

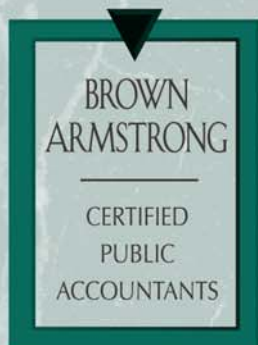
COUNTY OF SANTA BARBARA, CALIFORNIA
SINGLE AUDIT REPORTS
FOR THE YEAR ENDED JUNE 30, 2019

**COUNTY OF SANTA BARBARA, CALIFORNIA
SINGLE AUDIT REPORTS
FOR THE YEAR ENDED JUNE 30, 2019**

TABLE OF CONTENTS

	<u>Page</u>
 <u>Reports</u>	
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 <i>Government Auditing Standards</i>	1
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	3
Independent Auditor's Report on Supplementary Information – Schedule of Expenditures of Federal Awards.....	5
 <u>Financial Statements</u>	
Schedule of Expenditures of Federal Awards.....	6
Notes to Schedule of Expenditures of Federal Awards	12
 <u>Findings and Questioned Costs</u>	
Schedule of Findings and Questioned Costs.....	14
Status of Prior Year Findings and Questioned Costs	17
Corrective Action Plan.....	21

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

BAKERSFIELD OFFICE

(MAIN OFFICE)

4200 TRUXTON AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE

10 RIVER PARK PLACE EAST
SUITE 208
FRESNO, CA 93720
TEL 559.476.3592

STOCKTON OFFICE

1919 GRAND CANAL BLVD
SUITE C6
STOCKTON, CA 95207
TEL 888.565.1040

WWW.BACPAS.COM

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, the aggregate discretely presented component unit, 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, 2019, 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 28, 2019.

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.

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.

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

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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*. See Finding 2019-001.

The County's Response to the Finding

The County's response to the finding 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.

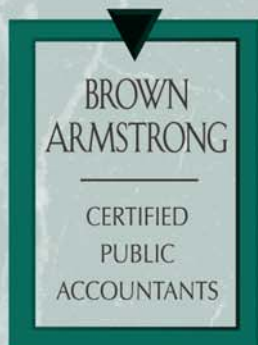
Purpose of this Report

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 communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong" on the first line and "Accountancy Corporation" on the second line.

Bakersfield, California
August 28, 2019



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

BAKERSFIELD OFFICE (MAIN OFFICE)

4200 TRUXTON AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE

10 RIVER PARK PLACE EAST
SUITE 208
FRESNO, CA 93720
TEL 559.476.3592

STOCKTON OFFICE

1919 GRAND CANAL BLVD
SUITE C6
STOCKTON, CA 95207
TEL 888.565.1040

WWW.BACPAS.COM

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) *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

Opinion on Each Major Federal Program

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 major federal programs for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as Finding 2019-001. Our opinion on each major federal program is not modified with respect to these matters.

The County's response to the noncompliance finding 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 the Uniform Guidance, 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.

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. 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.

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 or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as Finding 2019-001, to be a significant deficiency.

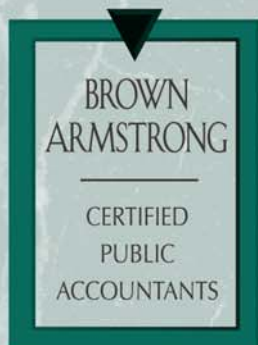
The County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
November 4, 2019



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

BAKERSFIELD OFFICE

(MAIN OFFICE)

4200 TRUXTON AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE

10 RIVER PARK PLACE EAST
SUITE 208
FRESNO, CA 93720
TEL 559.476.3592

STOCKTON OFFICE

1919 GRAND CANAL BLVD
SUITE C6
STOCKTON, CA 95207
TEL 888.565.1040

WWW.BACPAS.COM

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, 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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated August 28, 2019, which contained unmodified opinions on those financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic 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 basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic 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

Brown Armstrong
Accountancy Corporation

Bakersfield, California
November 4, 2019

FINANCIAL STATEMENTS

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Number	Passed Through to Subrecipients	Total Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Direct Programs:				
Cooperative Forestry Assistance	10.664	15-LE-11051360-029 A	\$ -	\$ 21,825
Cooperative Forestry Assistance	10.664	15-LE-11051360-029 B	-	3,983
Subtotal			-	25,808
School Breakfast Program	10.553		-	44,318
National School Lunch Program	10.555		-	71,868
Child Nutrition Cluster			-	116,186
Passed through California Department of Food and Agriculture:				
Plant and Animal Disease, Pest Control, and Animal Care	10.025	17-0453-017-SF	-	198,414
Plant and Animal Disease, Pest Control, and Animal Care	10.025	18-0295-016-SF	-	2,165
Plant and Animal Disease, Pest Control, and Animal Care	10.025	18-0294-008-SF	-	22,553
Plant and Animal Disease, Pest Control, and Animal Care	10.025	18-0299-042-SF	-	28,757
Plant and Animal Disease, Pest Control, and Animal Care	10.025	17-0215-008-SF1	-	33,255
Subtotal			-	285,144
Passed through California Department of Public Health:				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	15-10114	-	4,116,201
Passed through California Department of Social Services:				
State Administrative Matching Grants for the Supplemental Food Program	10.561	Santa Barbara	-	8,078,349
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	12,621,688
U.S. DEPARTMENT OF EDUCATION				
Passed through California Department of Education:				
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126		-	412,247
TOTAL U.S. DEPARTMENT OF EDUCATION			-	412,247
U.S. DEPARTMENT OF ENERGY				
Passed through California:				
Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	400-09-024	-	33,111
TOTAL U.S. DEPARTMENT OF ENERGY			-	33,111
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs:				
Affordable Care Act (ACA) Grants for New and Expanded Services under the Health Center Program	93.527	H80CS00046	-	1,225,222
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	H80CS00046	-	822,988
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	H76HA00193	-	325,172
Passed through California Governor's Office of Emergency Services:				
Children's Justice Grants to States	93.643	ES16010420	-	94,367
Passed through California Department of Social Services:				
Guardianship Assistance	93.090	Santa Barbara	-	238,293
Passed through California Department of Social Services:				
Foster Care - Title IV-E	93.658	Santa Barbara	-	9,363,433

See accompanying notes to the 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 the Uniform Guidance.

COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Number	Passed Through to Subrecipients	Total Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)				
Passed through California Department of Health Services: Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	1842BASE00	-	91,697
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	1842SPND01	-	160,798
Subtotal			-	252,495
Passed through California Department of Health and Human Services: Projects for Assistance in Transition from Homelessness (PATH)	93.150		-	58,074
Passed through California Department of Health and Human Services: Block Grants for Community Mental Health Services	93.958		-	630,853
Passed through California Department of Public Health: Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	17-10193	28,411	501,980
Passed through California Department of Public Health: Preventative Health and Health Services Block Grant	93.991	16-10158	-	518,333
Passed through California Department of Public Health: Maternal and Child Health Services Block Grant to the States	93.994	201842	-	873,333
Passed through California Department of Public Health: Immunization Cooperative Agreements	93.268	17-10348	-	165,525
Passed through California Department of Health Care Services: Centers for Disease Control and Prevention - Investigation and Technical Assistance	93.283	16-93231	-	25,000
Passed through California Department of Public Health - Office of AIDS: HIV Care Formula Grants	93.917	15-10930	25,422	65,197
HIV Care Formula Grants	93.917	15-11075	-	162,377
HIV Care Formula Grants	93.917	18-10771	12,274	42,972
HIV Care Formula Grants	93.917	18-10889	-	53,093
Subtotal			37,696	323,639
Passed through California Department of Social Services: Promoting Safe and Stable Families	93.556	Santa Barbara	-	319,003
Stephanie Tubbs Jones Child Welfare Services Programs	93.645	Santa Barbara	-	303,873
Adoption Assistance	93.659	Santa Barbara	-	5,187,387
Social Services Block Grant	93.667	Santa Barbara	-	551,780
Chafee Foster Care Independence Program	93.674	Santa Barbara	-	95,967
Temporary Assistance for Needy Families	93.558	Santa Barbara	-	20,591,112
Children's Health Insurance Program	93.767	Santa Barbara	-	2
Promoting Safe and Stable Families	93.566	Santa Barbara	-	264
Passed through California Department of Child Support Services: Child Support Enforcement	93.563	Santa Barbara (County 42)	-	6,215,205

See accompanying notes to the 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 the Uniform Guidance.

COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Number	Passed Through to Subrecipients	Total Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)				
Passed through Substance Abuse and Mental Health Services Administration: Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	1H79TI080118-01	84,562	258,014
Passed through U.S. Department of Health and Human Services: Block Grants for Prevention and Treatment of Substance Abuse	93.959	12NNA42	-	1,930,237
Passed through California Department of Alcohol and Drug Programs: Block Grants for Prevention and Treatment of Substance Abuse	93.959	14-90100	-	598,081
Subtotal			-	2,528,318
Passed through California Department of Social Services: Medical Assistance Program	93.778	Santa Barbara	-	20,953,263
Passed through State of California Department of Health Care Services: Medical Assistance Program	93.778	42	-	5,093,454
Medical Assistance Program	93.778		-	397,439
Subtotal			-	26,444,156
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			150,669	77,913,788
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through California Department of Health Care Services: Crisis Counseling	97.032		-	496,517
Passed through United States Department of Homeland Security: Disaster Grants - Public Assistance	97.036	FEMA-4305-DR-CA	-	21,842,921
Direct Programs: Emergency Management Performance Grants	97.042		-	216,506
Fire Management Assistance Grant	97.046		-	82,043
Passed through San Diego Sheriff's Department: Homeland Security Grant Program	97.067	556046	-	93,732
Passed through Governor's Office of Emergency Services: Homeland Security Grant Program	97.067	2016-00102, OES #083- 00000	-	497,644
Homeland Security Grant Program	97.067	2017-00102, OES #083- 00000	-	92,869
Subtotal			-	590,513
Direct Programs: Homeland Security Grant Program	97.067		-	38,784
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			-	23,361,016
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Programs: Community Development Block Grants/Entitlement Grants	14.218	B14UC060509	46,809	46,809
Community Development Block Grants/Entitlement Grants	14.218	B15UC060509	224,672	224,672
Community Development Block Grants/Entitlement Grants	14.218	B16UC060509	286,253	297,466
Community Development Block Grants/Entitlement Grants	14.218	B17UC060509	83,394	416,946
Community Development Block Grants/Entitlement Grants	14.218	B18UC060509	191,712	429,768
Community Development Block Grants/Entitlement Grants - Loans	14.218		-	625,451
Subtotal			832,840	2,041,112

See accompanying notes to the 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 the Uniform Guidance.

COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Number	Passed Through to Subrecipients	Total Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (Continued)				
Supportive Housing Program	14.235	CA1006L9D031605	-	31,812
Supportive Housing Program	14.235	CA1605L9D031600	-	18,644
Supportive Housing Program	14.235	CA0598L9D031710	-	100,014
Supportive Housing Program	14.235	CA1006L9D031706	-	49,645
Supportive Housing Program	14.235	CA1701L9D031700	-	48,449
Supportive Housing Program	14.235	CA1700L9D031700	33,591	39,491
Subtotal			33,591	288,055
HOME Investment Partnerships Program	14.239	M12-DC060554	393,434	393,434
HOME Investment Partnerships Program	14.239	M14-DC060554	375,066	375,066
HOME Investment Partnerships Program	14.239	M15-DC060554	181,113	181,113
HOME Investment Partnerships Program	14.239	M16-DC060554	66,620	66,620
HOME Investment Partnerships Program	14.239	M17-DC060554	367,931	457,601
HOME Investment Partnerships Program	14.239	M18-DC060554	155,703	155,703
HOME Investment Partnerships Program - loans	14.239		-	5,223,126
Subtotal			1,539,867	6,852,663
Continuum of Care Program	14.267		-	115,315
Passed through California Department of Housing and Community Development:				
Emergency Solution Grants Program	14.231	16-ESG-11121	105,060	105,060
Emergency Solution Grants Program	14.231	17-ESG-11851	314,350	327,185
Subtotal			419,410	432,245
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			2,825,708	9,729,390
U.S. DEPARTMENT OF JUSTICE				
Passed through Board of State and Community Corrections:				
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	BSCC 396-17	80,548	82,414
Passed through Governor's Office of Emergency Services, California:				
Crime Victim Assistance	16.575	HA15 02 0420	-	86,152
Crime Victim Assistance	16.575	UV18 03 0420	-	183,537
Crime Victim Assistance	16.575	XC16 01 0420	-	179,142
Crime Victim Assistance	16.575	XE16 01 0420	-	115,262
Crime Victim Assistance	16.575	VW16 35 0420	-	649,897
Crime Victim Assistance	16.575	KC 18 02 0420	-	202,378
Subtotal			-	1,416,368
Direct Program:				
Services for Trafficking Victims	16.320	2016-VT-BX-K008	-	279,151
Passed through State Office of Criminal Justice and Planning (OCJP):				
Services for Trafficking Victims	16.320	2016-VT-BX-K019	-	79,014
Subtotal			-	358,165
Passed through OCJP:				
Byrne Formula Grant Program	16.579	2018-43	-	55,623

See accompanying notes to the 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 the Uniform Guidance.

COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Number	Passed Through to Subrecipients	Total Expenditures
U.S. DEPARTMENT OF JUSTICE (Continued)				
Direct Program:				
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	2015 DJ-BX-0971		51,495
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	2015 DJ-BX-0971	-	36,394
Subtotal			-	87,889
TOTAL U.S. DEPARTMENT OF JUSTICE			80,548	2,000,459
U.S. DEPARTMENT OF LABOR				
Passed through California Employment Development Department:				
WIA/WIOA Dislocated Worker Formula Grants	17.278	K8106657	-	531,860
WIA/WIOA Dislocated Worker Formula Grants	17.278	K9110048	-	297,721
WIA/WIOA Adult Program	17.258	K8106657	-	178,253
WIA/WIOA Adult Program	17.258	K7102061	-	2,739
WIA/WIOA Adult Program	17.258	K8106657	-	163,939
WIA/WIOA Adult Program	17.258	K9110048	-	140,950
WIA Adult Program	17.258	K9110048	-	357,844
WIA/WIOA Youth Activities	17.259	K8106657	-	750,138
WIA/WIOA Youth Activities	17.259	K9110048	-	620,179
Passed through Coastal RPU Entities:				
WIA/WIOA Adult Program	17.258	K7102044	-	73,703
WIA/WIOA Adult Program	17.258	K7102044	-	28,315
WIA/WIOA Adult Program	17.258	K8106646	-	30,611
Subtotal - WIA/WIOA Cluster			-	3,176,252
Hurricanes and Wildfires of 2017 Supplemental – National Dislocated Worker Grants	17.286		-	435,082
WIA/WIOA Dislocated Worker National Reserve Demonstration Grants	17.280	MI-28988-16-60-A-6	-	513,245
Passed through Department of Social Services: Homeless Veterans Reintegration Project	17.805	Santa Barbara	-	7,000
TOTAL U.S. DEPARTMENT OF LABOR			-	4,131,579
U.S. DEPARTMENT OF THE INTERIOR				
Direct Programs:				
Recreation Resources Management	15.524	N/A	-	386,430
TOTAL U.S. DEPARTMENT OF THE INTERIOR			-	386,430
U.S. DEPARTMENT OF TRANSPORTATION				
Direct Programs:				
Airport Improvement Program	20.106	WPG060243015	-	75,837
Airport Improvement Program	20.106		-	56,925
Subtotal			-	132,762
Passed through State of California Office of Traffic Safety: State and Community Highway Safety	20.600	PT19108	-	36,589
Passed through State of California Office of Traffic Safety: Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT19108	-	46,185

See accompanying notes to the 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 the Uniform Guidance.

COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Number	Passed Through to Subrecipients	Total Expenditures
U.S. DEPARTMENT OF TRANSPORTATION (Continued)				
Direct Programs:				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	AL18016	-	35,137
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	AL19009	-	95,409
Subtotal			-	176,731
Passed through Caltrans:				
Highway Planning and Construction	20.205	05-5951/M015	-	436,790
Highway Planning and Construction	20.205	05-5951(024)	-	22,473
Highway Planning and Construction	20.205	05-5951(072)	-	4,329
Highway Planning and Construction	20.205	05-930143	-	25,195
Highway Planning and Construction	20.205	05-930143	-	2,703
Highway Planning and Construction	20.205	05-930143	-	81,623
Highway Planning and Construction	20.205	05-930143	-	323,862
Highway Planning and Construction	20.205	05-930143	-	107,161
Highway Planning and Construction	20.205	05-5951R	-	182,060
Highway Planning and Construction	20.205	05-5951(151)	-	247,248
Highway Planning and Construction	20.205	05-5951(072)	-	54,614
Highway Planning and Construction	20.205	05-5951(072)	-	3,315
Highway Planning and Construction	20.205	05-5951(152)	-	35,958
Highway Planning and Construction	20.205	05-5951/N054	-	127,524
Passed through FHWA:				
Highway Planning and Construction	20.205	05-SB-0-CR	-	246,304
Highway Planning and Construction	20.205	ER38M0(003)	-	25,748
Highway Planning and Construction	20.205	ER38M0(001)	-	14,360
Highway Planning and Construction	20.205	ER32L0(203)	-	1,529
Highway Planning and Construction	20.205	ER32L0(462)	-	26,019
Highway Planning and Construction	20.205	ER38M0(006)	-	6,065
Highway Planning and Construction	20.205	ER32L0(024)	-	3,240
Highway Planning and Construction	20.205	ER38M0(005)	-	21,810
Highway Planning and Construction	20.205	ER38M0(002)	-	6,763
Highway Planning and Construction	20.205	ER32L0(025)	-	20,710
Subtotal - Highway Planning and Construction			-	2,027,403
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			-	2,373,485
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Passed through California Department of Public Health:				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	Santa Barbara	-	33,988
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			-	33,988
TOTAL EXPENDITURES OF FEDERAL AWARDS EXCLUDING LOANS			\$ 3,056,925	\$ 132,997,181
<u>Federal Loan Balances With a Continuing Compliance Requirement</u>				
Community Development Block Grants/Entitlement Grants	14.218			\$ 312,558
HOME Investment Partnerships Program	14.239			25,679,113
FEDERAL LOAN BALANCES WITH A CONTINUING COMPLIANCE REQUIREMENT				25,991,671
TOTAL EXPENDITURES OF FEDERAL AWARDS INCLUDING LOANS				\$ 158,988,852

See accompanying notes to the 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 the Uniform Guidance.

**COUNTY OF SANTA BARBARA, CALIFORNIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

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 – INDIRECT COST RATE

The County has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 6 – DISCLOSURES FOR STATE GRANT

Grant revenues and expenditures by category for the fiscal year ended June 30, 2019, are as follows:

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

Revenues:	
State	\$ 403,104
Total revenues	<u>\$ 403,104</u>
Expenditures:	
Personnel services	\$ 152,880
Operating expenditures	26,736
Total expenditures	<u>\$ 179,616</u>
Net unspent as of June 30, 2019	<u>\$ 223,488</u>

NOTE 6 – DISCLOSURES FOR STATE GRANT (Continued)***State of California Department of Insurance – Automobile Insurance Fraud Program***

Revenues:	
State	\$ 167,900
Carryover from 2017/18	<u>6,787</u>
Total revenues	<u><u>\$ 174,687</u></u>
Expenditures:	
Personnel services	\$ 97,216
Operating expenditures	<u>9,123</u>
Total expenditures	<u><u>\$ 106,339</u></u>
Net unspent as of June 30, 2019	<u><u>\$ 68,348</u></u>

NOTE 7 – LOANS OUTSTANDING

The following programs had federally-funded loans outstanding at June 30, 2019 and 2018:

Federal CFDA #	Program Title	June 30, 2019	June 30, 2018
14.218	Community Development Block Grants/Entitlement Grants	\$ 938,009	\$ 623,088
14.239	HOME Investment Partnerships Program	<u>30,902,239</u>	<u>27,977,991</u>
	Totals	<u><u>\$ 31,840,248</u></u>	<u><u>\$ 28,601,079</u></u>

NOTE 8 – FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) PROGRAM

The County included fiscal year 2018 expenditures of \$19,377,498 in the SEFA dated June 30, 2019, for Disaster Grants – Public Assistance (Presidentially Declared Disasters), CFDA 97.036.

FINDINGS AND QUESTIONED COSTS

**COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

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.**

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 Finding 2019-001.**

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. Foster Care Program – **Unmodified opinion.**
3. Medicaid Cluster – **Unmodified opinion.**
4. Community Development Block Grants/Entitlement Grants – **Unmodified opinion.**
5. HOME Investment Partnership Program – **Unmodified opinion.**
6. Disaster Grants – Public Assistance – **Unmodified opinion.**

- (f) Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance: **Yes. See Finding 2019-001.**

- (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
 - Foster Care Program – Title IV-E Child Support Enforcement (CFDA No. 93.658)
 - Medical Assistance Program (CFDA No. 93.778)
- U.S. Department of Housing and Urban Development
 - Community Development Block Grants/Entitlement Grants (CFDA No. 14.218)
 - HOME Investment Partnership Program (CFDA No. 14.239)
- Department of Homeland Security
 - Disaster Grants – Public Assistance (CFDA No. 97.036)

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

(h) Low-risk auditee determination under the Uniform Guidance: **Yes.**

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

None.

3. Findings and Recommendations Relating to Federal Awards

2019-001

Program: Medical Assistance Program (Medicaid)

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 Number: Santa Barbara

Award Year: Fiscal Year 2018/19

Compliance Requirement: Eligibility

Questioned Costs: \$0

Criteria:

The June 2019 Uniform Guidance *Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individuals/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 Medi-Cal eligibility test work, we noted the following:

- 1 case file whereby the County failed to perform a client reassessment of needs within the 12-month renewal period.
- 2 case files whereby the County failed to perform an Income Eligibility Verification System (IEVS) report during the redetermination process.

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

- 4 case files whereby the County failed to perform a client reassessment of needs within the 12-month renewal period.

Effect:

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

Cause:

Reassessments are required to be completed within 12 months from the previous face to face visit. The department experienced staffing shortages during fiscal year 18/19.

Repeat Finding:

See prior year Finding 2018-002.

Recommendation:

We recommend 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 and Planned Corrective Actions:

The County concurs. Refer to separate Corrective Action Plan Report for management's responses.

**COUNTY OF SANTA BARBARA, CALIFORNIA
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

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

Finding 2018-FS01 – Administrative Access to FIN and the Aumentum System

Condition:

While the total number of individuals throughout the County who have been assigned the ability to administer permissions and allow/remove access within the FIN system was greatly reduced since last year, this group still includes certain individuals who are responsible for performing activities involving financial transactions.

In addition, three non-Information Technology (IT) individuals within the Auditor-Controller's Office (ACO) are assigned not only to the "Departmental FIN Administrators" group, which allows for the administration of user access permissions within an employee's designated department, but also to the "FIN Manager" group, which affords additional user administration abilities.

We also noted that two employees within the ACO and one employee within the Treasurer-Tax Collector's Office (TTC), who have ability to administer permissions and allow/remove access within the Aumentum system, are also responsible for performing activities involving financial transactions.

Finally, an established, standard procedure for removing terminated employees' access to the FIN system has not been fully implemented, and access removal methods vary between departments; Departmental FIN Administrators (DFA) may also allow user accounts belonging to terminated employees to remain active beyond terminated employees' separation date for various business-use purposes.

Effect of Condition:

This creates a potential lack of segregation of duties in that employees responsible for activities involving financial transactions are also capable of and responsible for administering IT security within the FIN and Aumentum applications. This also increases the risk that unauthorized financial transactions are processed as well as the risk that unauthorized changes are made to the system itself, including unauthorized changes to user accounts within the system. Additionally, the risk increases that user accounts may have access to system functions that are not commensurate with current job responsibilities or current functional requirements.

Recommendation:

It is recommended that the ACO continue examining the remaining user administration permissions given to the various Departmental FIN and Aumentum Administrators as well as the additional permissions assigned to non-IT ACO staff and seek to remove these permissions from any individual that performs activities related to financial transactions as part of their job responsibilities. It is also recommended that the ACO implement regularly scheduled (on an annual basis, at a minimum) reviews of user accounts belonging to ACO staff within the Active Directory domains and their associated permissions/roles and/or group memberships to ensure that the permissions assigned within the systems are appropriate for the individual's job responsibilities or functional requirements. It is finally recommended that the ACO develop an established procedure for removing terminated employees' access to the FIN system as well as its SQL databases, and that this process is used by each department and when removing access for all County employees.

Views of Responsible Officials and Planned Corrective Actions:

The County concurs. Refer to separate prior year Corrective Action Plan Report for management's response.

Current Year Status:

Resolved.

Findings and Recommendations Relating to Federal Awards**2018-001**

Program: State Administration Matching Grants for Supplemental Nutrition Assistance Program

CFDA No.: 10.561

Federal Agency: U.S. Department of Agriculture

Passed-Through: California Department of Social Services

Award Number: Santa Barbara

Award Year: Fiscal Year 2017/18

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

Questioned Costs: \$470

Criteria:

The April 2018 Uniform Guidance *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.

Condition Found:

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

- 1 case whereby the County inaccurately calculated income by using outdated information causing an overpayment of \$466. The participant exceeded the income limit and should have received \$0.
- 1 case whereby the County inaccurately calculated income causing an overpayment of \$4.
- This is a systematic finding.

Effect:

The participants received incorrect benefit amounts.

Cause:

The income verification process incorrectly calculated the benefits, which caused an inaccurate issuance of \$470 in benefits.

Repeat Finding:

See prior year Finding 2017-001.

Recommendation:

We recommend 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 also recommend the County require the benefit 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 files.

Views of Responsible Officials and Planned Corrective Actions:

The County concurs. Refer to separate prior year Corrective Action Plan Report for management's responses.

Current Year Status:

Resolved.

2018-002

Program: Medical Assistance Program (Medicaid)

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 Number: Santa Barbara

Award Year: Fiscal Year 2017/18

Compliance Requirement: Eligibility

Questioned Costs: \$0

Criteria:

The April 2018 Uniform Guidance *Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individuals/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 Medi-Cal eligibility test work, we noted the following:

- 1 case file whereby the County failed to perform a client reassessment of needs within the 12-month renewal period.
- 1 case file whereby the County failed to perform an Income Eligibility Verification System (IEVS) report during the redetermination process.

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

- 2 case files whereby the County failed to perform a client reassessment of needs within the 12-month renewal period.
- This is a systematic finding.

Effect:

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

Cause:

Reassessments are required to be completed within 12 months from the previous face to face visit. The department experienced staffing shortages during fiscal year 17/18.

Repeat Finding:

See prior year Finding 2017-003.

Recommendation:

We recommend 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 files.

Views of Responsible Officials and Planned Corrective Actions:

The County concurs. Refer to separate prior year Corrective Action Plan Report for management's responses.

Current Year Status:

See current year finding 2019-001.

**COUNTY OF SANTA BARBARA, CALIFORNIA
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2019**

I. FINANCIAL STATEMENT FINDINGS

None.

II. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2019-001

Program: Medical Assistance Program (Medicaid)

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 Number: Santa Barbara

Award Year: Fiscal Year 2018/19

Compliance Requirement: Eligibility

Questioned Costs: \$0

Medical Eligibility

Management's or Department's Response:

As this report recognizes, the Department experienced layoffs in July 2017, which had a significant impact on operations, including the inability to re-hire behind positions that became vacant. Recently, the Department hired and filled vacant eligibility worker positions. The current induction class is expected to graduate from training at the end of November 2019. Plans are underway to recruit, hire, and train another eligibility induction class to commence mid-January 2020. We expect the additional resources will assist the Department in managing its vacancies and address the findings in this report.

Views of Responsible Officials and Corrective Action:

The Department recognizes the importance of processing redeterminations in a timely manner and acknowledges that one redetermination was not completed within the mandated time frames. Staff will be reminded at the 10/9/2019 Medi-Cal Team Meeting that all efforts are to be made to process redeterminations within the mandated time frames as established in Administrative Directive 15-500, "Medi-Cal Renewal Process and Change of Circumstance Redetermination."

The Department acknowledges that the IEVS report was not performed during two redeterminations. Staff will also be reminded at the 10/9/2019 Medi-Cal Team Meeting that all cases that do not electronically verify during the redetermination process will require a request and review of the IEVS report following established business process outlined in Administrative Directive 06-22, "IEVS & SAVE Reports."

In addition to these timely reminders at the Medi-Cal Team Meeting, Eligibility Supervisors continue to address quality work through case reviews, unit meetings, and individual conferences. Eligibility Supervisors will continue to work closely with line staff and program support staff to identify existing barriers and develop necessary solutions to ensure timely, complete, and accurate eligibility determinations.

Contact Information of Responsible Official:

Maria Gardner
Deputy Director
Economic Assistance
805-346-8289

**In Home Supportive Services
Management's or Department's Response:**

As this report recognizes, the Department experienced significant layoffs in July 2017. The Adult Division sustained fiscal impacts in 2017 that resulted in layoffs, reassignment of IHSS staff to other areas of the department, and inability to re-hire behind positions that became vacant. This created significant workload increases, including additional travel for social workers out of their normal assigned regions, which directly resulted in inability to meet timeline outcomes consistently. We have since hired and filled vacancies and developed strategies for meeting reassessment timeframes in accordance with state regulations.

Views of Responsible Officials and Corrective Action:

We expect the additional staffing resources mentioned above will assist the Department in addressing this finding. In addition, IHSS supervisors continue to address timely reassessments at countywide staff meetings as a standing item as well as evaluating individual performance expectations in their monthly meetings with staff and the IHSS manager. IHSS supervisors will continue to work closely with staff to identify existing barriers while strategizing alternative ways to address the gap in reassessments.

Contact Information of Responsible Official:

Amy Krueger
Deputy Director
Adult and Children Services
805-346-8351