



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:** November 16, 2021  
**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, 805-568-2100  
Director(s)  
Contact Info: Joel W. Boyer, CPA, 805-568-2134

**SUBJECT:** **Single Audit Reports for the fiscal year ended June 30, 2020**

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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 (FY) ended June 30, 2020.
- 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 FY 2019-20, the County expended approximately \$107 million in reimbursable Federal funds excluding loans, fee for service Medicaid and other vendor type transactions.

Eide Bailly LLP (Eide Bailly) performed the County's Single Audit. The County received unmodified "clean" opinions on all Federal programs selected for the Single Audit with the exception of a qualified opinion related to Catalog of Federal Domestic Awards (CFDA) #93.959 - Block Grants for Prevention and Treatment of Substance Abuse (SAPT) within the Behavioral Wellness department. The aforementioned qualified opinion related to SAPT was the result of noncompliance regarding requirements for subrecipient monitoring. As a component of the Single Audit report, the County has

submitted a Corrective Action Plan to address the noncompliance. Eide Bailly also performed the County’s annual financial statement audit. As a required part of performing both audits in accordance with *Government Auditing Standards*, Eide Bailly 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 Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2020, was previously received and filed by your Board on October 6, 2020.

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, three of the four programs tested for FY 2019-20 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>2019-20</b></i>	<i><b>2018-19</b></i>	<i><b>2017-18</b></i>
Block Grants for Prevention & Treatment of Substance Abuse	Qualified	N/A	N/A
Health Center Program Cluster	Unmodified	N/A	N/A
Temporary Assistance for Needy Families	Unmodified	N/A	Unmodified
Special Supplemental Nutrition Program for Women, Infants, and Children	Unmodified	N/A	N/A
Supplemental Nutrition Assistance Program	N/A	Unmodified	Unmodified
Medicaid	N/A	Unmodified	Unmodified
Disaster Grants Public Assistance	N/A	Unmodified	N/A
Foster Care	N/A	Unmodified	N/A
Community Development Block Grants / Entitlement Grants	N/A	Unmodified	N/A
HOME Investment Partnership Program	N/A	Unmodified	N/A
Child Support Enforcement	N/A	N/A	Unmodified
Adoption Assistance	N/A	N/A	Unmodified
Workforce Innovation and Opportunity Act of 2014	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 FY 2019-20, the County was considered a low-risk auditee. However, as a result of the aforementioned qualified opinion related to noncompliance regarding requirements for subrecipient monitoring of the SAPT program, the County will be considered a high-risk auditee for the FY 2020-21 and FY 2021-22 Single Audits. Although Behavioral Wellness does not anticipate there to be any negative financial implications or additional monitoring procedures implemented by the United States Department of Health & Human Services due to the qualified opinion, the impact on audit procedures at the County level will require that the County's independent auditor will select major programs that encompass at least 40% of the County's total Federal awards expended as a high-risk auditee versus selecting major programs that encompass at least 20% of the County's total Federal awards expended as a low-risk auditee.

All of the Single Audit findings are listed below:

***Block Grants for Prevention and Treatment of Substance Abuse – Behavioral Wellness***

- Six subrecipients originally categorized as contractors were identified and the associated subrecipient expenditures had not been reported on the SEFA.
- All subrecipient agreements did not clearly identify CFDA number and name; subrecipients unique entity identifier; Federal Award Identification Number (FAIN); or, Federal award date. However, the County contends that the aforementioned information was directly provided to the subrecipients by incorporating reference to the County's federal award agreement with the State in the various provider contracts.

The views of responsible officials and planned corrective actions for the above findings are presented in the 'Corrective Action Plan and Schedule of Prior Audit Findings' of the attached Single Audit Reports.

**Performance Measure:**

Receive qualified and unmodified opinions on the FY 2019-20 Federal Single Audit Report.

**Fiscal and Facilities Impacts:**

Budgeted: Yes

**Fiscal Analysis:**

For FY 2019-20, the total audit contract with independent outside auditors was \$145,000 of which \$53,000 was attributed to the Single Audit.

**Attachments:**

County of Santa Barbara, Single Audit Reports for the fiscal year ended June 30, 2020

**Authored by:**

Joel W. Boyer, CPA, Financial Reporting Division Chief, Office of the Auditor-Controller

**cc:**

Mona Miyasato, County Executive Officer

Department Directors