COUNTY OF SANTA BARBARA, CALIFORNIA

SINGLE AUDIT REPORTS

FOR THE YEAR ENDED JUNE 30, 2008

COUNTY OF SANTA BARBARA, CALIFORNIA
SINGLE AUDIT REPORTS
YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS

Page

Reports

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* 1

Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 3

Report on Supplementary Information – Schedule of Expenditures of Federal Awards 6

Financial Statements

Schedule of Expenditures of Federal Awards 7

Notes to Schedule of Expenditures of Federal Awards 14

Findings and Questioned Costs

Schedule of Findings and Questioned Costs 16

REPORTS

BROWN ARMSTRONG PAULDEN
MCCOWN STARBUCK THORNBURGH & KEETER
Certified Public Accountants

Main Office
4200 Truxtun Ave., Suite 300
Bakersfield, California 93309
Tel 661.324.4971 Fax 661.324.4997
e-mail: info@bacpas.com

Shafter Office
560 Central Avenue
Shafter, California 93263
Tel 661.746.2145 Fax 661.746.1218

Andrew J. Paulden, CPA
Peter C. Brown, CPA
Burton H. Armstrong, CPA, MST
Steven R. Starbuck, CPA
Aileen K. Keeter, CPA
Chris M. Thornburgh, CPA
Eric H. Xin, MBA, CPA
Richard L. Halle, CPA, MST

Harvey J. McCown, CPA
Lynn R. Krausse, CPA, MST
Rosalva Flores, CPA
Connie M. Perez, CPA
M. Sharon Adams, CPA, MST
Diana H. Branthoover, CPA
Thomas M. Young, CPA
Alicia Dias, CPA, MBA
Matthew R. Gilligan, CPA
Hanna J. Sheppard, CPA
Ryan L. Nielsen, CPA
Jian Ou-Yang, CPA
Ryan S. Johnson, CPA
Jialan Su, CPA
Ariadne S. Prunes, CPA
Samuel O. Newland, CPA
Brooke N. DeCuir, CPA
Kenneth J. Witham, CPA
Clint W. Baird, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

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, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 16, 2008. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Santa Barbara's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the County's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs section as findings 08-01 through 08-07.

The County of Santa Barbara, California's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County of Santa Barbara, California's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County Board of Supervisors and management of the County as well as the County's federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK THORNBURGH & KEETER
ACCOUNTANCY CORPORATION

Bakersfield, California
September 16, 2008

BROWN ARMSTRONG PAULDEN
MCCOWN STARBUCK THORNBURGH & KEETER
Certified Public Accountants

Main Office
4200 Truxtun Ave., Suite 300
Bakersfield, California 93309
Tel 661.324.4971 Fax 661.324.4997
e-mail: info@bacpas.com

Shafter Office
560 Central Avenue
Shafter, California 93263
Tel 661.746.2145 Fax 661.746.1218

Andrew J. Paulden, CPA
Peter C. Brown, CPA
Burton H. Armstrong, CPA, MST
Steven R. Starbuck, CPA
Aileen K. Keeter, CPA
Chris M. Thornburgh, CPA
Eric H. Xin, MBA, CPA
Richard L. Halle, CPA, MST

Harvey J. McCown, CPA
Lynn R. Krausse, CPA, MST
Rosalva Flores, CPA
Connie M. Perez, CPA
M. Sharon Adams, CPA, MST
Diana H. Branthoover, CPA
Thomas M. Young, CPA
Alicia Dias, CPA, MBA
Matthew R. Gilligan, CPA
Hanna J. Sheppard, CPA
Ryan L. Nielsen, CPA
Jian Ou-Yang, CPA
Ryan S. Johnson, CPA
Jialan Su, CPA
Ariadne S. Prunes, CPA
Samuel O. Newland, CPA
Brooke N. DeCuir, CPA
Kenneth J. Witham, CPA
Clint W. Baird, CPA

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND 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, 2008. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Santa Barbara, California'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 item 08-04 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding 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 item 08-05 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding reporting, eligibility, 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.

REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

As described in items 08-06 and 08-07 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding 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 items 08-02 and 08-03 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 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 item 08-01 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding 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, except for the noncompliance described in the five 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, 2008.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies in internal control over compliance described in the accompany Schedule of Findings and Questioned Costs as items 08-01 and 08-06 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 08-01 to be a material weakness.

The County of Santa Barbara, California's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County of Santa Barbara, California's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County Board of Supervisors and management of the County as well as the County's federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK THORNBURGH & KEETER
ACCOUNTANCY CORPORATION

Bakersfield, California
September 16, 2008

BROWN ARMSTRONG PAULDEN
MCCOWN STARBUCK THORNBURGH & KEETER
Certified Public Accountants

Main Office
4200 Truxtun Ave., Suite 300
Bakersfield, California 93309
Tel 661.324.4971 Fax 661.324.4997
e-mail: info@bacpas.com

Shafter Office
560 Central Avenue
Shafter, California 93263
Tel 661.746.2145 Fax 661.746.1218

Andrew J. Paulden, CPA
Peter C. Brown, CPA
Burton H. Armstrong, CPA, MST
Steven R. Starbuck, CPA
Aileen K. Keeter, CPA
Chris M. Thornburgh, CPA
Eric H. Xin, MBA, CPA
Richard L. Halle, CPA, MST

Harvey J. McCown, CPA
Lynn R. Krausse, CPA, MST
Rosalva Flores, CPA
Connie M. Perez, CPA
M. Sharon Adams, CPA, MST
Diana H. Branthoover, CPA
Thomas M. Young, CPA
Alicia Dias, CPA, MBA
Matthew R. Gilligan, CPA
Hanna J. Sheppard, CPA
Ryan L. Nielsen, CPA
Jian Ou-Yang, CPA
Ryan S. Johnson, CPA
Jialan Su, CPA
Ariadne S. Prunes, CPA
Samuel O. Newland, CPA
Brooke N. DeCuir, CPA
Kenneth J. Witham, CPA
Clint W. Baird, CPA

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, 2008, which collectively comprise the County's basic financial statements, and have issued our report thereon, dated September 16, 2008.

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.

BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK THORNBURGH & KEETER
ACCOUNTANCY CORPORATION

Bakersfield, California
September 16, 2008

REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

FINANCIAL STATEMENTS

COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental identifying number	Expenditures
ELECTION ASSISTANCE COMMISSION (EAC)			
Passed through California Secretary of State:			
Help American Vote Act Requirement Payments	90.401	07G30130	$ 225,629
TOTAL ELECTION ASSISTANCE COMMISSION (EAC)			225,629
U.S. DEPARTMENT OF AGRICULTURE			
Direct Program -			
Cooperative Forestry Assistance	10.664	06-LE-1105-1360-036	29,923
Cooperative Forestry Assistance	10.664	06-LE-1105-1360-032	4,842
Passed through California Department of Food and Agriculture:			
Plant and Animal Disease, Pest Control, and Animal Care	10.025	07-0015	106,761
Plant and Animal Disease, Pest Control, and Animal Care	10.025	07-0451	8,724
Passed through California Department of Health Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	05-45796	2,394,287
Passed through National Fish and Wildlife Foundation and Animal & Plant Health Inspection Service:			
Plant and Animal Disease, Pest Control, and Animal Care	10.025	2005-0004-041	1,500
TOTAL U.S. DEPARTMENT OF AGRICULTURE			2,546,037
U.S. DEPARTMENT OF AGRICULTURE - CHILD NUTRITION CLUSTER			
Passed through California Department of Education:			
National School Lunch Program	10.555	42-10421-4232815-01	190,074
School Breakfast Program	10.553	42-10421-4232815-01	121,817
TOTAL U.S. DEPARTMENT OF AGRICULTURE - CHILD NUTRITION CLUSTER			311,891
U.S. DEPARTMENT OF AGRICULTURE - FOOD STAMPS CLUSTER			
Passed through California Department of Social Services:			
Food Stamps (1)	10.551	Santa Barbara	23,901,954
State Administrative Matching Grants for Food Stamp Program (1)	10.561	Santa Barbara	4,258,667
TOTAL U.S. DEPARTMENT OF AGRICULTURE - FOOD STAMPS CLUSTER			28,160,621

(Continued)

(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
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2008

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental identifying number	Expenditures
U.S. DEPARTMENT OF COMMERCE			
Direct Program -			
Coastal Zone Management Administration Awards	11.419	NA17OZ2073	3,595
TOTAL U.S. DEPARTMENT OF COMMERCE			3,595
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Alcohol and Drug Programs:			
Safe and Drug-Free Schools and Communities - State Grants	84.186	SDF 03-16	45,579
TOTAL U.S. DEPARTMENT OF EDUCATION			45,579
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Program -			
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	H76HA00193	355,524
Passed through California Department of Alcohol and Drug Programs:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	NNA42	2,531,222
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	--	512,596
Passed through California Department of Health Services - Office of AIDS:			
HIV Care Formula Grants	93.917	07-65081 EIP 07-42/4	215,595
Passed through California Department of Health Services:			
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	07-65081 HIV 07-42-2	178,060
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	06-55702	7,776
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	Santa Barbara	576,320
HIV Care Formula Grants	93.917	06-55773	118,296
Immunization Grants	93.268	07-65248	98,742
Immunization Grants	93.268	07-65296	234,296
Maternal and Child Health Services Block Grant to the States	93.994	200742	849,188
Preventive Health and Health Services Block Grant	93.991	04-35460	46,365
Preventive Health and Health Services Block Grant	93.991	07-65336	141,476
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	Santa Barbara	51,541
Public Health and Social Services Emergency Fund	93.003	Santa Barbara	248,600
Passed through California Department of Mental Health:			
Block Grants for Community Mental Health Services	93.958	SCC42	209,960
Projects for Assistance in Transition from Homelessness (PATH)	93.150	McKinney Grant (PATH)	53,495

(Continued)

(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
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2008

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental identifying number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)			
Passed through California Department of Social Services:			
Adoption Assistance	93.659	Santa Barbara	1,696,267
Chafee Foster Care Independent Living	93.674	Santa Barbara	129,773
Child Support Enforcement (1)	93.563	Santa Barbara (County 42)	6,295,550
Child Welfare Services - State Grants	93.645	Santa Barbara	306,435
Community-Based Family Resource and Support Grants	93.590	Santa Barbara	22,009
Foster Care - Title IV-E (1)	93.658	Santa Barbara	8,914,738
Promoting Safe and Stable Families	93.556	Santa Barbara	312,301
Refugee and Entrant Assistance - State Administered Programs	93.566	Santa Barbara	6,615
Social Services Block Grant	93.667	Santa Barbara	202,320
Temporary Assistance for Needy Families (1)	93.558	Santa Barbara	27,726,435
Passed through Central Coast Commission for Senior Citizens:			
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	78530A	15,243
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			52,056,738
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONSOLIDATED HEALTH CENTERS CLUSTER			
Direct Program -			
Consolidated Health Centers (Health Care For The Homeless)	93.224	H80CS00046	469,477
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONSOLIDATED HEALTH CENTERS CLUSTER			469,477
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - MEDICAID CLUSTER			
Passed through California Department of Aging:			
Medical Assistance Program (1)	93.778	MS-0708-15	428,500
Passed through California Department of Health Services:			
Medical Assistance Program (1)	93.778	03-75090	671,396
Passed through California Department of Mental Health:			
Medical Assistance Program (1)	93.778	42-4450	1,439,962
Passed through California Department of Social Services:			
Medical Assistance Program (1)	93.778	Santa Barbara	15,627,631
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - MEDICAID CLUSTER			18,167,489

(Continued)

(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
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2008

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental identifying number	Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through Governor's Office of Emergency Services:			
Hazard Mitigation Grant	97.039	HMPG 1505-44-18	3,793
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	2006-71, OES #083-00000	333,974
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	2007-71, OES #083-00000	69,646
Public Assistance Grants	97.036	FEMA – 1577 – DR-CA, OES ID #083-00000	602,702
State Homeland Security Program (SHSP)	97.073	2006-71, OES #083-00000	422,996
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			1,433,111
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Program -			
HOME Investment Partnerships Program	14.239	M05-DC060554	580,814
HOME Investment Partnerships Program	14.239	M06-DC060554	97,549
HOME Investment Partnerships Program	14.239	M07-DC060554	22,200
Supportive Housing Program	14.235	CA16B603010	115,315
Supportive Housing Program	14.235	CA16B503011	7,900
Supportive Housing Program	14.235	CA16B603002	17,850
Supportive Housing Program	14.235	CA16B603008	160,585
Supportive Housing Program	14.235	CA16B603011	102,812
Passed through California Department of Health Services:			
Housing Opportunities for Persons with AIDS	14.241	07-65538	103,099
Passed through California Department of Housing and Community Development			
Community Development Block Grants/State's Program	14.218	B07UC060509	607,581
Community Development Block Grants/State's Program	14.228	05-EDBG-1969	34,788
Community Development Block Grants/State's Program	14.228	05-STBG-1520	200,620
Community Development Block Grants/State's Program	14.246	None	140,886
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			2,191,999

(Continued)

(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
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2008

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental identifying number	Expenditures
U.S. DEPARTMENT OF JUSTICE			
Direct Program -			
State Criminal Alien Assistance Program	16.606	2008-AP-BX-0076	628,173
Passed through Bureau of Justice Assistance:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007DJBX0672	126,747
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007DJBX0672	203,263
Passed through California Corrections Standards Authority:			
Juvenile Accountability Incentive Block Grants	16.523	CSA 126-07	30,848
Passed through State Office of Criminal Justice & Planning (OCJP):			
Byrne Formula Grant Program	16.579	SF-08-A-410843	75,495
Passed through State Office of Emergency Services (OES):			
Crime Victim Assistance	16.575	EA06 07 0420	63,680
Crime Victim Assistance	16.575	VW07 26 0420	110,938
Violence Against Women Formula Grants	16.588	VV07 03 0420	105,000
TOTAL U.S. DEPARTMENT OF JUSTICE			1,344,144
U.S. DEPARTMENT OF LABOR - WIA CLUSTER			
Passed through California Employment Development Department:			
WIA Adult Program (1)	17.258	None	151,255
WIA Adult Program (1)	17.258	R865490	697,814
WIA Adult Program (1)	17.258	R760354	254,859
WIA Dislocated Workers (1)	17.260	R865490	490,145
WIA Dislocated Workers (1)	17.260	R760354	248,148
WIA Youth Activities (1)	17.259	None	12,256
WIA Youth Activities (1)	17.259	R865490	413,059
WIA Youth Activities (1)	17.259	R760354	720,014
TOTAL U.S. DEPARTMENT OF LABOR - WIA CLUSTER			2,987,550

(Continued)

(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
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2008

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental identifying number	Expenditures
U.S. DEPARTMENT OF THE INTERIOR			
Direct Program -			
Fish and Wildlife Management Assistance	15.631	11440-03-J006	3,220
Water Reclamation and Reuse Program	15.504	06FC202083	17,999
Water Reclamation and Reuse Program	15.504	06FC202084	92,636
Passed through U.S. Fish and Wildlife Service - Ventura Office:			
Conservation Grants Private Stewardship for Imperiled Species	15.632	81440-06-J004	20,892
TOTAL U.S. DEPARTMENT OF THE INTERIOR			134,747
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Program -			
Air Transportation Centers of Excellence	20.109	None	735,763
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	HMECA7033150	9,061
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			744,824
U.S. DEPARTMENT OF TRANSPORTATION - HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			
Passed through Caltrans:			
Highway Planning and Construction (1)	20.205	05-0591/M040-M	57,844
Highway Planning and Construction (1)	20.205	05-0591/M051	5
Highway Planning and Construction (1)	20.205	05-5951/	1,029,215
Highway Planning and Construction (1)	20.205	05-5951/M012	18,240
Highway Planning and Construction (1)	20.205	05-5951/M015	136,930
Highway Planning and Construction (1)	20.205	05-5951/M020	23,845
Highway Planning and Construction (1)	20.205	05-5951/M038	237,905
Highway Planning and Construction (1)	20.205	05-5951/M039	2,902
Highway Planning and Construction (1)	20.205	05-5951/M041	25,799
Highway Planning and Construction (1)	20.205	05-5951/M042	27,100
Highway Planning and Construction (1)	20.205	05-5951/M043	1,659
Highway Planning and Construction (1)	20.205	05-5951/M044	75,451
Highway Planning and Construction (1)	20.205	05-5951/M045	1,555

(Continued)

(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
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2008

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental identifying number	Expenditures
Passed through Caltrans (Continued):			
Highway Planning and Construction (1)	20.205	05-5951/M048	6,003
Highway Planning and Construction (1)	20.205	05-5951/M049	3,214
Highway Planning and Construction (1)	20.205	05-5951/M053	26,642
Highway Planning and Construction (1)	20.205	05-5951/M066	1,455,063
Highway Planning and Construction (1)	20.205	05-5951/M067	1,930
Highway Planning and Construction (1)	20.205	05-5951/N054	14,920
TOTAL U.S. DEPARTMENT OF TRANSPORTATION - HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			3,146,222
U.S. DEPARTMENT OF TRANSPORTATION - HIGHWAY SAFETY CLUSTER			
Passed through State CSA:			
State and Community Highway Safety	20.600	AL 0699	52,489
Passed through State of California Office of Traffic Safety:			
State and Community Highway Safety	20.600	AL0680	27,255
State and Community Highway Safety	20.600	AL0838	37,007
TOTAL U.S. DEPARTMENT OF TRANSPORTATION - HIGHWAY SAFETY CLUSTER			116,751
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed through California Department of Health Services:			
Beach Monitoring and Notification Program Implementation Grants	66.472	07 - 65566	25,000
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			25,000
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 114,111,404

(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
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 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 are included in the accompanying schedule.

NOTE 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.

NOTE 3 – RELATIONSHIP TO COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

NOTE 4 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

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

NOTE 5 – DISCLOSURES FOR STATE GRANTS

Grant revenues and expenditures by category for the fiscal year ended June 30, 2008 are as follows:

(a) Office of Emergency Services – Elder Abuse & Career Criminal Vertical (Grant No. VB07050420)

	Grant number VB07050420
Revenues:	
State	$ 146,981
Total revenues	$ 146,981
Expenditures:	
Personal services	$ 142,381
Operating expenditures	4,600
Total expenditures	$ 146,981

NOTE 5 – DISCLOSURES FOR STATE GRANTS (Continued)

(b) State of California Department of Justice – Spousal Abuser Prosecution Program (Grant No. 07SA14C029)

	Grant number 07SA14C029
Revenues:	
State	$ 71,456
County match	14,291
Total revenues	$ 85,747
Expenditures:	
Personal services	$ 85,747
Total expenditures	$ 85,747

(c) State of California Department of Insurance – Workers' Compensation Insurance Fraud Program

Revenues:	
State	$ 155,519
Total revenues	$ 155,519
Expenditures:	
Personal services	$ 155,519
Total expenditures	$ 155,519

FINDINGS AND QUESTIONED COSTS

COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

1. Summary of Auditor's Results

Financial Statements

(a) The type of report issued on the financial statements: **Unqualified opinion.**

(b) Significant deficiencies 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) Significant deficiencies in internal control over major programs: **Yes. See items 08-01 and 08-06.**

Material weaknesses: **Yes. See item 08-01.**

(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 – **Qualified opinion**
6. Workforce Investment Act Cluster – **Unqualified opinion**
7. Highway Planning and Construction – **Unqualified opinion**

(f) Any audit findings, which are required to be reported under Section 510(a) of OMB Circular A-133: **Yes. See items 08-01 through 08-07.**

(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)

- U.S. Department of Labor

  – Workforce Investment Act Cluster (CFDA Nos. 17.258, 17.259, and 17.260)

- U.S. Department of Transportation

  – Highway Planning and Construction (CFDA No. 20.205)

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

(h) 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 Financial Statements Reported in Accordance with *Government Auditing Standards*

None.

3. Findings and Recommendations Relating to Federal Awards

08-01

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: Santa Barbara
Award Year: Fiscal year 2007/2008
Compliance Requirement: Eligibility
Questioned Costs: $79,035

Criteria:
The *March 2008 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/group program participants were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made only to eligible participants.

Condition Found:
Out of the 46 participants selected for eligibility testwork, we noted the following:

- 5 cases where the children did not meet the eligibility requirements of the former AFDC program for one or more months during the year.
- 3 case files did not contain a current permanency plan adopted by the courts.
- 1 case file had an incomplete criminal background check for a foster care provider.
- 2 case files where the court orders did not have the language required for the case to be eligible for federal funding.
- 1 case file did not include the current placement of the foster child.
- 2 case files where a permanency plan was not adopted within 12 months of the date the child entered foster care.
- 3 case files where the children were not eligible for federal funding based on dependency status and/or placement.

Effect:
Ineligible participants may be receiving benefits.

Recommendation:
We recommend that the County establish formal policies and procedures with regards to ongoing eligibility re-determination requirements in order to ensure that eligibility re-determinations 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:
Of the 17 findings noted above, there were a total of 9 participants who may have been ineligible for the federal Foster Care benefits. Additionally, there were findings on 2 participants that did not impact their eligibility for federal benefits.

The Department acknowledges that timely and complete documentation was not available or documented in the Foster Care (FC) eligibility file to provide initial eligibility and/or redetermination eligibility for AFDC-FC cases. The Department initiated an eligibility staff self audit on 100% of the AFDC-FC cases in June 2008. The self-audit will commence in December and is supported by monthly random supervisor reviews and will be followed by an internal audit of files by our program analysts. Regulatory compliance continues to be addressed in monthly unit trainings by the program analyst.

The Department recognizes that documented court findings did not consistently reflect the findings recommended by social workers thus creating noncompliance. The Department has completed the advanced preparation needed to implement the use of the 2008 Judicial Council Recommended Findings and Orders by Child Welfare Services (CWS) Staff. Training has been scheduled for October 2008 to educate all relevant CWS staff in the use of the new findings and orders. The Department will implement use of the new findings and orders November 2008. In addition, the Department has been working with the Juvenile Courts to ensure that the requisite language on the minute orders parallels the recommended findings and orders. A process for reviewing all minute orders has been established at several junctures in the life of the eligibility case and those minute orders lacking the requisite language will be returned to the courts for review of the corresponding transcripts and modification, if legally appropriate.

08-02

Program: Child Support Enforcement Program
CFDA No.: 93.563
Federal Agencies: U.S. Department of Health and Human Services
Passed-through: California Department of Social Services
Award Numbers: Santa Barbara (County 42)
Award Year: Fiscal year 2007/2008
Compliance Requirement: Allowable Costs and Activities
Questioned Costs: $125.60

Criteria:
The State of California requires that grant funds are to be used for Allowable Costs and Activities in accordance with the *March 2008 OMB Circular A-133 Compliance Supplement*, which requires that the pass-through entity establish control systems to ensure costs are for allowable activities and are properly coded.

Condition Found:
In performing allowable costs and activities testwork for administrative costs, we noted that:

Out of the 46 County Department of Child Support Services non-payroll expenditures selected for testing:

- 2 expenditure items did not have proper supporting documentation.

Effect:
Non-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 non-payroll expenditure payment 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 non-payroll expenditures and related supporting documentation.

Views of Responsible Officials:
In regards to the two non-payroll expenditures, the Department concurs with this finding. The two receipts in question were provided by the same vendor. The vendor's receipt, although itemized by each item purchased, did not identify those items. The cash register tape simply read "tax" or "non tax" for each item. The Department wrote out on a separate piece of paper the items that were purchased on those receipts. The receipts in question were for items required during a staff training meeting, and this was the only vendor in the vicinity where the necessary items could be purchased. In the event the Department has to use this vendor again, we will write down the item purchased for each line item, and ask the vendor to sign the receipt.

08-03

Program: Child Support Enforcement Program
CFDA No.: 93.563
Federal Agencies: U.S. Department of Health and Human Services
Passed-through: California Department of Social Services
Award Numbers: Santa Barbara (County 42)
Award Year: Fiscal year 2007/2008
Compliance Requirement: Special Tests and Provisions
Questioned Costs: $0

Criteria:
The 2008 *OMB Circular A-133* requirements for Special Tests and Provisions require the following:

- The County to establish paternity and a support obligation for children under IV-D cases within 90 calendar days of locating the non-custodial parent.
- Under IV-D cases where an obligation to support has been ordered, the County is required to monitor such cases. For cases requiring enforcement, an enforcement action must be initiated within 30 days of identifying a delinquency or 60 days if service of process is required.
- The County is required to inquire if the custodial parent has insurance other than Medicaid and is required to petition or pursue enforcement of medical support in the form of health insurance as part of support orders.

Condition Found:
Out of the 46 case files selected for testing, we noted the following:

- 6 case files whereby the County failed to serve process and/or establish an order for support obligation within 90 days of locating the non-custodial parent.
- 3 case files whereby the County failed to monitor or perform enforcement actions within the required timeframes.
- 1 case file whereby the County failed to pursue enforcement of medical support in the form of health insurance as part of the support orders.

Effect:
The County is out of compliance with the requirement of the Special Tests and Provisions of OMB A-133.

Recommendation:
We recommend that the County strictly adhere to the established policies and procedures with regards to establishing paternity and a support obligation within the required deadlines for IV-D cases, verifying enforcement actions within the required time frame, and enforced the requirement for medical support as part of support orders.

Views of Responsible Officials:
We concur with this finding. On November 5, 2007, we transitioned to a new "statewide" computer system. While we believe the system will ultimately deliver the promised efficiencies, there are currently many flaws that need to be fixed. The system contains huge layers of complexity and since its implementation, in May 2007, thousands of system defects have been identified and corrected, and many more still remain to be resolved. Such defects have ranged from incorrect data transfer from the Social Services system (a major referral source), a lack of Spanish language forms, erroneous levies on bank accounts, to overproduction of automatically generated forms. Such deficiencies, coupled with experiencing a natural learning curve have caused a slow-down in productivity and follow through for case activities. The conditions found above, in general, occurred while moving from the old system to the new one (e.g. an action was started in the CASES system, but not followed through in the new CSE system). We also recognized that we were not working to our potential and this caused us to look carefully at our service delivery model. In June 2008, we implemented a new "branch team" service model, in which we approach our casework from a team perspective (as opposed to every Child Support Officer having a caseload). Our Santa Barbara Office is now our customer service call center; our Lompoc office now focuses on establishing orders; and our Santa Maria office is charged with opening and enforcing our cases. We continue to monitor work productivity in order to assess whether or not we are meeting our goal to meet required performance mandates. Additionally, we continue department-wide trainings for all staff, as well as enroll staff in process improvement training. The department recognizes that remaining in compliance with our mandates is of utmost importance in order to properly serve our customers.

08-04

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: Various
Award Year: Fiscal year 2007/08
Compliance Requirement: Eligibility
Questioned Costs: $0

Criteria:
The *March 2008 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/group program participants were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made only to eligible participants.

Condition Found:
Specific requirements must be followed to ensure that the individual meets the financial and categorical requirements, which includes 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.
- Verification of an applicant and recipient's social security number (SSN) to ensure that each SSN furnished was issued to that individual.
- Verification of applicant's qualified alien status by obtaining an MC 13 if the applicant is not a U.S. citizen.
- Verification of the eligibility of Medicaid recipients with respect to circumstances that may change, at least every 12 months.

Out of the 46 case files selected for eligibility testwork, we noted the following:

- 3 case files whereby the County did not verify the participant's SSN through an IEVS J-Verified Report in CalWIN.
- 1 case file whereby the County failed to verify the participant's qualified alien status by obtaining a completed and signed MC 13 from the applicant.
- 3 case files whereby the County failed to redetermine the eligibility of Medicaid recipients within the 12 month renewal period.

Out of the 20 case files selected for IHSS eligibility testwork, we noted the following

- 2 case files whereby the County failed to redetermine the eligibility of recipients within the 12 month renewal period.

Effect:
Participant data may not be accurate in the participant file or the system, which could lead to initial and 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:

Medi-Cal
We concur with this finding. The Department acknowledges that complete eligibility documentation is required to establish accurate Medi-Cal eligibility. The Department already has policies and procedures in place that require Medi-Cal staff to follow State policies regarding initial and ongoing eligibility determinations**.**

The Department has longstanding policies and procedures regarding eligibility determinations. Medi-Cal Eligibility Procedural Manual Supplement (MCP) 06-14, MCP 04-06, Administrative Directive (AD) 07-08, and AD 06-22 provide clear written direction and policy for staff.

The Medi-Cal Program Analyst will review the MCP's regarding the application process and MC-13 requirements with all Medi-Cal Supervisors. Review of the MCP's will occur at the next Team Meeting scheduled for November 2008. The Medi-Cal Program Analyst will also review program resources regarding IEVS and RRR processing at this Team Meeting.

The County requires that supervisors provide unit training/review of these MCP's. These trainings/reviews will be conducted annually. Supervisors will send the completed training sheets to the Program Analyst who will keep them for tracking.

The Department has a policy on supervisor case reviews issued in 2000 (MCP 00-46) that remains in effect for Intake units. The policy states that the supervisor must complete 2 reviews per month for each experienced worker. With the Benefit Service Center (BSC) in effect as of September 2008, the new policy in the BSC Operations Manual requires the BSC supervisors to conduct case, phone, and task reviews monthly.

In addition, given the demand for accountability, monitoring, training, and management information, the Department Executive Operating Team decided to establish a Quality Assurance unit. The Quality Assurance unit will conduct Medi-Cal case reviews which will include areas such as timely processing, reinvestigations, Income Reports, and MEDS alerts. The Medi-Cal Program Analyst will also coordinate with this unit to include reviews on applicant signatures, IEVS, and the completion of the MC 13 forms.

IHSS

We concur with the finding. The Department acknowledges that two redeterminations were not completed within the mandated time frames. The County has pre-existing policies and procedures with regards to an initial ongoing eligibility determination, required documentation, maintenance of participant files, and continues its efforts to ensure these policies are adhered to. IHSS is currently understaffed to meet the increasing workload demands of the IHSS program. The state IHSS administrative allocation is currently inadequate to meet staffing needs, and the program will endure an additional 5% statewide administrative cut next fiscal year.

Quality Assurance staff and IHSS Supervisors will continue monitoring Case Management Information and Payroll System reports to ensure timely face-to-face reassessments. The Department shall continue to strive to complete timely redeterminations within the capacity of current staffing levels.

Finally, the Department has made a considerable effort to develop and implement a documentation tool (the Client Assessment and Documentation Instrument, or CADI) that designed to streamline the reassessment documentation process. The CADI was implemented countywide in June 2008, and has been shared statewide as a model for improved case documentation.

08-05

Program: Food Stamps Cluster
CFDA No.: 10.551 and 10.561
Federal Agency: U.S. Department of Agriculture
Passed-through: California Department of Social Services
Award No.: Santa Barbara
Award Year: Fiscal year 2007/08
Compliance Requirement: Special Tests and Provisions – ADP System for Food Stamps
Questioned Costs: $473

Criteria:

The *March 2008 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. In addition *March 2008 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/group program participants were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made only to eligible participants.

Condition Found:
Out of 46 case files selected for testing, we noted:

- 6 case files whereby the County calculated the benefit amount incorrectly.
- 6 case files whereby the income verification documentation in the case files did not agree with income verification the data in CalWIN.

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 Department agrees that complete eligibility documentation must be included in the participant file in order to ensure accuracy of participant data and eligibility determination. The Department has established policies, procedures and business processes that require staff to adhere to state regulations and local policies governing eligibility determination, documentation, and case maintenance.

The Department has longstanding policies and procedures regarding eligibility determinations. Food Stamps (FS) AD 06-02, FS AD 04-04, ADMIN AD 06-35 and ADMIN AD 06-04 provide clear written direction and policy for staff.

The Food Stamps Program Analyst will review the administrative directives regarding the calculation of the monthly benefit amount, obtaining the required income verifications, and documentation in CalWIN with all Food Stamp Supervisors. Review of the AD's will occur at the next Team Meeting scheduled for October 2008.

The Department has a policy on supervisor case reviews issued in 2000 (MCP 00-46) that remains in effect for Intake units. The policy states that the supervisor must complete 2 reviews per month for each experienced worker. With the Benefit Service Center (BSC) in effect as of September 2008, the new policy in the BSC Operations Manual requires the BSC supervisors to conduct case, phone, and task reviews monthly.

The audit findings and corrective action plan will be reviewed with supervisory staff by the Food Stamps Program Analyst with the expectation that supervisors review / train their unit staff on the applicable policies and procedures at least semi-annually.

08-06

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 Number: Santa Barbara
Award Year: Fiscal year 2007/08
Compliance Requirement: Eligibility
Questioned Costs: $5,210

Criteria:
The *March 2008 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/group program participants were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made only to eligible participants.

Condition Found:
Out of the 46 case files selected for eligibility testing, we noted:

- 4 case files whereby the County did not verify income for one or more quarters.

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 Department agrees that complete eligibility documentation must be included in the participant file in order to ensure accuracy of participant data and eligibility determination. The Department has established policies, procedures and business processes that require staff to adhere to state regulations and local policies governing eligibility determination, documentation, and case maintenance. The Department has longstanding policies and procedures regarding eligibility determinations. ADMIN AD 06-22 and ADMIN AD 06-35 provide clear written direction and policy for staff.

The CalWORKs Program Analyst will review the Eligibility Assistance Standards (EAS) manual sections regarding obtaining income verifications as well as documentation in CalWIN with all CalWORKs Supervisors. Review of the manual sections will occur at the next Team Meeting scheduled for November 2008.

The Department has a policy on case reviews recently updated in January 2008 that remains in effect. The policy states that the supervisor must complete 2 reviews per month for each experienced worker.

The audit findings and corrective action plan will be reviewed with supervisory staff by the CalWORKs Program Analyst with the expectation that supervisors review / train their unit staff on the applicable policies and procedures at least semi-annually.

08-07

Program: Temporary Assistance for Needy Families
CFDA No.: 93.558
Federal Agencies: U.S. Department of Health and Human Services
Passed-through: California Department of Social Services
Award Numbers: Santa Barbara
Award Year: Fiscal year 2007/08
Compliance Requirement: Special Tests and Provisions
Questioned Costs: $504

Criteria:
The *March 2008 OMB Circular A-133 Compliance Supplement* requires each State to participate in the Income Eligibility and Verification System (IEVS), the Child Support Non-Cooperation, and Penalty for Refusal to Work. Under the State of California IEVS Plan the County 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. The State notifies the TANF agencies of non-cooperation with Child Support and the agencies have to take necessary actions to reduce or deny benefits. The State established regulations for the County to reduce or terminate the assistance grant of the individuals who refuse to engage in work.

Condition Found:
Out of the 46 case files selected for eligibility testing, we noted:

- 1 case file whereby the County did not use the Income Eligibility and Verification System to verify income eligibility in fiscal year 2007/08.
- 1 case file whereby the County did not sanction the applicants for non-cooperation with Child Support.

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

Recommendation:
We recommend that the County strictly adhere to the established policies and procedures with regards to ongoing eligibility verification. This will prevent TANF benefit payments made to ineligible participants.

Views of Responsible Officials:
We concur with the finding. The Department agrees that complete eligibility documentation must be included in the participant file in order to ensure accuracy of participant data and eligibility determination. The Department has established policies, procedures and business processes that require staff to adhere to state regulations and local policies governing eligibility determination, documentation, and case maintenance.

The Department has longstanding policy and procedures regarding eligibility determinations. ADMIN AD 06-22, CALWORKS (CW) AD 03-01, CW AD 07-07, WELFARE TO WORK (WTW) AD 07-01 and WTW 06-01 provide clear written direction and policy for staff.

The CalWORKs Program Analyst will review the administrative directives regarding use of the IEVS system to verify income and child support cooperation requirements and enforcements with all CalWORKs Supervisors. This review will occur at the next Team Meeting scheduled for November 2008.

The Department has a policy on case reviews recently updated in January 2008 that remains in effect. The policy states that the supervisor <u>must</u> complete 2 reviews per month for each experienced worker.

The audit findings and corrective action plan will be reviewed with supervisory staff by the CalWORKs Program Analyst with the expectation that supervisors review / train their unit staff on the applicable policies and procedures at least semi-annually.