



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: General Services
Department No.: 063
For Agenda Of: November 14, 2017
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO:

FROM: General Services Janette D. Pell, Director (560-1011)
Contact Info: Joseph Toney, Assistant Director (568-2678)

SUBJECT: **Audit Reports for the Northern Branch Jail Project (AB900) for Fiscal Years ended 6/30/16 and 6/30/17; Third District**

County Counsel Concurrence

As to form: Yes

Other Concurrence: N/A

As to form: No

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Receive and file the County of Santa Barbara's AB900 Northern Branch Jail Construction Project Financial and Performance Audit from Inception (January 15, 2013) Through June 30, 2016;
- b) Receive and file Statement on Auditing Standards (SAS) 114 report (Auditor's Letter to the County's Governing Body) for AB900 for the period ending June 30, 2016;
- c) Receive and file the County of Santa Barbara's AB900 Northern Branch Jail Construction Project Financial and Performance Audit from Inception (January 15, 2013) Through June 30, 2017;
- d) Receive and file SAS 114 report for AB900 for period ending June 30, 2017 (Auditor's Management Letter); and
- e) Determine that acceptance of the annual report is not a "project" as defined by the California Environmental Quality Act (CEQA) Guidelines Section 15378(b)(5), as it is an administrative activity that will not result in direct or indirect changes in the environment, and approve and direct staff to file the attached Notice of Exemption on that basis.

Summary Text:

On January 15, 2013, the Board of Supervisors entered into the Board of State and Community Corrections (BSCC) Jail Construction Agreement for Santa Barbara County for the Northern Branch Jail

(NBJ) AB900 project.

The BSCC agreement requires that within ninety (90) calendar days of project Final Completion, the County must obtain and submit a final program audit to the BSCC. These agreements require that the audit be prepared in accordance with generally accepted auditing standards, government auditing standards for financial and compliance audits, and the State of California, Board of State and Community Corrections (BSCC) Audit Guide. To ensure an accurate final program audit, annual audit reports were prepared and are now being filed with the Board of Supervisors. The results of these reports are unmodified opinions, which indicate that financial schedules were presented fairly in all material aspects, and that there were no identified instances of non-compliance with respect to the grant requirements.

The County is contracting for annual audits of these project funds in addition to the final program audit to ensure that the funds are spent in compliance with the BSCC requirements. This will help to ensure that there are no audit findings or disallowed costs at the end of the project when the BSCC audit is conducted. Two audits have previously been completed with no findings for the FYs ending June 30, 2014 and June 30, 2015 respectively.

Background:

The Financial and Program Audits for the 2015-16 and 2016-17 Fiscal Years were issued by Brown Armstrong Accountancy Corporation of Bakersfield, California (Brown Armstrong) on October 2, 2017 and covered activity from inception (January 15, 2013) through June 30, 2016 and June 30, 2017. Brown Armstrong issued four reports for each Fiscal Year with the following results:

- a) Report on Financial Schedules – Brown Armstrong issued an unmodified opinion for this audit period for the report on the financial schedules and related notes. An unmodified opinion is issued when the auditor has formed the opinion that the financial schedules contained in the report were presented fairly in all material respects.
- b) Report on Internal Control over Financial Reporting and on Compliance and Other Matters- Report was issued with a finding that from the results of the audit testing, there were no deficiencies in internal control that are considered to be material weaknesses under *Governmental Auditing Standards* and certain provisions of the *BSCC Audit Guide*.
- c) Report on Compliance with Performance Requirements –The opinion for this report was an unmodified opinion that the County complied, in all material respects, with the performance requirements under the *BSCC audit guide* for the reporting period.
- d) Findings and Recommendations – none noted.

The County expended approximately \$30,111,000 from inception through June 30, 2017 including \$21,424,000 of State eligible and \$8,687,000 of County funds.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

Narrative:

- For FY 2015-16, the audit contract for the NBJ AB900 Project was \$8,500.
- For FY 2016-17, the audit contract for the NBJ AB900 Project was \$8,500.

Staffing Impacts:

Legal Positions:

FTEs:Special Instructions:

Attachments:

1. County of Santa Barbara's AB900 North Branch Jail Construction Project Financial and Performance Audit from Inception (January 15, 2013) Through June 30, 2016
2. SAS 114 report for AB900 for the period ending June 30, 2016 (Auditor's Management Letter)
3. County of Santa Barbara's AB900 North Branch Jail Construction Project Financial and Performance Audit from Inception (January 15, 2013) Through June 30, 2017
4. SAS 114 report for AB900 for period ending June 30, 2017 (Auditor's Management Letter)
5. Notice of Exemption

Authored by:

Toni Bailey, Cost Analyst II, Northern Branch Jail Project