

Response to the Grand Jury Report “A Failure of Oversight - Lompoc Housing and Community Development Corporation”

County of Santa Barbara

Board of Supervisors
August 14, 2012



BOARD OF SUPERVISORS' & AUDITOR CONTROLLER'S RESPONSE TO GRAND JURY REPORT

Finding 1:

“Lompoc Housing and Community Development Corporation loan agreements gave Santa Barbara County, as the lead agency in the HUD HOME Consortium, authority to require audits and inspect the organization’s records.”

Board of Supervisors’ and Auditor-Controller’s Response:

Agree. Language in the contracts is intended to provide access to the organization’s records.

Discussion:

As identified in the Board of Supervisors’ letter, we believe that other improvements could be made to board contract language.



RECOMMENDATIONS AND RESPONSE

Recommendation 1a:

“That the Santa Barbara County Board of Supervisors establish a policy that the Auditor-Controller conduct an annual audit, with time certain deadlines, of all organizations that receive county funds in excess of \$100,000.”

Board of Supervisors’ Response:

This recommendation will not be implemented as written, because it is not reasonable as written.

Discussion:

During FY 11-12 the County made vendor payments > \$100,000 to approximately 365 organizations. The costs associated with this undertaking would be disproportionate to the benefit. An alternative process is proposed.



RECOMMENDATIONS AND RESPONSE

Recommendation 2a:

“That the Santa Barbara County Auditor-Controller report the results of these audits annually to the Board of Supervisors prior to the County budget approval.”

Auditor Controller’s Response:

The Auditor-Controller agrees with this recommendation. The results of all audits performed by the Auditor Controller’s Office, are, and will continue to be, regularly reported to the Board of Supervisors.



RECOMMENDATIONS AND RESPONSE

Recommendation 3a:

“That the Santa Barbara County Board of Supervisors appropriate the necessary funds to allow the Auditor-Controller to conduct annual audits per Recommendation 1a or where permissible, require that organizations receiving county controlled funds of \$100,000 bear the cost of an annual audit.”

Board of Supervisors’ Response:

This recommendation will not be implemented as written because it is not reasonable as written.

Discussion:

Alternatively, the Auditor-Controller should provide the Board a report of annual expenditures > \$100,000. Also, as resources permit, reviews should be performed by the Auditor-Controller of organizations and over departmental compliance efforts on a sample basis.



RECOMMENDATIONS AND RESPONSE

Recommendation 4a:

“That the County of Santa Barbara withhold all funding from any organization that fails to supply complete records for annual audits or has failed to meet requirements of existing contracts.”

Board of Supervisors’ Response:

This recommendation will not be implemented as written because it is not always reasonable.

Discussion:

Withholding of funds may depend on laws governing funding sources. The County will evaluate future agreements to determine whether the addition of this language is allowable and add it when able.

