

COUNTY OF SANTA BARBARA, CALIFORNIA
SINGLE AUDIT REPORTS
FOR THE YEAR ENDED JUNE 30, 2009

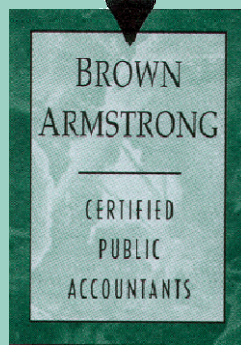
**COUNTY OF SANTA BARBARA, CALIFORNIA
SINGLE AUDIT REPORTS
FOR THE YEAR ENDED JUNE 30, 2009**

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REPORTS

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Santa Barbara, California (the County), as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 28, 2009. 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

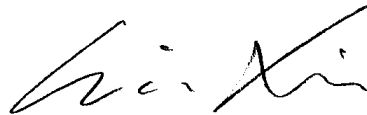
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs section as findings 09-01 through 09-08.

We noted certain matters that we reported to management of County of Santa Barbara, California, in a separate letter dated August 28, 2009.

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

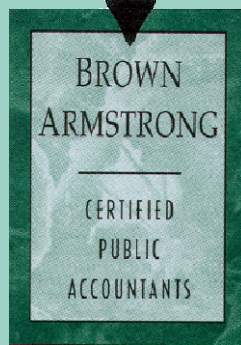
This report is intended solely for the information and use of the County Board of Supervisors and management of the County as well as the County's federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



Bakersfield, California
August 28, 2009

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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**

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, 2009. 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 items 09-02 and 09-06 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding eligibility and allowable costs and activities that are applicable to its Medicaid Cluster (CFDA No. 93.778). Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

As described in item 09-03 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding 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 09-04 and 09-05 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 item 09-08 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding allowable costs and activities that are applicable to its Substance Abuse Prevention and Treatment (SAPT) Block Grant (CFDA No. 93.959). 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 09-01 and 09-07 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 five 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, 2009.

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.

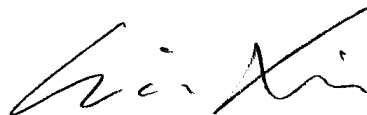
A *control deficiency* in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal 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 accompany Schedule of Findings and Questioned Costs as items 09-01 and 09-08 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. However, we believe that none of the significant deficiencies described above is a material weakness

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

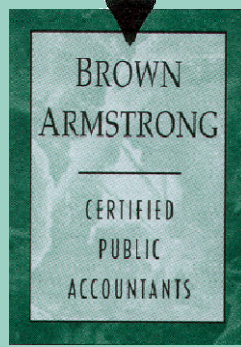
This report is intended solely for the information and use of the County Board of Supervisors and management of the County as well as the County's federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in black ink, appearing to read "B. A. Armstrong", is written over the company name.

Bakersfield, California
August 28, 2009

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REPORT ON SUPPLEMENTARY INFORMATION – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Santa Barbara, California (the County) as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements, and have issued our report thereon, dated August 28, 2009.

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
ACCOUNTANCY CORPORATION

A handwritten signature in black ink, appearing to read "Eric H. Xin", is written over the printed name of the corporation.

Bakersfield, California
August 28, 2009

FINANCIAL STATEMENTS

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009**

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental identifying number	Expenditures
DEPARTMENT OF THE INTERIOR			
Fish and Wildlife Coordination Act	15.517	-	\$ 183,221
TOTAL DEPARTMENT OF THE INTERIOR			183,221
ELECTION ASSISTANCE COMMISSION (EAC)			
Passed through California Secretary of State: Help American Vote Act Requirement Payments	90.401	07G30130	15,516
TOTAL ELECTION ASSISTANCE COMMISSION (EAC)			15,516
U.S. DEPARTMENT OF AGRICULTURE			
Cooperative Forestry Assistance	10.664	06-LE-1105-1360-032	20,000
Cooperative Forestry Assistance	10.664	06-LE-1105-1360-036	32,113
Passed through California Department of Food and Agriculture: Plant and Animal Disease, Pest Control, and Animal Care	10.025	07-0015	98,118
Plant and Animal Disease, Pest Control, and Animal Care	10.025	08-0538	6,222
Passed through California Department of Public Health: Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	08-85469	2,834,164
TOTAL U.S. DEPARTMENT OF AGRICULTURE			2,990,617
U.S. DEPARTMENT OF AGRICULTURE - CHILD NUTRITION CLUSTER			
Passed through California Department of Education: School Breakfast Program	10.553	42-10421-4232815-01	128,898
National School Lunch Program	10.555	42-10421-4232815-01	200,101
TOTAL U.S. DEPARTMENT OF AGRICULTURE - CHILD NUTRITION CLUSTER			328,999
U.S. DEPARTMENT OF AGRICULTURE - FOOD STAMPS CLUSTER			
Passed through California Department of Social Services: Food Stamps (M-09)	10.551	Santa Barbara	31,162,446
ARRA-Supplemental Nutrition Assistance Program (M-09)	10.551	Santa Barbara	1,153,731
State Administrative Matching Grants for Food Stamp Program (M-09)	10.561	Santa Barbara	4,205,775
TOTAL U.S. DEPARTMENT OF AGRICULTURE - FOOD STAMPS CLUSTER			36,521,952

(Continued)

Grants that are major programs are noted in the program "title" field by "(M-09)."

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

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2009**

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental identifying number	Expenditures
U.S. DEPARTMENT OF EDUCATION-SPECIAL EDUCATION CLUSTER (IDEA)			
Passed through California Department of Education:			
Special Education-Grants to States	84.027	08 14468 1042 01	1,043,702
TOTAL U.S. DEPARTMENT OF EDUCATION-SPECIAL EDUCATION CLUSTER (IDEA)			1,043,702
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Consolidated Health Centers (Health Care For the Homeless)	93.224	H80CS00046	495,616
ARRA-Health Center Integrated Services Development Initiative(g1)	93.703	C81CS13532	22,525
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	H76HA00193	354,211
Passed through California Department of Alcohol and Drug Programs:			
Substance Abuse and Mental Health Services-Projects of Regional and National Significance	93.243	1H79TI01994 9-01	107,458
Substance Abuse and Mental Health Services-Projects of Regional and National Significance	93.243	6H79TI16869-03-5	464,933
Substance Abuse and Mental Health Services-Projects of Regional and National Significance	93.243	1H79TI019598-01	170,197
Block Grants for Prevention and Treatment of Substance Abuse (M-09)	93.959	NNA42	2,582,413
Passed through California Department of Health Services:			
Public Health and Social Services Emergency Fund	93.003	Santa Barbara	290,395
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	Santa Barbara	49,327
Centers for Disease Control and Prevention-Investigation and Technical Assistance	93.283	06-55702	5,000
Centers for Disease Control and Prevention-Investigation and Technical Assistance	93.283	Santa Barbara	489,643
HIV Care Formula Grants	93.917	MGA 07-65081 MOU EIP 07-42/4	237,548
Passed through California Department of Mental Health:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	McKinney Grant (PATH)	52,258
Medical Assistance Program (M-09)	93.778	42-4450	3,325,160
Block Grants for Community Mental Health Services	93.958	SCC42	130,176

(Continued)

Grants that are major programs are noted in the program "title" field by "(M-09)."

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

COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2009

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 Public Health:			
Immunization Grants	93.268	08-85321	155,238
Immunization Grants	93.268	08-85370	150,800
Preventative Health and Health Services Block Grant	93.991	08-85157	243,638
Maternal and Child Health Services Block Grant to the States	93.994	200842	832,859
Passed through California Department of Public Health-Office of AIDS:			
HIV Care Formula Grants	93.917	06-55773	92,586
Passed through California Department of Social Services:			
Promoting Safe and Stable Families	93.556	Santa Barbara	272,404
Temporary Assistance for Needy Families (M-09)	93.558	Santa Barbara	31,056,298
Child Support Enforcement (M-09)	93.563	Santa Barbara (County 42)	5,188,420
ARRA - Child Support Enforcement (M-09)	93.563	Santa Barbara (County 42)	817,697
Refugee and Entrant Assistance-State	93.566	Santa Barbara	2,000
Administered Programs			
Community-Based Family Resource and Support Grants	93.590	Santa Barbara	26,028
Child Welfare Services-State Grants	93.645	Santa Barbara	327,725
Foster Care-Title IV-E (M-09)	93.658	Santa Barbara	7,669,633
ARRA-Foster Care--Title IV-E Assistance (M-09)	93.658	Santa Barbara	250,408
Adoption Assistance	93.659	Santa Barbara	1,984,037
ARRA-Adoption Assistance	93.659	Santa Barbara	146,614
Social Services Block Grant	93.667	Santa Barbara	1,111,671
Chafee Foster Care Independent Living	93.674	Santa Barbara	129,369
Passed through Central Coast Commission for Senior Citizens:			
Special Programs for the Aging-Title III, Part	93.043	90530A	10,824
D-Disease Prevention and Health Promotion Services			
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			59,245,109
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - MEDICAID CLUSTER			
Passed through California Department of Aging:			
Medical Assistance Program (M-09)	93.778	MS-0809-15	116,514
Passed through California Department of Health Care Services:			
Medical Assistance Program (M-09)	93.778	08-85132	700,479
Passed through California Department of Social Services:			
Medical Assistance Program (M-09)	93.778	Santa Barbara	15,468,203
ARRA-Medical Assistance Program (M-09)	93.778	Santa Barbara	50,478
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - MEDICAID CLUSTER			16,335,674

(Continued)

Grants that are major programs are noted in the program "title" field by "(M-09)."

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

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2009**

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental identifying number	Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through Governor's Office of Emergency Services:			
Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-2817-EM-CA, OES ID #083-00000	41,047
Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-3287-EM-CA, OES ID #083-00000	552,222
Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1810-DR-CA, OES ID# 083-00000	385,331
Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1577-DR-CA, OES ID #083-00000	632,641
Hazard Mitigation Grant	97.039	HMPG 1505-45-19	668
Emergency Management Performance Grants	97.042	2008-9, OES #83-00000	130,260
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	2008-0006, OES #083-00000	99,600
Law Enforcement Terrorism Prevention Programs (LETPP)	97.074	2007-71, OES #083-00000	81,424
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			1,923,193
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Community Development Block Grants/Entitlement Grants	14.218	B07UC060509	1,491,675
Community Development Block Grants/Entitlement Grants	14.218	B08UC060509	519,965
Emergency Shelter Grants Program	14.231	S08-UC060509	60,585
Supportive Housing Program	14.235	CA16B703009	160,585
Supportive Housing Program	14.235	CA16B703002	17,850
Supportive Housing Program	14.235	CA0595B9D030801	115,315
Supportive Housing Program	14.235	CA16B703011	81,553
HOME Investment Partnerships Program	14.239	M07-DC060554	180,706
HOME Investment Partnerships Program	14.239	M04-DC060554	63,485
HOME Investment Partnerships Program	14.239	M08-DC060554	97,685
HOME Investment Partnerships Program	14.239	M05-DC060554	87,919
Passed through California Department of Health Services:			
Housing Opportunities for Persons with AIDS	14.241	07-65538 A1	115,789
Passed through California Department of Housing and Community Development:			
Community Development Block Grants/State's Program	14.228	03-STBG-1848	462,500
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			3,455,612

(Continued)

Grants that are major programs are noted in the program "title" field by "(M-09)."

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

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2009**

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental identifying number	Expenditures
U.S. DEPARTMENT OF JUSTICE			
State Criminal Alien Assistance Program	16.606	2008-AP-BX-0076	579,474
Passed through California Corrections Standards Authority:			
Juvenile Accountability Incentive Block Grants	16.523	CSA 126-08	30,805
Passed through Governor's California Emergency Management Agency:			
Crime Victim Assistance	16.575	VW08 27 0420	94,297
Crime Victim Assistance	16.575	EA08 09 0420	56,516
Violence Against Women Formula Grants	16.588	VV08 04 0420	105,000
Community Prosecution and Project Safe Neighborhoods	16.609	US08 01 0420	7,355
Edward Byrne Memorial Justice Assistance Grant Program	16.738	none	176,781
Passed through Office of Justice Program:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	n/a	42,821
Passed through California Emergency Management Agency:			
Byrne Formula Grant Program	16.579	SF-08-A-410843	71,912
TOTAL U.S. DEPARTMENT OF JUSTICE			1,164,961
U.S. DEPARTMENT OF LABOR - WIA CLUSTER			
Passed through California Employment Development Department:			
WIA Adult Program	17.258	R865490	243,820
ARRA-WIA Adult Program	17.258	-	1,927
WIA Adult Program	17.258	R970559	635,805
WIA Youth Activities	17.259	R865490	676,198
WIA Youth Activities	17.259	R970559	52,943
ARRA-WIA Youth Activities	17.259	-	25,157
ARRA-WIA Dislocated Workers	17.260	-	3,661
WIA Dislocated Workers	17.260	R970559	970,557
TOTAL U.S. DEPARTMENT OF LABOR - WIA CLUSTER			2,610,068

(Continued)

Grants that are major programs are noted in the program "title" field by "(M-09)."

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

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2009**

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental identifying number	Expenditures
U.S. DEPARTMENT OF THE INTERIOR			
Water Reclamation and Reuse Program	15.504	04FC210003	18,009
Water Reclamation and Reuse Program	15.504	06FC202084	38,520
Passed through Montana State University:			
Cultural Resource Management	15.224	G269-06-VV0094	1,500
Passed through U.S. Fish and Wildlife Service - Ventura Office:			
Conservation Grants Private Stewardship for Imperiled Species	15.632	81440-06-J004	46,603
Passed through U.S. Bureau of Reclamation:			
Water Reclamation and Reuse Program	15.504	06FC202083	74,481
TOTAL U.S. DEPARTMENT OF THE INTERIOR			179,113
U.S. DEPARTMENT OF TRANSPORTATION			
Air Transportation Centers of Excellence	20.109	DTFA 08-01-C-21535	3,000
Air Transportation Centers of Excellence	20.109	none	93,548
Passed through Governor's Office of Emergency Services:			
Interagency Hazardous Materials Public Sector	20.703	HMECA8033160	1,696
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			98,244
U.S. DEPARTMENT OF TRANSPORTATION - HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			
Passed through Caltrans:			
Highway Planning and Construction	20.205	05-0591/N054	17,052
Highway Planning and Construction	20.205	05-0591/M045	57,667
Highway Planning and Construction	20.205	05-5951/M038	2,020,876
Highway Planning and Construction	20.205	05-5951/M039	52,586
Highway Planning and Construction	20.205	05-5951/M041	97,071
Highway Planning and Construction	20.205	05-5951/M042	44,484
Highway Planning and Construction	20.205	05-5951/M043	26,575
Highway Planning and Construction	20.205	05-5951/M049	230,880
Highway Planning and Construction	20.205	05-5951/M050	79,463
Highway Planning and Construction	20.205	05-5951/M053	64,382
Highway Planning and Construction	20.205	05-5951/M066	17,137
Highway Planning and Construction	20.205	SRTSL-5951(121)	5,386

(Continued)

Grants that are major programs are noted in the program "title" field by "(M-09)."

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

COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2009

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental identifying number	Expenditures
Passed through Caltrans (Continued):			
Highway Planning and Construction	20.205	05-5951/M067	52,333
Highway Planning and Construction	20.205	05-5951(090)	47,562
ARRA-Highway Planning and Construction	20.205	05-930196	24,158
ARRA-Highway Planning and Construction	20.205	05-930198	14,524
Highway Planning and Construction	20.205	05-0591/M040-M	275
ARRA-Highway Planning and Construction	20.205	05-930197L	3,718
Highway Planning and Construction	20.205	05-5951 (082)	37,256
Highway Planning and Construction	20.205	05-5951/M020	945,495
Highway Planning and Construction	20.205	05-5951(093)	57,548
Highway Planning and Construction	20.205	05-5951(113)	53,017
Highway Planning and Construction	20.205	05-5951(115)	92,144
Highway Planning and Construction	20.205	05-5951(117)	138,015
Highway Planning and Construction	20.205	05-5951/	98,566
Highway Planning and Construction	20.205	05-5951/122	19,210
Highway Planning and Construction	20.205	05-5951/M015	179,991
Highway Planning and Construction	20.205	05-5951(072)	112,249
TOTAL U.S. DEPARTMENT OF TRANSPORTATION - HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			<u>4,589,620</u>
U.S. DEPARTMENT OF TRANSPORTATION - HIGHWAY SAFETY CLUSTER			
Passed through State CSA:			
State and Community Highway Safety	20.600	AL 0699	<u>67,828</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION - HIGHWAY SAFETY CLUSTER			<u>67,828</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed through California Department of Health Services:			
Beach Monitoring and Notification Program Implementation Grants	66.472	08-85540	<u>9,255</u>
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			<u>9,255</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 130,762,684</u></u>

Grants that are major programs are noted in the program "title" field by "(M-09)."

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, 2009

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, 2009 are as follows:

(a) *Office of Emergency Services – Elder Abuse & Career Criminal Vertical Prosecution*
(Grant No. VB08060420)

Revenues:	
State	\$ 107,037
Total revenues	<u>\$ 107,037</u>
Expenditures:	
Personal services	\$ 106,326
Operating expenses	<u>711</u>
Total expenditures	<u>\$ 107,037</u>

NOTE 5 – DISCLOSURES FOR STATE GRANTS (Continued)

(b) *State of California Department of Insurance – Workers’ Compensation Insurance Fraud Program*

Revenues:	
State	<u>\$ 184,810</u>
Total revenues	<u>\$ 184,810</u>
Expenditures:	
Personal services	<u>\$ 184,810</u>
Total expenditures	<u>\$ 184,810</u>

FINDINGS AND QUESTIONED COSTS

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

1. Summary of Auditor's Results

Financial Statements

- (a) The type of report issued on the financial statements: **Unqualified opinion.**
- (b) Significant deficiencies in internal control that were disclosed by the audit of the financial statements: **None reported.**

Material weaknesses: **None.**

- (c) Noncompliance, which is material to the financial statements: **None.**

Federal Awards

- (d) Significant deficiencies in internal control over major programs: **Yes. See items 09-01 and 09-08.**

Material weaknesses: **None.**

- (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 – **Unqualified opinion**
5. Foster Care Program – **Qualified opinion**
6. Substance Abuse Prevention and Treatment (SAPT) Block Grant – **Qualified opinion**

- (f) Any audit findings, which are required to be reported under Section 510(a) of OMB Circular A-133: **Yes. See items 09-01 through 09-08.**

- (g) Major programs:

- U.S. Department of Agriculture
 - Food Stamps Cluster, including ARRA Grant (CFDA Nos. 10.551 and 10.561)
- U.S. Department of Health and Human Services
 - Medicaid Cluster, including ARRA Grant (CFDA No. 93.778)
 - Temporary Assistance for Needy Families (CFDA No. 93.558)
 - Child Support Enforcement Program, including ARRA Grant (CFDA No. 93.563)
 - Foster Care Program – Title IV-E, including ARRA Grant (CFDA No. 93.658)
 - Substance Abuse Prevention and Treatment (SAPT) Block Grant (CFDA No. 93.959)

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

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

2. **Findings Relating to Financial Statements Reported in Accordance with Government Auditing Standards**

None.

3. **Findings and Recommendations Relating to Federal Awards**

09-01

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 2008/2009

Compliance Requirement: Eligibility

Questioned Costs: \$26,927

Criteria:

The *March 2009 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/group program participants were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made only to eligible participants.

Condition Found:

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

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

Effect:

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

Recommendation:

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

Views of Responsible Officials:

We concur with this finding:

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

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

09-02

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 2008/09

Compliance Requirement: Eligibility

Questioned Costs: \$0

Criteria:

The *March 2009 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/group program participants were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made only to eligible participants.

Condition Found:

Specific requirements must be followed to ensure that the individual meets the financial and categorical requirements, which includes the following:

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

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

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

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

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

Effect:

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

Recommendation:

We recommend that the County establish formal policies and procedures with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant 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 these findings:

Medi-Cal Eligibility

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

Responses to specific findings:

IEVS is utilized to verify income and property information submitted by the client. The lack of running an IEVS report does not necessarily constitute the ineligibility of the client. This is an administrative error. However, to ensure an IEVS report is issued and used on every renewal case, the business process has been changed so that the IEVS request will happen at the time the renewal packet is mailed to the client. The request will be made by one worker and the renewal will be processed by another. This division of labor ensures the necessary checks and balances are in place to comply with this requirement. This new procedure was reviewed at the November 17, 2009 Medi-Cal supervisors meeting.

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

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

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

IHSS:

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

Responses to specific findings:

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

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

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

09-03

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 2008/09

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

Questioned Costs: \$(654)

Criteria:

The *March 2009 OMB Circular A-133 Compliance Supplement* requirements for special tests and provisions requires that the County (1) accurately and completely process and store all case file information for eligibility determination and benefit calculation; (2) automatically cut off households at the end of their certification period unless recertified; and (3) provide data necessary to meet Federal issuance and reconciliation reporting requirements. In addition *March 2009 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/group program participants were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made only to eligible participants.

Condition Found:

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

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

Effect:

Participants may be receiving incorrect benefit amount.

Recommendation:

We recommend that the County establish formal policies and procedures with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant files and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel. We recommend that the County require the determination and calculation be reviewed by other County personnel. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:

We concur with this finding:

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

Responses to specific findings:

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

09-04

Program: Temporary Assistance for Needy Families

CFDA No.: 93.558

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

Passed-through: California Department of Social Services

Award Number: Santa Barbara

Award Year: Fiscal year 2008/09

Compliance Requirement: Eligibility

Questioned Costs: \$919

Criteria:

The *March 2009 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/group program participants were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made only to eligible participants.

Condition Found:

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

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

Effect:

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

Recommendation:

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

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

Responses to specific findings:

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

09-05

Program: Temporary Assistance for Needy Families

CFDA No.: 93.558

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

Passed-through: California Department of Social Services

Award Numbers: Santa Barbara

Award Year: Fiscal year 2008/09

Compliance Requirement: Special Tests and Provisions

Questioned Costs: \$306

Criteria:

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

Condition Found:

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

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

Effect:

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

Recommendation:

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

Views of Responsible Officials:

We concur with this finding.

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

Responses to specific findings:

IEVS is utilized to verify income and property information submitted by the client. The lack of running an IEVS report changed the eligible benefit level by \$306 in only one of the forty six cases tested. In the future, to ensure an IEVS report is issued and used on every renewal case, the business process has been changed so that the IEVS request will happen at the time the renewal packet is mailed to the client. The request will be made by one worker and the renewal will be processed by another. This division of labor ensures the necessary checks and balances are in place to comply with this requirement. This new procedure was reviewed at the CalWorks 11/3/09 supervisors meeting.

09-06

Program: Medicaid Cluster

CFDA No.: 93.778

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

Passed-through: California Department of Mental Health

Award Numbers: Santa Barbara

Award Year: Fiscal year 2008/09

Compliance Requirement: Allowable Costs and Activities

Questioned Costs: \$0

Criteria:

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

Condition Found:

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

Out of the 46 payroll expenditures selected for testing:

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

Effect:

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

Recommendation:

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

Views of Responsible Officials:

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

09-07

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 2008/2009

Compliance Requirement: Eligibility

Questioned Costs: \$0

Criteria:

The *March 2009 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/group program participants were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made only to eligible participants.

Condition Found:

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

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

Effect:

Ineligible participants may be receiving benefits.

Recommendation:

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

Views of Responsible Officials:

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

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

09-08

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

CFDA No.: 93.959

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

Passed-through: California Department of Alcohol and Drug Programs

Award Numbers: Santa Barbara

Award Year: Fiscal year 2008/09

Compliance Requirement: Allowable Costs and Activities

Questioned Costs: \$0

Criteria:

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

Condition Found:

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

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

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

Effect:

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

Recommendation:

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

Views of Responsible Officials:

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

**COUNTY OF SANTA BARBARA, CALIFORNIA
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

08-01

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 2007/2008

Compliance Requirement: Eligibility

Questioned Costs: \$79,035

Criteria:

The *March 2008 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/group program participants were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made only to eligible participants.

Condition Found:

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

- 5 cases where the children did not meet the eligibility requirements of the former AFDC program for one or more months during the year.
- 3 case files did not contain a current permanency plan adopted by the courts.
- 1 case file had an incomplete criminal background check for a foster care provider.
- 2 case files where the court orders did not have the language required for the case to be eligible for federal funding.
- 1 case file did not include the current placement of the foster child.
- 2 case files where a permanency plan was not adopted within 12 months of the date the child entered foster care.
- 3 case files where the children were not eligible for federal funding based on dependency status and/or placement.

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:

Of the 17 findings noted above, there were a total of 9 participants who may have been ineligible for the federal Foster Care benefits. Additionally, there were findings on 2 participants that did not impact their eligibility for federal benefits.

The Department acknowledges that timely and complete documentation was not available or documented in the Foster Care (FC) eligibility file to provide initial eligibility and/or redetermination eligibility for AFDC-FC cases. The Department initiated an eligibility staff self audit on 100% of the AFDC-FC cases in June 2008. The self-audit will commence in December and is supported by monthly random supervisor reviews and will be followed by an internal audit of files by our program analysts. Regulatory compliance continues to be addressed in monthly unit trainings by the program analyst.

The Department recognizes that documented court findings did not consistently reflect the findings recommended by social workers thus creating noncompliance. The Department has completed the advanced preparation needed to implement the use of the 2008 Judicial Council Recommended Findings and Orders by Child Welfare Services (CWS) Staff. Training has been scheduled for October 2008 to educate all relevant CWS staff in the use of the new findings and orders. The Department will implement use of the new findings and orders November 2008. In addition, the Department has been working with the Juvenile Courts to ensure that the requisite language on the minute orders parallels the recommended findings and orders. A process for reviewing all minute orders has been established at several junctures in the life of the eligibility case and those minute orders lacking the requisite language will be returned to the courts for review of the corresponding transcripts and modification, if legally appropriate.

Current Year Status:

See current year finding 09-01 for permanency plan finding. Other findings have been resolved.

08-02

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 2007/2008

Compliance Requirement: Allowable Costs and Activities

Questioned Costs: \$125.60

Criteria:

The State of California requires that grant funds are to be used for Allowable Costs and Activities in accordance with the *March 2008 OMB Circular A-133 Compliance Supplement*, which requires that the pass-through entity establish control systems to ensure costs are for allowable activities and are properly coded.

Condition Found:

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

Out of the 46 County Department of Child Support Services non-payroll expenditures selected for testing:

- 2 expenditure items did not have proper supporting documentation.

Effect:

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 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 non-payroll expenditures and related supporting documentation.

Views of Responsible Officials:

In regards to the two non-payroll expenditures, the Department concurs with this finding. The two receipts in question were provided by the same vendor. The vendor's receipt, although itemized by each item purchased, did not identify those items. The cash register tape simply read "tax" or "non tax" for each item. The Department wrote out on a separate piece of paper the items that were purchased on those receipts. The receipts in question were for items required during a staff training meeting, and this was the only vendor in the vicinity where the necessary items could be purchased. In the event the Department has to use this vendor again, we will write down the item purchased for each line item, and ask the vendor to sign the receipt.

Current Year Status:

No such finding in the current year.

08-03

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 2007/2008

Compliance Requirement: Special Tests and Provisions

Questioned Costs: \$0

Criteria:

The 2008 *OMB Circular A-133* requirements for Special Tests and Provisions require the following:

- The County to establish paternity and a support obligation for children under IV-D cases within 90 calendar days of locating the non-custodial parent.
- Under IV-D cases where an obligation to support has been ordered, the County is required to monitor such cases. For cases requiring enforcement, an enforcement action must be initiated within 30 days of identifying a delinquency or 60 days if service of process is required.
- The County is required to inquire if the custodial parent has insurance other than Medicaid and is required to petition or pursue enforcement of medical support in the form of health insurance as part of support orders.

Condition Found:

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

- 6 case files whereby the County failed to serve process and/or establish an order for support obligation within 90 days of locating the non-custodial parent.
- 3 case files whereby the County failed to monitor or perform enforcement actions within the required timeframes.
- 1 case file whereby the County failed to pursue enforcement of medical support in the form of health insurance as part of the support orders.

Effect:

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

Recommendation:

We recommend that the County strictly adhere to the established policies and procedures with regards to establishing paternity and a support obligation within the required deadlines for IV-D cases, verifying enforcement actions within the required time frame, and enforced the requirement for medical support as part of support orders.

Views of Responsible Officials:

We concur with this finding. On November 5, 2007, we transitioned to a new "statewide" computer system. While we believe the system will ultimately deliver the promised efficiencies, there are currently many flaws that need to be fixed. The system contains huge layers of complexity and since its implementation, in May 2007, thousands of system defects have been identified and corrected, and many more still remain to be resolved. Such defects have ranged from incorrect data transfer from the Social Services system (a major referral source), a lack of Spanish language forms, erroneous levies on bank accounts, to overproduction of automatically generated forms. Such deficiencies, coupled with experiencing a natural learning curve have caused a slow-down in productivity and follow through for case activities. The conditions found above, in general, occurred while moving from the old system to the new one (e.g. an action was started in the CASES system, but not followed through in the new CSE system). We also recognized that we were not working to

our potential and this caused us to look carefully at our service delivery model. In June 2008, we implemented a new “branch team” service model, in which we approach our casework from a team perspective (as opposed to every Child Support Officer having a caseload). Our Santa Barbara Office is now our customer service call center; our Lompoc office now focuses on establishing orders; and our Santa Maria office is charged with opening and enforcing our cases. We continue to monitor work productivity in order to assess whether or not we are meeting our goal to meet required performance mandates. Additionally, we continue department-wide trainings for all staff, as well as enroll staff in process improvement training. The department recognizes that remaining in compliance with our mandates is of utmost importance in order to properly serve our customers.

Current Year Status:

No such finding in the current year.

08-04

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 2007/08

Compliance Requirement: Eligibility

Questioned Costs: \$0

Criteria:

The *March 2008 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.
- Verification of an applicant and recipient’s social security number (SSN) to ensure that each SSN furnished was issued to that individual.
- Verification of applicant’s qualified alien status by obtaining an MC 13 if the applicant is not a U.S. citizen.
- Verification of the eligibility of Medicaid recipients with respect to circumstances that may change, at least every 12 months.

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

- 3 case files whereby the County did not verify the participant’s SSN through an IEVS J-Verified Report in CalWIN.
- 1 case file whereby the County failed to verify the participant’s qualified alien status by obtaining a completed and signed MC 13 from the applicant.

- 3 case files whereby the County failed to redetermine the eligibility of Medicaid recipients within the 12 month renewal period.

Out of the 20 case files selected for IHSS eligibility testwork, we noted the following

- 2 case files whereby the County failed to redetermine the eligibility of recipients within the 12 month renewal period.

Effect:

Participant data may not be accurate in the participant file or the system, which could lead to initial and 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:

Medi-Cal

We concur with this finding. The Department acknowledges that complete eligibility documentation is required to establish accurate Medi-Cal eligibility. The Department already has policies and procedures in place that require Medi-Cal staff to follow State policies regarding initial and ongoing eligibility determinations.

The Department has longstanding policies and procedures regarding eligibility determinations. Medi-Cal Eligibility Procedural Manual Supplement (MCP) 06-14, MCP 04-06, Administrative Directive (AD) 07-08, and AD 06-22 provide clear written direction and policy for staff.

The Medi-Cal Program Analyst will review the MCP's regarding the application process and MC-13 requirements with all Medi-Cal Supervisors. Review of the MCP's will occur at the next Team Meeting scheduled for November 2008. The Medi-Cal Program Analyst will also review program resources regarding IEVS and RRR processing at this Team Meeting.

The County requires that supervisors provide unit training/review of these MCP's. These trainings/reviews will be conducted annually. Supervisors will send the completed training sheets to the Program Analyst who will keep them for tracking.

The Department has a policy on supervisor case reviews issued in 2000 (MCP 00-46) that remains in effect for Intake units. The policy states that the supervisor must complete 2 reviews per month for each experienced worker. With the Benefit Service Center (BSC) in effect as of September 2008, the new policy in the BSC Operations Manual requires the BSC supervisors to conduct case, phone, and task reviews monthly.

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 MC 13 forms.

IHSS

We concur with the finding. The Department acknowledges that two redeterminations were not completed within the mandated time frames. The County has pre-existing policies and procedures with regards to an initial ongoing eligibility determination, required documentation, maintenance of participant files, and continues its efforts to ensure these policies are adhered to. IHSS is currently understaffed to meet the increasing workload demands of the IHSS program. The state IHSS administrative allocation is currently inadequate to meet staffing needs, and the program will endure an additional 5% statewide administrative cut next fiscal year.

Quality Assurance staff and IHSS Supervisors will continue monitoring Case Management Information and Payroll System reports to ensure timely face-to-face reassessments. The Department shall continue to strive to complete timely redeterminations within the capacity of current staffing levels.

Finally, the Department has made a considerable effort to develop and implement a documentation tool (the Client Assessment and Documentation Instrument, or CADI) that designed to streamline the reassessment documentation process. The CADI was implemented countywide in June 2008, and has been shared statewide as a model for improved case documentation.

Current Year Status:

See current year finding 09-02.

08-05

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 2007/08

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

Questioned Costs: \$473

Criteria:

The *March 2008 OMB Circular A-133 Compliance Supplement* requirements for special tests and provisions requires that the County (1) accurately and completely process and store all case file information for eligibility determination and benefit calculation; (2) automatically cut off households at the end of their certification period unless recertified; and (3) provide data necessary to meet Federal issuance and reconciliation reporting requirements. In addition *March 2008 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/group program participants were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made only to eligible participants.

Condition Found:

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

- 6 case files whereby the County calculated the benefit amount incorrectly.
- 6 case files whereby the income verification documentation in the case files did not agree with income verification the data in CalWIN.

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 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.

The Department has longstanding policies and procedures regarding eligibility determinations. Food Stamps (FS) AD 06-02, FS AD 04-04, ADMIN AD 06-35 and ADMIN AD 06-04 provide clear written direction and policy for staff.

The Food Stamps Program Analyst will review the administrative directives regarding the calculation of the monthly benefit amount, obtaining the required income verifications, and documentation in CalWIN with all Food Stamp Supervisors. Review of the AD's will occur at the next Team Meeting scheduled for October 2008.

The Department has a policy on supervisor case reviews issued in 2000 (MCP 00-46) that remains in effect for Intake units. The policy states that the supervisor must complete 2 reviews per month for each experienced worker. With the Benefit Service Center (BSC) in effect as of September 2008, the new policy in the BSC Operations Manual requires the BSC supervisors to conduct case, phone, and task reviews monthly.

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

Current Year Status:

See current year finding 09-03 for the incorrect calculation of benefit amount finding. The other finding has been resolved.

08-06

Program: Temporary Assistance for Needy Families

CFDA No.: 93.558

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

Passed-through: California Department of Social Services

Award Number: Santa Barbara

Award Year: Fiscal year 2007/08

Compliance Requirement: Eligibility

Questioned Costs: \$5,210

Criteria:

The *March 2008 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 verify income for one or more quarters.

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 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 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. The Department has longstanding policies and procedures regarding eligibility determinations. ADMIN AD 06-22 and ADMIN AD 06-35 provide clear written direction and policy for staff.

The CalWORKs Program Analyst will review the Eligibility Assistance Standards (EAS) manual sections regarding obtaining income verifications as well as documentation in CalWIN with all CalWORKs Supervisors. Review of the manual sections will occur at the next Team Meeting scheduled for November 2008.

The Department has a policy on case reviews recently updated in January 2008 that remains in effect. The policy states that the supervisor must complete 2 reviews per month for each experienced worker.

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

Current Year Status:

See current year finding 09-04.

08-07

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 2007/08

Compliance Requirement: Special Tests and Provisions

Questioned Costs: \$504

Criteria:

The *March 2008 OMB Circular A-133 Compliance Supplement* requires each State to participate in the Income Eligibility and Verification System (IEVS), the Child Support Non-Cooperation, and Penalty for Refusal to Work. Under the State of California IEVS Plan the County is required to properly consider the information obtained from the State of California data matching system in determining the eligibility and the amount of Temporary Assistance for Needy Families (TANF) benefits. The State notifies the TANF agencies of non-cooperation with Child Support and the agencies have to take necessary actions to reduce or deny benefits. The State established regulations for the County to reduce or terminate the assistance grant of the individuals who refuse to engage in work.

Condition Found:

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

- 1 case file whereby the County did not use the Income Eligibility and Verification System to verify income eligibility in fiscal year 2007/08.
- 1 case file whereby the County did not sanction the applicants for non-cooperation with Child Support.

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 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 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.

The Department has longstanding policy and procedures regarding eligibility determinations. ADMIN AD 06-22, CALWORKS (CW) AD 03-01, CW AD 07-07, WELFARE TO WORK (WTW) AD 07-01 and WTW 06-01 provide clear written direction and policy for staff.

The CalWORKs Program Analyst will review the administrative directives regarding use of the IEVS system to verify income and child support cooperation requirements and enforcements with all CalWORKs Supervisors. This review will occur at the next Team Meeting scheduled for November 2008.

The Department has a policy on case reviews recently updated in January 2008 that remains in effect. The policy states that the supervisor must complete 2 reviews per month for each experienced worker.

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

Current Year Status:

See current year finding 09-05 for income verification finding. The finding for non-cooperation with child support has been resolved.