



**BOARD OF SUPERVISORS
AGENDA LETTER**

Agenda Number:

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

Department Name: County Executive Office
Department No.: 012
For Agenda Of: April 5, 2022
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Director(s)

Mona Miyasato, County Executive Officer

DocuSigned by:

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Contact Info:

Nancy Anderson, Assistant County Executive Officer

SUBJECT: Establishment of Compliance and Accountability Function in County Executive Office

County Counsel Concurrence

As to form: NA

Auditor-Controller Concurrence

As to form: NA

Other Concurrence:

As to form: NA

Recommended Actions:

That the Board of Supervisors:

- a) Approve the establishment of a compliance and accountability function within the County Executive Office (CEO);
- b) Approve one (1) FTE Enterprise Leader (County Compliance and Accountability Officer) in the County Executive Office within the current year's budget; and
- c) Determine that the above actions are not a project under the California Environmental Quality Act (CEQA) pursuant to Section 15378(b)(5) of the CEQA guidelines because they consist of administrative activities of government that will not result in direct or indirect physical changes in the environment.

Summary Text:

Most recently, the County has received millions of federal and state dollars for COVID operations and recovery, in addition to our normal, ongoing federal and state regulated programs and activities. These will be, or already are, subject to federal and state audits, with regulations that often change yearly. The County also is continuing implementation of departmental operational reviews being conducted by KPMG. To ensure that departments are complying and meeting internal and external audit and operational review recommendations, it is recommended that a compliance and accountability function under the CEO

be established, with the addition of one County Compliance and Accountability Officer position, working in close collaboration with the Auditor-Controller's Office. Funding for the position will be absorbed in the County Executive Office budget for the current year and be added in the FY 2022-23 recommended budget. General Fund and non-General Fund sources will be used through General Fund Cost Allocation to fund the position. Several counties, including Kern, Orange, San Bernardino, San Diego and San Francisco have implemented similar distinct positions or departments.

Background:

Government Code Section 25250 requires examination and audit of the financial accounts and records of all officers having responsibility for the care, management, collection, or disbursement of money belonging to the County or money received and disbursed by them under authority of law. The Board has selected to have the Auditor-Controller perform some of those audits on its behalf, and may also consider the engagements performed by others such as independent external Certified Public Accountant (CPA) auditors (for the annual comprehensive financial report, federal single-audit or other special engagements) to fulfill the requirements. Additionally, some departments are audited by state and federal agencies for program funding they receive. In general, they aim to determine the accuracy of information, provide insight and propose recommendations for improvement. The scope depends on the focus and extent of a particular engagement that may be based on financial, compliance, operational, or investigative and may vary significantly depending on the department.

The County has an Internal Audit Charter that became effective on June 5, 2018 and an Internal Control Policy that was approved in March 2018. These items are helpful to ensure the examination and evaluation of the adequacy and effectiveness of the County's governance, risk management, and internal controls as well as the quality of management's performance in carrying out assigned responsibilities to achieve the County's stated goals and objectives. While audits and reviews typically provide findings and recommendations, it is ultimately the responsibility of department management to ensure that the recommendations are considered and mitigation efforts are made.

Several counties have established roles for a government accountability officer that have been successful in ensuring follow up remediation and providing added assurance of compliance and accountability for their respective Boards. The position is typically appointed by and reports directly to the governing body or is appointed by and reports directly to the county's chief administrative officer. Often the authority of the position is codified in ordinance and addressed in county policy.

Staff recommends that this function and position reside with the CEO, working closely with the Auditor-Controller's Office. The officer would not directly perform financial audits, but would serve as an oversight coordinator and liaison between the Board of Supervisors, CEO and the County departments, as well as the investigative arm of the CEO. The position would be responsible for ensuring appropriate follow up to audits and implementing and enforcing policies and procedures aimed at improving transparent and accountable county operations that comply with federal and state laws and regulations as well as county ordinances, and administrative and department procedures, including board directives. A formal scope of post audit review for departments and regular reporting to the Board would also be established.

Budgeted:

No, but costs for the current year will be absorbed by the County Executive Office's budget and other non-General Fund sources.

Fiscal Impact:

The County Compliance and Accountability Officer position would be an Enterprise Leader with full cost estimated at \$250,000. The funding for the position would be spread among General and non-General fund departments, through General Fund Cost allocation and prospectively incorporated in the Countywide Cost Allocation Plan.

For the current fiscal year, costs are estimated at \$20,833 and would be absorbed by the CEO's current year budget and other non-General Fund sources. The position and related ongoing funding will be incorporated into the recommended FY 2022-23 budget.

Authored by:

N. Anderson, Assistant CEO