



**COUNTY OF SANTA BARBARA, CALIFORNIA**

Single Audit Reports

Year ended June 30, 2003

(With Independent Auditors' Report Thereon)

**COUNTY OF SANTA BARBARA, CALIFORNIA**

Single Audit Reports

Year ended June 30, 2003

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**KPMG LLP**  
Suite 700  
600 Anton Boulevard  
Costa Mesa, CA 92626-7651

**Report on Compliance and on Internal Control Over Financial  
Reporting 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:

We have audited the financial statements of the County of Santa Barbara, California (the County) as of and for the year ended June 30, 2003, and have issued our report thereon, dated August 8, 2003. We conducted our audit in accordance with 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.

**Compliance**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting, which we have reported to management of the County in a separate letter dated August 8, 2003.

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.

KPMG LLP

August 8, 2003



**KPMG LLP**  
Suite 700  
600 Anton Boulevard  
Costa Mesa, CA 92626-7651

**Report on Compliance with Requirements  
Applicable to Each Major Program and on Internal Control Over  
Compliance in Accordance with OMB Circular A-133**

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

**Compliance**

We have audited the compliance of the County of Santa Barbara, California (the County) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the County's compliance with those requirements.

As described in items 03-01, 03-02, and 03-03 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding allowable costs and activities and eligibility that are applicable to its Temporary Assistance for Needy Families Program (CFDA No. 93.558). Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

As described in items 03-01, 03-02, and 03-04 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding allowable costs and activities and reporting that are applicable to its Food Stamps Cluster (CFDA Nos. 10.551 and 10.556). Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

As described in item 03-05 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding eligibility that are applicable to its Special Supplemental Nutrition Program for Women, Infants, and Children (CFDA No. 10.557). Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

As described in items 03-01, 03-02, and 03-06 through 03-10 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding allowable costs and activities and eligibility that are applicable to its Medicaid Cluster (CFDA No. 93.778). Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraphs, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

### **Internal Control Over Compliance**

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 03-01, 03-02, 03-04, 03-05, and 03-06.

A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of internal control over compliance would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

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.

**KPMG LLP**

May 31, 2005



**KPMG LLP**  
Suite 700  
600 Anton Boulevard  
Costa Mesa, CA 92626-7651

**Report on Supplementary Information – Schedule  
of Expenditures of Federal Awards**

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

We have audited the financial statements of the governmental activities, the business-type activities, 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, 2003 and have issued our report thereon, dated August 8, 2003.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken 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.

**KPMG LLP**

August 8, 2003

**COUNTY OF SANTA BARBARA, CALIFORNIA**

Schedule of Expenditures of Federal Awards

Year ended June 30, 2003

<u>Federal grantor/pass-through grantor/program title</u>	<u>Catalog of federal domestic assistance number</u>	<u>Contract number</u>	<u>Expenditures</u>
Medicaid Cluster – U.S. Department of Health and Human Services:			
Passed through California Department of Mental Health:			
Medical Assistance Program (Administration)	93.778	42-4450-Mental Health	\$ 1,127,098
Passed through California Department on Aging:			
Medical Assistance Program – Multipurpose Senior Services Program	93.778	MS-0203-15	399,965
Passed through California Department of Health Services:			
Medical Assistance Program – Administrative Activities	93.778	99-86962	600,000
Passed through California Department of Social Services:			
Medical Assistance Program (Administration)	93.778	MCAC2002-08, MCAC2002-10, MCAC2003-01, MCAC2003-02, MCAC2003-03	7,145,959
Medical Assistance Program – In-Home Supportive Services (Public Authority)	93.778	—	723,054
Medical Assistance Program – In-Home Supportive Services (Administration)	93.778	2/3/2028	1,419,460
Medical Assistance Program – Adult Protective Services	93.778	02/03-05	412,326
Medical Assistance Program – CalWIN	93.778	4130-95	391,158
Total Medicaid Cluster (1)			<u>12,219,020</u>
Environmental Protection Agency:			
Passed through California Water Resources Control Board:			
State and Tribal Underground Storage Tanks Program	66.804	02-015-550-0	199,413
Passed through California Department of Health Services:			
Beach Monitoring and Notification Program Implementation Grants	66.472	00-90623	21,564
Direct program:			
Wetland Program Development Grant	66.461	CD-97943601-0	21,023
Total Environmental Protection Agency			<u>242,000</u>
Federal Emergency Management Agency:			
Passed through California Department of Social Services:			
Emergency Food and Shelter National Board Program	83.523	LRO-087600-014	10,000
Passed through California Office of Emergency Services:			
Public Assistance Grant	83.544	DR#1203FIPS#083-00000	252,115
Emergency Management Performance Grant	83.552	EMF-2002-GR-0202	7,114
Emergency Management Performance Grant	83.552	EMF-2003-GR-0302	57,746
			<u>64,860</u>
State and Local All Hazards Emergency Operations Planning	83.562	2003-GR-0313	23,732
Direct program:			
Assistance to Firefighters Grant	83.554	EMW-2000-FG-16951	412,643
Total Federal Emergency Management Agency			<u>763,350</u>
Child Nutrition Cluster – U.S. Department of Agriculture:			
Passed through California Department of Education:			
National School Lunch Program	10.555	42-10421-4232815-01	156,527
National School Breakfast Program	10.553	42-10421-4232815-01	100,408
Total Child Nutrition Cluster			<u>256,935</u>
Food Stamps Cluster – U.S. Department of Agriculture:			
Passed through California Department of Social Services:			
Food Stamps Program	10.551	—	14,110,945
State Administrative Matching Grants for Food Stamps Program	10.561	02/03-17, 02/03-45, 02/03-56	3,163,577
Total Food Stamps Cluster (1)			<u>17,274,522</u>
U.S. Department of Agriculture:			
Passed through California Department of Health Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children (1)	10.557	02-25711	1,997,876
Total U.S. Department of Agriculture			<u>1,997,876</u>

**COUNTY OF SANTA BARBARA, CALIFORNIA**

Schedule of Expenditures of Federal Awards

Year ended June 30, 2003

<u>Federal grantor/pass-through grantor/program title</u>	<u>Catalog of federal domestic assistance number</u>	<u>Contract number</u>	<u>Expenditures</u>
U.S. Department of Commerce:			
Direct program:			
Coastal Zone Management Administration Grant	11.419	NA170Z2073	\$ 107,144
Total U.S. Department of Commerce			<u>107,144</u>
U.S. Department of Education:			
Passed through Santa Barbara School District – Grades K-12:			
Safe and Drug-Free Schools and Communities – National Program	84.184	PV042932	<u>118,032</u>
Total U.S. Department of Education			<u>118,032</u>
U.S. Department of Health and Human Services:			
Direct programs:			
Community Health Centers	93.224	3 H80CS00046A-03-02	253,556
Grants to Provide Outpatient Early Intervention Services for HIV	93.918	5H76HA00193-08-00	460,783
Passed through California Department of Alcohol and Drug Programs:			
Block Grant for Prevention and Treatment of Substance Abuse	93.959	SCC42105-275	2,003,713
Passed through California Department of Health and Human Services:			
Acquired Immunodeficiency Syndrome Activity	93.118	01-15100 HIV 01-42	131,344
Immunization Grants	93.268	01-15228	70,382
Immunization Grants	93.268	02-25183	<u>95,760</u>
			<u>166,142</u>
Maternal and Child Health Services Block Grant to the States	93.994	200242	1,756,224
Preventive Health and Health Services Block Grant – Passed through California Department of Health and Human Services:			
Preventive Health and Health Services Block Grant	93.991	01-15762	205,699
Preventive Health and Health Services Block Grant	93.991	02-25245	40,000
Preventive Health and Health Services Block Grant	93.991	95-6002833	3,345
Preventive Health and Health Services Block Grant	93.991	—	65,465
Preventive Health and Health Services Block Grant – Passed through California Emergency Medical Services Authority:			
Preventive Health and Health Services Block Grant	93.991	EMS-9042	<u>33,083</u>
			<u>347,592</u>
Passed through California Department of Health Services:			
Childhood Lead Poisoning Prevention Projects	93.197	02-25074	130,550
Center for Disease Control and Prevention – Investigations and Technical Assistance			
	93.283	—	212,518
Passed through California Department of Mental Health:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	—	39,150
Passed through California Department of Social Services:			
Promoting Safe and Stable Families Program	93.556	02/03-25, 02/03-59, 03/04-11	440,155
Temporary Assistance for Needy Families Program (1)	93.558	02/03-19, 02/03-22, 02/03-23, 02/03-26, 02/03-32, 02/03-37, 02/03-47, 02/03-51, 02/03-54, 03/04-10, 03/04-14, 03/04-29	26,597,865
Child Support Enforcement Program	93.563	1946001347	6,243,913
Refugee and Entrant Assistance – State Administered Programs	93.566	—	68,521
Community-Based Family Resource and Support Grants	93.590	—	15,265
Adoption Incentive Payments	93.603	02/03-24	95,512
Child Welfare Services – State Grants	93.645	02/03-27, 02/03-41, 02/03-43	1,394,278
Foster Care Program	93.658	02/03-17, 02/03-46	6,822,475
Adoption Assistance	93.659	02/03-24	1,248,233
Chafee Foster Care Independent Living	93.674	02/03-1, 02/03-3	174,963
Passed through Central Coast Commission for Senior Citizens:			
National Family Caregiver Support Program	93.052	FC-0102-17	7,254
National Family Caregiver Support Program	93.052	12807A	<u>17,040</u>
			<u>24,294</u>
Passed through State Office of AIDS:			
HIV Care Formula Grants	93.917	00-91690	<u>136,632</u>
Total U.S. Department of Health and Human Services			<u>48,763,678</u>

**COUNTY OF SANTA BARBARA, CALIFORNIA**

Schedule of Expenditures of Federal Awards

Year ended June 30, 2003

<u>Federal grantor/pass-through grantor/program title</u>	<u>Catalog of federal domestic assistance number</u>	<u>Contract number</u>	<u>Expenditures</u>
U.S. Department of Housing and Urban Development:			
Direct programs:			
Community Development Block Grants – Brownfields Economic Development Initiative	14.246	BD1SPCA0717	\$ 148,517
Supportive Housing Program	14.235	CA16B103-001	179,500
Supportive Housing Program	14.235	CA16B103-002	111,143
Supportive Housing Program	14.235	CA16B103-003	33,699
Supportive Housing Program	14.235	CA16B816-002	82,320
Supportive Housing Program	14.235	CA16B903-261	55,586
			<hr/> 462,248
HOME Investment Partnerships Program	14.239	M97-DC060554	11,000
HOME Investment Partnerships Program	14.239	M00-DC060554	78,867
HOME Investment Partnerships Program	14.239	M01-DC060554	765,043
HOME Investment Partnerships Program	14.239	M02-DC060554	110,788
			<hr/> 965,698
Passed through California Department of Health and Human Services: Housing Opportunities for Persons with AIDS	14.241	01-15574	96,751
Passed through California Department of Housing and Community Development:			
Community Development Block Grant – State’s Program	14.228	99-DRI-009	567,235
Community Development Block Grant – State’s Program	14.228	00-STBG-1512	22,154
Community Development Block Grant – State’s Program	14.228	02-STBG-1764	35,000
			<hr/> 624,389
Passed through City of Santa Maria: Community Development Block Grant – Entitlement Grant	14.218	—	14,000
Total U.S. Department of Housing and Urban Development			<hr/> 2,311,603
U.S. Department of Justice:			
Passed through California Office of Emergency Services: State Domestic Preparedness Equipment Support Program	16.007	2002-88	168,290
Crime Victim Assistance Program – Passed through California Office of Criminal Justice Planning – Elder Abuse Advocacy and Outreach Program	16.575	EA00010420	68,701
Crime Victim Assistance Program – Passed through California Office of Emergency Services – Victim Witness Assistance Program	16.575	VW04230420	110,312
			<hr/> 179,013
Passed through California Office of Criminal Justice Planning: Juvenile Accountability Incentive Block Grant	16.523	IP00010420	161,086
Byrne Formula Grant Program	16.579	SF2A0400027	17,537
Byrne Formula Grant Program	16.579	DC01120420	18,116
Byrne Formula Grant Program – Narcotics Suppression Program	16.579	DC02130420	256,266
			<hr/> 291,919
Direct programs:			
Drug Court Discretionary Grant Program	16.585	2000-DC-VX-0073	95,981
Local Law Enforcement Block Grant	16.592	2000-LB-VX-2869	101,500
Local Law Enforcement Block Grant	16.592	2001-LB-BX-2518	59,714
			<hr/> 161,214
Total U.S. Department of Justice			<hr/> 1,057,503

**COUNTY OF SANTA BARBARA, CALIFORNIA**

Schedule of Expenditures of Federal Awards

Year ended June 30, 2003

<u>Federal grantor/pass-through grantor/program title</u>	<u>Catalog of federal domestic assistance number</u>	<u>Contract number</u>	<u>Expenditures</u>
Workforce Investment Act Cluster – U.S. Department of Labor:			
Passed through California Department of Employment			
Development:			
Workforce Investment Act	17.255	R069139, R275871	\$ 120,838
Workforce Investment Act – Adult	17.258	R275871, R380537	1,042,543
Workforce Investment Act – Youth	17.259	R275871, R380537	1,146,150
Workforce Investment Act – Dislocated Worker	17.260	R275871, R380537	<u>1,531,558</u>
Total Workforce Investment Act Cluster			<u>3,841,089</u>
U.S. Department of Labor:			
Passed through California Department of Employment			
Development:			
Welfare to Work	17.253	W800949	<u>508,868</u>
Total U.S. Department of Labor			<u>508,868</u>
U.S. Department of the Interior:			
Direct programs:			
Water Reclamation and Reuse Program	15.504	99FG210014	38,572
Water Reclamation and Reuse Program	15.504	—	<u>15,000</u>
			<u>53,572</u>
Fish and Wildlife Management Assistance	15.608	1144001J048	559
Fish and Wildlife Management Assistance	15.608	1144002J006	15,000
Fish and Wildlife Management Assistance	15.608	20020004042	<u>2,788</u>
			<u>18,347</u>
Total U.S. Department of the Interior			<u>71,919</u>
U.S. Department of Transportation:			
Direct program:			
Air Transportation Centers of Excellence	20.109	DTFA 08-01-C-21293	64,865
Passed through California Department of Transportation:			
Highway Planning and Construction	20.205	Various	1,599,660
Community Based Transportation Planning	20.515	SPR#65BCAG01	1,126
Passed through State of California Office of Traffic Safety:			
State and Community Highway Safety	20.600	68-0297066	84,532
Passed through California Office of Emergency Services:			
Interagency Hazardous Materials Training and Planning Grant	20.703	HMECA2033100	<u>3,609</u>
Total U.S. Department of Transportation			<u>1,753,792</u>
Total expenditures of federal awards			<u>\$ 91,287,331</u>

(1) Denotes a major federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards and report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.

**COUNTY OF SANTA BARBARA, CALIFORNIA**

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2003

**(1) General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the County of Santa Barbara, California (the County). The County of Santa Barbara, California'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 is included in the accompanying schedule.

**(2) Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards 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 financial statements.

**(3) Relationship to Comprehensive Annual Financial Report**

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respect, to amounts reported within the County's Comprehensive Annual Financial Report.

**(4) Relationship to Federal Financial Reports**

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, with the amounts reported in related federal financial reports.

**(5) Disclosures for State Grants**

Grant revenues and expenditures by category for the fiscal year ended June 30, 2003 are as follows:

**(a) Office of Criminal Justice Planning Grant – Victim Witness Assistance Program (CFDA No. 16.575; Grant No. VW00190420)**

Revenues:	
Federal match	\$ 110,312
State match	137,157
Total revenues	<u>\$ 247,469</u>
Expenditures:	
Personal services	\$ 238,532
Operating expenditures	8,937
Equipment	—
Total expenditures	<u>\$ 247,469</u>

**COUNTY OF SANTA BARBARA, CALIFORNIA**

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2003

**(b) Office of Criminal Justice Planning Grant – Statutory Rape Vertical Prosecution Program (Grant No. SR02050420)**

Revenues	\$	<u>135,000</u>
Expenditures:		
Personal services	\$	132,825
Operating expenditures		2,175
Equipment		<u>—</u>
Total expenditures	\$	<u><u>135,000</u></u>

**(c) Office of Criminal Justice Planning Grant – Elder Abuse Advocacy and Outreach Program (CFDA No. 16.575; Grant No. EA00010420)**

Revenues:		
Federal match	\$	68,701
County match		<u>17,175</u>
Total revenues	\$	<u><u>85,876</u></u>
Expenditures:		
Personal services	\$	80,661
Operating expenditures		5,215
Equipment		<u>—</u>
Total expenditures	\$	<u><u>85,876</u></u>

**(d) Department of Justice Grant – Spousal Abuser Prosecution Program (Grant No. 02SA09C029)**

Revenues:		
State match	\$	66,523
County match		<u>13,305</u>
Total revenues	\$	<u><u>79,828</u></u>
Expenditures:		
Personal services	\$	79,828
Operating expenditures		<u>—</u>
Equipment		<u>—</u>
Total expenditures	\$	<u><u>79,828</u></u>

COUNTY OF SANTA BARBARA, CALIFORNIA

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2003

(e) *Office of Criminal Justice Planning Grant – Probation/District Attorney/Narcotics Suppression Program (CFDA No. 16.579; Grant No. DC02130420)*

Revenues	\$	<u>256,226</u>
Expenditures:		
Personal services	\$	198,142
Operating expenditures		58,084
Equipment		<u>—</u>
Total expenditures	\$	<u>256,226</u>

(f) *Office of Criminal Justice Planning Grant – Juvenile Accountability Program (CFDA No. 16.523; Grant No. IP01010420)*

Revenues:		
Federal match	\$	161,086
County match		<u>17,897</u>
Total revenues	\$	<u>178,983</u>
Expenditures:		
Personal services	\$	79,000
Operating expenditures		99,983
Equipment		<u>—</u>
Total expenditures	\$	<u>178,983</u>

COUNTY OF SANTA BARBARA, CALIFORNIA

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

(1) Summary of Auditors' Results

*Financial Statements*

- (a) The type of report issued on the financial statements: **Unqualified Opinion.**
- (b) Reportable conditions 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) Reportable conditions in internal control over major programs: **Yes. See items 03-01, 03-02, 03-04, 03-05, and 03-06.**

Material weaknesses: **None.**

- (e) The type of report issued on compliance for major programs: **Qualified Opinion.**
- (f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: **Yes, items 03-01 through 03-10.**

- (g) Major programs:

- U.S. Department of Health and Human Services
  - Medicaid Cluster (CFDA No. 93.778)
- U.S. Department of Agriculture
  - Food Stamps Cluster (CFDA Nos. 10.551 and 10.561)
- U.S. Department of Agriculture
  - Special Supplemental Nutrition Program for Women, Infants, and Children (CFDA No. 10.557)
- U.S. Department of Health and Human Services
  - Temporary Assistance for Needy Families (CFDA No. 93.558)

- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$2,738,109.**
- (i) Low-risk auditee determination under Section 530 of OMB Circular A-133: **The County is considered a low-risk auditee.**

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None.

**COUNTY OF SANTA BARBARA, CALIFORNIA**

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

**(3) Findings and Recommendations Relating to Federal Awards**

**03-01**

**Programs:** Temporary Assistance for Needy Families, Food Stamps Cluster, and Medicaid Cluster

**CFDA Nos.:** 93.558, 10.551, 10.561, and 93.778

**Federal Agencies:** U.S. Department of Health and Human Services and U.S. Department of Agriculture

**Passed-through:** California Department of Social Services, California Department of Health Services

**Award Numbers:**

Temporary Assistance for Needy Families: 02/03-19, 02/03-22, 02/03-23, 02/03-26, 02/03-32, 02/03-37, 02/03-47, 02/03-51, 02/03-54, 03/04-10, 03/04-14, and 03/04-29

Food Stamps Cluster: 02/03-17, 02/03-45, and 02/03-56

Medicaid Cluster: Administration – MCAC2002-08, MCAC2002-10, MCAC2003-01, MCAC2003-02, and MCAC2003-03

**Award Year:** Fiscal year 2002/03

**Compliance Requirement:** Allowable Costs and Activities

**Questioned Costs:** \$0

**Criteria**

The State of California requires that the County submit the County Expense Claim (CEC) for program administrative costs to the State of California on a quarterly basis for reimbursement.

**Condition Found**

The County submits the CEC for program administrative costs to the State of California on a quarterly basis for reimbursement. Caseworkers participate in a time study program whereby their time is tracked through a random moment sampling process. The results are then compiled into a time study summary report that is used to allocate the payroll expenditures to the various federal programs in the CEC. The CEC is reviewed by management personnel (i.e., Cost Analyst and Chief Fiscal Officer). However, management's review is not formally documented.

**Effect**

Lack of evidenced review of the CEC could lead to potential inaccurate data in the CEC.

**Recommendation**

We recommend that management's review of the quarterly CEC is formally documented as evidenced by the reviewers' signatures. This will help ensure that the amounts claimed for reimbursement for each of the federal programs included in the CEC are accurate.

**COUNTY OF SANTA BARBARA, CALIFORNIA**

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***Views of Responsible Officials***

We agree with the finding that management's review of the CEC is not formally documented. Even though it is not a formal requirement, we are instituting a procedure of documentation which includes a review of the CEC.

**03-02**

***Programs:*** Temporary Assistance for Needy Families, Food Stamps Cluster, Medicaid Cluster, and Special Supplemental Nutrition Program for Women, Infants, and Children

***CFDA Nos.:*** 93.558, 10.551, 10.557, 10.561, and 93.778

***Federal Agencies:*** U.S. Department of Health and Human Services and U.S. Department of Agriculture

***Passed-through:*** California Department of Social Services, California Department of Health Services

***Award Numbers***

Temporary Assistance for Needy Families: 02/03-19, 02/03-22, 02/03-23, 02/03-26, 02/03-32, 02/03-37, 02/03-47, 02/03-51, 02/03-54, 03/04-10, 03/04-14, and 03/04-29

Food Stamps Cluster: 02/03-17, 02/03-45, and 02/03-56

Medicaid Cluster: Administration – MCAC2002-08, MCAC2002-10, MCAC2003-01, MCAC2003-02, MCAC2003-03; Adult Protective Services – 02/03-05; In-Home Support Services (Administration) – 02/03-28; and CalWIN – 4130-95

Special Supplemental Nutrition Program for Women, Infants, and Children: 02-25711

***Award Year:*** Fiscal year 2002/03

***Compliance Requirement:*** Allowable Costs and Activities

***Questioned Costs:*** Unknown

***Criteria***

The State of California requires that grant funds are to be used for Allowable Costs and Activities in accordance with the *March 2003 OMB Circular A-133 Compliance Supplement*, which requires that the pass-through entity establish control systems to ensure costs are for an allowable activity and are properly coded.

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***Condition Found***

In performing allowable costs and activities test work for administrative costs, we noted the following:

- Employee timesheets must be authorized by the employee prior to being submitted for supervisor approval. Of the 50 timesheets selected for test work, we noted the following:
  - 19 timesheets that were not properly authorized by the employee.
  - 3 timesheets that were not properly approved by a supervisor.
  - The department payroll clerk and supervisor have the ability to modify an employee's timesheet without the employee's authorization.
- A department payroll exception report must be generated and reviewed by the department payroll clerk prior to electronically submitting the departmental payroll data to the Payroll Division of the Auditor-Controller's Office for processing. Of the 10 department payroll exception reports selected for test work, 2 payroll exception reports could not be located by the departments. As these 2 reports were not retained, evidence of review could not be verified.
- A payroll exception report must be generated by the Payroll Division prior to processing payroll. All exceptions are required to be investigated. Of the 10 payroll exception reports selected for test work, we noted the following:
  - All 10 payroll exception reports contained "reclassified errors" that were unresolved;
  - 4 payroll exception reports that contained "nonreclassified errors" that were resolved, however the resolution was not formally documented; and
  - 4 payroll exception reports whereby we noted instances of employees charging more sick time than they had earned.
- A reconciliation from the payroll system to the general ledger must be performed each payroll period in order to ensure that the period's payroll is accurately posted to the general ledger. Such reconciliation is required to be reviewed and approved by the Payroll Division Chief or Payroll Division Supervisor. Of the 10 payroll period reconciliations selected for test work, we noted 9 reconciliations that did not contain evidence of management's review.

***Effect***

Payroll expenditures charged to administrative grant program costs may be inaccurate.

***Recommendation***

We recommend that the County establish formal policies and procedures with regards to payroll processes and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel. This will help ensure the accuracy of payroll expenditures and related supporting documentation.

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***Views of Responsible Officials***

- Ideally, and in most instances, employees complete their own timesheets prior to routing for supervisor and payroll clerk approval and processing. However, the timesheet system allows department payroll clerks and supervisors to modify employee timesheets without employee approval. This ability has been developed to address situations when an employee is unavailable to complete his/her own timesheet due to some type of employee absence (vacation, sick, other) in order to assure that the employee is paid without delay. If necessary, changes to the coding on timesheets can occur in subsequent pay periods. However, the County will review the current internal control procedures to attempt to ensure that employees validates changes to their time records.
- As noted on the previous page, the timesheet system has been developed to allow approval and processing of employee time when there may be absences. Absences may also occur for an employee's supervisor. In this case, the payroll clerk can approve the timesheet to assure that the employee is paid, again, without delay.
- The department payroll exception report should be reviewed at the department prior to submitting timesheets to central payroll. However, we do not require the format that a department is to follow to prove its review. Additionally, all edits and exceptions that are on the department's exception report are also part of the central payroll's edits and, therefore, will be identified and adjusted accordingly prior to processing payroll.
- The payroll system creates edit reports in 2 categories: "warnings" and "errors." Warnings are messages about items that should be reviewed, but are not critical to be resolved prior to processing payroll. Errors, which are defined by the Payroll Division, should be resolved prior to completing the payroll process unless it is determined that there are mitigating factors that would allow for the error to process. During fiscal year 2003, there were several edit messages that the Payroll Division had requested be reclassified from "errors" to "warnings" on the edit report. Because the Payroll Division knew which items were pending reclassification, it may have appeared that true errors were being ignored, but it is unlikely that this is the case. The Payroll Division reviews all warnings and addresses all true and correctable errors prior to processing payroll. The Payroll Division will review why more sick hours were allowed than the available balance and will determine the appropriate action.
- During fiscal year 2003, the former Payroll Division Manager prepared the payroll reconciliations. We concur that the reconciliations should be prepared or reviewed by the Payroll Division Manager, which is in effect as of January 2004.

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**03-03**

**Program:** Temporary Assistance for Needy Families

**CFDA No.:** 93.558

**Federal Agency:** U.S. Department of Health and Human Services

**Passed-through:** California Department of Social Services

**Award Numbers:** 02/03-19, 02/03-22, 02/03-23, 02/03-26, 02/03-32, 02/03-37, 02/03-47, 02/03-51, 02/03-54, 03/04-10, 03/04-14, and 03/04-29

**Award Year:** Fiscal year 2002/03

**Compliance Requirement:** Eligibility

**Questioned Costs:** \$0

**Criteria**

The *March 2003 OMB Circular A-133 Compliance Supplement* requirements for eligibility require that the pass-through entity determine client eligibility to provide reasonable assurance that amounts are provided to or on behalf of eligible clients in accordance with federal requirements.

**Condition Found**

Of the 30 participant files selected for eligibility test work, we noted the following:

- 1 file where the CW2.1 “Child Support Right Assignment” form was not reviewed and signed by the eligibility worker.
- 2 files where the CW371 “Referral to Local Child Support Agency” form was not reviewed and signed by the Child Support Officer.

**Effect**

Case data may not be current in the case file or the system, which could lead to initial and continuation eligibility errors, inaccurate benefit calculations, and benefit overpayments.

**Recommendation**

We recommend that the County clarify its established policies and procedures with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant files ensure that such policies and procedures are formally documented and strictly adhered to by County personnel.

**COUNTY OF SANTA BARBARA, CALIFORNIA**

Schedule of Findings and Questioned Costs

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***Views of Responsible Officials***

There are established policies and procedures for the completion of the CW2.1 “Child Support Right Assignment” form. CalWORKs staff is instructed to review the form with their clients before signing the form. As part of induction training, workers are trained in the importance of reviewing the application, including the CW2.1, with the clients before signing the form. Included in the Caseload Review Policy, supervisors review for completeness of applications, including the CW2.1.

When a client is referred to the Local Child Support Agency by completing and sending a CW371 “Referral to Local Child Support Agency” form, CalWORKs staff is instructed to file a copy of the CW371 in the case record. The CW371 serves as a communication form between the two departments. The procedures instruct the Child Support Officer to return a signed copy of the referral to the eligibility worker, documenting relevant pertinent information such as when the client has or has not cooperated, paternity has been established, or the District Attorney’s Office assigns a case number.

In response to this finding, the Department’s CalWORKs Program Analyst will, at the next Self-Sufficiency Team Meeting, remind the supervisors of the importance of the CW2.1 “Child Support Right Assignment” form, and instruct them to remind the staff that the form must be signed. In addition, the Child Support staff attends the meeting and updates from the Child Support Division are a regular agenda item. The Program Analyst will request that the Child Support Division provide an overview of its procedures when the CW371 is received and when it is returned to our department.

**03-04**

***Program:*** Food Stamps Cluster

***CFDA Nos.:*** 10.551 and 10.561

***Federal Agency:*** U.S. Department of Agriculture

***Passed-through:*** California Department of Social Services

***Award Numbers:*** 02/03-17, 02/03-45, and 02/03-56

***Award Year:*** Fiscal year 2002/03

***Compliance Requirement:*** Reporting

***Questioned Costs:*** \$0

***Criteria***

Per the *March 2003 OMB Circular A-133 Compliance Supplement*, the County is required to submit the following reports to the Department of Agriculture:

- FNS 209, Status of Claims Against Households Report (quarterly)

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- FNS 259, Food Stamp Mail Issuance Report (quarterly)
- FNS 250, Food Coupon Accountability Report (monthly)
- FNS 46, Issuance Reconciliation Report (monthly)

Additionally, the County is required to submit the following reports to the State of California Department of Social Services:

- DFA 296X, Expedited Service Quarterly Statistical Report (quarterly)
- DFA 358 F&S, Food Stamp Program Participants by Ethnic Group Report (annual)
- DFA 256, Participation and Coupon Issuance Report (monthly)
- DFA 296, Monthly Caseload Movement Statistical Report (monthly)

***Condition Found***

In performing reporting test work, we noted the following:

- Of the 4 quarterly FNS 209 reports, 2 reports did not contain evidence of management's review.
- Of the 4 quarterly FNS 259 reports, one report was filed 6 days after the due date.
- The annual DFA 358 F&S report did not contain evidence of management's review.

***Effect***

Lack of formal procedures regarding management review and report submission may lead to future noncompliance.

***Recommendation***

We recommend that the County implement formal procedures to ensure that required reports (1) are properly reviewed for accuracy and completeness (as evidenced by a supervisor's signature) prior to submission to state and federal agencies and (2) are submitted by the required due date in order to ensure compliance with federal requirements related to reporting.

***Views of Responsible Officials***

We agree with this finding and have instituted a formal procedure to ensure required reports are properly reviewed and noted by the appropriate supervisor for accuracy and completeness prior to being sent to the various agencies. This procedure includes maintaining a master listing of all statistical reports, who they are prepared by, who they are to be reviewed and approved by, and the date due and to which agency.

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**03-05**

**Program:** Supplemental Nutrition Program for Women, Infants, and Children

**CFDA No.:** 10.557

**Federal Agency:** U.S. Department of Agriculture

**Passed-through:** California Department of Health Services

**Award No.:** 02-25711

**Award Year:** Fiscal year 2002/03

**Compliance Requirement:** Eligibility

**Questioned Costs:** Unknown

**Criteria**

The *March 2003 OMB Circular A-133 Compliance Supplement* requirements for eligibility require that the pass-through entity determine client eligibility to provide reasonable assurance that amounts are provided to or on behalf of eligible clients in accordance with federal requirements.

**Condition Found**

In performing eligibility test work, we noted the following:

- (1) Certification periods must be assigned to each participant based upon categorical status and generally range from 6 to 12 months. For continuing eligibility, the participant must be recertified within the applicable time period. Of the 30 participants selected for test work, we noted 4 participants that did not have a current nutritional assessment form on file. Based on information in the State of California's Integrated Statewide Information System (ISIS), the last nutritional assessments were performed in excess of three years ago and were not retained in the file.
- (2) Participant data is entered into ISIS by caseworkers based upon review of various source documentation provided by the participant. However, there is no review by a second individual to ensure the accuracy of the data entered into ISIS.
- (3) Participant information is maintained on a date basis rather than by name of the individual applicant/participant. As a result, locating participant supporting documents is a very inefficient process.

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- (4) In order to be certified as eligible, applicants must meet certain eligibility criteria related to categorical, residency, income, and nutritional risk. Supporting documentation of such eligibility criteria is not maintained in the participant file. Of the 30 participants selected for test work, we noted that for all 30 participants, supporting documentation for evidence of residency and income eligibility was not maintained.

#### *Effect*

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

#### *Recommendation*

We recommend that the County establish formal policies and procedures with regards to initial and ongoing eligibility determination, required documentation, maintenance of participant files, and ISIS and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel. We further recommend that the County implement a process to verify the accuracy of the participant data entered into ISIS. This will help ensure the accuracy of the participant data in ISIS and that eligibility determinations are supported by the proper documentation in the participant file.

#### *Views of Responsible Officials*

- (1) It is our policy to recertify participants every 6 to 12 months, based on federal regulations. However, clients occasionally appear for unscheduled appointments and cannot see a nutritionist. As such, they may be recertified, briefly counseled, and scheduled with the next available nutritionist appointment, usually within one month.

ISIS contains only active participant records and purges the information discussed here, within a 30 to 90-day period of inactivity. Therefore, the above findings are consistent with the state system's processes.

- (2) Staff is trained to assess eligibility, interview and counsel participants, and document information in ISIS. Site Supervisors, who are registered dietitians, perform quality assurance evaluations on all staff members. Accuracy of data entered is reviewed at least annually with the staff member and feedback is provided in the annual performance review. The Nutrition Services Supervisor and the Breastfeeding Coordinator also observe and review staff. To perform a 100% review of data entered would not be efficient or cost effective.
- (3) When we implemented ISIS in 1996, the goal was to be "paperless." We transitioned from family files to daily files, since most information is documented in ISIS and very little is required to be kept on file. Locating "documents" is rarely required. Source information is located by client in ISIS, by date of service, and is easily and efficiently accessed.
- (4) Federal regulations and state policy do not require that hard copies of proof of residency and income be retained. For residency, staff records the type of document viewed on the ISIS Family Comments screen (see California WIC program Manual 210-30). For income, the family size, gross monthly income, and type of document viewed as proof of income are entered into ISIS (see California WIC Program manual 210-40.2). There is no requirement to copy and maintain this documentation.

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**03-06**

**Program:** Medicaid Cluster

**CFDA No.:** 93.778

**Federal Agency:** U.S. Department of Health and Human Services

**Passed-through:** California Department of Health Services

**Award Numbers:** Administration – MCAC2002-08, MCAC2002-10, MCAC2003-01, MCAC2003-02, and MCAC2003-03

**Award Year:** Fiscal year 2002/03

**Compliance Requirement:** Eligibility

**Questioned Costs:** \$0

**Criteria**

The *March 2003 OMB Circular A-133 Compliance Supplement* requirements for eligibility require that the pass-through entity determine client eligibility to provide reasonable assurance that amounts are provided to or on behalf of eligible clients in accordance with federal requirements.

**Condition Found**

Specific requirements must be followed to ensure that the individual meets the financial and categorical requirements, which include the following:

- Obtaining a written application, MC 210 “Statement of Facts,” signed under penalty of perjury by the applicant.
- Verification of an applicant’s information reported on the MC 210 “Statement of Facts,” including identity, Social Security number, residency, monthly expenses, and pregnancy.
- Verification of an applicant’s income eligibility using the Income and Eligibility Verification System (IEVS). If the applicant is employed, a pay stub is required to verify income.
- Verification of an applicant’s supplemental security income eligibility by obtaining a Medi-Cal Eligibility Data System (MEDS) report.

Of the 30 case files selected for eligibility test work, we noted the following:

- (1) 6 case files that did not contain a signed MC 210 “Statement of Facts.”
- (2) 1 case file that did not contain the required supporting documentation for the participant’s income amount (i.e., pay stub).

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- (3) 7 case files that did not contain an IEVS report.
- (4) 1 case file that did not contain a MEDS report.
- (5) 2 case files that did not contain the required documentation of the eligibility worker verifying information such as identity, expenses, pregnancy, and other information reported on the MC 210 "Statement of Facts."
- (6) For all 30 case files, the case review form, which must be completed by the program supervisor, was not maintained in the case files. Such forms are required to be maintained in the eligibility worker's (EW) file, which is discarded annually.
- (7) The County has a formal policy in place whereby program supervisors are required to review at least 2 case determinations per month per EW. However, we noted that this is not currently being performed due to personnel constraints.

***Effect***

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

***Recommendation***

We recommend that the County establish formal 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***

Since 1998, the County's Medi-Cal caseloads have nearly doubled. However, the Medi-Cal allocation has not kept pace with the caseload growth; therefore, staffing levels during this review period created individual caseloads ranging from 600 to 800 families per worker. During fiscal year 2004/05, an increased allocation has been received which has allowed us to hire additional Medi-Cal workers and bring caseloads down. We expect errors to be reduced in future review periods, i.e., for fiscal year 2005. As a result of the above finding, workers have again been instructed to follow all State, Federal, and County procedures in regard to eligibility determination.

The Department of Social Services (DSS) already has policies and procedures in place that require Medi-Cal staff to follow State policies regarding initial and ongoing eligibility determinations including MCP 01-01a for intake applications and MCP 02-05A for ongoing eligibility determinations. DSS also provides each Medi-Cal staff member with a Ready Reference Guide which includes a filing guide. The filing guide delineates which documents must remain in the working file and which documents the worker can send to the history volume. DSS administration has now reemphasized the importance of complete case files and chronological entries to the Medi-Cal staff.

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DSS has a policy on supervisor case reviews issued in 2000 (MCP 00-46) that remains in effect. The policy states that the supervisor must complete two reviews per month for each experienced worker. Supervisors have been informed that they must follow this procedure. Supervisors will now send the completed reviews to the Program Analyst who will keep them for three years.

**03-07**

**Program:** Medicaid Cluster

**CFDA No.:** 93.778

**Federal Agency:** U.S. Department of Health and Human Services

**Passed-through:** California Department of Health Services

**Award Numbers:** Administration – MCAC2002-08, MCAC2002-10, MCAC2003-01, MCAC2003-02, and MCAC2003-03

**Award Year:** Fiscal year 2002/03

**Compliance Requirement:** Eligibility

**Questioned Costs:** \$0

**Criteria**

The *March 2003 OMB Circular A-133 Compliance Supplement* requirements for Eligibility require that the pass-through entity determine client eligibility to provide reasonable assurance that amounts are provided to or on behalf of eligible clients in accordance with federal requirements. Such requirements include eligibility redetermination which must be performed at least every 12 months with respect to changes in circumstances.

**Condition Found**

In performing eligibility test work, we noted that there is no formal system in place to ensure that eligibility redeterminations are performed within the required 12-month timeframe. The automated system that the County uses to track redetermination due dates is set to notify the EW every 13 months from the date of the participant's initial application, rather than every 12 months from the date of the participant's last redetermination date (or initial application date). As a result, redetermination due dates are currently tracked manually in the participant's case file based upon information in the case file. As a result, of the 30 case files selected for redetermination eligibility test work, we noted the following:

- 9 case files where redetermination was not performed within the required 12-month timeframe.
- 5 case files where redetermination procedures had not been performed.

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***Effect***

Participant data may not be current in the case file or the system, which could lead to initial and continuation eligibility errors and ineligible individuals receiving benefits.

***Recommendation***

We recommend that the County establish formal policies and procedures with regards to ongoing eligibility redetermination requirements in order to ensure that eligibility redeterminations are being performed within the specified timeframe. 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***

The Department of Social Services starts the renewal process timely. However, we are bound by the SB87 rules which extend the time the client has to provide necessary information. This causes some redeterminations to be completed late because the client does not provide the information timely. Administration reminded Medi-Cal staff that complete chronological entries are important, especially when documenting client delays and other pertinent information necessary to the case.

The Department of Social Services plans to cease using the current computer system on 2/28/06 and will begin using the CalWIN system on 3/1/06. The CalWIN system will not allow a case to go beyond the 12-month mandated period.

**03-08**

***Program:*** Medicaid Cluster

***CFDA No.:*** 93.778

***Federal Agency:*** U.S. Department of Health and Human Services

***Passed-through:*** California Department of Social Services

***Award Number:*** 02/03-28 (In-Home Supportive Services Program – Administration)

***Award Year:*** Fiscal year 2002/03

***Compliance Requirement:*** Eligibility

***Questioned Costs:*** \$0

***Criteria***

The March 2003 OMB Circular A-133 Compliance Supplement requirements for eligibility require that the pass-through entity determine client eligibility to provide reasonable assurance that amounts are provided to or on behalf of eligible clients in accordance with federal requirements.

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***Condition Found***

As part of determining eligibility, the social worker (SW) is required to:

- Verify supplemental security income (SSI) eligibility by obtaining a MEDS report and maintaining it in the applicant's file. Of the 30 case files selected for eligibility test work, we noted 7 case files that did not contain a MEDS report.
- Complete a SOC 332 "Recipient/Employer Responsibility Checklist," which establishes each party's responsibilities and must be signed by the SW and the participant.
- Communicate to the participant his/her responsibilities regarding change in circumstance requirements and must obtain form W-186 "Notice of Reporting Responsibilities" signed by the participant.

Of the 30 case files selected for eligibility test work, we noted the following:

- (1) 7 case files that did not contain a MEDS report.
- (2) 2 case files that did not contain form SOC 332 Recipient/ Employer Responsibility Checklist.
- (3) 2 case files that did not contain form W-186 Notice of Reporting Responsibilities.

***Effect***

Lack of supporting documentation for eligibility determinations could lead to ineligible individuals receiving benefits.

***Recommendation***

We recommend that the County establish formal 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***

- (1) Although we agree with the findings that social workers are responsible for verifying a person's eligibility to SSI or Medicaid, there is no State or Federal requirement that a MEDS screen be printed for each case. It has been our County policy to determine a client's eligibility by reviewing the MEDS screens at intake and reassessments, by signing the SOC 295, and by documenting the case record or printing a computer screen. In order to eliminate further discrepancies, the County has implemented a formal policy (effective February 2005) requiring that MEDS screens be printed on all In-Home Supportive Services (IHSS) cases.

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- (2) The “Recipient/Employer Responsibility Checklist” (SOC 332) is also a mandatory form but only needs to be completed when a caregiver first signs up to work as an individual provider (IP). It does not need to be updated on a yearly basis but it is recommended that the SW review the information on a yearly basis. There should be at least one signed form for each active IP on file and will be included in all the IP packets.
- (3) We agree that the Notice of Reporting Responsibilities (W-186) is a mandatory form and needs to be reviewed and signed yearly. Based on the low number of exceptions, the missing W-186s appear to be an anomaly and not a standard practice. In order to avoid this exception in the future, the W-186 will be included in all the initial and redetermination packets.

**03-09**

**Program:** Medicaid Cluster

**CFDA No.:** 93.778

**Federal Agency:** U.S. Department of Health and Human Services

**Passed-through:** California Department of Social Services

**Award Number:** 02/03-28 (In-Home Supportive Services Program – Administration)

**Award Year:** Fiscal year 2002/03

**Compliance Requirement:** Eligibility

**Questioned Costs:** \$0

**Criteria**

The State of California requires that the County conduct face-to-face interviews with participants as part of the initial and ongoing eligibility process in accordance with the California Department of Social Services’ *Manual of Policies and Procedures*. Such interviews must be documented using form SOC 293A, SOC 293, or the chronological sheet.

**Condition Found**

Face-to-face interviews with participants must be conducted by SWs and documented on form SOC 293A, SOC 293, or the chronological sheet, which are to be maintained in the case file. In performing eligibility testwork, of the 30 case files selected for test work, we noted the following:

- 1 case file whereby there was no evidence that the required interview had been performed.
- 1 case file whereby the interview was not performed in person, but rather via telephone.

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***Effect***

Lack of supporting documentation for initial and ongoing eligibility determinations could lead to ineligible individuals receiving benefits.

***Recommendation***

We recommend that the County establish formal 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***

We agree with the findings that annual face-to-face interviews were not completed on two of the case files but, due to the low number of findings, these cases are anomalies and not the normal operating procedure. Due to staffing shortages in 2003, an administrative decision was made allowing telephone reassessments to be completed if a recipient met certain criteria. The criteria included recipients who received services from a relative or reliable caregiver, their needs had been stable for two years, and they were also involved with other community agencies (i.e. – the Multipurpose Senior Services Program or United Cerebral Palsy). Telephone reassessments had to be approved by the Supervisor, with the understanding that if anything changed, a face-to-face interview would be necessary. This was a temporary situation (6 months) until additional staff could be hired and trained and one that the County does not plan on implementing again. Supervisors will also be monitoring Case Management Information and Payrolling System reports to ensure that face-to-face reassessments are completed in a timely manner.

**03-10**

***Program:*** Medicaid Cluster

***CFDA No.:*** 93.778

***Federal Agency:*** U.S. Department of Health and Human Services

***Passed-through:*** California Department of Social Services

***Award Number:*** 02/03-28 (In-Home Supportive Services Program – Administration)

***Award Year:*** Fiscal year 2002/03

***Compliance Requirement:*** Eligibility

***Questioned Costs:*** \$0

**COUNTY OF SANTA BARBARA, CALIFORNIA**

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

***Criteria***

The *March 2003 OMB Circular A-133 Compliance Supplement* requirements for eligibility require that the pass-through entity determine client eligibility to provide reasonable assurance that amounts are provided to or on behalf of eligible clients in accordance with federal requirements. Such requirements include performing eligibility redetermination at least every 12 months with respect to changes in circumstances.

***Condition Found***

Of the 30 case files selected for eligibility test work, we noted 15 case files whereby the redetermination was not performed within the specified 12-month timeframe.

***Effect***

Participant data may not be current in the case file or the system, which could lead to initial and continuation eligibility errors and ineligible individuals receiving benefits.

***Recommendation***

We recommend that the County establish formal 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***

We agree that 14 out of the 15 exceptions were late redeterminations. During the time of the FY 02/03 audit, the County's IHSS program was experiencing staffing shortages, which have since been rectified. We are now fully staffed so this exception should be eliminated on future audits.

We disagree with one finding that the redetermination was completed late since it was completed in the month it was due. California Department of Social Services (CDSS) has never clarified whether IHSS follows Medicaid timeframes that state a reassessment must be completed within 365 days of the date of the last face-to-face interview. Case Management Information and Payrolling System (CMIPS) produces a State report (#RM 003F) that the Department relies on for notifying SWs when reassessments are due. This report shows the due date as the last day of the month in which they are entitled to receive services. Based on this report, it appears that CDSS considers a redetermination as being processed timely as long as it is completed by the last day of the month it is due. Based on the discrepancy, clarification will need to be given by the State on what constitutes a late redetermination.