



**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:** Auditor-Controller  
**Department No.:** 061  
**For Agenda Of:** January 24, 2017  
**Placement:** Administrative  
**Estimated Time:** N/A  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

---

**TO:** Board of Supervisors

**FROM:** Department Theodore A. Fallati, CPA, CPFO, Auditor-Controller, 568-2100  
Director(s)  
Contact Info: Heather Fletcher, CPA, Audit Manager, 568-2456

**SUBJECT: Single Audit Report for the fiscal year ended June 30, 2016**

---

**County Counsel Concurrence**

As to form: N/A

**Auditor-Controller Concurrence**

As to form: N/A

**Recommended Actions:**

That the Board of Supervisors:

- A. Receive and file the County of Santa Barbara's Single Audit Report for the fiscal year ended June 30, 2016.
- B. 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 the government that will not result in direct or indirect physical changes in the environment.

**Summary Text:**

Under the *Single Audit Act*, entities that have expenditures of federal awards in excess of \$750,000 per year are required to have annual audits (commonly referred to as *Single Audits*). The audits are conducted by independent outside auditors in accordance with the U.S. Office of Management and Budget (OMB) CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. During fiscal year 2015-16 the County expended approximately \$138.8 million in federal funds excluding fee for service Medicaid and other vendor type transactions. The County's Single Audit was performed by Brown Armstrong Accountancy Corporation of Bakersfield, California (Brown Armstrong).

The County received unmodified "clean" opinions on all Federal programs selected for audit. Since the County has received unmodified "clean" opinions on all Federal programs selected for audit over the past two years, the County has achieved low risk auditee status for fiscal year 2016-17. This is a significant step for the County and a result of a large departmental effort over several years, particularly by the Department of Social Services, the largest recipient of federal funds.

**Background:**

The *Single Audit Act* (officially the *Single Audit Act Amendments of 1996*) is intended to promote sound financial management, including effective internal control, with respect to federal awards administered by state and local governments and not-for-profit organizations. The Single Audit contains both compliance and financial components. The audit standards require the auditee (the County) to:

1. Maintain internal control for federal programs;
2. Comply with the laws, regulations, and provisions of contracts or grant agreements;
3. Prepare appropriate financial statements, including the Schedule of Expenditures of Federal Awards (SEFA);
4. Ensure that the required Single Audits are properly performed and submitted when due; and
5. Follow up and take corrective actions on audit findings.

Although interrelated, the Single Audit differs from the County's annual financial audit in that the Single Audit focuses on compliance with federal regulations and internal controls over federal programs, while the financial audit focuses on whether the County's financial statements are presented fairly in all material respects. The County's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2016, was previously received and filed by your Board on September 13, 2016.

An **unmodified opinion** is a "clean" opinion, while a **qualified opinion** signifies that the auditor found material instances of noncompliance within a major program.

The Single Audit opinions by major Federal program audited for the last three years are as follows:

<i><b>Federal Program</b></i>	<i><b>2013-14</b></i>	<i><b>2014-15</b></i>	<i><b>2015-16</b></i>
<b>Supplemental Nutrition Assistance Program</b>	Unmodified	Unmodified	Unmodified
<b>Medicaid</b>	Qualified	Unmodified	Unmodified
<b>Temporary Assistance for Needy Families</b>	Unmodified	Unmodified	Unmodified
<b>Foster Care</b>	Qualified	Unmodified	Unmodified
<b>Community Development Block Grants/ Entitlement Grants</b>	Unmodified	Not Audited	Unmodified
<b>HOME Investment Partnership Program</b>	Unmodified	Not Audited	Unmodified

As indicated in the chart above all six programs tested this year received an unmodified opinion.

The Single Audit requires the independent auditor to evaluate the County's status as high-risk or low-risk. A high-risk auditee is a recipient which has a high risk of having instances of non-compliance with Federal laws and regulations, while a low-risk auditee is the exact opposite. For fiscal year 2015-16 the County was considered a high-risk auditee, however since the County continued to receive an unmodified or "clean" opinion for the 2015-16 Single Audit the County will be considered low-risk for fiscal year 2016-17.

All of the audit findings are listed below and are based on a sample size of 40 for each program:

***SNAP - Social Services***

- One case whereby the County inaccurately issued benefit payments causing an underpayment.

***TANF - Social Services***

- One case whereby the County inaccurately issued benefit payments causing an underpayment of \$32.
- One case whereby the County inaccurately issued benefit payments causing an overpayment of \$47.

***Medicaid - Social Services***

- Three in-home supportive services case files whereby the County failed to perform a client reassessment of needs within the 12 month renewal period.

**Performance Measure:**

Receive unmodified opinions on the Federal Single Audit Report.

**Fiscal and Facilities Impacts:**

Budgeted: Yes

**Fiscal Analysis:**

For fiscal year 2015-16, the total audit contract with independent outside auditors was \$147,000 of which \$50,700 was attributed to the Single Audit.

**Attachments:**

County of Santa Barbara, California Single Audit Reports for the year ended June 30, 2016.

**Authored by:**

Heather Fletcher, Audit Manager, Office of the Auditor-Controller.

**cc:**

Mona Miyasato, County Executive Officer  
Department Directors