

# External Monitoring Reports

of County Departments, Performed by State, Federal, and Other Outside Agencies

January 1, 2012—June 30, 2013



# Department External Monitoring

The County as a whole, and specific County Departments, are subject to monitoring by various external agencies. The majority of monitoring is performed to ensure that State and Federal funds awarded to the County are spent in accordance with certain laws and regulations. Instances of non-compliance may result in 1) a requirement to give funds back to the funding agency, 2) reduced funding in future years, or 3) higher monitoring costs.

Monitoring can occur on different levels such as an audit, review, or specific procedures performed on certain process. Additionally, monitoring periods may vary (i.e. annually, quarterly, or on a one-time basis).

From January 1, 2012 through June 30, 2013, the County had two County-wide annual audits performed by Brown Armstrong CPAs. One audit was the Single Audit. The Single Audit is required by the Federal government to provide assurance that recipients receiving federal assistance are in compliance with applicable federal laws and regulations. Findings are reported when the recipient did not comply with laws and regulations. The other audit was the Comprehensive Annual Financial Report (CAFR). The CAFR is a financial report that encompasses all funds and component units of the government. The purpose of this audit is to provide assurance that the financial statements are materially correct and can be relied upon by readers.

In addition to the two recurring County-wide audits detailed above, there was a one-time State audit of the County-wide court revenue apportionment process. The following departments and entities are involved in the court revenue apportionment process: Auditor-Controller, County Executive Office, Probation, Sheriff, Treasurer-Tax Collector, and County Courts (entity is not included in this report). The information related to this audit (for all departments) is summarized in the Auditor-Controller's section.

All monitoring performed over County departments is reported to the Auditor-Controller and has been compiled in this report.

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Risks are assigned to each of the programs based upon monitoring results. The color coding indicates the following:

**RED:** Potential for large dollar amount of error or loss, significant lack of monitoring or breakdown in compliance, or wide-spread violation of law.

**YELLOW:** Potential for moderate dollar amount of error or loss, some violation of policy, other compensating procedures may exist to correct issue. When an audit report indicates that a breakdown in compliance occurred, risk will automatically be assessed at yellow. Non adherence to policies and procedures, lack of self-monitoring, and a possible future loss of outside funding due to non-compliance will also automatically be assessed at yellow.

**GREEN:** Low dollar amount of error or loss, other compensating procedures exist, or minimal program impact.

The report also lists key conditions including recommendations made by the external monitor and the corrective action taken by the department for external monitorings assessed at **RED** and **YELLOW** only. A listing of all external monitorings assessed as **GREEN** is included on the next page.

# Department External Monitoring






## List of Low-Risk (Green) Reports

The following County departments had the following program monitorings that either had no findings or findings with little or no dollar amounts of error or loss, strong existing compensating procedures, or findings with minimal program impact:

Department	Program(s) Monitored	Monitoring Agency
Agricultural Commissioner	Disease control; plant health; pest control	CA Dept. of Food & Agriculture
ADMHS	Offender Treatment Program	Cal-EMA
Auditor-Controller	Comprehensive Annual Financial Report	Brown Armstrong CPAs
Auditor-Controller	Cost Allocation Plan	California State Controller
Child Support	General Compliance - Quarter 4 2011	CA Dept. of Child Support Services
Child Support	General Compliance - Quarter 4 2012	CA Dept. of Child Support Services
Child Support	Single Audit: Child Support Enforcement	Brown Armstrong CPAs
Community Services	EmPower	Department of Energy
District Attorney	Victim Advocacy & Outreach	Cal-EMA
District Attorney	Single Audit: Workers' Compensation Insurance Fraud	Brown Armstrong CPAs
Human Resources	Controlled Substance and Alcohol Testing Program	California Highway Patrol
Planning and Development	Isla Vista RDA Dissolution	Vavrinek, Trine, Day, & Co., LLP
Planning and Development	Successor Agency Due Diligence Report: Housing Fund	Brown Armstrong CPAs
Planning and Development	Successor Agency Due Diligence Report: Other Funds	Brown Armstrong CPAs
Probation	Standards and Training for Corrections	CA Dept. of Corrections
Probation	Specialized Supervision Program	Cal-EMA
Public Health	Medi-Cal Administration	CA Dept. of Health Care Services
Public Health	HIV/AIDS Care Program	CA Dept. of Public Health
Public Health	Federally Qualified Health Center Cost Reports	CA Dept. of Health Care Services
Public Works	Transportation Development Act Fund Statements	Moss, Levy, Hartzheim, CPAs
Sheriff	Daily Jail Rate Proposal	CA Dept. of Corrections
Treasurer Tax-Collector	Cash & Investments Audit	County Auditor-Controller

# Alcohol, Drug, and Mental Health Services

Alcohol Drug and Mental Health Services had State monitorings of the Psychiatric Health Facility (PHF), Medicaid Cost Report, Mental Health Program, and Mental Health Plan. In addition, we were made aware of two State monitorings from calendar year 2011 that were not included in the prior year report. One was a contract monitoring of ADMHS' Alcohol Drug Program (ADP) for FY 09-10 and one was of a CalEMA ARRA Grant for the ADMHS' Offender Treatment Program Grant (see page 2).

Program	Risk	Rationale
PHF		Wide-spread violations; failure to follow policies & procedures
ADP		Significant breakdown in compliance with contract terms
Medicaid Cost Report		Large dollar amount of questioned costs
Mental Health Program		Large dollar amount of questioned costs
Mental Health Plan		Lack of monitoring of services

## Purpose of Monitoring

1. PHF: Compliance with documentation requirements to verify patients qualify for admission and continued stay services under applicable laws and regulations and that services were eligible under Medi-Cal.
2. ADP: Compliance with specific contract requirements for the period July-December 2010 including the completeness of data entry into the State's system.
3. Medicaid Cost Report: Tested accounting records to determine that Medi-Cal costs and data collection were made in compliance with applicable laws and regulations from 7/1/2006-6/30/2007.
4. Mental Health Program: To confirm the validity of self disclosed issues reported to the State.
5. Mental Health Plan: Annual system and quality review of ADMHS's mental health plan for fiscal year 11/12.

## Findings

1. PHF: The State reviewed 513 bed days between November 1, 2011 through January 31, 2012 and disallowed 351 days. The majority of days were disallowed because there was no documented medical necessity for continued length of stays at the PHF. Questioned costs totaled \$377,745, 50% (\$188,872) of which were to be recouped by the State.
2. ADP: The State found that there were a high percent of rejected records (13%-30%) and late records (14%-100%) entered into the State's system. Only 5% of data error is allowed under contract. ADMHS attributed the errors to their system and the State's system. Several providers were also not reporting data into the State system as required in the contract.
3. Medicaid Cost Report: Total questioned costs of approximately \$3.4M resulting from the following: ADMHS paid contract providers in excess of contracted amounts; ADMHS inappropriately included a 15% administrative charge to contractors; Counseling and Education Centers (CEC) and Multi-Agency Integrated Mental Health System of Care (MISC) services were disallowed; units of service varied between ADMHS and State records; ADMHS did not have sufficient information to support Medicare cross over units; and ADMHS claimed amounts that were not paid to providers.

# Alcohol, Drug, and Mental Health Services

## Findings (Continued)


4. Mental Health Program: The validity of self disclosed issues reported to the State was confirmed and include: lack of sufficient progress notes to support services billed by a single contracted provider; failure to bill Medicare prior to billing Medi-Cal for dual eligible patients; and findings included in Finding #3.
5. Mental Health Plan: The review showed continued improvements from past years. It found that the average time to access a first psychiatric appointment is 28 days for adults and 42 days for children, longer than the State's 10 day standard. There are no particular performance activities in place to address this issue. 68% of post-hospitalization patients meet the seven day standard established by the state to establish a follow up appointment. The overall penetration rate ranks 37th statewide and the transition age youth penetration ranks 51st statewide.

## Corrective Action Taken

1. PHF: ADMHS hired a Medical Director specifically for the PHF in December 2012 to manage the medical practices of the facility. The PHF has developed and implemented a plan to ensure that only qualified patient continued stay services will be billed under Medi-Cal and appropriate documentation retained.
2. ADP: ADMHS reported the errors to their system vendor and will follow up to ensure corrections are made. ADMHS continues to address issues with the State regarding the State's data reporting system and continue to address provider data entry issues through bi-monthly meetings.
3. Medicaid Cost Report: ADMHS has implemented controls to ensure costs claimed by contract providers do not exceed contract amounts, such as a quarterly monitoring of provider contracts and rates and contract amendments made when appropriate. ADMHS removed administrative fees from all contracts, effective January 2008. ADMHS reconfigured internal reports to separately identify enhanced services. Questioned costs of \$1.2M from the Mental Health Program audit are included in the \$3.4M of questioned costs and will be returned to the State. ADMHS disagrees with the remaining questioned costs of \$2.2.M and has filed an appeal of the audit. A formal hearing is not yet scheduled.
4. Mental Health Program: Approximately \$1.2M to be returned to the State. ADMHS added additional staff in 2009 specifically for fiscal contract monitoring and cost reports to ensure that self-disclosed issues do not reoccur.
5. Mental Health Plan: No corrective action plan was required resulting from the quality review. ADMHS will be providing training to medical staff and clinical staff and perform on-going monitoring of staff and providers.

# Auditor-Controller

Brown Armstrong, an external CPA firm, performed an audit of the County's Fiscal Year 11-12 Comprehensive Annual Financial Report (CAFR). The CAFR is a financial report prepared by the Auditor-Controller, that encompasses all funds and component units of the government to determine compliance with Generally Accepted Accounting Principals (including all departments' finances). The State also performed a review of the County's Cost Allocation Plan to determine if it was prepared in accordance with federal regulations. See page 2 for these audits. Additionally, the Auditor-Controller is involved in the County court revenue apportionment process which was audited by the State. A listing of all departments and entities involved in the court revenue apportionment process is included in the summary section on the first page of this report. Information for all departments reported in this audit is summarized below.

Program	Risk	Rationale
Court Revenues		Failure to follow policies & procedures

## Purpose of Monitoring

Court Revenues: For the period July 1, 2004 through June 30, 2010, examine total collections and remittances of court revenues including fines, penalties, assessments, fees, restitutions, bail forfeitures, and parking surcharges to determine if the State portion has been remitted in accordance with laws and regulations.

## Findings

Court Revenues:

- State revenues totaling \$637,524, were collected by the Auditor-Controller, but not remitted to the State. The State required that these funds be remitted. No additional penalties or interest were owed.
- The calculation of the amount to be remitted to the State was incorrect, resulting in an under-remittance, totaling \$199,860, of excess qualified fines, fees, and penalties due to the State.
- Night Court assessments totaling \$21,308 were not remitted to the State.

## Corrective Action Taken

Court Revenues:

- The State DNA Identification revenues due were remitted to the State and the procedures have been amended to ensure proper distribution in the future.
- The calculation for remittances is in the process of being amended and the amount due will be remitted to the State.
- The Night Court assessments have been remitted to the state and the procedures have been amended to ensure proper distribution in the future.

# Community Services Department

The Community Services Department (CSD) received two on-site monitoring reports, an entitlement programs review, and an Office of the Inspector General (OIG) audit of projects funded by Housing Opportunities Made Equal (HOME) funds; one monitoring of the Supportive Housing Program (Funded by a Homeless Management Information Systems grant); and one review of the use of its Community Development Block Grant (CDBG) funds. These monitoring reports examined use of funds and compliance with program requirements. CSD was included in the Federal Single Audit performed by Brown Armstrong in which the allowability of costs and compliance with requirements of the HOME, CDBG, and emPower programs were examined. CSD also had one Federal monitoring by the Department of Energy to review the emPower program. The monitoring, assessed as low risk, was performed to satisfy annual monitoring requirements and to provide technical assistance to CSD for the \$2.4 M grant award through the U.S. Department of Energy Better Buildings program, see page 2.

Program	Risk	Rationale
HOME		Large dollar amount of error; breakdown in compliance
Supportive Housing		Breakdown in compliance with contract terms
CDBG		Breakdown in compliance; potential for loss of funding

### Purpose of Monitoring

1. HOME:
  - HOME General On-Site Monitoring: Determine compliance with regulations governing the HOME program and CSD’s administration of them as proposed in its Consolidated Plan, Annual Action Plans, and in its Consolidated Annual Performance and Evaluation Reports (CAPER).
  - HOME Project Specific Monitoring (Santa Rita Village): Project selected to determine compliance with the US Department of Housing and Urban Development (HUD) acquisition and relocation requirements.
  - Single Audit: The Single Audit is required by the Federal government to provide assurance that recipients receiving federal assistance are in compliance with applicable regulations.
  - Entitlement Programs Review: Evaluation of CSD’s performance utilizing its allocation of HOME funds.
  - OIG Audit: Review of CSD’s compliance with HOME rules and requirements.
2. Supportive Housing: Ensure that program objectives were met, validate reported and certified data and expenditures, and ensure that funds were properly managed.
3. CDBG:
  - Timeliness Review: Compliance with grant requirements to spend funds timely.
  - Single Audit: See description in HOME section above.

### Findings

1. HOME:
  - HOME General On-Site Monitoring: There were 17 findings related to deficiencies in records and documentation, lack of following policies and procedures, a lack of required monitoring and oversight, and deficiencies in CSD’s understanding of program requirements.
  - HOME Project Specific Monitoring: CSD staff did not understand a HUD requirement and its applicability to the project.
  - Single Audit: No subrecipient monitoring had been performed for FY 2011-12 and three of the eight properties tested with 26 or more units did not have an annual inspection as required. Questioned costs totaled \$3,187,676.

Additional Findings and Corrective Action Taken on next page.



# Community Services Department

## Findings (Continued)

- Entitlement Programs Review: Project funds are not being drawn on a timely basis. Information reported by CSD in the CAPER reports overall successful progress in project implementation. However, information gathered by HUD has shown that the County's CAPER may not be considered entirely accurate. The County's HOME consortium performance is currently in the lowest 20th percentile of all HOME participating jurisdictions with rental activities.
  - OIG Audit: \$3+ million of HOME expenditures were either unallowable or unsupported.
2. Supportive Housing: The review found that grant funds were drawn down slowly and all in one drawdown. Of the authorized \$102k grant award, 49% had not been drawn down by the grant expiration date.
  3. CDBG:
    - Timeliness Review: CSD has not been expending requested CDBG funds in a timely manner pursuant to CDBG regulations. Untimely expenditure of requested funds could result in the deobligation of all or a portion of requested funds. CSD has not submitted its quarterly reports as required by the workout plan submitted by CSD to HUD.
    - Single Audit: No subrecipient monitoring had been performed for FY 2011-12 resulting in questioned costs of \$762,995.

## Corrective Action Taken

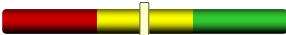
1. HOME:
  - HOME General On-Site Monitoring: The County responded to the last of the 17 HUD findings on July 31, 2013. Some of the findings required additional follow up detail, due to the size of the data requested by HUD. Staff is currently addressing the schedule of follow up items, to be completed by January 31, 2014.
  - HOME Project Specific Monitoring: In October 2013, the County submitted to HUD a draft policies and procedures manual for property acquisition and relocation related to the use of federal funds. HUD approved the County's Acquisition and Relocation Policies and Procedures Manual and issued a clearance letter in November 2013.
  - Single Audit: CSD has filled vacant positions and hired additional staff to ensure that adequate subrecipient monitoring takes place. CSD has also contracted with an outside federal grant consulting firm to review the current grant monitoring process and provide an updated policies and procedures manual.
  - Entitlement Programs Review: CSD is working with its developers to enter tenant data into IDIS on a more timely basis. Staff is currently proposing a new HOME project for board approval which will allow CHDO disbursements to be released.
  - OIG Audit: The County is not required to repay any funds at this time.
2. Supportive Housing: CSD provided additional information in its response to HUD that cleared both the finding and the concern in November 2012.
3. CDBG:
  - Timeliness Review: CSD created a workout plan to spend an additional \$1,377,861 of CDBG funds by April 30, 2013 in order to meet CDBG timeliness requirements. CSD met this goal and two quarterly reports for the 2012-2013 CDBG program year were submitted HUD.
  - Single Audit: CSD will review its current monitoring procedures, identify short comings, and develop a schedule and risk matrix to begin monitoring subrecipients in 2013-14. CSD has also drafted a new policy, for inclusion in the County's Administrative manual on contract monitoring for compliance to grant and funding terms to mitigate loss due to mismanagement on the part of subrecipients, and strengthen the County's enforcement of contract terms.



# Probation

Probation had two State monitorings, one was of the corrections program for compliance with State training standards, which was assessed as low risk, and the other was a compliance review of the Specialized Supervision Program, also assessed as low risk. See page 2 for both audits. Probation was included in the Federal Single Audit performed by Brown Armstrong, in which the allowability of costs and compliance with requirements for eligibility of participants charged to the Title IV-E program was examined. Additionally, Probation is involved in the County court revenue apportionment process which was audited by the State.

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Program	Risk	Rationale
Foster Care (Title IV-E) (Single Audit)		Failure to follow policies and procedures

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### Purpose of Monitoring

Foster Care (Title IV-E) (Single Audit): The Single Audit is required by the Federal government to provide assurance that recipients receiving federal assistance are in compliance with applicable regulations.

### Findings

- Foster Care (Title IV-E) (Single Audit) (Out of a sample size of 60):
- Five case files where candidacy was not re-determined in the required six month time frame.
  - Four case files where case plans were missing required signatures.

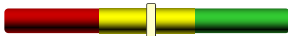
### Corrective Action Taken

Foster Care (Title IV-E) (Single Audit): A more efficient method of tracking the required review dates was implemented and compliance reviews are now performed quarterly by managers.

# Public Health

The State performed nine monitorings of the Public Health Department. One audited the costs claimed by Public Health for the legislatively mandated Animal Adoptions Program for the period of July 1, 2001 through June 30, 2003 and July 1, 2006, through June 30, 2009. Six reviews of Medicaid costs claimed on Public Health’s Federal Qualified Health Center’s Medicaid Reconciliation Reports were performed for FYs 08-09 through 10-11 and were all assessed as low risk. One site review was performed of the HIV/AIDS Care program and a documentation review was performed of the Medi-Cal Administrative Activities program, both assessed as low risk. See page 2 for monitorings classified as low risk.

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Program	Risk	Rationale
Animal Adoption		Large dollar amount of error; program has been suspended

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### Purpose of Monitoring

SB90 Animal Adoption: To determine if claimed costs under the Animal Adoption Program are in compliance with applicable laws and regulations.

### Findings

SB90 Animal Adoption: There were 13 findings related to misclassified, misstated, overstated, and understated costs. Public Health had originally claimed \$1,527,735 in reimbursable costs but, due to these findings, allowable costs were reduced by \$891,729 to \$636,006.

### Corrective Action Taken

SB90 Animal Adoption: No corrective action necessary as the SB90 mandate was suspended and there are currently no outstanding claims to audit.

# Public Works

Two audits were performed by Moss Levy and Hartzheim CPAs of the Public Transit Fund and the Transportation Development Act (TDA) Fund financial statements and the funds' compliance with California Law. See page 2 for TDA audit classified as low (green) risk.

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Program	Risk	Rationale
Public Transit		Breakdown in compliance

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### Purpose of Monitoring

Public Transit Fund: Provide assurance that the financial statements are materially correct and can be relied upon by readers.

### Findings

Public Transit Fund:

- Transit Fund was not accounted for in an Enterprise Fund as required by the Transportation Development Act.
- Bus revenues were not high enough to meet the minimum 10% farebox ratio (bus fare revenue/operating costs) required by the Transportation Development Act.

### Corrective Action Taken

Public Transit Fund:

- Public Works will work with the Santa Barbara County Association of Governments to identify proper accounting options including use of an Enterprise Fund.
- Public Works will evaluate performance of the transit operation to address the ratio.

# Social Services

During the eighteen months covered by this report, Department of Social Services (DSS) had 37 State monitorings performed. State monitoring included the following programs: Medicaid, Supplemental Nutrition Assistance (SNAP), Workers Investment Act (WIA), Temporary Assistance for Needy Families' (TANF), and Foster Care. DSS was included in the Federal Single Audit performed by Brown Armstrong, in which the allowability of costs and compliance with requirements of the Medicaid, SNAP, WIA, TANF, Adoptions Assistance, and Foster Care programs were examined. *To improve readability, the purpose of monitoring, findings, and corrective action sections are combined by program.*

Program	Risk	Rationale
<b>Single Audit</b>		Breakdown in compliance; failure to follow policies and procedures
<b>State Monitorings:</b>		<b>State Monitorings:</b>
TANF		Breakdown in compliance; failure to follow policies and procedures
SNAP		Failure to follow policies and procedures
Foster Care		Failure to follow policies and procedures
Medicaid		Breakdown in compliance
WIA		Breakdown in compliance; failure to follow policies and procedures

**Single Audit:**

The Single Audit is required by the Federal government to provide assurance that recipients receiving federal assistance are in compliance with applicable regulations. The Medicaid, WIA, SNAP, TANF, Adoption Assistance, and Foster Care programs had findings related to eligibility determinations and retention of appropriate documentation. SNAP, TANF, Adoption Assistance, and Foster Care had questioned costs totaling \$403, \$190, \$24,072, and \$15,094, respectively. For the programs with findings, corrective action taken included the following: Updates to policies and procedures, staff review of policies and procedures, more focus on supervisor case reviews, staffing changes to areas that need improvement, additional staff training, especially pertaining to documentation, internal review of the use of the Income and Eligibility Verification System (IEVS).

**State Monitorings:**

**TANF**

- Work Participation Rate (WPR) Review: Performed to determine the accuracy of WPR data reported by DSS to the State and compliance with State data reporting requirements. 33% of cases reviewed had errors that resulted in a change to the WPR and an additional 30% of the cases had errors that did not effect the WPR. The majority of errors were due to incorrect documentation and inaccurate calculation of employment hours. No corrective action plan was required by the State.

**SNAP**

- Case Approval and Denial Reviews: Reviews evaluate a random case to determine if benefits were approved or denied correctly. Out of 18 cases, 4 were incorrect due to incomplete or incorrect procedures in case denials. While DSS is currently in rebuttal on one of the three cases, no corrective action plan was required by the State.

Additional monitorings on next page.

## Social Services (Continued)

### **State Monitorings (Continued)**

#### **Foster Care**

- Foster Family Home (FFH) Licensing Program Review: Conducted to ensure that DSS is in compliance with the provisions of the Memorandum of Understanding with the State to provide foster care licensing and monitoring of the FFH Licensing Program in accordance with State regulations. Findings were related to not using proper forms, not reporting certain items correctly, not following certain policies and procedures, incomplete or missing documentation, failure to consult with legal staff and County liaisons when required, and not documenting and/or investigating. DSS now uses the correct forms, updated policies and procedures to ensure future compliance, and seeks guidance from legal staff and the County liaison where they were instructed to do so in the report. DSS has since received a letter from the State that the corrective action plan related to this review was successfully completed.

#### **Medicaid**

State Ongoing Quality Control Reviews: Reviews identify methods to reduce and prevent errors related to incorrect eligibility determinations. Focused reviews monitor the accuracy and timeliness of Medicaid eligibility determinations in specific program areas. Federal sanctions may not be imposed based on the results of these reviews.

- Monthly Reviews: The State reviewed cases for the period of April 2011 through March 2012. 26-44% of the cases tested in this period had discrepancy in costs between \$0 to \$400. Fewer than 10% of cases each month were determined to have a discrepancy in costs greater than \$400. No corrective action was necessary.
- Focused Reviews: The State tolerates an error rate up to 10% which, if exceeded, results in a required corrective action plan from DSS.
  - ◇ Continuous Eligibility for Children (CEC): 16 out of 58 cases (27%) cases were determined to be errors when they did not meet the Federal requirements. Errors included granting aid to ineligible children due to incorrect income calculation, lack of documentation, prior aid benefits having already been issued to the children, and inaccuracies in the system.
  - ◇ Application Processing: 18 out of 100 applications were untimely processed.
  - ◇ Systematic Alien Verification for Entitlements (SAVE): 50 cases (8%) had no SAVE report requested which could have a direct impact in determining benefit eligibility. In addition to the cases with errors, 8 out of 50 cases (16%) had other findings noted that would not have a direct impact on benefits. These findings included lack of documentation and system discrepancies.
  - ◇ Income Eligibility Verification System (IEVS): For 5 out of 75 cases (7%) an IEVS was not requested which could have a direct impact on determining benefit eligibility. In addition to the cases with errors, 4 out of 75 cases (5%) had other findings noted that were not considered errors as they did not have a direct impact on benefits, these findings were due to a lack of review of the requested IEVS reports prior to granting benefits.

As a result of the focused reviews, DSS will provide guidance and training to staff to improve the accuracy of the processing for CEC and timely processing of applications.

Additional monitoring on next page.

## Social Services (Continued)


### *State Monitorings (Continued)*

#### **WIA**

- **Equal Opportunity Compliance Review:** This review was to determine the Santa Barbara County Local Workforce Investment Area and One-Stop Career Centers' compliance with equal opportunity obligations and nondiscrimination requirements. The review found that a water fountain in a State-owned building was not ADA compliant. As the finding can only be corrected through maintenance on a State-owned building, DSS requested the State to perform the maintenance to be in compliance with ADA. DSS has since received acknowledgement from the State that the water fountain had in fact been ADA compliant throughout the course of the audit and has received a notice of full compliance.
- **Financial Management and Procurement System Reviews and 85 Percent Program Operations:** Reviews determine the level of compliance with applicable federal and state laws, regulations, policies, and directives related to the WIA/ARRA grant regarding financial management and procurement. Instances of non compliance include: a required contract with the State was expired and had not been renewed, insufficient documentation for expenses totaling \$2,000, a required cost/price analysis was not performed for two independent contractors, insufficient documentation for a consultant's hours totaling \$48,846 in labor expenses, inadequate local WIA Board and Youth Council membership, and inadequate/insufficient documentation in case files. DSS has made continuous efforts to negotiate with the State to renew the building lease. Terms of the agreement have now been reached and final approval of the lease is pending. DSS also provided additional support to the State for the \$2,000 and \$48,846 expenses and will follow existing County policies and procedures pertaining to procurement. DSS has also initiated restructuring of the board compositions and the filling of vacant board seats. DSS will review policies and procedures with staff, provide training, and have supervisors perform targeted case reviews to ensure that activities are properly coded, case notes are updated regularly, and documentation is organized clearly.

# Treasurer-Tax Collector-Public Administrator

One audit, assessed as low risk, was performed on the Treasurer Tax Collector (TTC) by the Santa Barbara County Auditor-Controller over Cash and Investments, which is an audit of the TTC's Statement of Assets at fiscal year end. See page 2 for results. Additionally, the Federal Social Security Administration contracted with the CPA firm Martin Arrington, Desai & Meyers, P.C. to issue an agreed upon procedures report for the TTC's Protective Pay Program. Additionally, the TTC is involved in the County court revenue apportionment process which was audited by the State.

Program	Risk	Rationale
Protective Pay		Failure to follow policies & procedures

## Purpose of Monitoring

Protective Pay: Compliance with applicable laws and regulations regarding the Social Security Administration's representative payee program.

## Findings

Protective Pay:

- Nine checks were not voided or cashed and were left outstanding for a year due to the Treasurer not timely following procedures.
- Bank reconciliations were not reviewed and corrected if necessary. Additionally, the format of the reconciliations were not easy to follow.

## Corrective Action Taken

Protective Pay:

- Checks are now reviewed, investigated, and voided if necessary, once they have been outstanding for 90 days.
- The format of the bank reconciliations was changed pursuant to the recommended format and reconciliations are now reviewed on a monthly basis.



