

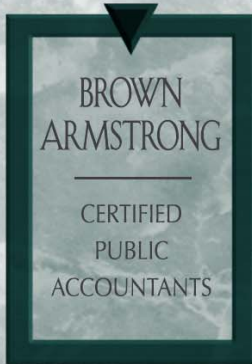
COUNTY OF SANTA BARBARA, CALIFORNIA
SINGLE AUDIT REPORTS
FOR THE YEAR ENDED JUNE 30, 2014

**COUNTY OF SANTA BARBARA, CALIFORNIA
SINGLE AUDIT REPORTS
FOR THE YEAR ENDED JUNE 30, 2014**

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REPORTS



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Board of Supervisors
of the County of Santa Barbara, California

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We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Santa Barbara, California (the County), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 25, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as findings 2014-001 through 2014-004.

The County's Response to Findings

The County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

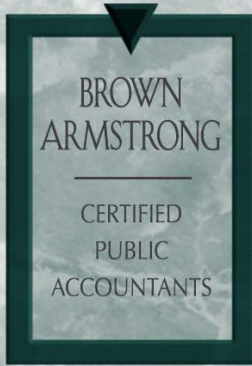
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Bakersfield, California
August 25, 2014



BROWN ARMSTRONG
Certified Public Accountants

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

The Honorable Board of Supervisors
of the County of Santa Barbara, California

Report on Compliance for Each Major Federal Program

We have audited the County of Santa Barbara, California’s (the County) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have direct and material effect on each of the County’s major federal programs for the year ended June 30, 2014. The County’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the County’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County’s compliance.

Basis for Qualified Opinion on Major Federal Programs (Identified on the Schedule of Findings and Questioned Costs)

As described in item 2014-001 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply, in all instances, with requirements regarding eligibility that are applicable to its Foster Care (CFDA No. 93.658). Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

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As described in item 2014-002 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply, in all instances, with requirements regarding eligibility that are applicable to its Medical Assistance Program (CFDA No. 93.778). Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Qualified Opinion on Major Federal Programs (Identified on the Schedule of Findings and Questioned Cost)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraphs, the County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major programs (identified on the Schedule of Findings and Questioned Cost) for the year ended June 30, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as findings 2014-003 through 2014-004. Our opinion on each major federal program is not modified with respect to these matters.

The County's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as findings 2014-001 through 2014-004 to be significant deficiencies.

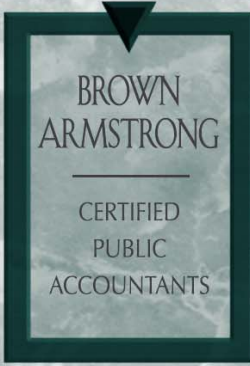
The County's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive style and is positioned below the printed name of the firm.

Bakersfield, California
November 13, 2014



BROWN ARMSTRONG
Certified Public Accountants

**INDEPENDENT AUDITOR’S REPORT ON SUPPLEMENTARY INFORMATION –
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The Honorable Board of Supervisors
of the County of Santa Barbara, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Santa Barbara, California, (the County) as of and for the year ended June 30, 2014, which collectively comprise the County’s basic financial statements, and have issued our report thereon dated August 25, 2014, which contained unmodified opinions on those financial statements.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County’s basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of the County Board of Supervisors and management of the County as well as the County’s federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Bakersfield, California
November 13, 2014

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FINANCIAL STATEMENTS

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Direct Programs			
Cooperative Forestry Assistance	10.664	11-LE-11051360-224 A	\$ 33,365
Cooperative Forestry Assistance	10.664	11-LE-11051360-224 B	<u>16,644</u>
Subtotal			<u>50,009</u>
Passed through California Department of Food and Agriculture:			
Plant and Animal Disease, Pest Control, and Animal Care	10.025	12-0095-SF	156,169
Plant and Animal Disease, Pest Control, and Animal Care	10.025	13-0302-SF	<u>7,719</u>
Subtotal			<u>163,888</u>
Passed through California Department of Public Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	11-10494	<u>3,451,943</u>
Passed through California Department of Social Services:			
State Administrative Matching Grants for Food Stamp Program	10.561	Santa Barbara	<u>6,869,507</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>10,535,347</u>
U.S. DEPARTMENT OF ENERGY			
Direct Programs			
ARRA Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	DE-EE0003796	192,510
TOTAL U.S. DEPARTMENT OF ENERGY			<u>192,510</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Programs			
Consolidated Health Centers (Health Care For The Homeless)	93.224	H80CS00046	<u>483,143</u>
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	H76HA00193	<u>346,702</u>
Affordable Care Act (ACA) Grants for New and Expanded Services under the Health Center Program	93.527	H80CS00046	<u>438,743</u>

See accompanying notes to schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by OMB Circular A-133.

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Federal grantor/pass-through grantor/program title</u>	<u>Catalog of federal domestic assistance number</u>	<u>Supplemental number</u>	<u>Expenditures</u>
Passed through California Department of Alcohol & Drug Programs:			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	1H79TI022513-01	94,624
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	SPF SIG 12-04	147,049
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	1H79TI023287-01	361,931
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	1H79TI023165-01	<u>309,925</u>
Passed through Substance Abuse Mental Health Services Administration Drug Court			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	1H79T1025033-01	<u>201,310</u>
Subtotal			<u>1,114,839</u>
Block Grants for Prevention and Treatment of Substance Abuse	93.959	12NNA42	<u>2,496,555</u>
Passed through California Department of Health Services:			
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	Santa Barbara	<u>84,995</u>
National Bioterrorism Hospital Preparedness Program	93.889	Santa Barbara	<u>196,376</u>
Passed through California Department of Mental Health:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	2X06SM060005-10	<u>56,483</u>
Block Grants for Community Mental Health Services	93.958	3B09SM010005-10S1	<u>206,335</u>
Passed through California Department of Public Health:			
Preventative Health and Health Services Block Grant	93.991	13-20509	<u>582,566</u>
Maternal and Child Health Services Block Grant to the States	93.994	201042	<u>977,120</u>
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	13-20389	<u>100</u>
Immunization Grants	93.268	13-20345	<u>152,838</u>
Passed through California Department of Health Services:			
Centers for Disease Control and Prevention - Investigation and Technical Assistance	93.283	11-10686	5,000
Centers for Disease Control and Prevention - Investigation and Technical Assistance	93.283	Santa Barbara	<u>319,324</u>
Subtotal			<u>324,324</u>
Passed through California Department of Public Health - Office of AIDS:			
HIV Care Formula Grants	93.917	13-20073	149,591
HIV Care Formula Grants	93.917	13-20073 A01	26,532
HIV Care Formula Grants	93.917	13-20252	49,575
HIV Care Formula Grants	93.917	13-20252 A01	<u>37,133</u>
Subtotal			262,831

See accompanying notes to schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by OMB Circular A-133.

COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

<u>Federal grantor/pass-through grantor/program title</u>	<u>Catalog of federal domestic assistance number</u>	<u>Supplemental number</u>	<u>Expenditures</u>
Passed through California Department of Social Services: Promoting Safe and Stable Families	93.556	Santa Barbara	<u>277,202</u>
Refugee and Entrant Assistance - State Administered Programs	93.566	Santa Barbara	<u>424</u>
Child Welfare Services - State Grants	93.645	Santa Barbara	<u>302,167</u>
Foster Care - Title IV-E	93.658	Santa Barbara	<u>8,652,872</u>
Adoption Assistance	93.659	Santa Barbara	<u>3,464,998</u>
Social Services Block Grant	93.667	Santa Barbara	<u>1,220,669</u>
Chafee Foster Care Independent Living	93.674	Santa Barbara	<u>114,540</u>
Temporary Assistance for Needy Families	93.558	Santa Barbara	<u>21,370,432</u>
State Children's Insurance Program	93.767	Santa Barbara	<u>2,876</u>
State Planning and Establishment Grants for the ACA's Exchanges	93.525	Santa Barbara	<u>362,852</u>
Passed through California Department of Child Support Services: Child Support Enforcement	93.563	Santa Barbara (County 42)	<u>6,193,435</u>
Passed through California Secretary of State: Voting Access for Individuals with Disabilities Grants to States and Local Governments	93.617	13G26127	<u>12,698</u>
Passed through California Department of Health Care Services: Medical Assistance Program	93.778	13-90025	538,595
Passed through California Department of Mental Health: Medical Assistance Program	93.778	42	3,587,306
Passed through California Department of Social Services: Medical Assistance Program	93.778	Santa Barbara	<u>18,915,765</u>
Subtotal - Medicaid Cluster			<u>23,041,666</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>72,740,781</u>
U.S. DEPARTMENT OF HOMELAND SECURITY Direct Programs Assistance to Firefighters Grant	97.044	EMW-2012-FO-06687	<u>77,723</u>

See accompanying notes to schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by OMB Circular A-133.

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014**

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental number	Expenditures
Passed through Governor's Office of Emergency Services: Emergency Management Performance Grants	97.042	EP-00047	228,360
Homeland Security Grant Program	97.067	2013-00110, OES #083- 00000	110,685
Law Enforcement Terrorism Prevention Programs (LETPP)	97.074	2011-SS-0077, OES #083-00000	502,442
Law Enforcement Terrorism Prevention Programs (LETPP)	97.074	2012-SS-00123, OES #083-00000	216,210
Subtotal			718,652
Passed through San Diego Sheriff's Department: Homeland Security Grant Program	97.067	2014-2015	318,194
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			1,453,614
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Programs			
Community Development Block Grants/Entitlement Grants	14.218	B11UC060509	462,847
Community Development Block Grants/Entitlement Grants	14.218	B12UC060509	1,432,554
Community Development Block Grants/Entitlement Grants	14.218	B13UC060509	498,853
Subtotal - CDBG- Entitlement Grants Cluster			2,394,254
Emergency Shelter Grants Program	14.231	E11-UC060509	25,553
Emergency Shelter Grants Program	14.231	E12-UC060509	36,926
Emergency Shelter Grants Program	14.231	E13-UC060509	52,748
Subtotal			115,227
Supportive Housing Program	14.235	CA1006B9D031000 HMIS Expansion	58,857
Supportive Housing Program	14.235	CA0596B9D031205	114,358
Supportive Housing Program	14.235	CA0598B9D031205 HMIS	192,450
Supportive Housing Program	14.235	CA0600L9D031205	19,210
Supportive Housing Program	14.235	CA0595B9D031003	115,315
Subtotal			500,190
HOME Investment Partnerships Program	14.239	M13-DC060554	630,115
HOME Investment Partnerships Program	14.239	M12-DC060554	666,517
HOME Investment Partnerships Program	14.239	M11-DC060554	94,063
HOME Investment Partnerships Program	14.239	M09-DC060554	938,598
HOME Investment Partnerships Program	14.239	M08-DC060554	360,605
HOME Investment Partnerships Program	14.239	M07-DC060554	712,473
HOME Investment Partnerships Program	14.239	M06-DC060554	82,151
Subtotal			3,484,522
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			6,494,193

See accompanying notes to schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by OMB Circular A-133.

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Federal grantor/pass-through grantor/program title</u>	<u>Catalog of federal domestic assistance number</u>	<u>Supplemental number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF JUSTICE			
Passed through Board of State and Community Corrections:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 640-12	9,472
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 640-13	<u>131,016</u>
Passed through Office of Justice Program:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0762	<u>127,891</u>
Passed through California Board of State & Community Corrections			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 665-12	<u>214,579</u>
Subtotal - JAG Program Cluster			<u>482,958</u>
Passed through Board of State and Community Corrections:			
Juvenile Accountability Incentive Block Grants	16.523	BSCC 126-13	<u>31,974</u>
Passed through Office of Justice Program:			
Drug Court Discretionary Grant Program	16.585	2011-DC-BX-0038	69,031
Drug Court Discretionary Grant Program	16.585	2012-DC-BX-0018	<u>120,144</u>
Subtotal			<u>189,175</u>
Violence Against Women Formula Grants	16.588	PU12 03 0420	<u>15,125</u>
Passed through Governor's Office of Emergency Services, California			
Emergency Management Agency:			
Crime Victim Assistance	16.575	VW11 30 0420	<u>100,625</u>
Passed through State Office of Criminal Justice & Planning (OCJP)			
Byrne Formula Grant Program	16.579	SF-08-A-410843	<u>74,337</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>894,194</u>
U.S. DEPARTMENT OF LABOR - WIA CLUSTER			
Passed through California Employment Development Department:			
WIA Adult Program	17.258	K386319	341,697
WIA Adult Program	17.258	K491040	957,658
WIA Youth Activities	17.259	K386319	345,486
WIA Youth Activities	17.259	K491040	792,142
WIA Dislocated Worker Formula Grants	17.278	K282506	70,378
WIA Dislocated Worker Formula Grants	17.278	K386319	317,627
WIA Dislocated Worker Formula Grants	17.278	K491040	<u>822,563</u>
Subtotal - WIA Cluster			<u>3,647,551</u>
Passed through Department of Social Services:			
Homeless Veterans Reintegration Project	17.805	Santa Barbara	<u>6,972</u>
TOTAL U.S. DEPARTMENT OF LABOR			<u>3,654,523</u>

See accompanying notes to schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by OMB Circular A-133.

COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental number	Expenditures
U.S. DEPARTMENT OF THE INTERIOR			
Passed through Bureau of Reclamation: Fish And Wildlife Coordination Act	15.517	R10AC20610	<u>179,020</u>
Passed through U.S. Fish and Wildlife Services Coastal Impact Assistance Program	15.668	F12AF00478	3,365
Coastal Impact Assistance Program	15.668	F12AF700307	<u>219,401</u>
Subtotal			222,766
Passed through U.S. Bureau of Reclamation: Water Reclamation and Reuse Program	15.504	R10AC20627	<u>285,199</u>
TOTAL U.S. DEPARTMENT OF THE INTERIOR			<u>686,985</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Programs			
State and Community Highway Safety	20.600	AL1313	21,313
State and Community Highway Safety	20.600	AL1463	<u>99,084</u>
Subtotal - Highway Safety Cluster			<u>120,397</u>
Airport Improvement Program	20.106	100297745	18,136
Airport Improvement Program	20.106	WPG060243012	<u>215,411</u>
Subtotal			233,547
Passed through State of California Office of Traffic Safety: Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	AL1346	64,538
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	AL1464	<u>37,046</u>
Subtotal			<u>101,584</u>
Passed through Caltrans:			
Highway Planning and Construction	20.205	05-0591/M040-M	5,530
Highway Planning and Construction	20.205	05-5951(137)	4,703
Highway Planning and Construction	20.205	05-5951(072)	281,162
Highway Planning and Construction	20.205	05-5951(082)	826,952
Highway Planning and Construction	20.205	05-5951(024)	749,417
Highway Planning and Construction	20.205	05-5951(093)	77,398
Highway Planning and Construction	20.205	05-5951(150)	10,279
Highway Planning and Construction	20.205	05-5951(151)	104,923
Highway Planning and Construction	20.205	05-5951(152)	15,394
Highway Planning and Construction	20.205	05-5951R	188,937
Highway Planning and Construction	20.205	05-5951/M015	126,042
Highway Planning and Construction	20.205	05-5951/M039	85,503
Highway Planning and Construction	20.205	05-5951/M053	22,160
Highway Planning and Construction	20.205	05-5951/M067	2,333,380
Highway Planning and Construction	20.205	05-5951/N054	59,619
Highway Planning and Construction	20.205	05-930143	1,540,036
Highway Planning and Construction	20.205	SRTSL-5951(144)	54,019
Highway Planning and Construction	20.205	STPLZ5951(039)	<u>30,929</u>
Subtotal - Highway Planning and Construction			<u>6,516,383</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>6,971,911</u>

See accompanying notes to schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by OMB Circular A-133.

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Federal grantor/pass-through grantor/program title</u>	<u>Catalog of federal domestic assistance number</u>	<u>Supplemental number</u>	<u>Expenditures</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed through State Water Resources Control Board			
Beach Monitoring and Notification Program Implementation Grants	66.472		<u>25,000</u>
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			<u>25,000</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS EXCLUDING LOANS			<u>\$ 103,649,058</u>
<u>Beginning Federal Loan Balances With a Continuing Compliance Requirement</u>			
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Community Development Block Grants/Entitlement Grants	14.218		\$ 1,702,239
HOME Investment Partnerships Program	14.239		<u>21,961,799</u>
FEDERAL LOAN BALANCES WITH A CONTINUING COMPLIANCE REQUIREMENT			<u>23,664,038</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS INCLUDING LOANS			<u>\$ 127,313,096</u>

See accompanying notes to schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by OMB Circular A-133.

**COUNTY OF SANTA BARBARA, CALIFORNIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal financial assistance programs of the County of Santa Barbara, California (the County). The County’s reporting entity is defined in Note 1 of the notes to the County’s basic financial statements. All financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies to the County are included in the accompanying schedule.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying SEFA is presented using the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for proprietary funds, which is described in Note 1 of the notes to the County’s basic financial statements.

NOTE 3 – RELATIONSHIP TO COMPREHENSIVE ANNUAL FINANCIAL REPORT

Amounts reported in the accompanying SEFA agree, in all material respects, to amounts reported within the County’s Comprehensive Annual Financial Report.

NOTE 4 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying SEFA agree, in all material respects, with the amounts reported in related federal financial reports.

NOTE 5 – DISCLOSURES FOR STATE GRANT

Grant revenues and expenditures by category for the fiscal year ended June 30, 2014, are as follows:

State of California Department of Insurance – Workers’ Compensation Insurance Fraud Program

Revenues:	
State	<u>\$ 276,716</u>
Total revenues	<u><u>\$ 276,716</u></u>
Expenditures:	
Personnel services	<u>\$ 242,486</u>
Total expenditures	<u><u>\$ 242,486</u></u>

NOTE 6 – LOANS OUTSTANDING

The following programs had federally-funded loans outstanding at June 30, 2014:

<u>Federal CFDA #</u>	<u>Program Title</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
14.218	Community Development Block Grants/Entitlement Grants	\$ 1,702,239	\$ 1,702,239
14.239	HOME Investment Partnerships Program	<u>21,961,799</u>	<u>20,204,817</u>
	Totals	<u>\$ 23,664,038</u>	<u>\$ 21,907,056</u>

FINDINGS AND QUESTIONED COSTS

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

1. Summary of Auditor's Results

Financial Statements

- (a) The type of report issued on the financial statements: **Unmodified opinion.**
- (b) Significant deficiencies in internal control that were disclosed by the audit of the financial statements: **None reported.**

Material weaknesses: **None.**

- (c) Noncompliance, which is material to the financial statements: **None.**

Federal Awards

- (d) Significant deficiencies in internal control over major programs: **Yes. See items 2014-001 through 2014-004.**

Material weaknesses: **None.**

- (e) The type of report issued on compliance for major programs:

1. State Administrative Matching Grants for Supplemental Nutrition Assistance Program – **Unmodified opinion**
2. Medicaid Cluster – **Qualified opinion**
3. Temporary Assistance for Needy Families Cluster – **Unmodified opinion**
4. Foster Care Program – **Qualified opinion**
5. Adoption Assistance – **Unmodified opinion**
6. Workforce Investment Act (WIA) Cluster – **Unmodified opinion**
7. Community Development Block Grants/Entitlement Grants (CDBG) – **Unmodified Opinion**
8. Home Investment Partnerships Program (HOME) – **Unmodified Opinion**
9. Special Supplemental Nutrition Program for Women, Infants, and Children – **Unmodified opinion**
10. Highway Planning and Construction – **Unmodified opinion**

- (f) Any audit findings, which are required to be reported under Section 510(a) of OMB Circular A-133: **Yes. See items 2014-001 through 2014-004.**

- (g) Major programs:

- U.S. Department of Agriculture
 - State Administrative Matching Grants for Supplemental Nutrition Assistance Program (CFDA 10.561)

- U.S. Department of Health and Human Services
 - Medical Assistance Program (CFDA No. 93.778)
 - Temporary Assistance for Needy Families (CFDA No. 93.558)
 - Foster Care Program – Title IV-E (CFDA No. 93.658)
 - Adoption Assistance (CFDA No. 93.659)
- U.S. Department of Labor
 - Workforce Investment Act (WIA) Cluster (CFDA Nos. 17.258, 17.259, 17.278)
- U.S. Department of Housing and Urban Development
 - Community Development Block Grants/Entitlement Grants Cluster (CFDA No. 14.218)
 - HOME Investment Partnerships Program (CFDA No. 14.239)
- U.S. Department of Agriculture
 - Special Supplemental Nutrition Program for Women, Infants, and Children (CFDA No. 10.557)
- U.S. Department of Transportation
 - Highway Planning and Construction (CFDA No. 20.205)

Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000.**

(h) Low-risk auditee determination under Section 530 of OMB Circular A-133: **No. The County is considered a high-risk auditee.**

2. Findings Relating to Financial Statements Reported in Accordance with Government Auditing Standards

None.

3. Findings and Recommendations Relating to Federal Awards

2014-001

Program: Foster Care

CFDA No.: 93.658

Federal Agencies: U.S. Department of Health and Human Services

Passed-Through: California Department of Social Services

Award Numbers: Santa Barbara

Award Year: Fiscal year 2013/14

Compliance Requirement: Eligibility

Questioned Costs: \$18,941

Criteria:

The March 2014 OMB Circular A-133 *Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/group program cases were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made only to eligible cases.

Condition Found:

Out of the 40 cases selected for eligibility test work, we noted the following:

- 4 case files whereby the benefit amounts were calculated incorrectly.
- 1 case file whereby benefits were issued when the participant was ineligible.

Effect:

The County of Santa Barbara (the County) is not in compliance with all eligibility requirements for the Foster Care Program. Participants may be receiving inaccurate benefit amounts.

Recommendation:

We recommend that the County adhere to established policies and procedures with regards to ongoing Foster Care eligibility determination requirements in order to ensure that Foster Care eligibility determinations are being performed within the specified timeframe. This will help ensure the accuracy of the case data and that Foster Care eligibility determinations are supported by the proper documentation in the case file. We also recommend that the County follow its policy that requires the case files be reviewed for accurate calculation of benefits so that the participants are paid properly.

Views of Responsible Officials:

The Department of Social Services (the Department) concurs with the four findings whereby the benefit amounts were calculated incorrectly. It should be noted that on these four cases the incorrect calculations resulted in underpayments. This was rectified immediately and benefits have been issued. The Department continues to work diligently in adopting and implementing new business practices to ensure that the staff is making the necessary computer data entries to ensure accuracy in benefit issuances. The Department hired a supervisor in Fiscal Year 13-14 to support the program; however, this supervisor is new to the program and continues to receive ongoing training. This training will assist the supervisors in the ability to conduct a thorough review of 5% of cases to ensure accurate issuance and discontinuance of benefits. Although we continue to experience staffing issues, we are pursuing filling all vacancies. Additionally, we reassigned one clerical support staff to this unit in an effort to support the eligibility staff.

The Department concurs with the single finding of whereby benefits were issued when the individual was no longer eligible. The Department has already completed the process to collect the overpayment. As stated above, the Department continues to work diligently in adopting and implementing new business practices to ensure cases are terminated when they no longer meet the eligibility criteria. As stated, an additional supervisor has been hired to support program. Once trained, the supervisor will conduct a thorough review of 5% of cases to ensure accurate issuance and discontinuance of benefits. As stated, we are pursuing filling all vacancies and have reassigned one clerical support staff to this unit to support the eligibility staff.

Contact Information of Responsible Official:

Devin Drake

Telephone: (805) 346-8351

2014-002

Program: Medical Assistance Program (Medicaid Cluster)

CFDA No.: 93.778

Federal Agencies: U.S. Department of Health and Human Services

Passed-Through: California Departments of Health Care Services, Mental Health, and Social Services

Award Numbers: Santa Barbara

Award Year: Fiscal year 2013/14

Compliance Requirement: Eligibility

Questioned Costs: \$0

Criteria:

The March 2014 OMB Circular A-133 *Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/group program participants were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made only to eligible participants.

Condition Found:

Specific requirements must be followed to ensure that the individual meets the financial and categorical requirements, which includes the following:

- Obtaining a written application, Statement of Facts, signed under penalty of perjury by the applicant.
- Verification of an applicant's information reported on the MC 210 "Statement of Facts," including identity, social security number (SSN), residency, monthly expenses, as well as pregnancy, if necessary.
- Reconfirming of an applicant's income eligibility using the Income and Eligibility Verification System (IEVS), a secondary income verification tool. Verification of the applicant's income by obtaining a pay stub if the applicant is employed.
- Verification of an applicant's supplemental social security income (SSI) eligibility by obtaining a Medi-Cal Eligibility Data System (MEDS) report, if the applicant is applying for the Qualified Medicare Beneficiary (QMB) program.
- Verification of an applicant and recipient's SSN to ensure that each SSN furnished was issued to that individual.
- Verification of an applicant's qualified alien status by obtaining the Statement of Citizenship, Alienage, and Immigration Status form if the applicant is not a U.S. citizen.
- Verification of the eligibility of Medicaid recipients with respect to circumstances that may change, at least every 12 months.

Out of the 40 case files selected for eligibility testwork, we noted the following:

- 1 case file whereby the income data in CalWIN did not match data provided by the client and/or IEVS.
- 2 case files whereby IEVS verification was not performed for one or more members of the assistance unit.
- 1 case file whereby the SAVE report was not processed at the time of application.
- 6 cases whereby redetermination was processed late.

Out of the 40 case files selected for In-Home Supportive Services (IHSS) eligibility testwork, we noted the following

- 4 case files whereby date of the signed application (SOC 295) did not agree with the IHSS Application date in the system.
- 7 case files whereby the County failed to perform a client reassessment of needs within the 12 month renewal period.
- 1 case file whereby the application (SOC 295) was not signed under penalty of perjury.
- 2 case files whereby the County was unable to verify an application (SOC 295) was completed at the time of benefit issuance.

Effect:

Participant data may not be accurate in the participant file or the system, which could lead to initial and continual eligibility errors and inaccurate benefit calculations.

Recommendation:

We recommend that the County adhere to established policies and procedures with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant file and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:

Medi-Cal

The Department acknowledges the one case whereby the income information provided by the client and/or IEVS did not match the information entered into the system. The cause of the error has been investigated and the findings and Corrective Action Plan will be reviewed with the Medi-Cal (MC) supervisors at the November 2014 Team meeting. Supervisors will then review the findings and plan with their staff by December 31, 2014 so that all staff is made aware of this finding.

Additionally, The Department has implemented procedures to ensure consistency between the information provided by the client and the information entered into the system. On November 14, 2013, the CalWIN data system "Case Comment" section was modified to require an income determination, including a section in which the Eligibility Worker (EW) must enter all paystub amounts, dates received, and multiplier used. Gross income is now automatically tallied so that there is no error in the calculation of the gross income. This modification will reduce future calculation errors. The Department issued instructions for this change in Administrative Directive 06-04 "Case Comments." Review of these instructions will be a mandatory training to be completed by staff by December 31, 2014. The information will also be reviewed at the November 2014 Medi-Cal Team meeting. We are already seeing positive results from this system change.

The Department continues to rely on case reviews to ensure the integrity of the eligibility determinations and to ensure the correct information is entered into the CalWIN system. The Quality Assurance unit continues to collect and conduct an analysis of all Supervisor reviews. Results and trends are compiled into a quarterly report which is shared with program managers, Department Business Specialists, line supervisors and line staff. The quarterly report will be reviewed at the Branch meeting with Managers to strategize if additional training or enhanced monitoring measures need to be implemented. As a follow-up and reinforcement measure, Quality Assurance will conduct a focused review by March 31, 2015 to validate that staff are correctly entering income into the CalWIN system. As an additional reinforcement measure, Quality Assurance (QA) will develop and conduct a series of "IEVS Processing Overview" presentations for all Medi-Cal staff by June 30, 2015.

The Department acknowledges that the IEVS report as a secondary verification of income and property was not run timely on two case files. IEVS was subsequently processed for these cases, resulting in no change in eligibility. A Medi-Cal program bulletin article will be published in November 2014 to remind all eligibility staff of the IEVS secondary verification requirement during the application and renewal process. Online IEVS training is available via the Department's Site Providing Online Training (SPOT) and staff will be required to review annually. Various awareness campaigns will be done highlighting IEVS policies and procedures. The Department has longstanding policies and procedures with regards to IEVS processing and the instructions in Administrative Directive 06-22 "IEVS/SAVE" clearly outlines the requirements. The information will also be reviewed at the November 2014 Medi-Cal Team meeting. Supervisors will review the findings with their staff by December 31, 2014. As mentioned, QA will conduct a focused review by March 31, 2015 as a reinforcement measure and to validate that IEVS reports are run timely, and will conduct an "IEVS Processing Overview" presentation for Medi-Cal staff by June 30, 2015.

The Department acknowledges that the SAVE report as a verification of alien status was not run timely on one case file. SAVE was subsequently processed, resulting in no change in eligibility. The SAVE process is quite similar to the IEVS process and all corrective remedies will be applied as mentioned above.

The Department recognizes the importance of processing redeterminations in a timely manner and acknowledges that six redeterminations were not completed within the mandated time frames. The Department has longstanding policy and procedures with regards to ongoing eligibility determinations which will be reinforced. However, the Department of Health Care Services has released new redetermination guidelines as a consequence of the Medicaid expansion through the Affordable Care Act. New instructions in the form of an Administrative Directive will be written and reviewed with staff to provide clear written direction and policy on the recent changes. Staff at the Benefit Service Center (BSC) call center is currently evaluating and testing new procedures to improve on processing redeterminations. The resulting information will be reviewed before the January 2015 Medi-Cal Team meeting.

Finally, increased caseloads and recurrent audit findings continue to be the driving factors in the increase in positions to the Department. The addition of line staff and Supervisors will be a major factor in the Department's ability to contain and reduce the number of audit findings in the Medi-Cal program. The first wave of new hires from this staffing augmentation was released to the line in January 2014 and the second wave of new hires released to the line in August 2014. Training will continue to occur twice per year to account for new hires related to normal attrition.

IHSS

The Department agrees with the four findings where the date on the application form (SOC 295) did not match with the IHSS application date on the CMIPS Case Home Screen. A change in procedures was immediately implemented to eliminate this exception:

- All IHSS Social workers (SWs) have been assigned iPads to use during their home visits. Initial referrals (W-238) are completed and saved in the SWs intake folder. That information is then pre-populated onto forms that are linked to the iPads, including the Application for Services (SOC 295). The SWs are still responsible for verifying that the date on the initial referral form (W-238) is the same date that appears on the SOC 295 and matches the date that is entered into CMIPS. This corrective action plan should reduce, if not eliminate, this exception in future audits.

The Department agrees with the seven findings where reassessment of needs was not performed within the 12 month renewal period and is taking the following steps to eliminate this exception:

- In fiscal year 2013/14, IHSS experienced a number of significant program changes and implemented a new computer system (CMIPS II) November 2013. SWs had to learn a whole new system, including completing their own data entries, and how to navigate around the system. As with any new system, there was a steep learning curve which delayed the SWs' ability to process reassessments as quickly as they had previously done.
- To compensate, IHSS made a concerted effort to reduce the number of overdue reassessments. Extra help staff was hired and trained in IHSS procedures so they could assist with this effort, as well as QA staff being temporarily reassigned to assist with the backlog on a part time basis. The number of full time IHSS staff was also increased from twelve to fifteen SWs positions.
- IHSS continues to be short staffed but interviews have been held and positions have been offered. The new staff will complete a training period which includes timely completion of reassessments.
- Although this audit identified seven cases with overdue reassessments, we continue to exceed the State standard of 90% compliance for processing timely reassessments using the State's methodology for determining compliance. We expect the new Fair Labor Standards Act provider overtime legislation to have a major impact to the program in the coming months. IHSS will be hiring additional staff to assist with these new responsibilities. The Department is committed to improving the compliance rate on overdue reassessments.

The Department also agrees with the single instance of an unsigned Application for Services but believes this is an anomaly and is unique to this case. However:

- Now that IHSS SWs are using an iPad during their initial home visits and reassessments, we believe this exception may be eliminated since all forms are now available on the iPad and the applicant/recipient signs the form directly onto the iPad.

Finally, the Department agrees that in two instances we could not verify an SOC 295 was signed at the time of application. We are confident that the form was signed at the original home visit. However, due to the age of these cases, the Department is unable to access the hard case history file. The form was inadvertently not scanned into the DocSTAR system when we converted to document imaging several years ago. In order to reduce or eliminate this exception in future audits, Santa Barbara County is taking the following steps:

- Prior to conducting annual reassessments, SWs have been instructed to review imaged documents in the DocSTAR to ensure there is a completed SOC 295 on file. If not, they are required to obtain a duplicate form during the visit.

- Supervisors have been instructed to specifically look for this form whenever they are completing a case review.
- One of the clerical staff personnel has been given a special project to review all cases that have been active prior to April 2010 to ensure that mandatory forms have been completed and scanned into document imaging. This is an ongoing project that is expected to be completed within a few months.

Additionally, IHSS Quality Assurance thoroughly reviews a significant number of cases annually. In fiscal year 2014/15, QA will conduct 300 desk reviews and a subset of 60 home visits. Additionally, QA will select two areas on which to perform Targeted Reviews. QA conducts an analysis of the reviews and results are compiled into a quarterly report which is shared with program managers, Department Business Specialists, line supervisors and line staff. The quarterly report will be reviewed at the Branch meeting with Managers to strategize if additional training or enhanced monitoring measures need to be implemented.

Although the Department acknowledges the audit exceptions, the majority of exceptions is procedural and has had no impact eligibility. Regardless, the Department continuously strives to improve in all procedures and takes all audit exceptions seriously.

Contact Information of Responsible Officials:

Maria Gardner (Medi-cal)
 Telephone: (805) 346-8289
 Devin Drake (IHSS)
 Telephone: (805) 346-8351

2014-003

Program: State Administrative Matching Grants for Supplemental Nutrition Assistance Program

CFDA Nos.: 10.561

Federal Agency: U.S. Department of Agriculture

Passed-Through: California Department of Social Services

Award Number: Santa Barbara

Award Year: Fiscal year 2013/14

Compliance Requirement: Special Tests and Provisions – ADP System for Food Stamps

Questioned Costs: \$456

Criteria:

The March 2014 OMB Circular A-133 Compliance Supplement requirements for special tests and provisions require that the County (1) accurately and completely process and store all case file information for eligibility determination and benefit calculation; (2) automatically cut off households at the end of their certification period unless recertified; and (3) provide data necessary to meet federal issuance and reconciliation reporting requirements. In addition, the March 2014 OMB Circular A-133 Compliance Supplement requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/group program participants were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made only to eligible participants.

Condition Found:

Out of the 40 case files tested, we noted the following:

- 2 cases whereby the County inaccurately entered the participant's income and/or housing costs into the CalWIN system.
- 1 case whereby the required quarterly Eligibility/Status Report for re-determining the participant's eligibility was not processed timely.

Effect:

- The participants may receive incorrect benefit amounts.
- Ineligible participants may receive benefit amounts.

Recommendation:

We recommend that the County adhere to established policies and procedures with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant files and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel. We recommend that the County require the determination, re-determination and calculation be reviewed, on a sample basis, by other County personnel. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:

The Department acknowledges two cases where the County inaccurately entered the participant's income and/or housing into the CalWIN system creating overissuances for both cases. The two cases have been corrected and we are pursuing collection of the overissuances.

The causes of the errors and methods to avoid these errors will be reviewed with CalFresh (CF) supervisors at the October 8, 2014 CF "Team" meeting. In turn, supervisors will review the findings with their staff by October 31, 2014. The Corrective Action Plan will be reviewed with the Supervisors before the January 2015 CalFresh Team meeting. In turn, supervisors will review the findings with their staff by December 31, 2014.

The Department has implemented procedures to ensure consistency between the information provided by the client and the information entered into the system. On November 14, 2013, the CalWIN data system "Case Comment" section was modified to require an income determination, including a section in which the EW must enter all paystub amounts, dates received, and multiplier used. Gross income is now automatically tallied so that there is no error in the calculation of the gross income. This modification will reduce future calculation errors. The Department issued instructions in Administrative Directive 06-04 "Case Comments." Review of these instructions will be a mandatory training to be completed by staff by December 31, 2014. We are already seeing positive results from this system change. In addition, the state implemented Semi-Annual Reporting (SAR) in place of the previous quarterly reporting in August 2013. With the implementation of SAR, the methodology of determining income has changed. Workers will no longer average income to determine CF benefits over the SAR period, which will eliminate budgeting errors.

The Department continues to rely on mandated case reviews to ensure the integrity of the eligibility determinations and to ensure the correct information is entered into the CalWIN system. The QA unit continues to collect and conduct an analysis of all Supervisor reviews. Results and trends are compiled into a quarterly report which is shared with program managers, Department Business Specialists, line supervisors and line staff. The quarterly report will be reviewed at the Branch meeting with Managers to strategize if additional training or enhanced monitoring measures need to be implemented. As a follow-up and reinforcement measure to all of these efforts, QA will conduct a focused review by March 31, 2015 to validate that staff are correctly entering income and/or housing into the CalWIN system.

The Department acknowledges one case in which the quarterly QR7 was processed untimely. As mentioned, SAR implementation was effective August 2013. All CF cases on a quarterly cycle were converted to semi-annual by the end of October 2013. As a result, CF participants now submit a Periodic Report every six months as opposed to every three months. In response to increased caseloads, the Department hired additional staff. As a result, we are experiencing timely processing of the SAR7. We expect to see positive results from the implementation of the SAR7 process.

Finally, increased caseloads and recurrent audit findings continue to be the driving factors in adding positions to the Department of Social Services. The addition of line staff and Supervisors will be a major factor in the Department's ability to contain and reduce the number of audit findings in the CalFresh program. The first wave of new hires from this staffing augmentation was released to the line in January 2014 and the second wave of new hires released to the line in August 2014. Training will continue to occur twice per year to account for new hires related to normal attrition.

Contact Information of Responsible Official:

Maria Gardner (Medi-cal)
Telephone: (805) 346-8289

2014-004

Program: Adoption Assistance Program

CFDA No.: 93.659

Federal Agencies: U.S. Department of Health and Human Services

Passed-Through: California Department of Social Services

Award Numbers: Santa Barbara

Award Year: Fiscal year 2013/14

Compliance Requirement: Eligibility

Questioned Costs: \$710

Criteria:

The March 2014 OMB Circular A-133 *Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that cases were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made for eligible cases.

Condition Found:

Out of 40 participants selected for eligibility testing, we noted the following:

- 1 case file whereby the benefit amount was calculated incorrectly, causing an underpayment of benefits paid.

Effect:

The County is not in compliance with all eligibility requirements for the Adoption Assistance Program. Participants may be receiving inaccurate benefit amounts

Recommendation:

We recommend that the County follow its policy that requires the case files be reviewed for accurate calculation of benefits so that the participants are paid properly.

Views of Responsible Officials:

the Department concurs with the single finding whereby the benefit amount was calculated incorrectly. The amount in question was determined to be an underpayment. This was rectified immediately and benefits have been issued. The underpayment was due to a change in the California Necessities Index (CNI). The CNI, which changes payment rates, is updated annually. However, the computer system is not updated in time to process these payment changes. The state instructions on the new rates are also often received after the fact. These changes require a manual process to issue retroactive benefits and thus are time-consuming. Although the current system does not support the ability to automatically generate the CNI, much progress has been made in collaboration with others counties for an automated issuance of the CNI. The system is currently being tested by the CalWIN Consortium and we anticipate feedback within the next few months. We anticipate the need to hire additional staff in preparation for the test work as information will have to be manually entered into the system on all the cases prior to the test work. We recently experienced a change in staffing that has impacted the ability to maintain the growing caseload. This program currently has one newly assigned eligibility worker to manage over 800 Adoptions Assistance Program (AAP) cases. The worker is new to AAP and is currently participating in training. In addition, the supervisor assigned to support this unit is new to the program and is undergoing training. Once trained, the supervisor will conduct a 5% case review for accuracy in benefit issuances.

Contact Information of Responsible Official:

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**COUNTY OF SANTA BARBARA, CALIFORNIA
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

2013-001

Program: Foster Care

CFDA No.: 93.658

Federal Agencies: U.S. Department of Health and Human Services

Passed-Through: California Department of Social Services

Award Numbers: Santa Barbara

Award Year: Fiscal year 2012/13

Compliance Requirement: Eligibility

Questioned Costs: \$345

Criteria:

The March 2013 OMB Circular A-133 *Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/group program cases were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made only to eligible cases.

Condition Found:

Out of the 40 cases selected for eligibility test work, we noted the following:

- 2 case files where initiation of a state-level fingerprint check within 10 calendar days after the background check did not occur. These items did not result in any questioned costs.
- 4 case files where the benefit amounts were calculated incorrectly.

Effect:

The County of Santa Barbara (the County) is not in compliance with all eligibility requirements for the Foster Care Program. Participants may be receiving inaccurate benefit amounts.

Recommendation:

We recommend that the County adhere to established policies and procedures with regards to ongoing Foster Care eligibility determination requirements in order to ensure that Foster Care eligibility determinations are being performed within the specified timeframe. This will help ensure the accuracy of the case data and that Foster Care eligibility determinations are supported by the proper documentation in the case file. We also recommend that the County follow its policy that requires the case files be reviewed for accurate calculation of benefits so that the participants are paid properly.

Views of Responsible Officials:

Currently, a business process is in place to initiate live scans within the required ten days: the orientation and fingerprinting forms are provided to the caregiver as is documented in the REL-00 that is signed by the caregiver and licensing social worker at the initial visit. However, prior to placement in a relative's home, a criminal clearance and home safety assessment is obtained to ensure the child is in a safe place. In addition, payment is not initiated until the fingerprinting results are back and therefore no questionable costs are generated. The two cases in question date back to 2010 which cannot be corrected retroactively. In addition, the Department does not conduct its own live scans and does not have control over the scheduling or the business practice of the agency that does them.

Regarding the four cases where the benefits were calculated incorrectly, benefits amounts were initially calculated correctly by the worker; however, the California Necessities Index (CNI) adjustment was not applied at that point in time. The CNI increase was not timely provided as the current system does not support automatic issuance of CNI increases; therefore, the increases have to be entered manually. The Department is currently participating in a work group with several other counties in an effort to eventually have the system automatically generate the payment. In addition, the Department is in the process of hiring more staff to administer the program.

Current Year Status:

See Finding 2014-001.

2013-002

Program: Medical Assistance Program (Medicaid Cluster)

CFDA No.: 93.778

Federal Agency: U.S. Department of Health and Human Services

Passed-Through: California Departments of Health Care Services, Mental Health, and Social Services

Award Numbers: Various

Award Year: Fiscal year 2012/13

Compliance Requirement: Eligibility

Questioned Costs: \$0

Criteria:

The March 2013 OMB Circular A-133 *Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/group program participants were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made only to eligible participants.

Condition Found:

Specific requirements must be followed to ensure that the individual meets the financial and categorical requirements, which includes the following:

- Obtaining a written application, MC 210 "Statement of Facts," signed under penalty of perjury by the applicant.
- Verification of an applicant's information reported on the MC 210 "Statement of Facts," including identity, social security number, residency, monthly expenses, as well as pregnancy, if necessary.
- Reconfirming of an applicant's income eligibility using the Income and Eligibility Verification System (IEVS), a secondary income verification tool. Verification of the applicant's income by obtaining a pay stub if the applicant is employed.
- Verification of an applicant's supplemental social security income (SSI) eligibility by obtaining a Medi-Cal Eligibility Data System (MEDS) report, if the applicant is applying for the Qualified Medicare Beneficiary (QMB) program.
- Verification of an applicant and recipient's social security number (SSN) to ensure that each SSN furnished was issued to that individual.
- Verification of an applicant's qualified alien status by obtaining an MC 13 if the applicant is not a U.S. citizen.
- Verification of the eligibility of Medicaid recipients with respect to circumstances that may change, at least every 12 months.

Out of the 60 case files selected for eligibility testwork, we noted the following:

- 6 case files whereby the income data in CalWIN did not match the data provided by the client and/or IEVS.
- 5 cases whereby the IEVS verification was not performed in a timely manner.
- 1 case file whereby the County failed to terminate benefits when eligibility requirements were not met.
- 2 case files whereby the County failed to send out the required notices of termination when discontinuing benefits.

Out of the 60 case files selected for In-Home Supportive Services (IHSS) eligibility testwork, we noted the following

- 8 case files whereby the County of Santa Barbara (the County) was unable to verify an application (SOC 295) was completed at the time of benefit issuance.
- 24 case files whereby the County failed to perform a client reassessment of needs within the 12 month renewal period and/or the County failed to retain MEDS from the reassessment date on file.

Effect:

Participant data may not be accurate in the participant file or the system, which could lead to initial and continual eligibility errors and inaccurate benefit calculations.

Recommendation:

We recommend that the County adhere to established policies and procedures with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant file and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:**Medicaid**

The Department acknowledges the six cases whereby the income information provided by the client and/or IEVS did not match the information entered into the system. The Department has implemented procedures to ensure consistency between the information provided by the client and the information entered into the system. Quality Assurance will monitor compliance via the monthly eligibility case reviews performed by Eligibility supervisors. A program bulletin reminder was published in October 2013 informing staff of the updated income section that will assist in calculating the income for staff. An email was also sent to all Medi-Cal supervisors and lead workers asking them to review the bulletin and inform staff that it is important that information provided by client matches CalWIN and that any discrepancies should be clearly documented in case comments. The email also reminds staff that Administrative Directive 06-04 Case Comments states that all eligibility staff is required to document every time a change is reported affecting eligibility and/or benefit amount. The information will also be reviewed at the November 2013 Medi-Cal Team meeting.

The Department acknowledges that the IEVS report as a secondary verification of income and property was not run timely on five case files. IEVS was subsequently processed, resulting in no change in eligibility. A Medi-Cal program bulletin article was published in August 2013 to remind all eligibility staff of this requirement during the application and renewal process. Online IEVS training is available to staff via the Department's Site Providing Online Training (SPOT). The Department has longstanding policies and procedures with regards to IEVS processing and Administrative Directive 06-22 clearly outlines the requirements. The information will also be reviewed at the November 2013 Medi-Cal Team meeting.

The Department acknowledges one case not terminated when eligibility requirements were not met and in two cases failed to send out termination notices. The Department has longstanding policies and procedures with regards to Authorization of cases. Administrative Directives 06-16 clearly outlines the requirements to review all authorization and correct termination and correspondence actions are completed on cases. The information will also be reviewed at the November 2013 Medi-Cal Team meeting.

Finally, increased caseloads and recurrent audit findings were the driving factors for the request to add 77 positions to the Department of Social Services in June 2013. Of these positions, 26 were for eligibility and direct supervision and 19 were for increased training capacity (trainers, mentors, and trainees) in the Department's Medi-Cal and CalFresh Eligibility programs. This deficit in resources directly impacted the Department's ability to contain and reduce the number of audit findings in these programs. The first wave of new hires from this staffing augmentation will be released to the line in January 2014 and the next group of new hires will subsequently enter training in February and be released to the line in August 2014. Training will continue to occur twice per year to account for new hires related to normal attrition.

IHSS

The Department acknowledges the eight cases where the original SOC 295 was not in the case file. Although the eight case files are believed to have originally had the SOC 295 on file, the physical case files are no longer available for review in order to substantiate. The county has converted all files to a document imaging system and some original SOC 295s were inadvertently not scanned.

There is a corrective action plan in place to identify cases missing the original SOC 295 at the annual renewal. If the document is missing, the social workers are required to obtain a signed duplicate SOC 295 at the annual renewal home visit. Social workers will be reminded of the requirement to review cases for the SOC 295 at the next semi-annual countywide meeting.

The Department acknowledges the issue with overdue reassessments. Also, retaining an annual MEDS screen print is part of the reassessment process. In Fiscal Year 12/13, the Department increased its efforts to address the ongoing issue of overdue reassessments in this chronically underfunded program. Two to four extra help staff was assigned to overdue assessments during the last year and substantial improvement in timely reassessments was made. Additionally, the IHSS funding stream recently changed to Maintenance of Effort, thus enabling the Department to hire additional full time IHSS staff. The number of full time IHSS approved positions increased from 12 to 15 effective August 2013, and we are in the process of filling those additional positions.

Additionally, efforts are being made to ensure IHSS staff is well versed in program regulations and procedures. IHSS staff training is being standardized. In addition to on-the-job-training, formal Staff Development-led training commenced for new hires effective August 2013. Finally, the new CMIPS II database, implemented in November 2013, will further assist in standardizing program policies and procedures.

Current Year Status:

See Finding 2014-002.

2013-003

Program: State Administrative Matching Grants for Supplemental Nutrition Assistance Program

CFDA Nos.: 10.561

Federal Agency: U.S. Department of Agriculture

Passed-Through: California Department of Social Services

Award Number: Santa Barbara

Award Year: Fiscal year 2012/13

Compliance Requirement: Special Tests and Provisions – ADP System for Food Stamps

Questioned Costs: \$5

Criteria:

The March 2013 OMB Circular A-133 *Compliance Supplement* requirements for special tests and provisions require that the County (1) accurately and completely process and store all case file information for eligibility determination and benefit calculation; (2) automatically cut off households at the end of their certification period unless recertified; and (3) provide data necessary to meet federal issuance and reconciliation reporting requirements. In addition, the March 2013 OMB Circular A-133 *Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/group program participants were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made only to eligible participants.

Condition Found:

Out of the 60 case files tested, we noted the following:

- 9 cases whereby the County inaccurately entered the participant's income and/or housing costs into the CalWIN system.
- 8 cases whereby the required quarterly QR-7 for re-determining the participant's eligibility was not processed timely.

Effect:

- The participants may receive incorrect benefit amounts.
- Ineligible participants may receive benefit amounts.

Recommendation:

We recommend that the County adhere to established policies and procedures with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant files and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel. We recommend that the County require the determination, re-determination and calculation be reviewed, on a sample basis, by other County personnel. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:

The Department acknowledges nine cases where the participant's income and/or housing were entered into the CalWIN system incorrectly. The findings were reviewed with CalFresh (CF) supervisors at the August 14, 2013, CF "Team" meeting. The Corrective Action Plan will be reviewed with the Supervisors at the next CF Team meeting on December 11, 2013.

On November 14, 2013, the CalWIN data system "Case Comment" section was modified to require an income determination, including a section in which the EW must enter all paystub amounts, dates received, and multiplier used. Gross income is now automatically tallied so that there is no error in the calculation of the gross income. This modification will reduce future calculation errors. Also, the state implemented Semi-Annual Reporting (SAR) in place of the previous quarterly reporting in August 2013. With the implementation of SAR, the methodology of determining income has changed. Workers will no longer average income to determine CF benefits, which will eliminate averaging errors.

The Department continues to rely on case reviews to ensure the integrity of the eligibility determinations and to ensure the correct information is entered into the CalWIN system. The Quality Assurance unit continues to collect and conduct an analysis of the Supervisor reviews. Results and trends are compiled into a quarterly report which is shared with program managers, Department Business Specialists, line supervisors and line staff.

We concur with the finding of eight cases whereby the QR7 was processed untimely. As mentioned, SAR implementation was effective August 2013. All CF cases on a QR cycle will have been converted by the end of October 2013. As a result, CF participants will submit a Periodic Report every six months as opposed to every three months. In addition, the County has recently hired additional staff to assist in the increase of caseloads. It is expected that timely processing of the SAR 7 will occur once staff is in place and receipt of the SAR 7 will be sporadic. Preliminary findings of untimely processing of the QR7 were reviewed with Supervisors at the August 14, 2013, CF Team meeting. This Corrective Action Plan will be reviewed with supervisors at the next CF Team meeting on December 11, 2013.

Finally, increased caseloads and recurrent audit findings were the driving factors for the request to add 77 positions to the Department of Social Services in June 2013. Of these positions, 26 were for eligibility and direct supervision and 19 were for increased training capacity (trainers, mentors, and trainees) in the Department's Medi-Cal and CalFresh Eligibility programs. This deficit in resources directly impacted the Department's ability to contain and reduce the number of audit findings in these programs. The first wave of new hires from this staffing augmentation will be released to the line in January 2014 and the next group of new hires will subsequently enter training in February and be released to the line in August 2014. Training will continue to occur twice per year to account for new hires related to normal attrition.

Current Year Status:

See Finding 2014-003.

2013-004

Program: Temporary Assistance for Needy Families

CFDA Nos.: 93.558

Federal Agency: U.S. Department of Health and Human Services

Passed-Through: California Department of Social Services

Award Number: Santa Barbara

Award Year: Fiscal year 2012/13

Compliance Requirement: Eligibility

Questioned Costs: \$488

Criteria:

The March 2013 OMB Circular A-133 *Compliance Supplement* requires each State to participate in the IEVS, the Child Support Non-Cooperation, and Penalty for Refusal to Work. Under the State of California IEVS Plan, the County is required to properly consider the information obtained from the State of California data matching system in determining the eligibility and the amount of Temporary Assistance for Needy Families (TANF) benefits.

Condition Found:

Out of the 60 case files selected for eligibility testing, we noted:

- 1 case file whereby the redetermination was received and processed late.
- 1 case file whereby the County inaccurately entered the participant's income into the CalWIN System as the income data did not match the information provided by the client.
- 1 case file whereby the benefit amount was incorrectly calculated.

Effect:

Participant data may not be accurate in the participant file or the system, which could lead to initial and continual eligibility errors and inaccurate benefit calculations.

Recommendation:

We recommend that the County adhere to established policies and procedures with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant file and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:

The Department acknowledges that the redetermination on one case file was received and processed late. The Department relies on case reviews to ensure the integrity of the eligibility determinations and to ensure the correct information is entered into the CalWIN system. The Quality Assurance unit continues to collect and conduct an analysis of the Supervisor reviews. Results and trends are compiled into a report which is shared with program managers, Department Business Specialists, line supervisors and line staff.

The Department acknowledges one case file where the income was inaccurately entered into the CalWIN System as the income data did not match the information provided by the client and/or IEVS. IEVS was subsequently processed, resulting in no change in eligibility. A program bulletin article was published in August 2013 to remind all eligibility staff of this critical requirement during the application and renewal process. New online IEVS training was developed by Staff Development via the Department's Site Providing Online Training (SPOT). All CalWORKS and CalFresh staff was mandated to complete the training by June 2013. The Department has longstanding policies and procedures with regards to IEVS processing and Administrative Directive 06-22 clearly outlines the requirements. The information will also be reviewed at the January 28, 2014, January CalWORKS Team meeting.

The Department acknowledges one case file whereby the benefit amount was incorrectly calculated. The Department has implemented procedures to ensure consistency between the information provided by the client and the information entered into the system. A program bulletin reminder will be issued informing staff of the updated income section that was added to the case comment templates which will assist in calculating the income.

The findings and corrective action plan will be reviewed with supervisory staff by the program Department Business Specialist, with the expectation that the supervisors provide unit training/review of the applicable policies and procedures at least semi-annually. The current case review policy ADMIN AD 19-102 and the use of the Income Budgeting Worksheet template will be reviewed with supervisors at our next countywide CalWORKs Team Meeting on January 28, 2014.

Current Year Status:

Resolved.

2013-005

Program: Adoption Assistance Program

CFDA No.: 93.659

Federal Agencies: U.S. Department of Health and Human Services

Passed-Through: California Department of Social Services

Award Numbers: Santa Barbara

Award Year: Fiscal year 2012/13

Compliance Requirement: Eligibility

Questioned Costs: \$8,800

Criteria:

The March 2013 OMB Circular A-133 *Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that cases were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made for eligible cases. The March 2013 OMB Circular A-133 *Compliance Supplement* also requires the County to discontinue benefit payments when a child reaches the age 18, or 21 if the County determines the child has a mental or physical disability that warrants continuation of assistance.

Condition Found:

Out of 40 participants selected for eligibility testing, we noted the following:

- 22 case files whereby the AAP-2, AD 4320, or AAP-4 lacked one of the required signatures from the authorized official of public adoption agency or the adoptive parents.
- 24 case files whereby the eligibility certification form, AAP-4, was not completed and/or the eligibility was not determined by the case worker.
- 1 participant reached the age 18 during the fiscal year and continued to receive benefit payments.

Effect:

Participants may be ineligible to receive benefits per AFDC 1996 requirements, but may be eligible to receive benefits under another funding source.

Recommendation:

We recommend that the County adhere to established policies and procedures with regards to ongoing eligibility re-determination requirements in order to ensure that eligibility re-determinations are being performed within the specified timeframe. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:

The Department acknowledges the findings of incomplete forms (AAP-2, AD 4320 or AAP-4) and has taken action to address this issue. While the Department cannot retroactively correct forms obtained during the intake process, changes in business practices, ongoing training to staff and case review will improve adherence to policies and procedures. Eligibility is re-determined and correct renewal forms are obtained every two years on a flow basis. To address the issue with forms and to ensure an eligibility determination has been correctly documented, the Department is in the process of adding staff to administer the program and has recently added a supervisor (effective 9/30/13) to help oversee the process. As there are now two supervisors available to support the program effective October 2013, there will be 100% review of all grantings to ensure that all forms are completed and signed by all of the appropriate parties prior to the issuance of AAP funds.

The Department concurs with the single finding of the participant who received benefits past the age of 18. The Department continues to work diligently to review these cases and has adopted new business practice to ensure cases are terminated when they no longer meet the eligibility criteria. Specifically, one Eligibility worker is now assigned to monitor these cases and has developed a tracking sheet. With the expansion of the program which continues eligibility up to age 21, we anticipate caseload growth. The Department has recently hired one supervisor to help oversee the program (9/30/13) and is in the process of hiring staff to support the increase in caseload numbers.

Current Year Status:

See Finding 2014-004.

2013-006

Program: Workforce Investment Act (WIA) Cluster

CFDA No.: 17.258, 17.259, and 17.278

Federal Agencies: U.S. Department of Labor

Passed-Through: California Employment Development Department

Award Numbers: Santa Barbara

Award Year: Fiscal year 2012/13

Compliance Requirement: Special Tests and Provisions

Questioned Costs: \$0

Criteria:

The March 2013 OMB Circular A-133 *Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that cases were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made for eligible cases.

Condition Found:

Out of the 40 participants selected for eligibility testing, we noted the following:

- 3 cases whereby the case manager/supervisor review was not performed in a timely manner.
- 3 cases whereby the applicant and staff signatures on the application were back-dated to a date prior to the print date indicated on the application.
- 1 case file whereby the original application was not retained in the file.
- 1 case file whereby the documentation evidencing the applicant attended a WIA orientation was not retained in the file.

Effect:

Participants may be ineligible to receive benefits. The case files may contain incorrect information and may not be detected due to the untimely review by a case manager/supervisor.

Recommendation:

We recommend that the County adhere to established policies and procedures with regards to initial eligibility determination requirements and timely review of the participant's application by a case manager/supervisor. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:

The Department acknowledges three cases where the manager/supervisor review was not performed timely. Prior to January 2012 the youth program was housed within four separate contracted agencies. Each of these four agencies was generating case management uniquely and the three files identified with missing signatures came from that timeframe. There is no longer the ability to correct a file that is closed and of which the individual participant is no longer in the existing program. Since January 2012 when the case management files were brought in-house, the case management structure, including eligibility and review, has been overhauled to include a staff person (program manager), separate from the identified case manager, to act as reviewer of the file. This error is not correctable retroactively but steps have been taken to ensure this error does not occur in the future.

The Department acknowledges three cases whereby the applicant and staff signatures on the application were back-dated to a date prior to the print date indicated on the application. The Interlink management system prints all existing case management notations and documents with the current date at the time of print. In an effort to reduce unnecessary paper in the case file folder, it was determined to remove all previously printed paperwork which was duplicated at each new printing. However, the original 'wet' signature documents were not to be removed. Some originals were inadvertently removed. In these three case files, the original dates were written in because those dates were no longer in the file. The dates that were handwritten represented the correct date of signature signing and acceptance by the case manager. Currently, all staff has been instructed to check and double-check all the original documents and to place them in a separate file section to prevent any accidental pulling of original paperwork that should not be removed.

The Department acknowledges one case file whereby the original application was not retained in the file. In this case file, the handwritten application that the participant used as a draft application was not included in the case file. Normally, this draft is not an included document as all information is entered into the Interlink system by staff from the draft application and discarded or filed separately. As of now, all staff has been instructed to check and double-check all the original documents and to place them in a separate file section to prevent any accidental pulling or removal of original paperwork that should not be removed.

The Department acknowledges one case file whereby the documentation evidencing the applicant attended a WIA orientation was not retained in the file. Normally, documentation evidencing WIA orientation attendance is not obtained at that time because there is no commitment to the program from the possible participant until that participant returns with all the required documents. However, at the time of orientation there is a sign-in sheet whereby a copy could be added to the file as proof of orientation attendance. Effectively immediately, a copy of the orientation sign-in sheet will be added to a case file when registration has been completed, verified, and integrated into the Interlink system.

Current Year Status:

Resolved.

2013-007

Program: Community Development Block Grants/Entitlement Grants Cluster

CFDA No.: 14.218 and 14.253

Federal Agencies: U.S. Department of Housing and Urban Development

Passed-Through: N/A

Award Numbers: Santa Barbara

Award Year: Fiscal year 2012/13

Compliance Requirement: Subrecipient Monitoring

Questioned Costs: \$2,317,190

Criteria:

The March 2013 OMB Circular A-133 *Compliance Supplement* requirements for Subrecipient Monitoring requires that the pass-through entity performs the monitoring procedures prescribed in OMB Circular A-133.

Condition Found:

No subrecipient monitoring procedures have been performed for the fiscal year 2012/13.

Effect:

The subrecipients may not be adhering to the agreement entered between the County and the subrecipients.

Recommendation:

We recommend that the County establish formal policies and procedures with regards to the subrecipient monitoring requirements. This will help ensure the monitoring procedures are done on a regular and timely basis.

Views of Responsible Officials:

The County is aware that all subrecipient monitoring was not performed in fiscal year 2012-13, particularly the site inspections of affordable housing units. The County Board of Supervisors recognized the need for additional monitoring staff and in 2013 approved funding for a new Monitoring Housing Specialist II. Recruitment for the Monitoring Housing Specialist II and Senior Housing Specialist positions is on-going, with both positions expected to be filled before the end of calendar year 2013. Community Development Block Grants/Entitlement Grants Cluster (CDBG) subrecipient monitoring is expected to begin in the latter half of fiscal year 2013-14. The County will review its current monitoring procedures, identify short comings, and develop a schedule and risk matrix to begin monitoring subrecipients in 2014.

Current Year Status:

Resolved.

2013-008

Program: HOME Investment Partnerships Program

CFDA No.: 14.239

Federal Agencies: U.S. Department of Housing and Urban Development

Passed-Through: N/A

Award Numbers: Santa Barbara

Award Year: Fiscal year 2012/13

Compliance Requirement: Subrecipient Monitoring

Questioned Costs: \$1,483,955

Criteria:

The March 2013 OMB Circular A-133 *Compliance Supplement* requirements for Subrecipient Monitoring requires that the pass-through entity performs the monitoring procedures prescribed in OMB Circular A-133.

Condition Found:

No subrecipient monitoring procedures have been performed for the fiscal year 2012-2013.

Effect:

The subrecipients may not be adhering to the agreement entered between the County and the subrecipients.

Recommendation:

We recommend that the County establish formal policies and procedures with regards to the subrecipient monitoring requirements. This will help ensure the monitoring procedures are done on a regular and timely basis.

Views of Responsible Officials:

The County is aware that all subrecipient monitoring was not performed in fiscal year 2012-13, particularly the site inspections of affordable housing units. The County has retained the services of HOME consultant MDG to develop HOME policies and procedures. These policies and procedures were drafted, and provided to HUD in July 2013 for their review and comment. The County is currently sending staff for HOME training provided by HUD and is scheduling on-site training for staff on HOME policies and procedures beginning in 2013.

Current Year Status:

Resolved.

2013-009

Program: HOME Investment Partnerships Program
CFDA No.: 14.239
Federal Agencies: U.S. Department of Housing and Urban Development
Passed-Through: N/A
Award Numbers: Santa Barbara
Award Year: Fiscal year 2012/13
Compliance Requirement: Special Tests and Provisions
Questioned Costs: \$0

Criteria:

The March 2013 OMB Circular A-133 *Compliance Supplement* requirements for Special Tests and Provisions is that the County must perform an on-site inspections of HOME assisted rental housing for compliance with property standards on an annual basis for rental properties with 26 units or more.

Condition Found:

We noted 29 properties with 26 or more units did not have an annual inspection as required.

Effect:

The rental properties may not be meeting the property standards and may be ineligible to accommodate the tenants receiving HOME assistance.

Recommendation:

We recommend that the County establish formal policies and procedures with regards to the housing quality standards so that all properties are inspected properly.

Views of Responsible Officials:

The County is aware that all subrecipient monitoring was not performed is fiscal year 2012-13, particularly the site inspections of affordable housing units. To address this deficiency the County retained the services of monitoring consulting firm Urban Futures. Since April 2013, Urban Futures has monitored 22 HOME assisted properties and a sampling of the 210 HOME units in those HOME assisted properties, based on HUD monitoring protocols. Urban Futures is continuing its monitoring and expects to finish its review of the remaining properties by early 2014. To improve staff awareness of HUD HOME monitoring policies and procedures, staff training is on-going, with training on policies and procedures scheduled in 2013. The County is hiring a Housing Specialist II position specifically dedicated to monitoring activities and affordable housing monitoring. This position will be filled before December 30, 2013.

Current Year Status:

Resolved.

2013-010

Program: Temporary Assistance for Needy Families
CFDA No.: 93.558
Federal Agencies: U.S. Department of Health and Human Services
Passed-Through: California Department of Social Services
Award Numbers: Santa Barbara
Award Year: Fiscal year 2012/13
Compliance Requirement: Special Tests and Provisions
Questioned Costs: \$0

Criteria:

The March 2013 OMB Circular A-133 *Compliance Supplement* requires each State to participate in the Income Eligibility and Verification System (IEVS), the Child Support Non-Cooperation, and Penalty for Refusal to Work. Under the State of California IEVS Plan, the County is required to properly consider the information obtained from the State of California data matching system in determining the eligibility and the amount of Temporary Assistance for Needy Families (TANF) benefits.

Condition Found:

Out of the 60 case files selected for eligibility testing, we noted:

- 5 case files whereby the IEVS verification was not performed timely.

Effect:

Lack of investigative procedures could result in participants receiving incorrect benefit amounts.

Recommendation:

We recommend that the County adhere to established policies and procedures with regards to ongoing eligibility verification. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:

The Department acknowledges that the IEVS report was not performed timely on five case files. A program bulletin article was published in August 2013 to remind all eligibility staff of this critical requirement during the application and renewal process. New online IEVS training was developed by Staff Development via the Department's Site Providing Online Training (SPOT). All CalWORKS and CalFresh staff was mandated to complete the training by June 2013. The Department has longstanding policies and procedures with regards to IEVS processing and Administrative Directive 06-22 clearly outlines the requirements. The information will also be reviewed at the January 28, 2014, January CalWORKS Team meeting.

The Department has implemented procedures to ensure consistency between the information provided by the client and the information entered into the system. A program bulletin reminder will be issued informing staff of the updated income section that was added to the case comment templates which will assist in calculating the income.

The Department relies on case reviews to ensure the integrity of the eligibility determinations and to ensure the correct information is entered into the CalWIN system. The Quality Assurance unit continues to collect and conduct an analysis of the Supervisor reviews. Results and trends are compiled into a report which is shared with program managers, Department Business Specialists, line supervisors and line staff. The Quality Assurance Unit is currently in the process of conducting an IEVS focus review. An analysis of the findings will be issued by December 31, 2013.

The findings and corrective action plan will be reviewed with supervisory staff by the DBS, with expectation that the supervisors provide unit training/review of the applicable policies and procedures at least semi-annually. Administrative AD 06-22 will be reviewed with supervisors at our next countywide CalWORKS Team Meeting Team meeting on January 28, 2014.

Current Year Status:

Resolved.

2013-011

Program: Special Supplemental Nutrition Program for Women, Infants, and Children

CFDA No.: 10.557

Federal Agencies: U.S. Department of Agriculture

Passed-Through: California Department of Public Health

Award Numbers: Santa Barbara

Award Year: Fiscal year 2012/13

Compliance Requirement: Eligibility

Questioned Costs: \$0

Criteria:

The March 2013 OMB Circular A-133 *Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/group program participants were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made only to eligible participants.

Condition Found:

Out of the 40 case files selected for eligibility testing, we noted:

- 2 case files whereby the County's verification of participant residence could not be audited as the information was not retained by the system.
- 1 case whereby the County did not perform and/or document a measurement of participant's height and weight as required by federal law.
- 1 case whereby the County's performance of the required nutritional risk assessments could not be audited because the participant's records were not retained by the system upon participant discontinuance.
- 1 case whereby the hematological test for anemia required as part of the nutritional risk assessment was not received within 90 days of the certification date and the County did not place a hold on the participant's account.

Effect:

Participant data may not be accurate in the participant file or the system, which could lead to initial and continual eligibility errors.

Recommendation:

We recommend that the County adhere to established policies and procedures with regards to initial and ongoing eligibility verification. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:

The Department concurs with this finding. To help prevent future findings, all WIC staff will be retrained on the California WIC Program policies and procedures regarding eligibility. Specifically:

1. Each WIC applicant /participant will provide proof of residency at each certification to ensure they are residents of Santa Barbara County.
2. Each WIC applicant/participant will have a height and weight measurement as required and ensure it is documented in the applicant/participant's file.
3. Each WIC applicant/participant requiring a biochemical test result (hemoglobin or hematocrit) within 90 days of certification will be documented in the applicant/participant's file or the file will be placed on hold.

In order to ensure staff is adhering to the above mentioned policies regarding eligibility, training will be provided by the WIC Training Coordinator and ongoing adherence to the policies will be monitored by the WIC Site Supervisors. In addition we will communicate with the State WIC program about challenges of the current computer system due to its inability to retain historical data for all participants' files.

Current Year Status:

Resolved.