



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: December 10, 2019  
Placement: Administrative  
Estimated Time: N/A  
Continued Item: No  
If Yes, date from:  
Vote Required: Majority

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**TO:** Board of Supervisors

**FROM:** Department Betsy M. Schaffer, CPA, CPFO, 568-2100  
Director(s)  
Contact Info: Robert W. Geis, CPA, 568-2134

**SUBJECT:** Single Audit Reports for the fiscal year ended June 30, 2019

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**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 Reports for the fiscal year ended June 30, 2019.
- 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 Code of Federal Regulations, entities that expend \$750,000 or more of Federal awards 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 Subpart F of the U.S. Office of Management and Budget (OMB) 2 CFR Part 200 – *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. During fiscal year 2018-19, the County expended approximately \$133 million in federal funds excluding loans, fee for service Medicaid and other vendor type transactions.

Brown Armstrong Accountancy Corporation of Bakersfield, California (Brown Armstrong) performed the County's Single Audit. The County received unmodified "clean" opinions on all Federal programs selected for the Single Audit. Brown Armstrong also performed the County's annual financial statement audit. As a required part of performing both audits in accordance with *Government Auditing Standards*, Brown Armstrong issued a Report on Internal Control over Financial Reporting and on Compliance and Other Matters, which is included in the attached Single Audit Reports.

**Background:**

The *Uniform Guidance* 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, 2019, was previously received and filed by your Board on October 15, 2019.

An **unmodified opinion** is a "clean" opinion, while a **qualified opinion** signifies that the auditor found material instances of noncompliance within a major program. As indicated in the table below, all six programs tested for fiscal year 2018-19 received an unmodified opinion. 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>2018-19</b></i>	<i><b>2017-18</b></i>	<i><b>2016-17</b></i>
Supplemental Nutrition Assistance Program	Unmodified	Unmodified	Unmodified
Medicaid	Unmodified	Unmodified	Unmodified
Disaster Grants Public Assistance	Unmodified	N/A	N/A
Foster Care	Unmodified	N/A	N/A
Community Development Block Grants / Entitlement Grants	Unmodified	N/A	N/A
HOME Investment Partnership Program	Unmodified	N/A	N/A
Temporary Assistance for Needy Families	N/A	Unmodified	Unmodified
Child Support Enforcement	N/A	Unmodified	N/A
Adoptions Assistance	N/A	Unmodified	N/A
Workforce Innovation and Opportunity Act of 2014	N/A	Unmodified	N/A
Highway Planning and Construction	N/A	N/A	Unmodified
Special Supplemental Nutrition Program for Women, Infants, and Children	N/A	N/A	Unmodified

*N/A - Program Not Audited*

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. In fiscal year 2018-19, the County was considered a low-risk auditee. This status should continue if the County continues to receive unmodified opinions for all major programs selected for testing by the auditors in the future.

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

***Medicaid (Medi-Cal and In-Home Supportive Services programs) - Social Services***

- Five cases whereby the County failed to perform a client reassessment of needs within the 12-month renewal period.
- Two cases whereby the County failed to perform an Income Eligibility Verification System report during the redetermination process.

The views of responsible officials and planned corrective actions for the above findings are presented in the Corrective Action Plan beginning on page 21 of the attached Single Audit Reports.

**Performance Measure:**

Receive unmodified opinions on the Federal Single Audit Report.

**Fiscal and Facilities Impacts:**

Budgeted: Yes

**Fiscal Analysis:**

For fiscal year 2018-19, 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, 2019.

**Authored by:**

Robert W. Geis, Division Chief, Office of the Auditor-Controller.

**cc:**

Mona Miyasato, County Executive Officer

Department Directors