

**SANTA BARBARA COUNTY
BOARD AGENDA LETTER**



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

Agenda Number:

Prepared on: September 10, 2003
Department: Auditor-Controller
Budget Unit: 0410
Agenda Date: 9/23/03
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Robert W. Geis, CPA
Auditor-Controller

STAFF CONTACT: Lawrence V. Tomanek, Internal Audit, Ext. 2121

SUBJECT: Introduction for First Hearing and Second Hearing of an Ordinance Revision to require that the County Auditor perform quarterly reviews and an annual audit of assets in the County Treasury

Recommendations (s):

That the Board of Supervisors:

Set a hearing to consider introduction (FIRST HEARING) of an ordinance amending Chapter 2 of the Santa Barbara County Code by amending Section 2-23.2. requiring that the County Auditor perform a quarterly review and an annual audit of assets in the County Treasury.

Set a hearing to consider second reading (SECOND HEARING) of an ordinance amending Chapter 2 of the Santa Barbara County Code by amending Section 2-23.2.

Alignment with Board Strategic Plan:

The recommendation is primarily aligned with our organizational values regarding economy in government.

Executive Summary and Discussion:

Government Code Section 26920 was amended and Sections 26921 and 26923 were repealed in the 2002 legislative session. These changes necessitate amending the Santa Barbara County Code.

Section 2-23.2. was added to Chapter 2 of the Santa Barbara County Code by Resolution No. 4194 on May 2, 1995. This code expanded the scope of compliance testing due to concerns over events that took place in Orange County and the Boards desire to re-affirm its prior decision to provide for the Auditor-Controller to conduct quarterly audits in lieu of optional monthly examination performed by the Chairperson of the Board of Supervisors, the District Attorney, and the Auditor-Controller.

Although the Auditor-Controller has, since 1995, performed quarterly audits of the assets in the County Treasury as required by Santa Barbara County Code, which was optional under Government Code Sections 26920 through 26923 prior to the 2002 legislative amendments, we recommend that the Board adopt the amended resolution to allow the Auditor-Controller to perform an audit on an annual basis. During the quarters where an audit is not performed, the Auditor-Controller will perform a review.

An audit includes the collection of sufficient evidence to express an opinion that financial information is presented in accordance with generally accepted accounting principles. A review, on the other hand, includes a statement of limited assurance that financial information is presented in accordance with generally accepted accounting principles. While a review constitutes a lesser standard, the risk associated with adopting this standard is deemed minimal.

Mandates and Service Levels:

Government Code Section 26920 requires the County Auditor to perform, at least once in each quarter, a review of the assets in the county treasury in accordance with generally accepted auditing standards, and, to perform or cause to be performed, at least annually, an audit of the assets in the county treasury and express an opinion whether the treasurer's statement of assets is presented fairly in accordance with generally accepted accounting principles. The reports shall be addressed to the board of supervisors.

Fiscal and Facilities Impacts:

A review entails compilation and analysis instead of detail testing of transactions; therefore, we expect a savings of staff hours devoted to Treasury operations.

Special Instructions:

It is requested that the Clerk of the Board provide the Auditor-Controller and the Treasurer with one copy each of the minute order setting the hearing date.

It is requested that the Clerk of the Board publish the ordinance in the Santa Barbara News Press at least ten (10) days prior to the First Hearing.

Concurrences:

County Counsel

Attachments:

Proposed Ordinance

ORDINANCE NO. _____

AN ORDINANCE OF THE COUNTY OF SANTA BARBARA AMENDING SECTION 2-23.2 TO CHAPTER 2 ARTICLE IV, OF THE SANTA BARBARA COUNTY CODE TO REQUIRE THAT THE COUNTY AUDITOR PERFORM A QUARTERLY REVIEW OF THE ASSETS IN THE COUNTY TREASURY, AND, AT LEAST ANNUALLY, PERFORM OR CAUSE TO BE PERFORMED AN AUDIT OF ASSETS IN THE COUNTY TREASURY

The Board of Supervisors of the County of Santa Barbara ordains as follows:

SECTION 1.

Section 2-32.2 of Chapter 2 Article IV of the Santa Barbara County Code is hereby amended to provide as follows:

Section 2-32.2. Duty to perform quarterly reviews and an annual audit of the assets of the county treasury. In accordance with Government Code Section 26920, the County Auditor shall

(a) at least quarterly, perform a review of the assets in the county treasury in accordance with generally accepted auditing standards. The report shall be addressed to the board of supervisors.

(b) at least annually, perform or cause to be performed an audit of the assets in the county treasury and express an opinion whether the treasurer's statement of assets is presented fairly in accordance with generally accepted accounting principles. The report shall be addressed to the board of supervisors.

SECTION 2.

This ordinance shall take effect and be in force thirty (30) days from the date of its passage; and before the expiration of fifteen (15) days after its passage it, or a summary of it, shall be published once, with the names of the members of the Board of Supervisors voting for and against the same, in Santa Barbara News-Press, a newspaper of general circulation in the County of Santa Barbara.

PASSED, APPROVED AND ADOPTED this _____ day of _____,
2003 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Chairperson

ATTEST:
MICHAEL F. BROWN
CLERK, BOARD OF SUPERVISORS

BY: _____

APPROVED AS TO FORM:
STEPHEN SHANE STARK
COUNTY COUNSEL

BY: _____

APPROVED AS TO FORM:
ROBERT W. GEIS, CPA
AUDITOR-CONTROLLER

BY: _____