



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: 12/13/2022  
Placement: Administrative  
Estimated Time: N/A  
Continued Item: No  
If Yes, date from:  
Vote Required: Majority

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**TO:** Board of Supervisors

**FROM:** Department Betsy M. Schaffer, CPA  
Director(s) Auditor-Controller, 568-2100

Contact Info: Joel Boyer, CPA  
Internal Audit Division Chief, 568-2456

**SUBJECT:** June 30, 2022 Fiscal Year End Auditor-Controller Internal Audit Reports

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**County Counsel Concurrence**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- a) Receive and file the Auditor-Controller's Loss of Public Property Report for the period of 7/1/2021-6/30/2022.
- b) Receive and file the Auditor-Controller's Cash Shortages & Overages Report for the period of 7/1/2021-6/30/2022.
- c) Receive and file the Auditor-Controller's External Monitoring Reports of County Departments - Performed by State, Federal, and Other Outside Agencies for the period of 7/1/2021-6/30/2022.
- d) Receive and file the Auditor-Controller's Report of Vendor Payments Greater than \$200,000 for the period of 7/1/2021-6/30/2022.
- e) 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:**

The Loss of Public Property Report is provided to your Board as is required under Resolution No. 11-432.

The Cash Shortages & Overages report is submitted pursuant to California Government Code Section 29380.1.

County departments are subject to monitoring by external agencies; primarily, by the State of California. The majority of monitoring is performed over State and federal funding received by the County. Monitoring can take place on different levels such as an audit, review, or specific procedures performed on certain processes. Generally, the objective of monitoring is to determine whether the County complies with certain legal restrictions that are placed on funding. Noncompliance may result in a loss of, or reduction in, funding. All monitoring of County departments that have not already been presented to the Board of Supervisors are compiled in the External Monitoring Reports of County Departments, Performed by State, Federal, and Other Outside Agencies based upon departmental reports filed with the Auditor-Controller. During the twelve months covered by the Report, no department had a program monitoring report ranked as high risk, two departments had a program monitoring report ranked as moderate risk, and eight departments had program monitoring reports that were ranked as low risk. The corrective actions proposed by the two departments with moderate risk monitoring are included in the Report.

The Report of Vendor Payments Greater than \$200,000 provides information regarding County payments to vendors. The attached report for fiscal year (FY) 2021-2022 is a reporting requirement of the Service Contract and Grant Compliance Management Policy of the County of Santa Barbara.

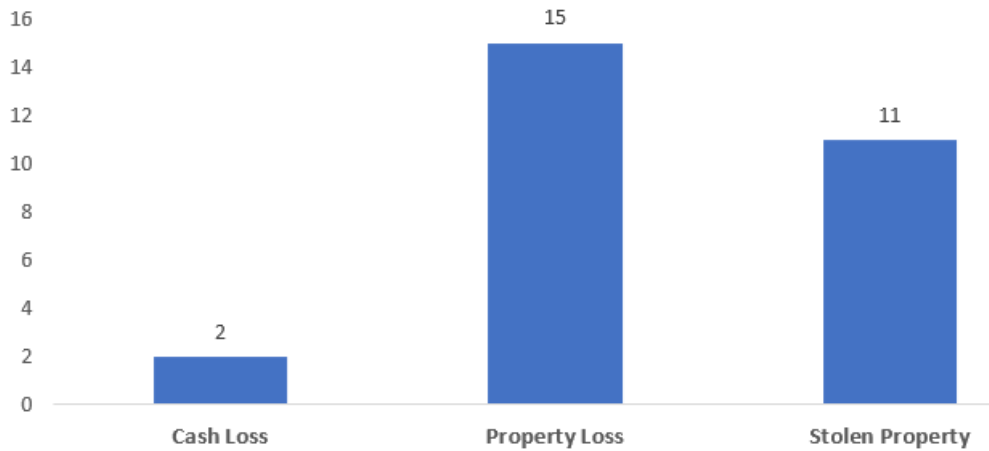
**Background:**

***Loss of Public Property Report***

Resolution No. 11-432 affirms your Board's commitment to maintain a tone of integrity throughout the County, increase management's focus on anti-fraud controls, decrease County losses, and increase the efficiency and results of investigations. Resolution No. 11-432 implemented policies and procedures recommended by the Auditor-Controller in reporting acts that involve losses of public funds and property. The policies and procedures also require that a report of losses and disposition be provided to your Board on an annual basis.

The Loss of Public Property Report includes substantiated instances of loss or theft of cash and property occurring between 7/1/2021-6/30/2022 reported by departments to the Internal Audit (IA) Division of the Auditor-Controller's Office. This report does not include instances where lost monies or property were subsequently found or recovered from sources other than insurance, or certain instances where investigations have not concluded. During the reporting period, internal audit work was completed for two instances of cash loss for the amount of \$205; 15 instances of property loss for the amount of \$8,300; and 11 instances of stolen property for the amount of \$16,508. Reported losses are visualized below. The reported loss and related description of each instance is reported in Attachment A - Loss of Public Property Report.

### Number of Reported Loss Instances by Category



### Dollar Value of Reported Losses by Category



#### ***Cash Shortages & Overages Report***

The Cash Shortages & Overages Report for the period 7/1/2021-6/30/2022 is submitted pursuant to California Government Code Section 29380.1, which notes that the Auditor-Controller will render a written report and give an account to the Board of the cash difference (shortage) fund and cash overage fund at the end of each fiscal year.

Total cash shortages amounted to \$1,267.74, and total cash overages amounted to \$6,942.22. Cash losses are reported directly to IA by a department while cash shortages and overages are recorded by departments in the general ledger through the County’s Financial Information Network (FIN).

Cash shortages and overages primarily result from routine transaction processing and cash handling errors. Shortages and overages by department are visualized below. The status and disposition for each department’s overage and shortage is included in the Attachment B - Cash Shortages & Overages Report.

## Cash Shortages & Overages

(by Department)

<u>Department</u>	<u>Cash Shortages</u>	<u>Department</u>	<u>Cash Overages</u>
Clerk-Recorder-Assessor	\$97.20	Clerk-Recorder-Assessor	\$5,230.59
Community Services	940.90	Community Services	1,471.75
General Services	0.88	Probation	10.10
Probation	50.00	Public Health	136.79
Public Health	93.92	Public Works	90.50
Public Works	83.75	Sheriff	2.49
Sheriff	1.09	<b>Total Overages</b>	<b>\$6,942.22</b>
<b>Total Shortages</b>	<b>\$1,267.74</b>		

### *External Monitoring Reports of County Departments, Performed by State, Federal, and Other Outside Agencies*

The Report's primary objective is reporting external monitoring. Other certifications or performance reviews are omitted.

The Report attached summarizes the results of monitoring reports issued to County departments by external agencies, based upon departmental reports filed with the Auditor-Controller's office. These monitoring reports provide information on strengths and weaknesses in departmental policies and procedures and extend into organizations that receive County funds. We have excluded any monitoring reports that have already been presented to the Board such as the audit of the Annual Comprehensive Financial Report (ACFR). In general, most of the other monitoring that occurs is performed by the State over compliance restrictions associated with funds disbursed to the County.

The Report compiles the results of all monitoring reports that were received by County departments from July 1, 2021 through June 30, 2022 and includes a risk assessment of each program based upon report results. The risk assessments are self-evaluations made by each department and do not reflect findings in reports from prior or subsequent years. Therefore, a risk assessment may change each year, depending on the monitoring results and activities for the year.

High risk programs indicate there may be a potential for a large dollar amount of error or loss, significant lack of monitoring, or wide-spread violation of law. Moderate risk programs indicate a potential for moderate dollar amount of error or loss, some violation of policy, and other compensating procedures may exist to correct issues. Low risk programs are summarized on pages two and three of the Report.

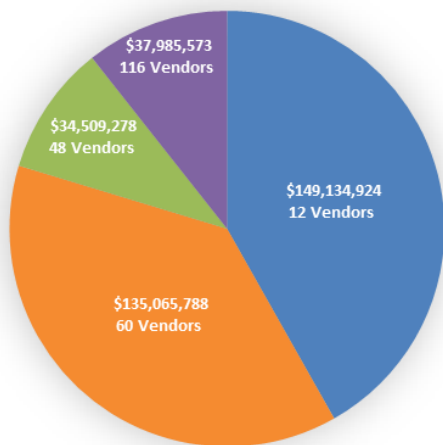
The Report is provided to the Board to disclose strengths and weaknesses in departmental procedures and processes as identified by outside auditors. Weaknesses in these processes and procedures should be corrected and monitored by County management.

**Report of Vendor Payments Greater than \$200,000**

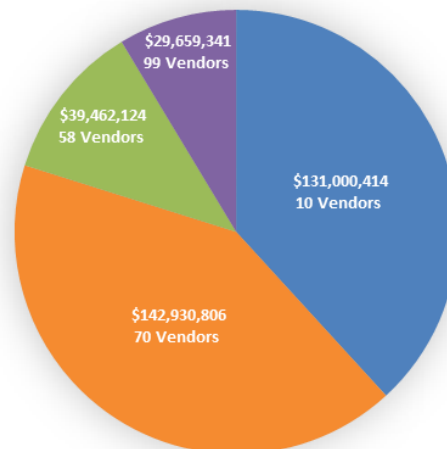
The report of vendor payments greater than \$200,000 for FY 2021-2022 is a reporting requirement of the Service Contract and Grant Compliance Management Policy of the County of Santa Barbara. This report is a compilation of information acquired from FIN and, as such, auditing procedures were not completed related to it. To increase transparency of payments to certain vendors, auditor judgment was used to combine FIN vendors when appropriate. The Report notes that 236 vendors were paid amounts greater than \$200,000 for total disbursements equal to \$356,695,563. Questions about specific vendors and related disbursements should be directed to the appropriate department director.

The charts below depict disbursements by dollar amount broken out by disbursement threshold over the last two fiscal years for comparative purposes. The detailed list of vendors and related disbursements for FY 2021-2022 is presented as Attachment D. The list depicts all vendors that received disbursements of more than \$200,000 during the fiscal year, not solely those with Board approved service contracts.

**FY 2021-2022**



**FY 2020-2021**



■ > \$5M ■ \$1M-\$5M ■ \$500K - \$1M ■ \$200K - \$500K

\*As approved in the FY 2021-2022 Audit Plan, the Annual Vendors over \$200K Report threshold is \$200K. Previously, the reporting threshold was \$100K. The increase in threshold was due to the State Legislature update to Government Code Section \$25502.5 that increased the aggregate spend on service contracts from \$100,000 to \$200,000 effective January 1, 2019.

**Fiscal Analysis:**

See Attachments

**Attachments:**

- A - Loss of Public Property Report for the period of 7/1/2021-6/30/2022
- B - Cash Shortages & Overages Report for the period of 7/1/2021-6/30/2022
- C - External Monitoring Reports of County Departments - Performed by State, Federal, & Other Outside Agencies for the period of 7/1/2021-6/30/2022
- D - Report of Vendor Payments Greater than \$200,000 for the period of 7/1/2021-6/30/2022

**Authored by:**

Joel Boyer, Internal Audit Division Chief

**cc:**

Mona Miyasato, County Executive Officer  
 County of Santa Barbara Department Directors