



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Auditor-Controller
Department No.: 061
For Agenda Of: June 4, 2024
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Betsy M. Schaffer, CPA, CPFO, 805-568-2100
Director(s)
Contact Info: Jenavieve Shiloh, CPA, 805-568-2134
SUBJECT: Single Audit Reports for the fiscal year ended June 30, 2023

County Counsel Concurrence

As to form: N/A

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

That the Board of Supervisors:

- A. Receive and file the County of Santa Barbara's Single Audit Reports for the fiscal year (FY) ended June 30, 2023.
- B. Determine that the above actions are not a "project" under the California Environmental Quality Act (CEQA) pursuant to section 15378(b)(5) of the CEQA guidelines, because they consist of administrative activities of the government that will not result in direct or indirect physical changes in the environment.

Summary Text:

Under the Code of Federal Regulations, entities that expend \$750,000 or more of Federal awards per year are required to have annual audits (commonly referred to as *Single Audits*). The audits are conducted by independent outside auditors in accordance with Subpart F of the U.S. Office of Management and Budget (OMB) 2 CFR Part 200 – *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. During FY 2022-23, the County expended approximately \$176 million in reimbursable Federal funds excluding loans, fee for service Medicaid and other vendor type transactions.

Brown Armstrong Accounting Corporation (Brown Armstrong) performed the County's Single Audit. The County received unmodified "clean" opinions on all Federal programs selected for the Single Audit. Brown Armstrong also performed the County's annual financial statement audit. As a required part of performing both audits in accordance with *Government Auditing Standards*, Brown Armstrong issued a Report on Internal Control over Financial Reporting and on Compliance and Other Matters, which is included in the attached Single Audit Reports.

Background:

The *Uniform Guidance* is intended to promote sound financial management, including effective internal control, with respect to Federal awards administered by state and local governments and not-for-profit organizations. The Single Audit contains both compliance and financial components. The audit standards require the auditee (the County) to:

1. Maintain internal control for Federal programs;
2. Comply with the laws, regulations, and provisions of contracts or grant agreements;
3. Prepare appropriate financial statements, including the Schedule of Expenditures of Federal Awards (SEFA);
4. Ensure that the required Single Audits are properly performed and submitted when due; and
5. Follow up and take corrective actions on audit findings.

Although interrelated, the Single Audit differs from the County's annual financial audit in that the Single Audit focuses on compliance with Federal regulations and internal controls over Federal programs, while the financial audit focuses on whether the County's financial statements are presented fairly in all material respects. The County's Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2023, was previously received and filed by your Board on April 2, 2024.

An **unmodified opinion** is a "clean" opinion, while a **qualified opinion** signifies that the auditor found material instances of noncompliance within a major program. As indicated in the table below, all six of the programs tested for FY 2022-23 received an unmodified opinion. The Single Audit opinions by major Federal program audited for the last three years are as follows:

<i>Federal Program</i>	<i>2022-23</i>	<i>2021-22</i>	<i>2020-21</i>
COVID-19 Coronavirus Relief Fund	N/A	N/A	Qualified
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (ARPA)	N/A	Unmodified	N/A
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	N/A	N/A	Unmodified
Workplace Innovation and Opportunity Act Cluster	N/A	N/A	Unmodified
Adoption Assistance	Unmodified	N/A	Unmodified
Child Support Enforcement	N/A	N/A	Unmodified
Block Grants for Prevention & Treatment of Substance Abuse	Unmodified	N/A	Unmodified
Health Center Program Cluster	Unmodified	N/A	N/A
Temporary Assistance for Needy Families	Unmodified	N/A	N/A
Special Supplemental Nutrition Program for Women, Infants, and Children	Unmodified	N/A	N/A
Supplemental Nutrition Assistance Program	Unmodified	Unmodified	N/A
Medicaid	N/A	Unmodified	N/A
Disaster Grants Public Assistance	N/A	Unmodified	N/A
Foster Care	N/A	Unmodified	N/A
Hazard Mitigation Grant (HMGP)	N/A	Unmodified	N/A
Emergency Shelter Grants Program	N/A	Unmodified	N/A
Emergency Rental Assistance Program	N/A	Unmodified	N/A
Highway Planning and Construction	N/A	Unmodified	N/A

N/A - Program Not Audited

The Single Audit requires the independent auditor to evaluate the County’s status as high-risk or low-risk. A high-risk auditee is a recipient which has a high risk of having instances of non-compliance with Federal laws and regulations, while a low-risk auditee is the exact opposite. As a result of a qualified opinion related to a material weakness in internal control and instance of non-compliance related to activities allowed or unallowed, allowable costs/cost principles for the COVID-19 Coronavirus Relief Fund program in FY 2020-21, the County was considered a high-risk auditee for the FY 2021-22 and 2022-23 Single Audits. The impact on audit procedures at the County level required the County’s independent auditor to select major programs encompassing at least 40% of the County’s total Federal awards expended as a high-risk auditee versus selecting major programs that encompass at least 20% of the County’s total Federal awards expended as a low-risk auditee.

The Single Audit Reports for the fiscal year ended June 30, 2023 contained no findings.

Performance Measure:

Receive unmodified opinions on the FY 2022-23 Federal Single Audit Report.

Contract Renewals and Performance Outcomes:

N/A

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

Narrative: For FY 2022-23, the total audit contract with independent outside auditors was \$145,000 of which \$50,000 was attributed to the Single Audit.

Attachments: Attachment: County of Santa Barbara, Single Audit Reports for the fiscal year ended June 30, 2023

Authored by:

Nicolas Nocker, CPA, Financial Reporting, Budget, and Cost Division Supervisor, Office of the Auditor-Controller

cc:

Mona Miyasato, County Executive Officer
Department Directors