



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: July 10, 2012
Placement: Administrative
Estimated Tme: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Robert W. Geis, CPA, Auditor-Controller, 568-2100
Director(s)
Contact Info: Heather Fletcher, CPA, Audit Manager, 568-2456

SUBJECT: **Auditor-Controller's Report on the External Monitoring Reports of County
Departments for Calendar Year 2011.**

County Counsel Concurrence

As to form: N/A

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: N/A

As to form: No

Recommended Actions:

That the Board of Supervisors:

Receive and file the Auditor-Controller's Report on the External Monitoring Reports of County Departments for Calendar Year 2011 (the Report).

Summary Text: 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 is in compliance with certain legal restrictions that are placed on funding. Non-compliance may result in a loss of or reduction in funding. All monitoring of County departments has been compiled based upon departmental reports filed with the Auditor-Controller. During the calendar year, three departments had programs that were ranked as high risk. **The proposed corrective action of the departments is included in the Report.**

Background:

In its recent report titled "A Failure of Oversight, Lompoc Housing and Community Development Corporation" the Grand Jury recommended that the Auditor-Controller report to the Board of Supervisors the results of audits made over organizations that receive County funds. The Report attached summarizes the results of monitoring reports issued of all departments within the County by

external agencies, based upon departmental reports made to our office. These monitoring reports provide information on strengths and weaknesses in departmental policies and procedures and extend into organizations that receive County funds. Therefore, it is a good example of a summarization of the results of monitoring as recommended by the Grand Jury.

There are two main County-wide annual audits which include all departments:

1. The audit of the Comprehensive Financial Report (CAFR) which focuses on the County's financial processes and procedures.
2. The Single Audit which is an audit of all Federal programs, primarily over the compliance elements of these programs.

We report the results of both of the above reports to the Board of Supervisors in separate board letters on an annual basis. We have also included these results in the Report. The CAFR audit is included in the Auditor-Controller section and the Single Audit in each respective department. In general, most of the other monitoring that occurs is performed by the State, over compliance restrictions associated with funds disbursed to the County. In the Report we have also included some formally issued internal audit reports required by contracts or law.

The Report compiles the results of all monitorings that were performed on County departments during calendar year 2011. The Report includes a risk assessment of each program based upon audit results. The risk assessments are made by the Auditor-Controller's Office from monitoring reports received in calendar year 2011 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, designated in red, indicate that there may be a potential for a large dollar amount of error or loss, significant lack of monitoring, or wide-spread violation of law. Programs with a potential for moderate dollar amount of error or loss, some violation of policy, and when other compensating procedures may exist to correct issues are designated as yellow. Low risk programs are designated with the color green.

During the calendar year 2011, programs in the departments of Alcohol Drug and Mental Health, Sheriff, and Public Works, were rated as high risk. Repayment of funds was required for two of the departments; the remaining department has not been required to repay any finding amounts.

The Report is provided to your Board to inform you of strengths and weaknesses in departmental procedures and processes. Weaknesses in these processes and procedures should be corrected and monitored by County management.

Performance Measure:

Fiscal and Facilities Impacts: None

Budgeted: N/A

Fiscal Analysis: N/A

Staffing Impacts:

Legal Positions:
N/A

FTEs:
N/A

Special Instructions: None

Attachments:

Auditor-Controller's Report on the External Monitoring Reports of County Departments
Grand Jury Report: A Failure of Oversight, Lompoc Housing and Community Development Corporation

Authored by: Heather Fletcher, Audit Manager

cc: Chandra Wallar, County Executive Officer
Department Directors