



COUNTY OF SANTA BARBARA, CALIFORNIA

Single Audit Reports

June 30, 2005

(With Independent Auditors' Report Thereon)

COUNTY OF SANTA BARBARA, CALIFORNIA

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**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
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, 2005, which collectively comprise the County's basic financial statements, and have issued our report thereon, dated August 10, 2005. 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.

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 opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud 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 the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 10, 2005



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**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
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, 2005. 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 05-01, 05-02, and 05-05 through 05-10 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.

As described in items 05-01, 05-02, and 05-12 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding allowable costs and activities, and special tests and provisions that are applicable to its Food Stamps Cluster (CFDA Nos. 10.551 and 10.561). 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 05-01, 05-02, and 05-15 through 05-19 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding allowable costs and activities, eligibility, and special tests and provisions 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 item 05-02 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding allowable costs and activities that are applicable to its Child Support Enforcement Program (CFDA No. 93.563). 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 05-02 and 05-14 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding allowable costs and activities, and Davis Bacon that are applicable to its Highway Planning and Construction Grants (CFDA No. 20.205). 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 05-02 and 05-20 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding allowable costs and activities that are applicable to its Public Assistance Grants (CFDA No. 97.036). 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 05-01, 05-02, and 05-13 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 Foster Care Program – Title IV-E (CFDA No. 93.658). Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

In our opinion, because of the effects of the noncompliance described in the preceding paragraph, the County did not comply in all material respects, with the requirements referred to above that are applicable to the Foster Care Program – Title IV-E (CFDA No. 93.658). Also, in our opinion, except for the noncompliance described in the seven preceding paragraphs, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its other major federal programs for the year ended June 30, 2005. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 05-03, 05-04, and 05-11.

Internal Control over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the 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 the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the 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 the 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 05-01, 05-02, 05-05, 05-07, 05-10, 05-11, 05-12, 05-13, 05-14, 05-17, 05-19, and 05-20.

A material weakness is a condition in which the design or operation of one or more of the 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 caused by error or fraud 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 the 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, of the reportable conditions described above, we consider item 05-13 to be 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

August 2, 2006



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600 Anton Boulevard
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**Report on Supplementary Information – Schedule
of Expenditures of Federal Awards**

The Honorable Board of Supervisors
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, 2005, which collectively comprise the County's basic financial statements, and have issued our report thereon, dated August 10, 2005.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic 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 10, 2005

COUNTY OF SANTA BARBARA, CALIFORNIA

Schedule of Expenditures of Federal Awards

Year ended June 30, 2005

<u>Federal grantor/pass-through grantor/program title</u>	<u>Catalogue of Federal Domestic Assistance number</u>	<u>Contract number</u>	<u>Expenditures</u>
U.S. Department of Agriculture:			
Direct program:			
Cooperative Forestry Assistance	10.664	02-LE-11051360-07	\$ 37,458
Inspection Grading and Standardization	10.162	—	3,605
Passed through California Department of Health Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	02-25711	1,956,092
Total U.S. Department of Agriculture			<u>1,997,155</u>
U.S. Department of Agriculture – Child Nutrition Cluster:			
Passed through California Department of Education:			
National School Lunch Program	10.555	42-10421-4232815-01	134,342
School Breakfast Program	10.553	42-10421-4232815-01	91,173
Total U.S. Department of Agriculture – Child Nutrition Cluster			<u>225,515</u>
U.S. Department of Agriculture – Food Stamps Cluster:			
Passed through California Department of Health Services:			
State Administrative Matching Grants for Food Stamp Program(1)	10.561	03-75377	17,400
Passed through California Department of Social Services:			
Food Stamps (1)	10.551	Santa Barbara	19,865,373
State Administrative Matching Grants for Food Stamp Program (1)	10.561	Santa Barbara	3,093,260
Total U.S. Department of Agriculture – Food Stamps Cluster			<u>22,976,033</u>
U.S. Department of Commerce:			
Direct program:			
Coastal Zone Management Administration Awards	11.419	NA170Z2073	134,892
Passed through California Employment Development Department:			
Fisheries Disaster Relief	11.477	R380537	3,000
Total U.S. Department of Commerce			<u>137,892</u>
U.S. Department of Education:			
Direct program:			
Safe and Drug-Free Schools and Communities – National Programs	84.184	—	132,300
Passed through Santa Barbara School District – Grades K – 12:			
Safe and Drug-Free Schools and Communities – National Programs	84.184	PV 042932	280,000
Total U.S. Department of Education			<u>412,300</u>
U.S. Department of Health and Human Services:			
Direct program:			
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	5H76HA00193-08-00	374,760
HIV Prevention Activities – Health Department Based	93.940	—	54,838
Passed through California Department of Alcohol and Drug Programs:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	NNA42	2,718,603
Passed through California Department of Health Services:			
Immunization Grants	93.268	01-15228	301,271
Passed through California Department of Social Services:			
Adoption Assistance	93.659	Santa Barbara	1,273,123
Chafee Education and Training Vouchers Programs (ETV)	93.599	Santa Barbara	1,900
Chafee Foster Care Independent Living	93.674	Santa Barbara	168,438
Child Support Enforcement (1)	93.563	1946001347	5,904,952
Child Welfare Services – State Grants	93.645	Santa Barbara	175,145
Community-Based Family Resource and Support Grants	93.590	Santa Barbara	16,765
Foster Care – Title IV-E (1)	93.658	Santa Barbara	8,210,354
Promoting Safe and Stable Families	93.556	Santa Barbara	532,772

COUNTY OF SANTA BARBARA, CALIFORNIA

Schedule of Expenditures of Federal Awards

Year ended June 30, 2005

<u>Federal grantor/pass-through grantor/program title</u>	<u>Catalogue of Federal Domestic Assistance number</u>	<u>Contract number</u>	<u>Expenditures</u>
Refugee and Entrant Assistance – State Administered Programs	93.566	Santa Barbara	\$ 70,035
Social Services Block Grant	93.667	Santa Barbara	94,028
Temporary Assistance For Needy Families (1)	93.558	Santa Barbara	27,621,221
Passed through Central Coast Commission for Senior Citizens:			
Nation Family Caregiver Support	93.052	45807A	20,963
Special Programs for the Aging – Title III, Part D – Disease Prevention and Health Promotion Services	93.043	45530A	12,260
Passed through Department of Health Services:			
Acquired Immunodeficiency Syndrome (AIDS) Activity Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.118	01-15100 HIV 01-42	102,782
Maternal and Child Health Services Block Grant to the States	93.994	Santa Barbara 200242	630,797
Preventative Health and Health Services Block Grant	93.991	01-15762	1,442,693
Preventative Health and Health Services Block Grant	93.991	95-6002833	152,558
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	One Time	5,828
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	Santa Barbara	220,986
Public Health and Social Services Emergency Fund	93.003	U3RMC0389-01	61,328
Passed through Office of AIDS:			
HIV Care Formula Grants	93.917	00-91690	9,275
Total U.S. Department of Health and Human Services			<u>125,106</u>
Total U.S. Department of Health and Human Services – Aging Cluster			<u>50,302,781</u>
U.S. Department of Health and Human Services – Aging Cluster:			
Passed through Central Coast Commission for Senior Citizens:			
Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers	93.044	45807C	9,884
Total U.S. Department of Health and Human Services – Aging cluster			<u>9,884</u>
U.S. Department of Health and Human Services – Consolidated Health Centers Cluster:			
Direct program:			
Consolidated Health Centers (Health Care for the Homeless)	93.224	H80CS00046A-04-01	323,755
Total U.S. Department of Health and Human Services – Consolidated Health Centers Cluster			<u>323,755</u>
U.S. Department of Health and Human Services – Medicaid Cluster:			
Passed through California Department of Aging:			
Medical Assistance Program (1)	93.778	MS-0405-15	399,965
Passed through California Department of Health Services:			
Medical Assistance Program (1)	93.778	42-0405	632,875
Medical Assistance Program (1)	93.778	99-86962	1,360,491
Passed through California Department of Mental Health:			
Medical Assistance Program (1)	93.778	42-4450	1,534,441
Passed through California Department of Social Services:			
Medical Assistance Program (1)	93.778	Santa Barbara	11,025,483
Total U.S. Department of Health and Human Services – Medicaid Cluster			<u>14,953,255</u>
U.S. Department of Homeland Security:			
Direct Program:			
Assistance to Firefighters Grant	97.044	EMW-2003-FG-14161	101,600
Assistance to Firefighters Grant	97.044	EMW-2004-FG-11620	126,789
Passed through Governor’s Office of Emergency Services:			
Emergency Management Performance Grants	97.042	EMF-2004-GR-0402	69,284
Public Assistance Grants (1)	97.036	FEMA – 1577 – DR-CA OES ID#083-00000	3,916,030

COUNTY OF SANTA BARBARA, CALIFORNIA

Schedule of Expenditures of Federal Awards

Year ended June 30, 2005

<u>Federal grantor/pass-through grantor/program title</u>	<u>Catalogue of Federal Domestic Assistance number</u>	<u>Contract number</u>	<u>Expenditures</u>
State Homeland Security Program (SHSP)	97.073	2003-35,OES#083-00000 \$	543,594
State Homeland Security Program (SHSP)	97.073	2004-45,OES#083-00000	94,772
Total U.S. Department of Homeland Security			4,852,069
U.S. Department of Housing and Urban Development:			
Direct Program:			
Community Development Block Grants/Brownfields Economic Development Initiative	14.246		88,937
HOME Investment Partnerships Program	14.239	M01-DC060554	552,567
HOME Investment Partnerships Program	14.239	M02-DC060554	815,075
HOME Investment Partnerships Program	14.239	M03-DC060554	769,953
Supportive Housing Program	14.235		114,000
Supportive Housing Program	14.235	CA16B103-001	22,135
Supportive Housing Program	14.235	CA16B103-003	104,314
Passed through California Department of Housing and Community Development:			
Community Development Block Grants/State's Program	14.228	02-EDBG-889	288,169
Community Development Block Grants/State's Program	14.228	99-DRI-009	227,032
Passed through Department of Health Services:			
Housing Opportunities for Persons with AIDS	14.241	01-15574	99,752
Total U.S. Department of Housing and Urban Development			3,081,934
U.S. Department of Housing and Urban Development – CDBG – Entitlement and (HUD Administered) Small Cities Cluster:			
Passed through City of Santa Maria:			
Community Development Block Grants/Entitlement Grants	14.218	Santa Barbara	12,000
Total U.S. Department of Housing and Urban Development – CDBG – Entitlement and (HUD Administered) Small Cities Cluster			12,000
U.S. Department of Justice:			
Direct program:			
Drug Court Discretionary Grant Program	16.585	2000-DC-VX-0073	30,732
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	15.590	2003-WE-BX-0046	220,479
State Criminal Alien Assistance Program	16.606	—	516,480
Passed through California Board of Corrections:			
Juvenile Accountability Incentive Block Grants	16.523	BDC# 126-04	102,591
Violent Offender Incarceration and Truth in Sentencing Incentive Grants	16.586	#013-99	899,259
Passed through Governor's Office of Emergency Services:			
Byrne Formula Grant Program	16.579	DC 04150420	230,888
State Domestic Preparedness Equipment Support Program	16.007	2002-133,OES#083-00000	118,409
State Domestic Preparedness Equipment Support Program	6.007	2003-167,OES#083-00000	116,904
Passed through State Office of Criminal Justice & Planning (OCJP):			
Byrne Formula Grant Program	16.579	SF2A0400027	29,706
Passed through State Office of Emergency Services (OES):			
Crime Victim Assistance	16.575	EA 05 06 0420	54,982
Crime Victim Assistance	16.575	VW 05 24 0420	110,938
Total U.S. Department of Justice			2,431,368

COUNTY OF SANTA BARBARA, CALIFORNIA

Schedule of Expenditures of Federal Awards

Year ended June 30, 2005

<u>Federal grantor/pass-through grantor/program title</u>	<u>Catalogue of Federal Domestic Assistance number</u>	<u>Contract number</u>	<u>Expenditures</u>
U.S. Department of Labor – Wia Cluster:			
Passed through California Employment Development Department:			
WIA Adult Program	17.258	R380537	\$ 376,438
WIA Adult Program	17.258	R485309	597,224
WIA Adult Program	17.258	R588755	412,870
WIA Dislocated Workers	17.260	R380537	582
WIA Dislocated Workers	17.260	R485309	277,247
WIA Dislocated Workers	17.260	R588755	415,096
WIA Youth Activities	17.259	R485309	327,014
WIA Youth Activities	17.259	R588755	538,190
Total U.S. Department of Labor – Wia Cluster			<u>2,944,661</u>
U.S. Department of the Interior:			
Direct program:			
Fish and Wildlife Management Assistance	15.608	11440-03-J006	10,750
Fish and Wildlife Management Assistance	15.608	2003-0086-028	27,912
Water Reclamation and Reuse Program	15.504	—	6,356
Water Reclamation and Reuse Program	15.504	02FG210027	50,000
Water Reclamation and Reuse Program	15.504	03FC210003	50,805
Total U.S. Department of the Interior			<u>145,823</u>
U.S. Department of Transportation:			
Direct program:			
Air Transportation Centers of Excellence	20.109	DTFA 08-01-C-21359	509,687
Total U.S. Department of Transportation			<u>509,687</u>
U.S. Department of Transportation – Highway Planning and Construction Cluster:			
Passed through California Department of Transportation:			
Highway Planning and Construction (1)	20.205	05-5951 082 rev 1	1,282,231
Highway Planning and Construction (1)	20.205	05-5951 M023 Rev 1	10,442
Highway Planning and Construction (1)	20.205	05-5951/037	12,661
Highway Planning and Construction (1)	20.205	05-5951/M012	19,186
Highway Planning and Construction (1)	20.205	05-5951/M015	546
Highway Planning and Construction (1)	20.205	05-5951/M031	164
Highway Planning and Construction (1)	20.205	05-927488	2,340,542
Highway Planning and Construction (1)	20.205	05-927489	6,259
Highway Planning and Construction (1)	20.205	05-927490	1,746
Highway Planning and Construction (1)	20.205	05-927491	77
Highway Planning and Construction (1)	20.205	05-927492	5,938,065
Highway Planning and Construction (1)	20.205	05-927493	92,780
Highway Planning and Construction (1)	20.205	05-927494	4,807
Highway Planning and Construction (1)	20.205	05-927495	64,165
Highway Planning and Construction (1)	20.205	05-SB-W151-CR	4,148
Highway Planning and Construction (1)	20.205	M030	3,072,240
Highway Planning and Construction (1)	20.205	05-595/M048	15,407
Highway Planning and Construction (1)	20.205	05-595.M066	790
Total U.S. Department of Transportation – Highway Planning and Construction Cluster			<u>12,866,256</u>
U.S. Department of Transportation – Highway Safety Cluster:			
Passed through California Business, Transportation, and Housing Agency, Office of Traffic Safety:			
State and Community Highway Safety	20.600	68-0297066	23,008
Total U.S. Department of Transportation – Highway Safety Cluster			<u>23,008</u>

COUNTY OF SANTA BARBARA, CALIFORNIA

Schedule of Expenditures of Federal Awards

Year ended June 30, 2005

<u>Federal grantor/pass-through grantor/program title</u>	<u>Catalogue of Federal Domestic Assistance number</u>	<u>Contract number</u>	<u>Expenditures</u>
U.S. Environmental Protection Agency:			
Passed through California Department of Health Services:			
Beach Monitoring and Notification Program Implementation Grants	66.472	00-90623	\$ 25,000
Passed through OPR/Governor's Office on Service and Volunteerism:			
Citizen Corps.	83.564	Y2CCOA42	14,494
Passed through State Water Resources Control Board:			
State and Tribal Underground Storage Tanks Program	66.804	04-043-250-0	<u>368,000</u>
Total U.S. Environmental Protection Agency			<u>407,494</u>
Total expenditures of federal awards			<u>\$ 118,612,870</u>

(1) Denotes a major federal financial assistance program.

See accompany notes to schedule of expenditures of federal awards and independent auditors' report on supplementary information – schedule of expenditures of federal awards.

COUNTY OF SANTA BARBARA, CALIFORNIA

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2005

(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'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, 2005 are as follows:

(a) Office of Emergency Services Grants – Victim Witness Assistance Program (CFDA No. 16.575; Grant No. VW05240420)

	Grant number VW05240420
Revenues:	
Federal match	\$ 110,938
State match	136,437
Total revenues	<u>\$ 247,375</u>
Expenditures:	
Personal services	\$ 242,115
Operating expenditures	5,260
Total expenditures	<u>\$ 247,375</u>

COUNTY OF SANTA BARBARA, CALIFORNIA

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2005

(b) Office of Emergency Services Grants – Elder Abuse Advocacy and Outreach Program (CFDA No. 16.575; Grant No. EA04050420)

	Grant number EA04050420	
Revenues:		
Federal match	\$	54,982
County match		<u>9,237</u>
Total revenues	\$	<u><u>64,219</u></u>
Expenditures:		
Personal services	\$	<u>64,219</u>
Total expenditures	\$	<u><u>64,219</u></u>

(c) Office of Emergency Services Grants – Statutory Rape Prosecution Program (CFDA No. 16.579; Grant No. VB04020420)

	Grant number VB04020420	
Revenues	\$	<u>62,008</u>
Expenditures:		
Personal services	\$	59,506
Operating expenditures		2,502
Equipment		<u>—</u>
Total expenditures	\$	<u><u>62,008</u></u>

(d) Department of Justice Grant – Spousal Abuser Prosecution Program (Grant No. 04SA11C029)

Revenues:		
State match	\$	66,500
County match		<u>13,305</u>
Total revenues	\$	<u><u>79,805</u></u>
Expenditures:		
Personal services	\$	79,805
Operating expenditures		<u>—</u>
Equipment		<u>—</u>
Total expenditures	\$	<u><u>79,805</u></u>

COUNTY OF SANTA BARBARA, CALIFORNIA

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

(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 reported.**
- 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 05-01, 05-02, 05-05, 05-07, 05-10, 05-11, 05-12, 05-13, 05-14, 05-17, 05-19, and 05-20**
- Material weaknesses: **Yes, see item 05-13.**
- (e) The type of report issued on compliance for major programs:
1. Food Stamps Cluster – **Qualified opinion**
 2. Medicaid Cluster – **Qualified opinion**
 3. Temporary Assistance for Needy Families – **Qualified opinion**
 4. Child Support Enforcement Program – **Qualified opinion**
 5. Foster Care Program – **Adverse opinion**
 6. Highway Planning and Construction Grants – **Qualified opinion**
 7. Public Assistance Grants – **Qualified opinion**
- (f) Any audit findings, which are required to be reported under Section 510(a) of OMB Circular A-133: **Yes. See items 05-01 through 05-20.**
- (g) Major programs:
- U.S. Department of Agriculture
 - Food Stamps Cluster (CFDA Nos. 10.551 and 10.561)
 - U.S. Department of Health and Human Services
 - Medicaid Cluster (CFDA No. 93.778)
 - Temporary Assistance for Needy Families (CFDA No. 93.558)
 - Child Support Enforcement Program (CFDA No. 93.563)
 - Foster Care Program – Title IV-E (CFDA No. 93.658)

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- U.S. Department of Transportation
 - Highway Planning and Construction Grants (CFDA No. 20.205)
- U.S. Department of Homeland Security
 - Public Assistance Grants (CFDA No. 97.036)

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

(i) Low-risk auditee determination under Section 530 of OMB Circular A-133: **No. The County is considered a high-risk auditee.**

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

None.

(3) Findings and Recommendations Relating to Federal Awards

05-01

Program: Temporary Assistance for Needy Families, Food Stamps Cluster, Medicaid Cluster, Foster Care Title IV-E

CFDA No.: 93.558, 10.561, 93.778, and 93.658

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

Passed-through: California Department of Social Services and California Department of Health Services

Award Numbers: Temporary Assistance for Needy Families CFL 04/05-15,
Food Stamps Cluster CFL 04/05-18,
Medicaid Cluster MCAC 2004-04, CFL 04/05-16
Foster Care Program CFL 04/05-52

Award Year: Fiscal year 2004/05

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.

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Condition Found:

The County submits the County Expense Claim (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.

Views of Responsible Officials:

We concur with this finding. The department acknowledges that a lack of supervisory review was not documented to provide a reasonable assurance that the CEC report submitted was accurate and submitted on a timely basis.

Effective December 2005, the CEC is now required to be reviewed for accuracy and completeness along with its work papers and a signature is provided as evidence. A routing slip is also attached to the CEC and, along with a three-year trend, is forwarded to the CFO for final review prior to submission. Effective September 2006, all variances of 15% or more, as required by the State, will be reviewed and signed off by fiscal management.

05-02

Program:	Temporary Assistance for Needy Families, Food Stamps Cluster, Medicaid Cluster, Foster Care Title IV-E, Child Support Enforcement Program, Highway Planning and Construction (Federal-Aid Highway Program), Federal Emergency Management Agency
CFDA No.:	10.561, 93.778, 93.563, 93.658, 20.205, 93.558, 97.036
Federal Agencies:	U.S. Department of Health and Human Services, U.S. Department of Agriculture, U.S. Department of Transportation
Passed-through:	California Department of Social Services, California Department of Health Services, California Department of Aging, California Department of Mental Health, California Department of Transportation

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Award Numbers: Temporary Assistance for Needy Families CFL 04/05-15,
Food Stamps Cluster CFL 04/05-18,
Medicaid Cluster MCAC 2004-04, CFL 04/05-16
Foster Care CFL 04/05-52
Child Support Enforcement Program 1946001347,
Highway Planning and Construction 05-5951 082 REV1, 05-5951 M023
REV1, 05-5951/037, 05-5951/M012, 05-5951/M015, 05-5951/M031,
05-5951/039-M, 05-5951/M030

Award Year: Fiscal year 2004/05

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 2005 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.

Condition Found:

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

Employee timesheets must be authorized by the employee prior to being submitted for supervisor approval. Of the 30 timesheets selected for testwork, we noted the following:

- 2 timesheets were not properly authorized by the employee.
- 3 timesheets 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.

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 approval. However, the timesheet system allows Department Payroll Clerks and supervisors to modify employee timesheets without employee approval. This ability was developed to address situations when an employee is unavailable to complete their own timesheet, in order to assure that the employee is paid without delay. The Auditor has recently developed an Exception Reporting System to allow monitoring of timesheets that have not yet been properly authorized prior to completion. The Auditor has and is continuing to train staff on the use of the Exception Reporting System. The long-term solution is to replace the timesheet application so that the employee is required to sign off on and validate any changes to their timesheets.

05-03

Program: Child Support Enforcement Program
CFDA No.: 93.563
Federal Agencies: U.S. Department of Health and Human Services
Passed-through: California Department of Health Services
Award Numbers: 1946001347
Award Year: Fiscal year 2004/05
Compliance Requirement: Special Tests and Provisions
Questioned Costs: \$0

Criteria:

The 2005 *OMB Circular A-133* requirements for Special Tests and Provisions require the County to establish a case file within 20 calendar days of receipt of the case. The case file is to be opened with the objective of establishing paternity and support obligations.

Condition Found:

In performing special tests and provisions testwork relating to the establishment of paternity and support obligations, we noted of the 30 case files selected for testwork, 1 case file was not opened within the required 20 days. The case was received on May 3, 2005 and was not established until May 27, 2005.

Effect:

The County is out of compliance with the requirement of establishing case files within the required deadlines.

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Recommendation:

We recommend that the County strictly adhere to the established policies and procedures with regards to establishing case files within the required deadlines.

Views of Responsible Officials:

We concur with this finding. In March 2006, our "CASES" computer system was enhanced in order to interface with the Department of Social Service's new "CAL-Win" computer system. That enhancement included a new screen that allows us to better monitor time frames for opening public assistance cases. Additionally, in June of 2006, we started receiving monthly reports (the CASES Consortium sends at our request) that allow us to better monitor time frames for opening "Non-assisted" cases. State and federal regulations require that 75% of our cases adhere to the time frames in order to be in compliance. The findings reveal we have a compliance percentage of 97%. With continued training and more focused data tracking tools, our goal will continue to be that *all* cases are opened within 20 calendar days from receipt of the paperwork.

05-04

Program: Child Support Enforcement
CFDA No.: 93.563
Federal Agency: U.S. Department of Health and Human Services
Passed-through: California Department of Health Services
Award Number: 1946001347
Award Year: Fiscal year 2004/05
Compliance Requirement: Special Tests and Provisions
Questioned Costs: \$0

Criteria:

The *March 2005 OMB Circular A-133 Compliance Supplement* requirements for Special Tests and Provisions require that the County provides the appropriate child support services needed for interstate cases within the required time frames for providing information.

Specifically, the County is required to inform the state in which the noncustodial parent resides within 20 days of discovering the noncustodial parent's residency.

Condition Found:

Of the 11 case files selected for special tests and provisions testwork – interstate cases testwork, we noted 1 case file whereby the County did not refer the case to the responding state within the required 20 days. The County learned of the noncustodial parent's residency on December 21, 2004 and referred the case to the responding state on February 1, 2005.

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Effect:

The information may not be received by the responding state in time to properly administer the case. Untimely information may inhibit the responding state's ability to secure support obligations.

Recommendation:

We recommend that the County strictly adhere to the established policies and procedures with regards to reporting information to responding states within the required deadlines.

Views of Responsible Officials:

We concur with this finding. In 1994, our department created a "Uniform Interstate Family Support Act (UIFSA)" unit responsible for managing all of our out-of-state cases. Since establishing the UIFSA unit, the department manages this "specialized" caseload more efficiently (indeed the findings show 91% of the cases reviewed were in compliance) and strives to strictly adhere to established policies and procedures with regards to interstate cases. One consequence of having these cases in a specialized unit is that the Child Support Officers managing other types of cases can lose expertise regarding out-of-state cases. In order to combat this result, the UIFSA team presented a "refresher training" for all Child Support Officers and Supervisors. Additionally we now have UIFSA team members conduct quarterly "site visits" (to the other branch offices) to assist officers with UIFSA cases and questions.

05-05

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:	MCAC-2004-04
Award Year:	Fiscal year 2004/05
Compliance Requirement:	Eligibility
Questioned Costs:	\$0

Criteria:

The *March 2005 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:

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, as well as pregnancy, if necessary.
- 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, if the applicant is applying for the Qualified Medicare Beneficiary (QMB) program.

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

- 2 case files did not contain a signed MC 210 “Statement of Facts.”
- 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:

The Department of Social Services already has policies and procedures in place that require Medi-Cal staff to follow State policies regarding initial and ongoing eligibility determinations including MCP06-14 for intake applications and MCP06-19 for ongoing eligibility determinations. The Department of Social Services also provides each Medi-Cal staff member with a Ready Reference Guide, which includes a filing guide.

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The Department of Social Services 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 2 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.

05-06

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 Number: MCAC-2004-04 (Medi-Cal Administration), CFL 04/05-16
Award Year: Fiscal year 2004/05
Compliance Requirement: Eligibility
Questioned Costs: \$0

Criteria:

The *March 2005 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:

Medi-Cal Administration

Of the 30 case files selected for eligibility testwork, we noted 2 case files whereby the redetermination was not performed within the specified 12 month timeframe.

IHSS Administration

Of the 30 case files selected for eligibility testwork, we noted 7 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.

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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 concur with the finding.

Medi-Cal: The Department of Social Services already has policies and procedures in place that require Medi-Cal staff to follow State policies regarding ongoing eligibility determinations including MCP06-15.

The Department of Social Services 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 2 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.

IHSS Administration: The department acknowledges that some redeterminations were not completed within the mandated time frames. However, five of the seven late renewals that were identified as having exceptions were not due during the audit period. The County has preexisting policies and procedures with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant files, and continues its efforts to ensure these policies are adhered to. Staffing shortages due to vacancies and medical leaves continues to be a major factor in late renewals. During the time of the audit period, the Lompoc office did not have any Social Workers. Workers from the other two offices traveled to Lompoc to cover those caseloads, which left their own caseloads intermittently uncovered. The department continues to strive toward being fully staffed. It is the Department's goal to be fully staffed and trained. Supervisors will continue monitoring Case Management Information and Payroll System reports in order to ensure that face-to-face reassessments are completed in a timely manner.

05-07

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 Number:	MCAC-2004-04 (Medi-Cal Administration)
Award Year:	Fiscal year 2004/05
Compliance Requirement:	Eligibility
Questioned Costs:	\$0

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Criteria:

The *March 2005 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:

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

- Obtain a SOC 295 application and determine the application is signed by the applicant. Eligibility worker is to document review by signing the SOC 295.
- Verify supplemental security income (SSI) eligibility by obtaining a MEDS report and maintaining it in the applicant's file.
- Complete a SOC 332 "Recipient/Employer Responsibility Checklist", which establishes each party's responsibilities and must be signed by the social worker 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.
- Document the participant's needs on a chronological sheet.

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

- 2 case files did not contain a SOC 295 with the social worker's initials indicating the social worker reviewed eligibility of the applicant.
- 1 case file that did not contain a MEDS report.
- 1 case file did not contain a SOC 332.
- 1 case file did not contain a SOC 332 with a social worker's signature.
- 1 case file did not contain a chronological sheet documenting the participant's needs.

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.

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Views of Responsible Officials:

We concur with one finding. One case file did not have a SOC 295 initialed or signed by the Social Worker. Formal policies and procedures are already in place and staff will be reminded to adhere to those policies and procedures. Nevertheless, the SOC 295 should be present and signed in all cases. Based on the low number of exceptions (one), the missing SOC 295 appears to be an anomaly and not a standard practice. The department will continue to remind staff to sign a SOC 295 when it is required. IHSS Quality Assurance will continue monitoring for the SOC 295 to be completed and signed when required.

Please note: The social worker's signature is required on the SOC 295 at renewal on all Status Eligible (SSI) cases. However, the signature on the SOC 295 is not required at renewal if the case is an Income Eligible. Instead, for Income Eligibles, the MEDS screen print takes the place of the SOC 295 signature.

We do not concur with the second finding. A second case was identified as missing the Social Worker's signature on the SOC 295. That case was reviewed for the purposes of this response and the SOC 295 was found in the case and it did have the Social Worker's signatures for the redeterminations during the audit review period.

- 1) We concur with the finding. The County requires that MEDS screens be printed on all IHSS cases at the time of intake and redetermination. One case file did not have a MEDS screen printout. The redetermination date on that case, during the review period, was January 2005. The County did not implement the formal policy of requiring that MEDS screens be printed on all IHSS cases until February 2005. Therefore, based on the one exception, which occurred prior to implementation of the policy, it appears that the missing MEDS screen printout was an anomaly and not current standard practice. Social Workers will be reminded to file a MEDS screen print in the case at the time of intake and redetermination.
- 2) We concur with the finding. The SOC 332 should be signed by the Social Worker and the participant, and contained in the file. However, based on the low number of exceptions (one), the missing SOC 332 appears to be an anomaly and not a standard practice. In order to avoid this exception, Social Workers will be reminded to include a SOC 332 in all cases and Quality Assurance staff will continue monitoring cases for forms.
- 3) We concur with the finding. The SOC 332 in the case should be signed by the Social Worker. However, based on the low number of exceptions (one), the unsigned SOC 332 appears to be an anomaly and not a standard practice. In order to avoid this exception the Social Workers will be reminded to sign the SOC 332 and Quality Assurance staff will continue reading cases for required signatures.
- 4) We do not concur with the finding. In the cases reviewed, the department did not find a case file that was missing a chronological sheet documenting the participant's needs. The case file that was identified by the auditor as having this exception was reviewed for the purposes of this response and chronological sheets documenting the participant's needs for the renewal dates of May 2004 and May 2005 were found in the case.

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05-08

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 Number: CFL 04/05-16 (IHSS Administration)
Award Year: Fiscal year 2004/05
Compliance Requirement: Eligibility
Questioned Costs: \$0

Criteria:

The County of Santa Barbara has established a policy requiring Addus Health Care to perform quarterly in-home reviews of the needs of the participants. The quarterly in-home reviews are to be documented on an IHSS Home Visit Report. The report is to be signed by the Addus Health Care representative and the participant.

Condition Found:

Of the 30 case files selected for eligibility testwork, we noted the 2 case files that did not contain the required quarterly IHSS Home Visit Reports.

Effect:

By not properly assessing and documenting the needs of participants the incorrect level of service may be provided.

Recommendation:

We recommend the County require the third-party provider, Addus Health Care, strictly adhere to all internal control policies and procedures in determining the needs of all participants.

Views of Responsible Officials:

We concur with the finding. Two of the 30 cases had missing Addus Health Care quarterly reports. Addus Health Care will be contacted and directed to strictly adhere to the internal control policies and procedures currently in place. Quality Assurance staff will focus on reviewing cases for Addus Health Care quarterly reports being filed in the case.

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05-09

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 Number: CFL 04/05-16 (IHSS Administration)
Award Year: Fiscal year 2004/05
Compliance Requirement: Eligibility
Questioned Costs: Unknown

Criteria:

The County of Santa Barbara established policies and procedures requiring a signed timecard from an individual provider indicating the time of service provided to the participant. The signed timecard is to be maintained in the case file.

Condition Found:

Of the 30 case files selected for eligibility testwork, we noted 1 case file whereby the signed timecard was not maintained by the department.

Effect:

Amounts paid to providers may not be supported by timecards signed by both provider and participant.

Recommendation:

We recommend that the County establish formal policies and procedures with regards to obtaining and maintaining time cards that are signed by both the participant and provider.

Views of Responsible Officials:

We do not concur with the finding. The case identified as having a missing time sheet does not have a missing time sheet. In that particular case, the provider did not submit time cards for October 2004 or the first half of November 2004. The provider was not paid during that period of time. Payments were resumed the second half of November 2004. All other time sheets are contained in the case.

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05-10

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 Number: CFL 04/05-16 (IHSS Administration)
Award Year: Fiscal year 2004/05
Compliance Requirement: Eligibility
Questioned Costs: Unknown

Criteria:

The County of Santa Barbara established policies and procedures requiring a supervisor to review and document the review with a form W-605 for in-home support case under the following conditions:

- All approvals and denials are reviewed.
- All renewals of income eligible cases are reviewed.
- A random sample of status eligible cases are reviewed.
- All reassessment cases with an increase or decrease of more than 10 hours a month or with a protective supervision are reviewed.
- All cases administered by new social workers with typically less than 6 month's experience are reviewed.

Condition Found:

Of the 30 case files selected for eligibility testwork, we noted 7 case files whereby the supervisor did not review the case even though the criteria requiring a review was met.

Effect:

The level of services provided to participants may not be properly calculated

Recommendation:

We recommend that the County strictly adhere to the established policies and procedures requiring supervisor review of certain cases.

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Views of Responsible Officials:

We concur with the finding of seven cases without the W-605. Although three cases contain indications that the cases were reviewed and signed off by the supervisor, the W-605 was not completed per current policy. The department will stress to Supervisors that they use the W-605 to review cases, which fall under the criteria that requires a supervisory review.

05-11

Program: Food Stamps Cluster
CFDA No.: 10.551,10.561
Federal Agency: U.S. Department of Agriculture
Passed-through: California Department of Social Services
Award Number: CFL 04/05-18
Award Year: Fiscal year 2004/05
Compliance Requirement: Reporting
Questioned Costs: \$0

Criteria:

The State of California requires that the County submit the following reports to the State of California.

- DFA 296X – quarterly
- FNS 209 – quarterly
- DFA 358 – annually
- DFA 256 – monthly
- DFA 296 – monthly
- FNS 885 – monthly

Condition Found:

We noted the following conditions in reviewing the County's submission of reports to the State of California:

- Of the 4 DFA 296X reports observed, we noted the reports for the quarters ending September 30, 2004 and December 31, 2004 did not contain evidence of review by the appropriate level of management. In addition, we noted 1 report was filed late.

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- Of the 4 FNS 209 reports observed, we noted the report filed for the quarter ending September 30, 2004 did not contain evidence of review by the appropriate level of management. In addition, we noted 2 reports were filed late.
- Of the 6 DFA 296 reports observed, we noted 3 reports did not contain evidence of review by the appropriate level of management. In addition, we noted 3 reports were filed late.
- The annual DFA 358 form did not contain evidence of review by the appropriate level of management. In addition, we noted the report was filed late.

Effect:

Lack of formal procedures regarding report submission may lead to continued 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 requirements related to reporting.

Views of Responsible Officials:

We concur with this finding. The department acknowledges that supervisory review was not available to provide a reasonable assurance that the reports submitted were accurate and on a timely basis.

Effective October 2005, all reports are now required to be reviewed for accuracy and completeness and a signature is provided as evidence. Effective September 2006, a master calendar has been developed with the due dates of all statistical reports. This calendar is reviewed monthly with the appropriate individuals.

05-12

Program:	Food Stamps Cluster
CFDA No.:	10.551, 10.561
Federal Agency:	U.S. Department of Agriculture
Passed-through:	California Department of Social Services
Award No.:	CFL 04/05-18
Award Year:	Fiscal year 2004/05
Compliance Requirement:	Special Tests and Provisions – ADP System for Food Stamps
Questioned Costs:	\$0

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Criteria:

The *March 2005 OMB Circular A-133 Compliance Supplement* requirements for special tests and provisions requires 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:

Of 30 case files selected for testwork, we noted:

- 1 case file did not have a properly completed SAWS2/DFA 285 in that the applicant did not respond to the question regarding welfare fraud.
- 1 case file did not have evidence of utilities or wages listed on SAWS2/DFA 285.
- 4 case files did not contain evidence that the participant had been recertified.
- 1 case file was missing QR7 forms.
- 1 case file did not contain application.

Effect:

Ineligible participants may be 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 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 file.

Views of Responsible Officials:

We concur with the finding. The proper documentation must be included in the participant file in order to ensure accuracy of participant data and eligibility determinations.

The County does have established policies, procedures, and business processes with regards to eligibility determination, documentation, and case maintenance. With the implementation of CalWIN we are currently reviewing business processes that include case files and electronic storage. Revised administrative directives are being developed for case comments/documentation and case files. A case file workgroup was established for CalWIN implementation and will be reconvened to address long-term solutions for shared cases and case files. The findings and corrective action plan, along with applicable policies, will be reviewed with supervisors at our countywide program meetings scheduled for September and October 2006.

COUNTY OF SANTA BARBARA, CALIFORNIA

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

05-13

Program: Foster Care Title IV-E
CFDA No.: 93.658
Federal Agencies: U.S. Department of Health and Human Services
Passed-through: California Department of Social Services
Award Numbers: CFL 04/05-52
Award Year: Fiscal year 2004/05
Compliance Requirement: Eligibility
Questioned Costs: Unknown

Criteria:

The *March 2005 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must redetermine the eligibility for each foster care child every 12 months.

Condition Found:

Of the 22 participants selected for eligibility testwork, we noted the following:

- 9 cases where the redetermination was not performed within the required 12 month timeframe. We noted that the child was redetermined in the seventh month and was found to be eligible.
- 1 case file did not contain a SAWS1 form
- 6 case files did not contain a signed FC2 form
- 9 case files did not contain a signed 158A form
- 1 case file did not contain a FC3 form

Effect:

Ineligible participants may be 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.

COUNTY OF SANTA BARBARA, CALIFORNIA

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

Views of Responsible Officials:

We concur with the finding. The department acknowledges the importance of developing, implementing, and adhering to formal policies and procedures for redeterminations.

The department recognizes the need to obtain accurate participant data and maintain proper documentation to support current eligibility documentation.

05-14

Program: Highway Planning and Construction (Federal-Aid Highway Program)

CFDA No.: 20.205

Federal Agencies: U.S. Department of Transportation

Passed-through: California Department of Transportation

Award Numbers: 05-5951 082 REV1, 05-5951 M023 REV1, 05-5951/037, 05-5951/M012, 05-5951/M015, 05-5951/M031, 05-5951/039-M, 05-5951/M030

Award Year: Fiscal year 2004/05

Compliance Requirement: Davis Bacon

Questioned Costs: Unknown

Criteria:

The County of Santa Barbara has established internal controls whereby the Assistant Resident Engineer prepares a daily roster report for each job site, which details the employees and contractors who worked on the job site during each day. Upon receipt of the weekly certified payroll report, a Public Works staff member compares the certified payroll report to the daily roster reports prepared by the Assistant Resident Engineer. All differences are to be reconciled and documented.

In addition, County policies require a weekly listing of all contractors who worked on the job site is to be prepared and compared to the weekly certified payrolls to ensure all certified payrolls are collected.

Condition Found:

In performing Davis-Bacon Act testwork, we noted of the 30 daily roster reports selected for testwork:

- 16 contained unexplained discrepancies between the daily roster report and the related certified payroll
- 6 daily roster reports could not be located

In addition, of the 30 weekly contractor lists selected for testwork 21 could not be located.

COUNTY OF SANTA BARBARA, CALIFORNIA

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

Effect:

Employees of contractors working on federally funded projects may not receive the prevailing wage.

Recommendation:

We recommend the County strictly adhere to the control policies of reconciling the daily roster reports to the related certified payroll reports. The reconciliation should include documentation of any discrepancies noted. In addition, the County should properly file and retain all documentation including daily roster reports.

Views of Responsible Officials:

We concur with this finding. The Department concurs with the findings based on the established internal procedures followed by the Construction Section to use random sampling to crosscheck the certified payrolls against Assistant Resident Engineer's diaries (Construction Manual, Labor Compliance, Chapter 8, Section 1).

The Department recognizes the importance of following the requirements of the Davis –Bacon Act, which ensures Contractors are paying their workers State and Federal prevailing wages and benefits on Public Works projects. The Department will from this point forward adhere to all labor compliance requirements and has implemented a monthly check list for ensuring all documentation will be noted to the file in a timely manner.

05-15

Program: Temporary Aid for Needy Families
CFDA No.: 93.558
Federal Agency: U.S. Department of Health and Human Services
Passed-through: California Department of Health Services
Award Number: CFL 04/05-15
Award Year: Fiscal year 2004/05
Compliance Requirement: Eligibility
Questioned Costs: \$0

Criteria:

The *March 2005 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 establishing procedures to ensure the redetermination of benefits awarded are properly calculated. The County has established the policy of the requiring the eligibility workers to document their review of the SAWS2 form.

COUNTY OF SANTA BARBARA, CALIFORNIA

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

Condition Found:

Of the 30 case files selected for eligibility testwork, we noted 1 case file whereby the documentation of the redetermination of benefits awarded did not contain the required evidence of eligibility worker review of the SAWS2 form.

Effect:

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

Recommendation:

We recommend that the County strictly adhere to the established policies and procedures with regards to ongoing eligibility determination, required documentation, and maintenance of participant file. 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 concur with the finding. The County does have established policies, procedures, and business processes in regards to eligibility determination, documentation, and case maintenance. The findings and corrective action plan and applicable policies will be reviewed with supervisors at our countywide program meeting on September 19, 2006.

Supervisors will be trained on the current Case Review Policy at our September program meeting, with the expectation that monthly case review documents are submit to the Program Analyst for review semiannually at program meetings.

05-16

Program:	Temporary Aid for Needy Families
CFDA No.:	93.558
Federal Agency:	U.S. Department of Health and Human Services
Passed-through:	California Department of Health Services
Award Number:	CFL 04/05-15
Award Year:	Fiscal year 2004/05
Compliance Requirement:	Eligibility
Questioned Costs:	Unknown

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Year ended June 30, 2005

Criteria:

The State of California's State Plan for Temporary Aid for Needy Families as codified on Welfare and Institutions Code 11200 requires all children receiving aid that are of preschool age and over to have received immunizations of common illnesses. In addition, parents of school age children must provide authorization for the child's school to notify County Department of Social Services of any truancy on the part of the child. The County is required to establish procedures to ensure the documentation of immunization records of appropriately aged children receiving aid are obtained and maintained. In addition, the County is required to obtain a form W-32 providing the child's school authorization to notify the County if the child is truant.

Condition Found:

Of the 30 case files selected for eligibility testwork, we noted:

- 1 case file whereby the immunization documentation of the children of preschool age or older could not be located.
- 1 case file whereby the form W-32 could not be located.

Effect:

Participants may receive benefits when the participant family may not have met all the requirements for receiving the benefits.

Recommendation:

We recommend that the County strictly adhere to the established policies and procedures with regards to ongoing eligibility determination, required documentation, and maintenance of participant file. 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 concur with the finding. The County does have established policies, procedures, and business processes in regards to eligibility determination, documentation, and case maintenance. The findings and corrective action plan and applicable policies will be reviewed with supervisors at our countywide program meeting on September 19, 2006.

Supervisors will be trained on the current Case Review Policy at our September program meeting, with the expectation that monthly case review documents are submitted to the Program Analyst for reviewed semiannually at program meetings.

05-17

Program: Temporary Aid for Needy Families
CFDA No.: 93.558
Federal Agency: U.S. Department of Health and Human Services

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Year ended June 30, 2005

Passed-through: California Department of Health Services

Award Number: CFL 04/05-15

Award Year: Fiscal year 2004/05

Compliance Requirement: Eligibility

Questioned Costs: Unknown

Criteria:

The State of California's State Plan for Temporary Aid for Needy Families as codified on Welfare and Institutions Code 11200 requires all participating families to submit a quarterly eligibility status report known as a QR7 form. The purpose of the form is to allow the County eligibility worker to determine the amount of benefits the participant is eligible.

Condition Found:

Of the 30 case files selected for eligibility testwork, we noted 3 case files whereby the form QR7 could not be located for one or more quarters in which the participant was receiving benefits.

Effect:

Participants may receive benefits when not eligible or the amount of benefits awarded may not be properly calculated.

Recommendation:

We recommend that the County strictly adhere to the established policies and procedures with regards to ongoing eligibility determination, including obtaining the required QR7 forms from participants. Information reported by the participant on the QR7 forms should be used to determine the ongoing eligibility of the participant and the related benefits awarded.

Views of Responsible Officials:

We concur with the finding. The Department acknowledges that required documents were not available to support accurate eligibility determination.

The Department has an existing Case Review Policy. Targeted reviews for QR7s will be recommended. Supervisors will be required to submit monthly case reviews to the Program Analyst.

The findings and corrective action plan and applicable policies will be reviewed with supervisors at our countywide program meeting on September 19, 2006.

05-18

Program: Temporary Assistance for Needy Families

CFDA No.: 93.558

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Year ended June 30, 2005

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

Passed-through: California Department of Social Services and California Department of Health Services

Award Numbers: CFL 04/05-15

Award Year: Fiscal year 2004/05

Compliance Requirement: Special Tests and Provisions – Child Support Non-Cooperation

Questioned Costs: \$0

Criteria:

The *March 2005 OMB Circular A-133 Compliance Supplement* requirements for Special Tests and Provisions – Child Support Non-Cooperation requires the County to reduce or suspend benefits of a participant who is not cooperating with efforts to establish paternity or enforce a support order. Any reduction or suspension of benefits for child support noncooperation is to be documented by form CA371.

Condition Found:

Of the 30 child support noncooperation case files reviewed, we noted 2 files did not contain the required form CA371.

Effect:

Lack of supporting documentation of the reasons for placing sanctions on the benefits on an otherwise eligible participant could result in benefits being improperly reduced. In addition, the lack of documentation prevents review of the sanctions.

Recommendation:

We recommend that management require all personnel to strictly adhere to procedures for maintaining proper documentation of sanctions placed on participants.

Views of Responsible Officials:

We concur with the finding. The County does have established policies, procedures, and business processes in regards to eligibility determination, documentation, and case maintenance. The findings and corrective action plan and applicable policies will be reviewed with supervisors at our countywide program meeting on September 19, 2006.

05-19

Program: Temporary Assistance for Needy Families

CFDA No.: 93.558

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Year ended June 30, 2005

Federal Agencies: U.S. Department of Health and Human Services
Passed-through: California Department of Social Services
Award Numbers: CFL 04/05-15
Award Year: Fiscal year 2004/05
Compliance Requirement: Special Tests and Provisions – Income Eligibility and Verification System
Questioned Costs: Unknown

Criteria:

The *March 2005 OMB Circular A-133 Compliance Supplement* requires each state to participate in the Income Eligibility and Verification System (IEVS). Under the State of California IEVS Plan, the County of Santa Barbara is required to properly consider the information obtained from the State of California data matching system in determining the eligibility and the amount of Temporary Assistance for Needy Families (TANF) benefits.

Condition Found:

The County has assigned the responsibility of investigating the discrepancies identified by the State's IEVS system to three units. The three units are located in Santa Maria, Lompoc, and Santa Barbara. The Santa Maria unit adheres to one set of procedures while the Lompoc and Santa Barbara units follow a different set of procedures. We noted the procedures being followed in the Santa Barbara and Lompoc units lack the necessary procedures to properly investigate the identified discrepancies. Specifically, we noted the procedures followed in Lompoc and Santa Barbara include:

- If the amount of benefits being received by the participant is less than \$500, the discrepancy is not investigated.
- If the participant reported any amount of earnings, the discrepancy is not investigated, with no consideration as to the amount of discrepancy identified.
- Supervisors do not review the discrepancies not investigated.

Effect:

Lack of investigative procedures could result in the overpayment of TANF benefits to participants.

Recommendation:

We recommend that all discrepancies be investigated and the results of the investigation be clearly documented. We further recommend that a sampling of discrepancies that are investigated and cleared as being not valid discrepancies be reviewed by the supervisor on a regular basis.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2005

Views of Responsible Officials:

We concur with the finding. Although three cases contain indications that the cases were reviewed and signed off by the supervisor, the W-605 was not completed per current policy. The department will stress to Supervisors that they use the W-605 to review cases, which fall under the criteria that requires a supervisory review.

05-20

Program: Public Assistance Grants (Federal Emergency Management Agency)

CFDA No.: 97.036

Federal Agencies: U.S. Department of Homeland Security

Passed-through: California Office of Emergency Services

Award Numbers:

Award Year: Fiscal year 2004/05

Compliance Requirement: Allowable Costs and Activities

Questioned Costs: Unknown

Criteria:

The County is required to comply with procurement standards defined in 44 Code of Federal Regulations (CFR) Part 13. Those standards allow competitive bidding requirements to be waived when the emergency will not allow time to solicit bids. However, the standards require the use of competitive bidding once the immediate risks to public health are addressed.

Condition Found:

In performing allowable costs and activities testwork, we noted the County did not comply with the procurement requirements of 44 CFR 13.36. The County awarded contracts based on blanket purchase orders that were produced prior to the emergency. The contracts extended beyond the initial stages of the emergency.

Effect:

The County may incur costs of emergency remediation in excess of market rates.

COUNTY OF SANTA BARBARA, CALIFORNIA

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Recommendation:

We acknowledge the County has adopted a procurement policy for local, state, and federal disasters regulated by the County of Santa Barbara, Governor's Office of Emergency Services (OES), Department of Homeland Security-Federal Emergency Management Agency, and the Office of the Inspector General. The procurement policy was adopted by the Board of Supervisors on January 17, 2006 and was tailored to the County's Public Works Department to deal with the special procurement needs encountered in the aftermath of an emergency.

We recommend that the County strictly adhere to the procurement standards set forth in the adopted policy.

Views of Responsible Officials:

The Public Works Department does not agree with the finding. The noncompetitive contracting procedures were reasonable and necessary because of the severe nature of the road damage and ongoing debris/removal effecting over 225,000 south and central coast citizens. Normal contracting procedures were waived to protect and serve the public's health and safety. Normal contracting procedures would have caused excessive delays to these critical repairs. Public Works acted in the public's interest by continuing to waive the normal bidding requirements until the weather and damage conditions permitted normal contracting procedures to be reinstated.

On January 17, 2006, the Santa Barbara County Board of Supervisors approved a procurement policy for Local, State and Federal Disasters for the Public Works Department. This policy will enhance the Department's ability to effectively respond to future disasters and to fully comply with external requirements pertaining to disaster recovery reimbursements.