



BROWN ARMSTRONG

Certified Public Accountants

AGREED UPON CONDITIONS REPORT DESIGNED TO INCREASE EFFICIENCY, INTERNAL CONTROLS, AND/OR FINANCIAL REPORTING

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

We have audited the basic financial statements of the County of Santa Barbara, California, (the County) for the year ended June 30, 2013, and have issued our report thereon dated December 16, 2013. In planning and performing our audit of the financial statements of the County, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

As a result of our audit, we noted certain agreed upon conditions. These conditions and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve the internal control structure or result in other efficiencies and are summarized as follows:

Current Year Agreed Upon Conditions and Recommendations

Agreed Upon Condition 1 – Special Supplemental Nutrition Program for Women, Infants, and Children, Allowable Cost

Condition

The County failed to follow its payroll policy of requiring employees to sign their timesheets. We noted 1 instance out of the 20 tested whereby the employee's signature is missing from the timesheet.

Recommendation

We recommend that the County adhere to its payroll policy and require all employees to sign their timesheets.

Management Response

The Department concurs with this finding. All WIC staff will be retrained on the County payroll policy requiring all employees sign their timesheets. WIC supervisors will ensure ongoing adherence to the policy.

Agreed Upon Condition 2 – Allowable Cost, Payroll

Condition

The County failed to follow its payroll policy of requiring employees to sign their timesheets. We noted 4 instances out of 60 tested whereby the employee's signature is missing from the timesheet.

MAIN OFFICE

4200 TRUXTON AVENUE

SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

560 CENTRAL AVENUE

SHAFTER, CALIFORNIA 93263
TEL 661.746.2145
FAX 661.746.1218

7673 N. INGRAM AVENUE

SUITE 101
FRESNO, CALIFORNIA 93711
TEL 559.476.3592
FAX 559.476.3593

221 E. WALNUT STREET

SUITE 260
PASADENA, CALIFORNIA 91101
TEL 626.204.6542
FAX 626.204.6547

5250 CLAREMONT AVENUE

SUITE 237
STOCKTON, CA 95207
TEL 209.451.4833



REGISTERED with the Public Company
Accounting Oversight Board and
MEMBER of the American Institute of
Certified Public Accountants

Recommendation

We recommend that the County adhere to its payroll policy and require all employees to sign their timesheets.

Management Response

The Department has clear written instructions regarding timesheet signatures. These instructions are posted on the DSS Intranet website and are available to all DSS employees. These instructions specify that it is the responsibility of the employee to submit their time sheet to their supervisor electronically for review and approval. This is how the employee electronically signs his or her time sheet. They further specify that the employee's time sheet must be approved and submitted electronically by the employee's supervisor. This is how the supervisor electronically signs the employee's time sheet. Fiscal will work with Staff Development to ensure that staff are reminded of this policy.

Agreed Upon Condition 3 – Allowable Cost, Non-Payroll Direct and Indirect

Condition

We noted 1 instance out of 60 tested whereby the County failed to retain supporting documentation. We were unable to verify the expenditure was an allowable expense.

Recommendation

We recommend that the County adhere to its policy and require supporting documentation be retained for all expenditures.

Management Response

The Department has strict policies surrounding Fiscal procedures. As this was one instance, this appears to be anomalous. However, the Department will remind Fiscal staff the Employee University Journal Entry must contain an upload supporting the charges to DSS.

Status of Prior Year Agreed Upon Conditions

Agreed Upon Condition 1 – Allowable Cost

Condition

The County failed to follow its payroll policy of requiring that employees sign their timesheets. We noted three instances where the employee's signature was missing from the timesheet.

Recommendation

We recommend that the County adhere to its payroll policy and require that all employees sign their timesheets.

Management Response

The Department of Social Services (DSS) acknowledges three instances whereby the County did not obtain a follow-up timesheet signature. In the three instances cited, the employee was absent during timesheet submittal. Supervisor instructions on how to properly submit the timesheet under these circumstances are posted on the DSS Intranet, which was readily available to supervisors. However, the Department takes seriously the importance of accurate timesheet completion. The oversight on these timesheets has been remedied.

The DSS has the following procedures in place to ensure employees receive proper training on timesheet processing.

- Timesheets are reviewed for accuracy each pay period by supervisors. Payroll staff conducts a secondary review of timesheet accuracy.

The DSS has the following procedures in place for timesheet and Random Moment Sampling (RMS) coding.

- The DSS' Staff Development Division includes timesheet/time study/RMS information in their inductions training for new employees.
- Instructions for timesheets and RMS input are available to employees on the DSS intranet for their ongoing review.
- Specific instructions are available in the DSS Manual of Administrative Policy and Procedures, Section C-59.

Current Year Status

See Agreed Upon Condition 2.

Agreed Upon Condition 2 – Workforce Investment Act (WIA) Eligibility

Condition

The County failed to obtain sufficient documentation to establish identity for one case. Proper documentation is required in order to verify program eligibility. In two separate cases, the print date on the application was removed using white-out, which is against department policy. In one of these cases, the applicant and WIA staff's signatures were backdated to the initial application date that was approximately four months prior to the print date on the application.

Recommendation

We recommend that the County follow the established formal policies that require support for verifying eligibility be maintained in the case files. We also recommend that the County adhere to the policy for the use of white-out and cease the practice of backdating signatures on application documents.

Management Response

The DSS acknowledges one instance whereby the County did not obtain sufficient supporting documentation to establish identity for one case. The Department has policies and procedures in place to ensure that sufficient supporting documentation is obtained to establish identity. As there was only one occurrence, this instance appears to be anomalous.

The Department also acknowledges two cases where dates were removed from a printed document and one case where the application date was backdated. Both practices are against Department policy. Prior to October 2011, the Workforce Investment Board (WIB) Youth Program case management was contracted out to four (4) local agencies. At that time a policy was in place to prescribe and direct consistency of case management process and procedures. This policy is no longer current. After the October 2011 decision to bring the Youth Program case management services in-house, the case files were received by new WIB Career Employment Specialists. In agreement with the audit findings that identify the need for policy revisions, the WIB is currently revising and updating policy and procedures to meet the specifics of the new program.

Current Year Status

See Single Audit Finding 2013-006.

Agreed Upon Condition 3 – Foster Care, Eligibility

Condition

The permanency plan was not adopted timely in one case.

Recommendation

We recommend that the permanency plans be adopted timely.

Management Response

The DSS acknowledges one instance whereby the permanency plan was not adopted timely due to the Superior Court exercising its discretion to continue the court hearing dates. The DSS has existing policies and procedures in place to ensure timely processing of the permanency plans. In this instance, the court continued the hearings, thus the delay.

Current Year Status

Resolved.

Agreed Upon Condition 4 – Medi-Cal, Eligibility

Condition

The County failed to perform redetermination within 12 months after the last redetermination or the initial application in two cases.

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. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Management Response

The DSS acknowledges two instances whereby the redeterminations were not processed within the recipient's original 12 month cycle month.

The Department has existing policies and procedures in place with regards to the redetermination process and the 12-month cycle process. The Department's program policies and procedures are contained in widely distributed documents called Administrative Directives (AD). Eligibility supervisors will be reminded of the importance of adhering to the policies and procedures as outlined in Medi-Cal AD 07-08 "Medi-Cal Annual RRR Process." Reminders outlining the 12-month cycle process will be given to Eligibility Supervisors during the November 2012 TEAM meeting. Additionally, Eligibility Supervisors will be required to remind their staff of the redetermination process to ensure staff adheres to the redetermination policies and procedures. Subsequent to the TEAM discussion, a Medi-Cal program Bulletin regarding renewal cycles will be issued for all eligibility staff during November 2012.

Current Year Status

Resolved.

Agreed Upon Condition 5 – In-Home Supportive Services (IHSS), Eligibility

Condition

The County failed to retain the participant's form, SOC 295 application, in the file for one case.

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 and redeterminations are supported by the proper documentation in the participant file.

Management Response

The DSS acknowledges one instance whereby the participant's form SOC 295 application was not retained in the file. This case has been corrected. As there was only one occurrence, this instance appears to be anomalous.

The DSS has existing policies and procedures in place with regards to initial and ongoing eligibility, required documentation, and maintenance of participant files. The SOC 295 is a standard part of the initial packet and is completed at every initial home visit. In order to ensure that SOC 295s are scanned in every file, staff has been instructed to review DocSTAR prior to completing the face-to-face reassessment to ensure the form is on file. If they cannot locate a copy of the SOC 295, they are instructed to bring a duplicate form with them to the home visit so the participant can resign it in order to complete the case record. This procedure is documented in the IHSS Memo 9-12, "Reassessment Procedures" issued to staff September 2012.

Current Year Status

Refer to the Single Audit Finding 2013-002.

Agreed Upon Condition 6 – Supplemental Nutrition Assistance Program, Eligibility

Condition

The County, in one case, inappropriately granted a disability exception to a participant who was deemed not disabled by the State Disability Evaluation Division.

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. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file and benefits are calculated accurately.

Management Response

The DSS acknowledges one instance whereby the participant was deemed as not disabled by the State Disability Evaluation Division. The case was granted as a disabled household and therefore identified as a change reporting household in error. This case has been corrected. As there was only one occurrence, this instance appears to be anomalous.

The Department has existing policies and procedures in place regarding disability and change reporting households. On July 31, 2012, staff was reminded via the Department's Monthly Bulletin of the importance of completing this information correctly in CalWIN. Disability and change reporting households will be discussed during the next countywide CalFresh Team meeting scheduled December 2012 to ensure staff compliance.

Current Year Status

Resolved.

Agreed Upon Condition 7 – Child Support, Special Test and Provisions

Condition

We noted two cases whereby the County failed to establish or attempt to establish a support obligation through court orders within the required time frame.

Recommendation

The County should follow the established formal policies that require cases be monitored within a specific timeframe.

Management Response

The DSS concurs with this finding. The finding has highlighted an area in which we might have an opportunity to improve our process. We will assemble the appropriate staff, conduct a review and update our process, in regards to validating addresses, as warranted. We will: continue to monitor work productivity in order to assess whether or not we are meeting our goal to meet required performance mandates, keep up our practice of providing continuous training to staff, and insure that staff utilize the "Case Management Tool" (developed to assist Child Support Officers to manage their caseload more efficiently) in order to properly serve our customers.

Current Year Status

Resolved.

Agreed Upon Condition 8 – Title IV-E, Reporting

Condition

The Probation Department (the Department) submits quarterly Federal Title IV-E claims to the County DSS. DSS includes the Department's claims data on its County Expense Claim which is submitted to the California DSS. Effective January 1, 2012, the Department implemented Random Moment Sampling (RMS) for keeping track of hours spent on Title IV-E. The 3rd and 4th claim summaries were prepared by a third party. During our testing of the quarterly Title IV-E Claims, we noted the 3rd and 4th quarters were not reviewed or reconciled to the County general ledger to ensure accuracy.

Recommendation

We recommend the County establish formal policies and procedures to require a responsible individual review and reconcile the quarterly Federal Title IV-E claims prepared by the third party to verify the data is complete and accurate.

Management Response

The Department concurs with the recommendation and notes that upon request of the auditor the 3rd and 4th quarter claims were reconciled to FIN without exception. The Department has established a formal reconciliation procedure which occurs before a claim is submitted to DSS.

Current Year Status

Resolved.

Agreed Upon Condition 9 – Allowable Cost (RMS)

Condition

The RMS system is used to accurately allocate indirect costs among the various programs on the quarterly County Expense Claim (CEC). The employees record their information on timecards. In two cases, the employees submitted the RMS activity on a day when no regular work hours were recorded on the employee's timecard.

Recommendation

We recommend the County adhere to the RMS policies and procedures to properly account for hours worked.

Management Response

The DSS acknowledges two instances whereby the employees submitted the RMS activity on a day when no regular work hours were recorded on the employee's timecard.

The DSS has the following procedures in place to ensure employees receive proper training on timesheet and RMS coding.

- The DSS' Staff Development Division includes timesheet/time study/RMS information in their inductions training for new employees.
- Instructions for timesheets and RMS input are available to employees on the DSS intranet for their ongoing review.
- Specific instructions are available in the DSS Manual of Administrative Policy and Procedures, Section C-59."
- Fiscal sends RMS responses to supervisors each quarter for review. Also, supervisors review employee timesheets every two week pay period.
- Additionally, Fiscal has developed a set of Excel macros to validate RMS responses based on timesheets. These macros address the testing attributes identified by the auditors, and they will identify discrepancies in the current and future years

In subsequent quarterly RMS instructions, as in prior, the importance of corresponding timesheet information and RMS data will continue to be strongly stressed.

Current Year Status

Resolved.

This report is intended solely for the use of the Board of Supervisors and management of the County and should not be used for any other purpose. However, this report is a matter of public record, and its distribution is not limited.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
December 16, 2013