late.

### **Effect:**

Lack of formal procedures regarding report submission may lead to continued noncompliance.

### **Recommendation:**

We recommend that the County implement formal procedures to ensure that required reports are submitted by the required due date in order to ensure compliance with requirements related to reporting.

### **Views of Responsible Officials:**

The County of Santa Barbara Department of Social Services ("SBCDSS") concurs with the finding.

SBCDSS concurs that the DFA 296X report for the quarter ending September 30, 2006 was filed on October 23, 2006--three days after the due date of October 20, 2006. SBCDSS, as one of eighteen counties then in the process of implementing the CalWIN system that generates the statistical data for the various reports, needed additional time to validate the data. SBCDSS staff contacted staff at the State of California Department of Social Services ("CADSS") to request the additional few days needed to validate and review the data. The staff member contacted stated that she was aware of this need because other counties implementing CalWIN were experiencing the same data verification issues. No penalties were imposed as a result of this minimal delay in filing the DFA 296X statistical report.

SBCDSS has developed formal written procedures for preparing and timely filing the above-referenced statistical reports. The procedures specify the dates by which the reports are to be prepared, reviewed, corrected, and filed.

## **07-06**

**Program:** Food Stamps Cluster

**CFDA No.:** 10.551, 10.561

**Federal Agency:** U.S. Department of Agriculture

**Passed-through:** California Department of Social Services

**Award Number:** Santa Barbara

**Award Year:** Fiscal year 2006/07

**Compliance Requirement:** Eligibility

**Questioned Costs:** Unknown

### **Criteria:**

The *March 2007 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 testwork, we noted:

- 2 case files whereby the County did not obtain a QR-7 from the participant for one quarter during the fiscal year.
- 1 case file whereby the County failed to obtain a photo ID from the participant.
- 1 case file whereby the County failed to obtain residency verification from the participant.

### **Effect:**

Participant data may not be current or complete 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 participants 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 the finding. The department agrees that complete eligibility documentation must be included in the participant file in order to ensure accuracy of participant data and eligibility determination.

The Department of Social Services has established policies, procedures and business processes that require staff to adhere to state regulations and local policies governing eligibility determination, documentation and case maintenance.

CalWIN, our automated eligibility system, generates Quarterly reports, and tracks the processing of those reports based on entries of eligibility staff when reports are received and returned for correction. If the QR7 report is not received, CalWIN will take discontinuance action on that case.

Effective June 2007 the department implemented electronic scanning to enhance the automated eligibility system. The scanning of documents, including the quarterly reports, should help eliminate much of the problem staff has with misplaced or misfiled documents.

The audit findings and corrective action plan will be reviewed with supervisory staff by the Program Analyst, with expectation that supervisors review/train their unit staff on the applicable policies and procedures at least semi-annually.

## **07-07**

**Program:** Food Stamps Cluster

**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 2006/07

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

**Questioned Costs:** \$1,025

### **Criteria:**

The *March 2006 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.

### **Condition Found:**

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

- 1 case file did not contain sufficient data to support the eligibility of the participant in CalWIN system.
- 2 case files whereby the CalWIN did not automatically cut off the household from receiving food stamps at the end of the participant's transitional period. This resulted in questioned costs of \$1,025.

### **Effect:**

Ineligible participants may be receiving benefits.

### **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 the finding. The department agrees that complete eligibility documentation must be included in the participant file in order to ensure accuracy of participant data and eligibility determination.

The Department of Social Services has established policies, procedures and business processes that require staff to adhere to state regulations and local policies governing eligibility determination, documentation and case maintenance.

CalWIN, our automated eligibility system, assists eligibility staff with case maintenance activities through the alerts and management reporting subsystem. When verifications are pending, CalWIN will alert the worker of the information needed and will not grant the case.

In regards to automated action for transitional food stamps, as of 06/10/07, CalWIN programming was changed to that TFS cases will automatically close after the 5 month TFS certification period. Staff have been instructed in the use of alerts to ensure timely actions are taken and what manual intervention is necessary when automated actions are not available.

Effective June 2007 the department implemented electronic scanning to enhance the automated eligibility system. The scanning of documents, including the quarterly reports, should help eliminate much of the problem staff has with misplaced or misfiled documents.

The audit findings and corrective action plan will be reviewed with supervisory staff by the Program Analyst, with expectation that supervisors review/train their unit staff on the applicable policies and procedures at least semi-annually.

## **07-08**

**Program:** Temporary Aid 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 2006/07

**Compliance Requirement:** Eligibility

**Questioned Costs:** \$0

### **Criteria:**

The *March 2007 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 County did not obtain proof of identification from the participants.
- 1 case file whereby the County did not cross check the participant's SSN in the Income and Eligibility Verification 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 file. 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 the finding. The County does have established policy, procedures, and business processes in regards to eligibility determination, documentation and case maintenance.

The Eligibility Worker (EW) reviews applicant's identity by driver's license, passport, or other documents and copies are retained on file. With the implementation of document imaging in May 2007, with the last office going up in July 2007, the county is scanning new cases not known to CalWIN and their verifications. Verification of identity will be scanned when received and filed into docSTAR. This will eliminate any verification from being lost or misfiled.

With the implementation of our automated system CalWIN in March 2006, the Income Eligibility and Verification System (IEVS) is received online. The EW cross checks the participant's J-verified Social Security Number in the IEVS Report and follows up on any discrepancies. Case comments are entered after processing any IEVS report in CalWIN. Case comments serve as an electronic signature for the processing of IEVS report and are used to validate the report was processed according to program regulations. Review of IEVS is on the W-11 Intake Checklist that EWs need to check off to verify IEVS was reviewed before sending to the ongoing units. Case comment templates which have IEVS Response and IEVS Process Date fields, are to be completed by the EW at Intake and RRR (redeterminations).

Findings and applicable policies were reviewed with supervisors at our countywide program meeting on September 19, 2007. To ensure that this process is being done, the supervisors will be required to do targeted case reviews twice a year. Copies of the case review forms will be submitted to the CalWORKs Program Analyst. The results of the case reviews will be discussed at the countywide program meetings on a quarterly basis.

## **07-09**

**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 2006/07

**Compliance Requirement:** Special Tests and Provisions – Income Eligibility and Verification System

**Questioned Costs:** Unknown

### **Criteria:**

The *March 2006 OMB Circular A-133 Compliance Supplement* requires each state to participate in the Income Eligibility and Verification System (IEVS). 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:

- 15 case files whereby the County did not use the Income Eligibility and Verification System to verify TANF eligibility in fiscal year 2006/07.

### **Effect:**

Lack of investigative procedures could result in the overpayment of TANF benefits to participants.

### **Recommendation:**

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

### **Views of Responsible Officials:**

We concur with the finding. The County makes every effort to ensure strict and consistent adherence to established policies and procedures regarding eligibility verification.

With the implementation of our automated system CalWIN in March 2006, the Income Eligibility and Verification System (IEVS) is received online. The Eligibility Worker (EW) reviews the data, follows up on and corrects any discrepancies with the data. Case comments are entered after processing any IEVS report in CalWIN. Case comments serve as an electronic signature for the processing of IEVS report and are used to validate the report was processed according to program regulations. Review of IEVS is on the W-11 Intake Checklist that EWs need to check off to verify IEVS was reviewed before sending to the ongoing units. Case comment templates which have IEVS Response and IEVS Process Date fields, are to be completed by the EW at Intake and RRR (redeterminations).

Findings and applicable policies were reviewed with supervisors at our countywide program meeting on September 19, 2007. To ensure that this process is being done, the supervisors will be required to do targeted case reviews twice a year. Copies of the case review forms will be submitted to the CalWORKs Program Analyst. The results of the case reviews will be discussed at the countywide program meetings on a quarterly basis.

## **07-10**

**Program:** Workforce Investment Act  
**CFDA No.:** 17.258, 17.259, 17.260  
**Federal Agency:** U.S. Department of Labor  
**Passed-through:** California Employment Development Department  
**Award Numbers:** Various  
**Award Year:** Fiscal year 2006/2007  
**Compliance Requirement:** Eligibility  
**Questioned Costs:** Unknown

### **Criteria:**

The *March 2007 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:

- 3 case files under the youth program did not contain sufficient documentation to establish employment eligibility and/or identity.

### **Effect:**

Participants in the youth workforce investment act program may not be eligible.

### **Recommendation:**

We recommend that the County strictly adhere to the formal policies and procedures with regards to eligibility determination. This will help ensure the all participants in the program are in deed eligible.

### **Views of Responsible Officials:**

We concur with this finding. The Department acknowledges that sufficient acceptable documentation to verify eligibility for the WIA Youth Program was not available in 3 of the Youth Program case files reviewed.

As this finding does relates to the Youth Workforce Investment Act Program, during the current Program Year 2007-08, Santa Barbara County WIA staff has begun to work with the WIA Youth Program Contractors to ensure that the policies and procedures in the Santa Barbara County WIA Youth Manual are being strictly adhered to.

This is being accomplished via a series of mandated Youth Contractor training sessions that began in October 2007, with completion anticipated prior to the end of November 2007. Sessions include a detailed review of eligibility determination policies and procedures, as well as acceptable documentation.

Additionally, Technical Assistance Site Visits and reviews will be conducted by the Department's WIA Departmental Program Analyst with each Contractor at least twice during the 2007-2008 program year to monitor and reinforce those mandated policies and procedures.

Internally, our MIS staff will receive additional training on adequate verification of eligibility for Youth prior to enrollment. Completion is anticipated by December 2007.

MIS staff will also analyze avenues for improving the process of reviewing Youth Eligibility applications submitted by Contractors prior to completing the enrollment process. This will be accomplished during monthly MIS Unit meetings, also known as "C.I.A." (Continuous Improvement Agenda).