COUNTY OF SANTA BARBARA, CALIFORNIA

SINGLE AUDIT REPORTS

FOR THE YEAR ENDED JUNE 30, 2013

COUNTY OF SANTA BARBARA, CALIFORNIA
SINGLE AUDIT REPORTS
FOR THE YEAR ENDED JUNE 30, 2013

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, 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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 26, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 as findings 2013-001 through 2013-011.

The County's Response to Findings

The County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
August 26, 2013

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the County of Santa Barbara, California's (the County) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have direct and material effect on each of the County's major federal programs for the year ended June 30, 2013. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Basis for Qualified Opinion on Major Federal Programs (Identified on the Schedule of Findings and Questioned Costs)

As described in item 2013-001 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply, in all instances, with requirements regarding eligibility that are applicable to its Foster Care (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.

As described in item 2013-002 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply, in all instances, with requirements regarding eligibility that are applicable to its Medical Assistance Program (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 2013-003 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply, in all instances, with requirements regarding special tests and provisions that are applicable to its State Administrative Matching Grants for Supplemental Nutrition Assistance Program (CFDA No. 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 2013-004 and 2013-010 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply, in all instances, with requirements regarding eligibility and special tests and provisions that are applicable to its Temporary Assistance for Needy Families Cluster (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 2013-005 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply, in all instances, with requirements regarding eligibility that are applicable to its Adoption Assistance Program (CFDA No. 93.659). 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 2013-006 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply, in all instances, with requirements regarding special tests and provisions that are applicable to its Workforce Investment Act Cluster (CFDA Nos. 17.258, 17.259, and 17.278). 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 2013-007 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply, in all instances, with requirements regarding subrecipient monitoring that are applicable to its Community Development Block Grants/Entitlement Grants Cluster (CFDA Nos. 14.218 and 14.253). 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 2013-008 and 2013-009 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply, in all instances, with requirements regarding subrecipient monitoring and special test provisions that are applicable to its HOME Investment Partnerships Program (CFDA No. 14.239). Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Qualified Opinion on Major Federal Programs (Identified on the Schedule of Findings and Questioned Cost)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraphs, the County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major programs (identified on the Schedule of Findings and Questioned Cost) for the year ended June 30, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, 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 findings 2013-001 through 2013-011. Our opinion on each major federal program is not modified with respect to these matters.

The County's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as findings 2013-001 through 2013-011 to be significant deficiencies.

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
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Bakersfield, California
December 16, 2013

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

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, 2013, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 26, 2013, which contained unmodified opinions on those financial statements.

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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 16, 2013

FINANCIAL STATEMENTS

COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Direct Programs			
Cooperative Forestry Assistance	10.664	11-LE-11051360-224 A	$ 39,536
Cooperative Forestry Assistance	10.664	11-LE-11051360-224 B	14,126
Subtotal			53,662
Passed through California Department of Food and Agriculture:			
Plant and Animal Disease, Pest Control, and Animal Care	10.025	12-0095-SF	134,946
Plant and Animal Disease, Pest Control, and Animal Care	10.025	12-0339-SF	11,193
Subtotal			146,139
Passed through California Department of Public Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children (M-13)	10.557	11-10494	3,310,699
Passed through California Department of Education:			
National School Lunch Program	10.555	42-10421-4232815-01	150,445
School Breakfast Program	10.553	42-10421-4232815-01	96,640
Subtotal - Child Nutrition Cluster			247,086
Passed through California Department of Social Services:			
State Administrative Matching Grants for Food Stamp Program (M-13)	10.561	Santa Barbara	7,052,492
TOTAL U.S. DEPARTMENT OF AGRICULTURE			10,810,077
U.S. DEPARTMENT OF EDUCATION			
Passed through Santa Maria Joint Union High School District:			
Fighting Back			
Safe and Drug-Free Schools and Communities - National Programs	84.184	Santa Barbara	58,199
TOTAL U.S. DEPARTMENT OF EDUCATION			58,199
U.S. DEPARTMENT OF ENERGY			
Direct Programs			
ARRA Energy Efficiency and Conservation Block Grant Program (EECBG)	81128	DE-EE0003796	391,810
TOTAL U.S. DEPARTMENT OF ENERGY			391,810
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Programs			
Consolidated Health Centers (Health Care For The Homeless)	93.224	H80CS00046	483,143
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	H76HA00193	344,706
Affordable Care Act (ACA) Grants for New and Expanded Services under the Health Center Program	93.527	H80CS00046	111,242

Grants that are major programs are noted in the program “title” field by “(M-13).”

See accompanying notes to schedule of expenditures of federal awards and the independent auditor’s report on compliance for each major program and on internal control over compliance required by OMB Circular A-133.

COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2013

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental number	Expenditures
Passed through California Department of Alcohol & Drug Programs:			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	5H79TI019598-03	13,000
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	5H79TI019949-03	418
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	1H79TI022513-01	432,506
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	1H79TI023165-01	293,142
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	1H79TI023287-01	370,725
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	SPF SIG 12-04	42,591
Subtotal			1,152,381
Block Grants for Prevention and Treatment of Substance Abuse	93.959	12NNA42	1,197,678
Block Grants for Prevention and Treatment of Substance Abuse	93.959	11-NNA42	626,466
Subtotal			1,824,144
Passed through California Department of Health Services:			
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	Santa Barbara	75,617
National Bioterrorism Hospital Preparedness Program	93.889	Santa Barbara	305,860
Passed through California Department of Mental Health:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	2X06SM060005-10	58,639
Block Grants for Community Mental Health Services	93.958	3B09SM010005-10S1	215,675
Passed through California Department of Public Health:			
Preventive Health and Health Services Block Grant	93.991	12-10182	351,925
Maternal and Child Health Services Block Grant to the States	93.994	201242	969,020
Immunization Grants	93.268	11-10561	156,090
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	11-10686	5,000
Passed through California Department of Health Services:			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	Santa Barbara	288,763
Subtotal			293,763
Passed through California Department of Public Health - Office of AIDS:			
HIV Care Formula Grants	93.917	MGA 10-95290	348,839

Grants that are major programs are noted in the program “title” field by “(M-13).”

See accompanying notes to schedule of expenditures of federal awards and the independent auditor’s report on compliance for each major program and on internal control over compliance required by OMB Circular A-133.

COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2013

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental number	Expenditures
Passed through California Department of Social Services:			
Promoting Safe and Stable Families	93.556	Santa Barbara	284,498
Refugee and Entrant Assistance - State Administered Programs	93.566	Santa Barbara	479
Child Welfare Services - State Grants	93.645	Santa Barbara	317,290
Foster Care - Title IV-E (M-13)	93.658	Santa Barbara	6,953,531
Adoption Assistance (M-13)	93.659	Santa Barbara	3,101,811
Social Services Block Grant	93.667	Santa Barbara	551,780
Chafee Foster Care Independent Living	93.674	Santa Barbara	119,078
Temporary Assistance for Needy Families (M-13)	93.558	Santa Barbara	26,489,774
State Children's Insurance Program	93.767	Santa Barbara	382
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525	Santa Barbara	48,294
Passed through California Department of Child Support Services:			
Child Support Enforcement	93.563	Santa Barbara (County 42)	6,085,337
Passed through California Secretary of State:			
Voting Access for Individuals with Disabilities Grants to States and Local Governments	93.617	09G26108	1,085
Passed through California Department of Health Care Services:			
Medical Assistance Program (M-13)	93.778	08-85132	625,112
Passed through California Department of Mental Health:			
Medical Assistance Program (M-13)	93.778	42	3,003,686
Passed through California Department of Social Services:			
Medical Assistance Program (M-13)	93.778	Santa Barbara	15,561,281
Subtotal - Medicaid Cluster			19,190,079
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			69,834,461
U.S. DEPARTMENT OF HOMELAND SECURITY			
Direct Programs			
Assistance to Firefighters Grant	97.044	EMW-2009-FO-06986	24,834
Assistance to Firefighters Grant	97.044	EMW-2012-FO-06687	465,966
Subtotal			490,800
Passed through California Emergency Management Agency (CalEMA):			
Hazard Mitigation Grant	97.039	HMP-1810-18-7P, OES #083-00000	30,000
Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1952-DR-CA,CAL EMA ID;083-00000	25,601

Grants that are major programs are noted in the program "title" field by "(M-13)."

See accompanying notes to schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by OMB Circular A-133.

COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2013

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental number	Expenditures
Passed through Governor's Office of Emergency Services:			
Emergency Management Performance Grants	97.042	083-00000, EMW-2012-EP-0027	213,629
Hazard Mitigation Grant	97.039	1731-DR-CA	222,731
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	2010-0085, OES #083-00000	725,991
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	2011-SS-0077, OES #083-00000	133,907
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	2012-SS-00123, OES #083-00000	51,657
Subtotal			911,555
Passed through San Diego Sheriff's Department:			
Homeland Security Grant Program	97.067	2012-1123	7,675
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			1,901,991
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Programs			
Community Development Block Grants/Entitlement Grants (M-13)	14.218	B10UC060509	934,900
Community Development Block Grants/Entitlement Grants (M-13)	14.218	B11UC060509	1,140,168
Community Development Block Grants/Entitlement Grants (M-13)	14.218	B12UC060509	205,514
ARRA - Community Development Block Grant Entitlement Grants (CDBG-R)(Recovery Act Funded) (M-13)	14.253	ARRA CDBG-R B09UY060509	9,886
ARRA - Community Development Block Grants/Entitlement Grants (M-13)	14.253	ARRA HPRP S09UY060509	34,788
Subtotal - CDBG - Entitlement Grants Cluster			2,325,256
Emergency Shelter Grants Program	14.231	E11-UC060509	188,415
Emergency Shelter Grants Program	14.231	S10-UC060509	28,000
Subtotal			216,415
Supportive Housing Program	14.235	CA0596B9D031104	160,585
Supportive Housing Program	14.235	CA0598B9D031003 HMIS	22,971
Supportive Housing Program	14.235	CA0598B9D031104 HMIS	148,378
Supportive Housing Program	14.235	CA0600B9D031104	17,850
Supportive Housing Program	14.235	CA1006B9D031000 HMIS Expansion	15,092
Subtotal			364,876
HOME Investment Partnerships Program (M-13)	14.239	M08-DC060554	409,384
HOME Investment Partnerships Program (M-13)	14.239	M10-DC060554	36,152
HOME Investment Partnerships Program (M-13)	14.239	M11-DC060554	182,975
Subtotal			628,511
Universities Rebuilding America Program - Community Design	14.251	B-09-SP-CA-0208	258,229
Supportive Housing Program	14.235	CA0595B9D031003	115,315
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			3,908,602

Grants that are major programs are noted in the program “title” field by “(M-13).”

See accompanying notes to schedule of expenditures of federal awards and the independent auditor’s report on compliance for each major program and on internal control over compliance required by OMB Circular A-133.

COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2013

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental number	Expenditures
U.S. DEPARTMENT OF JUSTICE			
Passed through Office of Justice Programs:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-2363	23,742
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-0871	128,786
Passed through Board of State and Community Corrections:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 640-12	149,751
Passed through CalEMA:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	MS10010420	98,982
Subtotal - JAG Program Cluster			401,261
Violence Against Women Formula Grants	16.588	PU11 02 0420	22,842
Violence Against Women Formula Grants	16.588	PU12 03 0420	81,535
Subtotal			104,377
Passed through Office of Justice Programs:			
Drug Court Discretionary Grant Program	16.585	2011-DC-BX-0038	96,803
Drug Court Discretionary Grant Program	16.585	2012-DC-BX-0018	43,488
Subtotal			140,291
Passed through Governor's Office of Emergency Services, CalEMA:			
Crime Victim Assistance	16.575	VW11 30 0420	100,625
Passed through Governor's Office of Emergency Services, Cal-EMA:			
Community Prosecution and Project Safe Neighborhoods	16.609	US10 03 0420	1,810
Juvenile Accountability Incentive Block Grants	16.523	BSCC 126-12	36,736
TOTAL U.S. DEPARTMENT OF JUSTICE			785,100
U.S. DEPARTMENT OF LABOR - WIA CLUSTER			
Passed through California Employment Development Department:			
WIA Adult Program (M-13)	17.258	K282506	233,488
WIA Adult Program (M-13)	17.258	K386319	676,198
WIA Youth Activities (M-13)	17.259	K282506	266,961
WIA Youth Activities (M-13)	17.259	K386319	1,082,277
WIA Youth Activities (M-13)	17.259	K491040	42,993
WIA Dislocated Workers (M-13)	17.278	K386319	117,977
WIA Dislocated Worker Formula Grants (M-13)	17.278	K282506	570,020
WIA Dislocated Worker Formula Grants (M-13)	17.278	K386319	782,951
Subtotal - WIA Cluster			3,772,866
Passed through Department of Social Services:			
Homeless Veterans Reintegration Project	17.805	Santa Barbara	7,000
TOTAL U.S. DEPARTMENT OF LABOR			3,779,866

Grants that are major programs are noted in the program “title” field by “(M-13).”

See accompanying notes to schedule of expenditures of federal awards and the independent auditor’s report on compliance for each major program and on internal control over compliance required by OMB Circular A-133.

COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2013

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental number	Expenditures
U.S. DEPARTMENT OF THE INTERIOR			
Passed through Minerals Management Service:			
Coastal Impact Assistance Program (CIAP)	15.426	OMB 1010-0170	26,000
Passed through U.S. Fish and Wildlife Service:			
Coastal Impact Assistance Program	15.668	F12AF00478	11,503
Coastal Impact Assistance Program	15.668	F12AF700307	302,980
Passed through Bureau of Reclamation:			
Fish And Wildlife Coordination Act	15.517	R10AC20610	15,815
Water Reclamation and Reuse Program	15.504	R10AC20626	143,920
Water Reclamation and Reuse Program	15.504	R10AC20627	161,259
TOTAL U.S. DEPARTMENT OF THE INTERIOR			661,476
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Programs			
State and Community Highway Safety	20.600	20544	15,024
State and Community Highway Safety	20.600	AL1313	94,111
Subtotal - Highway Safety Cluster			109,135
Airport Improvement Program	20.106	WPG060243012	638,456
Passed through State of California Office of Traffic Safety:			
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	20458	56,873
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	AL1346	54,309
Subtotal			111,181
Passed through Caltrans:			
Highway Planning and Construction	20.205	05-0591/M040-M	3,082
Highway Planning and Construction	20.205	05-5951 (137)	422,672
Highway Planning and Construction	20.205	05-5951(024)	263,631
Highway Planning and Construction	20.205	05-5951(072)	315,003
Highway Planning and Construction	20.205	05-5951(082)	249,766
Highway Planning and Construction	20.205	05-5951(090)	19,765
Highway Planning and Construction	20.205	05-5951(093)	1,303,454
Highway Planning and Construction	20.205	05-5951(127)	71,993
Highway Planning and Construction	20.205	05-5951(151)	24,475
Highway Planning and Construction	20.205	05-5951/M015	57,745
Highway Planning and Construction	20.205	05-5951/M039	120,508
Highway Planning and Construction	20.205	05-5951/M041	446,306
Highway Planning and Construction	20.205	05-5951/M048	193,214
Highway Planning and Construction	20.205	05-5951/M053	40,519
Highway Planning and Construction	20.205	05-5951/M067	239,816
Highway Planning and Construction	20.205	05-5951/N054	84,950
Highway Planning and Construction	20.205	05-5951R	75,718
Highway Planning and Construction	20.205	05-930143	752,967
Highway Planning and Construction	20.205	SRTSL-5951(144)	31,206
Highway Planning and Construction	20.205	STPLZ5951(039)	31,600
Passed through SBCAG:			
Highway Planning and Construction	20.205	X09-5951(143)	458,115
Subtotal - Highway Planning and Construction			5,206,504
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			6,065,276

Grants that are major programs are noted in the program “title” field by “(M-13).”

See accompanying notes to schedule of expenditures of federal awards and the independent auditor’s report on compliance for each major program and on internal control over compliance required by OMB Circular A-133.

COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2013

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental number	Expenditures
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed through California Department of Public Health:			
Beach Monitoring and Notification Program Implementation Grants	66.472	11-10774	25,000
Passed through State Water Resources Control Board:			
Beach Monitoring and Notification Program Implementation Grants	66.472	12-048-250	24,000
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			49,000
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 98,245,858

Grants that are major programs are noted in the program “title” field by “(M-13).”

See accompanying notes to schedule of expenditures of federal awards and the independent auditor’s report on compliance for each major program and on internal control over compliance required by OMB Circular A-133.

COUNTY OF SANTA BARBARA, CALIFORNIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

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 basic 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 GRANT

Grant revenues and expenditures by category for the fiscal year ended June 30, 2013, are as follows:

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

Revenues:	
State	$ 286,000
Total revenues	$ 286,000
Expenditures:	
Personnel services	$ 282,084
Total expenditures	$ 282,084

FINDINGS AND QUESTIONED COSTS

COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

1. Summary of Auditor's Results

Financial Statements

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

(b) Significant deficiencies in internal control that were disclosed by the audit of the financial statements: **None 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 2013-001 through 2013-011.**

Material weaknesses: **None.**

(e) The type of report issued on compliance for major programs:

1. State Administrative Matching Grants for Supplemental Nutrition Assistance Program – **Qualified opinion**
2. Medicaid Cluster – **Qualified opinion**
3. Temporary Assistance for Needy Families Cluster – **Qualified opinion**
4. Foster Care Program – **Qualified opinion**
5. Adoption Assistance – **Qualified opinion**
6. Workforce Investment Act (WIA) Cluster – **Qualified opinion**
7. Community Development Block Grants/Entitlement Grants (CDBG) – **Qualified Opinion**
8. Home Investment Partnerships Program (HOME) – **Qualified Opinion**
9. Special Supplemental Nutrition Program for Women, Infants, and Children – **Unmodified opinion**

(f) Any audit findings, which are required to be reported under Section 510(a) of OMB Circular A-133: **Yes. See items 2013-001 through 2013-011.**

(g) Major programs:

- U.S. Department of Agriculture
  - State Administrative Matching Grants for Supplemental Nutrition Assistance Program (CFDA 10.561)

- U.S. Department of Health and Human Services

  – Medical Assistance Program (CFDA No. 93.778)
  – Temporary Assistance for Needy Families (CFDA No. 93.558)
  – Foster Care Program – Title IV-E (CFDA No. 93.658)
  – Adoption Assistance (CFDA No. 93.659)

- U.S. Department of Labor

  – Workforce Investment Act (WIA) Cluster (CFDA Nos. 17.258, 17.259, 17.278)

- U.S. Department of Housing and Urban Development

  – Community Development Block Grants/Entitlement Grants Cluster, including ARRA Grant (CDFA Nos. 14.218 and 14.253)
  – HOME Investment Partnerships Program (CFDA No. 14.239)

- U.S. Department of Agriculture

  – Special Supplemental Nutrition Program for Women, Infants, and Children (CFDA No. 10.557)

Dollar threshold used to distinguish between Type A and Type B programs: **$2,947,376.**

(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

2013-001

Program: Foster Care
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 2012/13
Compliance Requirement: Eligibility
Questioned Costs: $345

Criteria:
The March 2013 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 cases 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 cases.

Condition Found:
Out of the 40 cases selected for eligibility test work, we noted the following:

- 2 case files where initiation of a state-level fingerprint check within 10 calendar days after the background check did not occur. These items did not result in any questioned costs.
- 4 case files where the benefit amounts were calculated incorrectly.

Effect:
The County of Santa Barbara (the County) is not in compliance with all eligibility requirements for the Foster Care Program. Participants may be receiving inaccurate benefit amounts.

Recommendation:
We recommend that the County adhere to established policies and procedures with regards to ongoing Foster Care eligibility determination requirements in order to ensure that Foster Care eligibility determinations are being performed within the specified timeframe. This will help ensure the accuracy of the case data and that Foster Care eligibility determinations are supported by the proper documentation in the case file. We also recommend that the County follow its policy that requires the case files be reviewed for accurate calculation of benefits so that the participants are paid properly.

Views of Responsible Officials:
Currently, a business process is in place to initiate live scans within the required ten days: the orientation and fingerprinting forms are provided to the caregiver as is documented in the REL-00 that is signed by the caregiver and licensing social worker at the initial visit. However, prior to placement in a relative's home, a criminal clearance and home safety assessment is obtained to ensure the child is in a safe place. In addition, payment is not initiated until the fingerprinting results are back and therefore no questionable costs are generated. The two cases in question date back to 2010 which cannot be corrected retroactively. In addition, the Department does not conduct its own live scans and does not have control over the scheduling or the business practice of the agency that does them.

Regarding the four cases where the benefits were calculated incorrectly, benefits amounts were initially calculated correctly by the worker; however, the California Necessities Index (CNI) adjustment was not applied at that point in time. The CNI increase was not timely provided as the current system does not support automatic issuance of CNI increases; therefore, the increases have to be entered manually. The Department is currently participating in a work group with several other counties in an effort to eventually have the system automatically generate the payment. In addition, the Department is in the process of hiring more staff to administer the program.

2013-002

Program: Medical Assistance Program (Medicaid Cluster)
CFDA No.: 93.778
Federal Agency: U.S. Department of Health and Human Services
Passed-Through: California Departments of Health Care Services, Mental Health, and Social Services
Award Numbers: Various
Award Year: Fiscal year 2012/13
Compliance Requirement: Eligibility
Questioned Costs: $0

Criteria:
The March 2013 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.
- Reconfirming of an applicant's income eligibility using the Income and Eligibility Verification System (IEVS), a secondary income verification tool. Verification of the applicant's income by obtaining a pay stub if the applicant is employed.
- Verification of an applicant's supplemental social security income (SSI) 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 an 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 60 case files selected for eligibility testwork, we noted the following:

- 6 case files whereby the income data in CalWIN did not match the data provided by the client and/or IEVS.
- 5 cases whereby the IEVS verification was not performed in a timely manner.
- 1 case file whereby the County failed to terminate benefits when eligibility requirements were not met.
- 2 case files whereby the County failed to send out the required notices of termination when discontinuing benefits.

Out of the 60 case files selected for In-Home Supportive Services (IHSS) eligibility testwork, we noted the following

- 8 case files whereby the County of Santa Barbara (the County) was unable to verify an application (SOC 295) was completed at the time of benefit issuance.
- 24 case files whereby the County failed to perform a client reassessment of needs within the 12 month renewal period and/or the County failed to retain MEDS from the reassessment date on file.

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

Recommendation:
We recommend that the County adhere to established policies and procedures with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant file and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:

Medicaid

The Department acknowledges the six cases whereby the income information provided by the client and/or IEVS did not match the information entered into the system. The Department has implemented procedures to ensure consistency between the information provided by the client and the information entered into the system. Quality Assurance will monitor compliance via the monthly eligibility case reviews performed by Eligibility supervisors. A program bulletin reminder was published in October 2013 informing staff of the updated income section that will assist in calculating the income for staff. An email was also sent to all Medi-Cal supervisors and lead workers asking them to review the bulletin and inform staff that it is important that information provided by client matches CalWIN and that any discrepancies should be clearly documented in case comments. The email also reminds staff that Administrative Directive 06-04 Case Comments states that all eligibility staff is required to document every time a change is reported affecting eligibility and/or benefit amount. The information will also be reviewed at the November 2013 Medi-Cal Team meeting.

The Department acknowledges that the IEVS report as a secondary verification of income and property was not run timely on five case files. IEVS was subsequently processed, resulting in no change in eligibility. A Medi-Cal program bulletin article was published in August 2013 to remind all eligibility staff of this requirement during the application and renewal process. Online IEVS training is available to staff via the Department's Site Providing Online Training (SPOT). The Department has longstanding policies and procedures with regards to IEVS processing and Administrative Directive 06-22 clearly outlines the requirements. The information will also be reviewed at the November 2013 Medi-Cal Team meeting.

The Department acknowledges one case not terminated when eligibility requirements were not met and in two cases failed to send out termination notices. The Department has longstanding policies and procedures with regards to Authorization of cases. Administrative Directives 06-16 clearly outlines the requirements to review all authorization and correct termination and correspondence actions are completed on cases. The information will also be reviewed at the November 2013 Medi-Cal Team meeting.

Finally, increased caseloads and recurrent audit findings were the driving factors for the request to add 77 positions to the Department of Social Services in June 2013. Of these positions, 26 were for eligibility and direct supervision and 19 were for increased training capacity (trainers, mentors, and trainees) in the Department's Medi-Cal and CalFresh Eligibility programs. This deficit in resources directly impacted the Department's ability to contain and reduce the number of audit findings in these programs. The first wave of new hires from this staffing augmentation will be released to the line in January 2014 and the next group of new hires will subsequently enter training in February and be released to the line in August 2014. Training will continue to occur twice per year to account for new hires related to normal attrition.

IHSS

The Department acknowledges the eight cases where the original SOC 295 was not in the case file. Although the eight case files are believed to have originally had the SOC 295 on file, the physical case files are no longer available for review in order to substantiate. The county has converted all files to a document imaging system and some original SOC 295s were inadvertently not scanned. There is a corrective action plan in place to identify cases missing the original SOC 295 at the annual renewal. If the document is missing, the social workers are required to obtain a signed duplicate SOC 295 at the annual renewal home visit. Social workers will be reminded of the requirement to review cases for the SOC 295 at the next semi-annual countywide meeting.

The Department acknowledges the issue with overdue reassessments. Also, retaining an annual MEDS screen print is part of the reassessment process. In Fiscal Year 12/13, the Department increased its efforts to address the ongoing issue of overdue reassessments in this chronically underfunded program. Two to four extra help staff was assigned to overdue assessments during the last year and substantial improvement in timely reassessments was made. Additionally, the IHSS funding stream recently changed to Maintenance of Effort, thus enabling the Department to hire additional full time IHSS staff. The number of full time IHSS approved positions increased from 12 to 15 effective August 2013, and we are in the process of filling those additional positions.

Additionally, efforts are being made to ensure IHSS staff is well versed in program regulations and procedures. IHSS staff training is being standardized. In addition to on-the-job-training, formal Staff Development-led training commenced for new hires effective August 2013. Finally, the new CMIPS II database, implemented in November 2013, will further assist in standardizing program policies and procedures.

2013-003

Program: State Administrative Matching Grants for Supplemental Nutrition Assistance Program
CFDA Nos.: 10.561
Federal Agency: U.S. Department of Agriculture
Passed-Through: California Department of Social Services
Award Number: Santa Barbara
Award Year: Fiscal year 2012/13
Compliance Requirement: Special Tests and Provisions – ADP System for Food Stamps
Questioned Costs: $5

Criteria:
The March 2013 OMB Circular A-133 *Compliance Supplement* requirements for special tests and provisions require that the County (1) accurately and completely process and store all case file information for eligibility determination and benefit calculation; (2) automatically cut off households at the end of their certification period unless recertified; and (3) provide data necessary to meet federal issuance and reconciliation reporting requirements. In addition, the March 2013 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 60 case files tested, we noted the following:

- 9 cases whereby the County inaccurately entered the participant's income and/or housing costs into the CalWIN system.
- 8 cases whereby the required quarterly QR-7 for re-determining the participant's eligibility was not processed timely.

Effect:

- The participants may receive incorrect benefit amounts.
- Ineligible participants may receive benefit amounts.

Recommendation:
We recommend that the County adhere to established policies and procedures with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant files and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel. We recommend that the County require the determination, re-determination and calculation be reviewed, on a sample basis, by other County personnel. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:
The Department acknowledges nine cases where the participant's income and/or housing were entered into the CalWIN system incorrectly. The findings were reviewed with CalFresh (CF) supervisors at the August 14, 2013, CF "Team" meeting. The Corrective Action Plan will be reviewed with the Supervisors at the next CF Team meeting on December 11, 2013.

On November 14, 2013, the CalWIN data system "Case Comment" section was modified to require an income determination, including a section in which the EW must enter all paystub amounts, dates received, and multiplier used. Gross income is now automatically tallied so that there is no error in the calculation of the gross income. This modification will reduce future calculation errors. Also, the state implemented Semi-Annual Reporting (SAR) in place of the previous quarterly reporting in August 2013. With the implementation of SAR, the methodology of determining income has changed. Workers will no longer average income to determine CF benefits, which will eliminate averaging errors.

The Department continues to rely on case reviews to ensure the integrity of the eligibility determinations and to ensure the correct information is entered into the CalWIN system. The Quality Assurance unit continues to collect and conduct an analysis of the Supervisor reviews. Results and trends are compiled into a quarterly report which is shared with program managers, Department Business Specialists, line supervisors and line staff.

We concur with the finding of eight cases whereby the QR7 was processed untimely. As mentioned, SAR implementation was effective August 2013. All CF cases on a QR cycle will have been converted by the end of October 2013. As a result, CF participants will submit a Periodic Report every six months as opposed to every three months. In addition, the County has recently hired additional staff to assist in the increase of caseloads. It is expected that timely processing of the SAR 7 will occur once staff is in place and receipt of the SAR 7 will be sporadic. Preliminary findings of untimely processing of the QR7 were reviewed with Supervisors at the August 14, 2013, CF Team meeting. This Corrective Action Plan will be reviewed with supervisors at the next CF Team meeting on December 11, 2013.

Finally, increased caseloads and recurrent audit findings were the driving factors for the request to add 77 positions to the Department of Social Services in June 2013. Of these positions, 26 were for eligibility and direct supervision and 19 were for increased training capacity (trainers, mentors, and trainees) in the Department's Medi-Cal and CalFresh Eligibility programs. This deficit in resources directly impacted the Department's ability to contain and reduce the number of audit findings in these programs. The first wave of new hires from this staffing augmentation will be released to the line in January 2014 and the next group of new hires will subsequently enter training in February and be released to the line in August 2014. Training will continue to occur twice per year to account for new hires related to normal attrition.

2013-004

Program: Temporary Assistance for Needy Families
CFDA Nos.: 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 2012/13
Compliance Requirement: Eligibility
Questioned Costs: $488

Criteria:
The March 2013 OMB Circular A-133 *Compliance Supplement* requires each State to participate in the 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.

Condition Found:
Out of the 60 case files selected for eligibility testing, we noted:

- 1 case file whereby the redetermination was received and processed late.
- 1 case file whereby the County inaccurately entered the participant's income into the CalWIN System as the income data did not match the information provided by the client.
- 1 case file whereby the benefit amount was incorrectly calculated.

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

Recommendation:
We recommend that the County adhere to established policies and procedures with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant file and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:
The Department acknowledges that the redetermination on one case file was received and processed late. The Department relies on case reviews to ensure the integrity of the eligibility determinations and to ensure the correct information is entered into the CalWIN system. The Quality Assurance unit continues to collect and conduct an analysis of the Supervisor reviews. Results and trends are compiled into a report which is shared with program managers, Department Business Specialists, line supervisors and line staff.

The Department acknowledges one case file where the income was inaccurately entered into the CalWIN System as the income data did not match the information provided by the client and/or IEVS. IEVS was subsequently processed, resulting in no change in eligibility. A program bulletin article was published in August 2013 to remind all eligibility staff of this critical requirement during the application and renewal process. New online IEVS training was developed by Staff Development via the Department's Site Providing Online Training (SPOT). All CalWORKS and CalFresh staff was mandated to compete the training by June 2013. The Department has longstanding policies and procedures with regards to IEVS processing and Administrative Directive 06-22 clearly outlines the requirements. The information will also be reviewed at the January 28, 2014, January CalWORKS Team meeting.

The Department acknowledges one case file whereby the benefit amount was incorrectly calculated. The Department has implemented procedures to ensure consistency between the information provided by the client and the information entered into the system. A program bulletin reminder will be issued informing staff of the updated income section that was added to the case comment templates which will assist in calculating the income.

The findings and corrective action plan will be reviewed with supervisory staff by the program Department Business Specialist, with the expectation that the supervisors provide unit training/review of the applicable policies and procedures at least semi-annually. The current case review policy ADMIN AD 19-102 and the use of the Income Budgeting Worksheet template will be reviewed with supervisors at our next countywide CalWORKs Team Meeting on January 28, 2014.

2013-005

Program: Adoption Assistance Program
CFDA No.: 93.659
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 2012/13
Compliance Requirement: Eligibility
Questioned Costs: $8,800

Criteria:
The March 2013 OMB Circular A-133 *Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that cases 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 for eligible cases. The March 2013 OMB Circular A-133 *Compliance Supplement* also requires the County to discontinue benefit payments when a child reaches the age 18, or 21 if the County determines the child has a mental or physical disability that warrants continuation of assistance.

Condition Found:
Out of 40 participants selected for eligibility testing, we noted the following:

- 22 case files whereby the AAP-2, AD 4320, or AAP-4 lacked one of the required signatures from the authorized official of public adoption agency or the adoptive parents.
- 24 case files whereby the eligibility certification form, AAP-4, was not completed and/or the eligibility was not determined by the case worker.
- 1 participant reached the age 18 during the fiscal year and continued to receive benefit payments.

Effect:
Participants may be ineligible to receive benefits per AFDC 1996 requirements, but may be eligible to receive benefits under another funding source.

Recommendation:
We recommend that the County adhere to established 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:
The Department acknowledges the findings of incomplete forms (AAP-2, AD 4320 or AAP-4) and has taken action to address this issue. While the Department cannot retroactively correct forms obtained during the intake process, changes in business practices, ongoing training to staff and case review will improve adherence to policies and procedures. Eligibility is re-determined and correct renewal forms are obtained every two years on a flow basis. To address the issue with forms and to ensure an eligibility determination has been correctly documented, the Department is in the process of adding staff to administer the program and has recently added a supervisor (effective 9/30/13) to help oversee the process. As there are now two supervisors available to support the program effective October 2013, there will be 100% review of all grantings to ensure that all forms are completed and signed by all of the appropriate parties prior to the issuance of AAP funds.

The Department concurs with the single finding of the participant who received benefits past the age of 18. The Department continues to work diligently to review these cases and has adopted new business practice to ensure cases are terminated when they no longer meet the eligibility criteria. Specifically, one Eligibility worker is now assigned to monitor these cases and has developed a tracking sheet. With the expansion of the program which continues eligibility up to age 21, we anticipate caseload growth. The Department has recently hired one supervisor to help oversee the program (9/30/13) and is in the process of hiring staff to support the increase in caseload numbers.

2013-006

Program: Workforce Investment Act (WIA) Cluster
CFDA No.: 17.258, 17.259, and 17.278
Federal Agencies: U.S. Department of Labor
Passed-Through: California Employment Development Department
Award Numbers: Santa Barbara
Award Year: Fiscal year 2012/13
Compliance Requirement: Special Tests and Provisions
Questioned Costs: $0

Criteria:
The March 2013 OMB Circular A-133 *Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that cases 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 for eligible cases.

Condition Found:
Out of the 40 participants selected for eligibility testing, we noted the following:

- 3 cases whereby the case manager/supervisor review was not performed in a timely manner.
- 3 cases whereby the applicant and staff signatures on the application were back-dated to a date prior to the print date indicated on the application.
- 1 case file whereby the original application was not retained in the file.
- 1 case file whereby the documentation evidencing the applicant attended a WIA orientation was not retained in the file.

Effect:
Participants may be ineligible to receive benefits. The case files may contain incorrect information and may not be detected due to the untimely review by a case manager/supervisor.

Recommendation:
We recommend that the County adhere to established policies and procedures with regards to initial eligibility determination requirements and timely review of the participant's application by a case manager/supervisor. 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 acknowledges three cases where the manager/supervisor review was not performed timely. Prior to January 2012 the youth program was housed within four separate contracted agencies. Each of these four agencies was generating case management uniquely and the three files identified with missing signatures came from that timeframe. There is no longer the ability to correct a file that is closed and of which the individual participant is no longer in the existing program. Since January 2012 when the case management files were brought in-house, the case management structure, including eligibility and review, has been overhauled to include a staff person (program manager), separate from the identified case manager, to act as reviewer of the file. This error is not correctable retroactively but steps have been taken to ensure this error does not occur in the future.

The Department acknowledges three cases whereby the applicant and staff signatures on the application were back-dated to a date prior to the print date indicated on the application. The Interlink management system prints all existing case management notations and documents with the current date at the time of print. In an effort to reduce unnecessary paper in the case file folder, it was determined to remove all previously printed paperwork which was duplicated at each new printing. However, the original 'wet' signature documents were not to be removed. Some originals were inadvertently removed. In these three case files, the original dates were written in because those dates were no longer in the file. The dates that were handwritten represented the correct date of signature signing and acceptance by the case manager. Currently, all staff has been instructed to check and double-check all the original documents and to place them in a separate file section to prevent any accidental pulling of original paperwork that should not be removed.

The Department acknowledges one case file whereby the original application was not retained in the file. In this case file, the handwritten application that the participant used as a draft application was not included in the case file. Normally, this draft is not an included document as all information is entered into the Interlink system by staff from the draft application and discarded or filed separately. As of now, all staff has been instructed to check and double-check all the original documents and to place them in a separate file section to prevent any accidental pulling or removal of original paperwork that should not be removed.

The Department acknowledges one case file whereby the documentation evidencing the applicant attended a WIA orientation was not retained in the file. Normally, documentation evidencing WIA orientation attendance is not obtained at that time because there is no commitment to the program from the possible participant until that participant returns with all the required documents. However, at the time of orientation there is a sign-in sheet whereby a copy could be added to the file as proof of orientation attendance. Effectively immediately, a copy of the orientation sign-in sheet will be added to a case file when registration has been completed, verified, and integrated into the Interlink system.

2013-007

Program: Community Development Block Grants/Entitlement Grants Cluster
CFDA No.: 14.218 and 14.253
Federal Agencies: U.S. Department of Housing and Urban Development
Passed-Through: N/A
Award Numbers: Santa Barbara
Award Year: Fiscal year 2012/13
Compliance Requirement: Subrecipient Monitoring
Questioned Costs: $2,317,190

Criteria:
The March 2013 OMB Circular A-133 *Compliance Supplement* requirements for Subrecipient Monitoring requires that the pass-through entity performs the monitoring procedures prescribed in OMB Circular A-133.

Condition Found:
No subrecipient monitoring procedures have been performed for the fiscal year 2012/13.

Effect:
The subrecipients may not be adhering to the agreement entered between the County and the subrecipients.

Recommendation:
We recommend that the County establish formal policies and procedures with regards to the subrecipient monitoring requirements. This will help ensure the monitoring procedures are done on a regular and timely basis.

Views of Responsible Officials:
The County is aware that all subrecipient monitoring was not performed in fiscal year 2012-13, particularly the site inspections of affordable housing units. The County Board of Supervisors recognized the need for additional monitoring staff and in 2013 approved funding for a new Monitoring Housing Specialist II. Recruitment for the Monitoring Housing Specialist II and Senior Housing Specialist positions is on-going, with both positions expected to be filled before the end of calendar year 2013. Community Development Block Grants/Entitlement Grants Cluster (CDBG) subrecipient monitoring is expected to begin in the latter half of fiscal year 2013-14. The County will review its current monitoring procedures, identify short comings, and develop a schedule and risk matrix to begin monitoring subrecipients in 2014.

2013-008

Program: HOME Investment Partnerships Program
CFDA No.: 14.239
Federal Agencies: U.S. Department of Housing and Urban Development
Passed-Through: N/A
Award Numbers: Santa Barbara
Award Year: Fiscal year 2012/13
Compliance Requirement: Subrecipient Monitoring
Questioned Costs: $1,483,955

Criteria:
The March 2013 OMB Circular A-133 *Compliance Supplement* requirements for Subrecipient Monitoring requires that the pass-through entity performs the monitoring procedures prescribed in OMB Circular A-133.

Condition Found:
No subrecipient monitoring procedures have been performed for the fiscal year 2012-2013.

Effect:
The subrecipients may not be adhering to the agreement entered between the County and the subrecipients.

Recommendation:
We recommend that the County establish formal policies and procedures with regards to the subrecipient monitoring requirements. This will help ensure the monitoring procedures are done on a regular and timely basis.

Views of Responsible Officials:
The County is aware that all subrecipient monitoring was not performed in fiscal year 2012-13, particularly the site inspections of affordable housing units. The County has retained the services of HOME consultant MDG to develop HOME policies and procedures. These policies and procedures were drafted, and provided to HUD in July 2013 for their review and comment. The County is currently sending staff for HOME training provided by HUD and is scheduling on-site training for staff on HOME policies and procedures beginning in 2013.

2013-009

Program: HOME Investment Partnerships Program
CFDA No.: 14.239
Federal Agencies: U.S. Department of Housing and Urban Development
Passed-Through: N/A
Award Numbers: Santa Barbara
Award Year: Fiscal year 2012/13
Compliance Requirement: Special Tests and Provisions
Questioned Costs: $0

Criteria:
The March 2013 OMB Circular A-133 *Compliance Supplement* requirements for Special Tests and Provisions is that the County must perform an on-site inspections of HOME assisted rental housing for compliance with property standards on an annual basis for rental properties with 26 units or more.

Condition Found:
We noted 29 properties with 26 or more units did not have an annual inspection as required.

Effect:
The rental properties may not be meeting the property standards and may be ineligible to accommodate the tenants receiving HOME assistance.

Recommendation:
We recommend that the County establish formal policies and procedures with regards to the housing quality standards so that all properties are inspected properly.

Views of Responsible Officials:
The County is aware that all subrecipient monitoring was not performed is fiscal year 2012-13, particularly the site inspections of affordable housing units. To address this deficiency the County retained the services of monitoring consulting firm Urban Futures. Since April 2013, Urban Futures has monitored 22 HOME assisted properties and a sampling of the 210 HOME units in those HOME assisted properties, based on HUD monitoring protocols. Urban Futures is continuing its monitoring and expects to finish its review of the remaining properties by early 2014. To improve staff awareness of HUD HOME monitoring policies and procedures, staff training is on-going, with training on policies and procedures scheduled in 2013. The County is hiring a Housing Specialist II position specifically dedicated to monitoring activities and affordable housing monitoring. This position will be filled before December 30, 2013.

2013-010

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 2012/13
Compliance Requirement: Special Tests and Provisions
Questioned Costs: $0

Criteria:
The March 2013 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.

Condition Found:
Out of the 60 case files selected for eligibility testing, we noted:

- 5 case files whereby the IEVS verification was not performed timely.

Effect:
Lack of investigative procedures could result in participants receiving incorrect benefit amounts.

Recommendation:
We recommend that the County adhere to established policies and procedures with regards to ongoing eligibility verification. 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 acknowledges that the IEVS report was not performed timely on five case files. A program bulletin article was published in August 2013 to remind all eligibility staff of this critical requirement during the application and renewal process. New online IEVS training was developed by Staff Development via the Department's Site Providing Online Training (SPOT). All CalWORKS and CalFresh staff was mandated to compete the training by June 2013. The Department has longstanding policies and procedures with regards to IEVS processing and Administrative Directive 06-22 clearly outlines the requirements. The information will also be reviewed at the January 28, 2014, January CalWORKS Team meeting.

The Department has implemented procedures to ensure consistency between the information provided by the client and the information entered into the system. A program bulletin reminder will be issued informing staff of the updated income section that was added to the case comment templates which will assist in calculating the income.

The Department relies on case reviews to ensure the integrity of the eligibility determinations and to ensure the correct information is entered into the CalWIN system. The Quality Assurance unit continues to collect and conduct an analysis of the Supervisor reviews. Results and trends are compiled into a report which is shared with program managers, Department Business Specialists, line supervisors and line staff. The Quality Assurance Unit is currently in the process of conducting an IEVS focus review. An analysis of the findings will be issued by December 31, 2013.

The findings and corrective action plan will be reviewed with supervisory staff by the DBS, with expectation that the supervisors provide unit training/review of the applicable policies and procedures at least semi-annually. Administrative AD 06-22 will be reviewed with supervisors at our next countywide CalWORKs Team Meeting Team meeting on January 28, 2014.

2013-011

Program: Special Supplemental Nutrition Program for Women, Infants, and Children
CFDA No.: 10.557
Federal Agencies: U.S. Department of Agriculture
Passed-Through: California Department of Public Health
Award Numbers: Santa Barbara
Award Year: Fiscal year 2012/13
Compliance Requirement: Eligibility
Questioned Costs: $0

Criteria:
The March 2013 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 40 case files selected for eligibility testing, we noted:

- 2 case files whereby the County's verification of participant residence could not be audited as the information was not retained by the system.
- 1 case whereby the County did not perform and/or document a measurement of participant's height and weight as required by federal law.
- 1 case whereby the County's performance of the required nutritional risk assessments could not be audited because the participant's records were not retained by the system upon participant discontinuance.
- 1 case whereby the hematological test for anemia required as part of the nutritional risk assessment was not received within 90 days of the certification date and the County did not place a hold on the participant's account.

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

Recommendation:
We recommend that the County adhere to established policies and procedures with regards to initial and ongoing eligibility verification. 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 concurs with this finding. To help prevent future findings, all WIC staff will be retrained on the California WIC Program policies and procedures regarding eligibility. Specifically:

1. Each WIC applicant /participant will provide proof of residency at each certification to ensure they are residents of Santa Barbara County.
2. Each WIC applicant/participant will have a height and weight measurement as required and ensure it is documented in the applicant/participant's file.
3. Each WIC applicant/participant requiring a biochemical test result (hemoglobin or hematocrit) within 90 days of certification will be documented in the applicant/participant's file or the file will be placed on hold.

In order to ensure staff is adhering to the above mentioned policies regarding eligibility, training will be provided by the WIC Training Coordinator and ongoing adherence to the policies will be monitored by the WIC Site Supervisors. In addition we will communicate with the State WIC program about challenges of the current computer system due to its inability to retain historical data for all participants' files.

2012-001

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 2011/12
Compliance Requirement: Eligibility
Questioned Costs: $15,094

Criteria:
The June 2012 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 cases 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 cases.

Condition Found:
Out of the 60 cases selected for eligibility testwork, we noted the following:

- 8 case files where initiation of a state-level fingerprint check within 10 calendar days after the background check did not occur. These items did not result in any questioned costs.
- 3 case files where the cases did not qualify for federal funding.
- 2 case files where the benefit amounts were calculated incorrectly.

Effect:
Participants may be ineligible to receive benefits per the AFDC requirements, but may be eligible to receive benefits under another funding source. Case files maybe coded incorrectly to the wrong funding source.

Recommendation:
We recommend that the County of Santa Barbara (the County) adhere to established policies and procedures with regards to ongoing Title IV-E eligibility determination requirements in order to ensure that Title IV-E eligibility determinations are being performed within the specified timeframe. This will help ensure the accuracy of the case data and that Title IV-E eligibility determinations are supported by the proper documentation in the case file. To ensure proper coding of case files, the County should implement a review process for coding of funding sources. We also recommend that the County follow its policy that requires the case files be reviewed for accurate calculation of benefits so that the participants are paid properly.

Views of Responsible Officials:
Regarding the 8 case files where it was found that the initiation of a state-level fingerprint check within 10 calendar days after the background check did not occur, we do not agree. It is our normal business process to initiate live scans within the required ten days by providing the orientation and forms to the caregiver as documented on the REL-00 that is signed by the caregiver and relative approval worker. We have reviewed the 8 cases in question and found that 7 of 8 fingerprint checks were initiated within the required ten days. We submitted documentation to verify such. Moreover, the circular which outlines the process for this audit describes this period where children will be placed but that no federal funds were expended until the finger print check is received as an allowable administrative expense.

However, the auditors requested that a CDSS State analyst/representative confirm in writing that the Department's interpretation of "initiate" is correct. We will be unable to obtain such confirmation given the time constraints of this audit and due to lengthy communication process with CDSS.

We concur with the findings regarding funding source and benefit amount calculations. The Department of Social Services (DSS) acknowledges three cases were coded with the incorrect funding source (federal payment issued rather than state). In regards to Questioned Costs, we acknowledge the importance of proper coding in the CalWIN system. However, we would like to emphasize that while these children were not eligible to benefits per AFDC 1996 requirements, they were state eligible to these payments. Therefore, steps will be taken to appropriately claim these costs as state only costs instead of federally eligible costs. The Department also acknowledges two cases where benefit amounts were calculated incorrectly that resulted in underpayments.

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Current Year Status:
See Finding 2013-001.

2012-002

Program: Medicaid Cluster
CFDA No.: 93.778
Federal Agency: U.S. Department of Health and Human Services
Passed-Through: California Departments of Health Care Services, Mental Health, and Social Services
Award Numbers: Various
Award Year: Fiscal year 2011/12
Compliance Requirement: Eligibility
Questioned Costs: $0

Criteria:
The June 2012 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.
- Reconfirming of an applicant's income eligibility using the Income and Eligibility Verification System (IEVS), a secondary income verification tool. Verification of the applicant's income by obtaining a pay stub if the applicant is employed.
- Verification of an applicant's supplemental social security income (SSI) 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 an 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 60 case files selected for eligibility testwork, we noted the following:

- 4 case files whereby the County did not use the IEVS in a timely manner to verify income and property documentation.
- 4 case files whereby the eligibility information provided by the client did not match the information entered into the system.

Out of the 60 case files selected for In-Home Supportive Services (IHSS) eligibility testwork, we noted the following

- 18 case files whereby the County failed to perform a client reassessment of needs within the 12 month renewal period.
- 5 case files whereby the County failed to retain MEDS from the reassessment date on file.

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

Recommendation:
We recommend that the County adhere to established policies and procedures with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant file and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:
We concur with this finding. The Department of Social Services acknowledges that the IEVS report was not run timely as secondary verification of income and property documentation on four cases. For these four cases, IEVS was subsequently processed, resulting in no change in eligibility.

The Department has longstanding policies and procedures with regards to IEVS process. The Department's program policies and procedures are contained in widely distributed documents called Administrative Directives (ADs). AD 06-22 "Income and Eligibility Verification System (IEVS) Reports" clearly outlines these requirements. To ensure IEVS reports are requested and used timely, AD 06-22 will be reviewed during the upcoming Medi-Cal TEAM meeting. Additionally, a Medi-Cal program Bulletin article will be published in an upcoming monthly bulletin to remind all eligibility staff of this requirement. Eligibility Supervisors will be required to remind their staff of the IEVS processing timeframe by reviewing AD 06-22 with their staff. Supervisors will be required to provide verification of this review by January 2013.

The Department also acknowledges four cases whereby the eligibility information provided by the client did not match the information entered into the CalWIN system. Although there were no resultant Questioned Costs, accurate CalWIN entries are essential to the program and staff is trained extensively on this critical element of eligibility. The importance of accuracy is continuously stressed. DSS utilizes supervisory case reviews to ensure the integrity of eligibility determinations and to ensure correct amounts are entered into the CalWIN system. Additionally, the Compliance Division Quality Assurance unit will collect and conduct an analysis of the supervisor reviews. The results will be complied into a report that will be disseminated to program managers, Department Business Specialist, line supervisors and line staff. As a follow-up, a program bulletin reminder will be published in December 2012 reminding all eligibility staff of the requirement to document every time a change is reported affecting eligibility and/or benefit amount per AD 06-04 "Case Comments."

IHSS
We concur with this finding. The Department of Social Services recognizes the importance of processing reassessments in a timely manner and acknowledges eighteen reassessments were not completed within the mandated time frames. Despite the untimely processing, no recipient was found ineligible to IHSS once the paperwork process was completed. This program continues to be faced with significant funding challenges. Additionally, a number of significant program changes continue to impact the IHSS workload. Despite the increased workload, the social workers have accepted responsibility for ensuring these vulnerable adults remain safely in their homes while the integrity of the program is maintained.

The Department is committed to improving our compliance rate in the area of overdue reassessments. The Department has reaffirmed the importance of processing reassessments in a timely manner by 1) revising and providing detailed reassessment instructions to staff; 2) clarifying reassessment procedures to assist social workers with caseload management to improve efficiency (IHSS Memo 09-12, "Reassessment Procedures" issued September 2012); and 3) utilizing Quality Assurance staff to assist with the processing of overdue reassessments on a part time basis.

The Department of Social Services acknowledges five case files whereby the County failed to retain MEDS screen prints from the reassessment date on file. Even though missing MEDS screen prints, a subsequent review indicates all these recipients remained eligible for services during the period in question.

DSS written policies and procedures require Social Workers check MEDS eligibility prior to completing an annual reassessment. This procedure includes accessing MEDS and printing/scanning MEDS screens into the document imaging system in order to verify eligibility. In order to eliminate this exception in future audits, a new business process was developed specifying procedures that must be followed on all reassessments (IHSS Memo "Reassessment Procedures," issued September 2012). Administrative Office Professionals (AOPs) in each district office will now be responsible for identifying cases that are due for reassessments in the current month. The AOPs will print/scan copies of appropriate MEDS screens into the document imagining system so they are available for Social Worker review prior to the scheduled home visit. By assigning this task to the AOPs as an ongoing monthly task, we expect to eliminate this exception from future audits.

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Current Year Status:
See Finding 2013-002.

2012-003

Program: State Administrative Matching Grants for Food Stamp Program
CFDA Nos.: 10.561
Federal Agency: U.S. Department of Agriculture
Passed-Through: California Department of Social Services
Award Number: Santa Barbara
Award Year: Fiscal year 2011/12
Compliance Requirement: Special Tests and Provisions – ADP System for Food Stamps
Questioned Costs: $403

Criteria:
The June 2012 OMB Circular A-133 *Compliance Supplement* requirements for special tests and provisions require that the County (1) accurately and completely process and store all case file information for eligibility determination and benefit calculation; (2) automatically cut off households at the end of their certification period unless recertified; and (3) provide data necessary to meet federal issuance and reconciliation reporting requirements. In addition, the June 2012 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 60 case files selected for testing, we noted:

- 9 case files whereby the County inaccurately entered the participant's income into the CalWIN System.

Effect:
Participants may be receiving incorrect benefit amounts.

Recommendation:
We recommend that the County adhere to established policies and procedures with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant files and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel. We recommend that the County require the determination and calculation be reviewed, on a sample basis, by other County personnel. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:
We concur with this finding. The Department of Social Services acknowledges that the participant's income was entered inaccurately into the CalWIN System in nine instances. Although the benefit differences were minimal, the Department recognizes the importance of accurate data entries. The Department's program policies and procedures are contained in widely distributed documents called ADs. AD 09-102 "Case Review Policy Multiple Programs CalWORKs, CalFresh (Food Stamps) and Medi-Cal" was revised on September 19, 2011, to reflect the importance of this process. The Department utilizes supervisory case review to ensure the correct amounts are entered into the CalWIN system. Additionally, the Compliance Division Quality Assurance unit will collect and conduct an analysis of the supervisor reviews. The results will be compiled into a report that will be disseminated to program managers, Department Business Specialists, line supervisors, and line staff. Staff will follow-up on any actions needed as a result of the error trend analysis.

The findings, corrective action plan, and the current case review policy will be reviewed with supervisory staff by the Department Business Specialist, with the expectation that the supervisors provide unit training/review of the applicable policies and procedures. The corrective action plan and current case review policy will be reviewed with supervisors at our next countywide CalFresh Team Meeting on December 12, 2012. Additionally, a reminder will be issued in an upcoming monthly CalWIN electronic Bulletin.

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Current Year Status:
See Finding 2013-003.

2012-004

Program: Temporary Assistance for Needy Families
CFDA Nos.: 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 2011/12
Compliance Requirement: Eligibility
Questioned Costs: $190

Criteria:
The June 2012 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 60 case files selected for eligibility testing, we noted:

- 7 case files whereby the County inaccurately entered the participant's income into the CalWIN System.

Effect:
Participants may be receiving incorrect benefit amounts.

Recommendation:
We recommend that the County adhere to the established policies and procedures with regards to ongoing eligibility determination, required documentation, and maintenance of the participant's file. This will help ensure the accuracy of the participant's data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:
We concur with this finding. The DSS acknowledges that the participant's income was entered inaccurately into the CalWIN System in seven instances. Although the benefit differences were minimal, the Department recognizes the importance of accurate data entries. The Department's program policies and procedures are contained in widely distributed documents called ADs. AD 09-102 "Case Review Policy Multiple Programs CalWORKs, CalFresh (Food Stamps) and Medi-Cal" was revised on September 19, 2011, to reflect the importance of this process. The Department utilizes supervisory case review to ensure the correct amounts are entered into the CalWIN system. Additionally, the Compliance Division Quality Assurance unit will collect and conduct an analysis of the supervisor reviews. The results will be compiled into a report that will be disseminated to program managers, Department Business Specialists, line supervisors, and line staff. Staff will follow-up on any actions needed as a result of the error trend analysis.

The findings, corrective action plan, and the current case review policy will be reviewed with supervisory staff by the Department Business Specialist, with the expectation that the supervisors provide unit training/review of the applicable policies and procedures. The corrective action plan and current case review policy will be reviewed with supervisors at the next countywide CalWORKs Team Meeting on January 22, 2013. Additionally, a reminder will be issued in an upcoming electronic Monthly CalWIN Bulletin.

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Current Year Status:
See Finding 2013-004.

2012-005

Program: Temporary Assistance for Needy Families
CFDA Nos.: 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 2011/12
Compliance Requirement: Special Tests and Provisions
Questioned Costs: $0

Criteria:
The June 2012 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.

Condition Found:
Out of the 60 case files selected for eligibility testing, we noted:

- 5 case files whereby the County did not use the IEVS to verify income and property documentation in a timely and consistent manner at the redetermination dates.

Effect:
Lack of investigative procedures could result in participants receiving incorrect benefit amounts.

Recommendation:
We recommend that the County adhere to the established policies and procedures with regards to ongoing eligibility verification. 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 this finding. The Department of Social Services acknowledges that an IEVS report was not utilized in a timely manner on five case files. Although a subsequent review of IEVS resulted in no differences to the cases, the Department recognizes that IEVS is an important secondary tool to verify reported information. The Department's program policies and procedures are contained in widely distributed documents called Administrative Directives (ADs). AD 09-102 "Case Review Policy Multiple Programs CalWORKs, CalFresh (Food Stamps) and Medi-Cal" was revised on September 19, 2011 to reflect the importance of this process. The Department utilizes supervisory case reviews to ensure the correct amounts are entered into the CalWIN system. Additionally, the Compliance Division Quality Assurance unit will collect and conduct an analysis of the supervisor reviews. The results will be complied into a report that will be disseminated to program managers, Department Business Specialist, line supervisors, and line staff.

Administrative Directive AD 06-22 "IEVS Report" gives staff detailed instructions on when to request the IEVS Applicant Reports and the steps to take in resolving any discrepancies. Ongoing workers are required to request an IEVS Applicant Report during the yearly renewal process. They are required to review for any potential unreported earnings and unearned income. In addition, workers are required to follow up with the client if a determination has been made that another individual is using the social security number of an assistance unit member. As a result of this finding, case reviews will include verifying that the IEVS Applicant Report was requested and processed timely.

The findings, corrective action plan, and the current case review policy will be reviewed with supervisory staff by the Department Business Specialist, with the expectation that the supervisors provide unit training/review of the applicable policies and procedures. The current case review policy will be reviewed with supervisors at the next countywide CalWORKs Team Meeting on January 22, 2013.

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Current Year Status:
See Finding 2013-010.

2012-006

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 2011/2012
Compliance Requirement: Eligibility
Questioned Costs: $0

Criteria:
The June 2012 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 60 participants selected for eligibility testwork, we noted the following:

- 6 case files whereby the County failed to re-determine reasonable candidacy in a timely manner.
- 3 case files whereby the case plans were missing one of the required signatures.

Effect:
Ineligible participants may be receiving benefits.

Recommendation:
We recommend that the County adhere to established 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:
The Probation Department concurs with both of these conditions. The Probation Department has formal policies and procedures with regards to ongoing eligibility re-determinations. The electronic case management system monitors re-determination deadlines and provides reports for pending and past due re-determinations. Beginning January 1, 2012, the Department implemented Random Moment Sampling (RMS) for keeping track of hours spent on Title IV-E. The RMS system captures information on the client receiving the service. The Department notes that all 6 of the instances where re-determination of reasonable candidacy was not completed timely occurred prior to the implementation of the RMS system.

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Current Year Status:
Resolved.

2012-007

Program: Adoption Assistance
CFDA No.: 93.659
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 2011/12
Compliance Requirement: Eligibility
Questioned Costs: $24,072

Criteria:
The June 2012 OMB Circular A-133 *Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that cases 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 for eligible cases.

Condition Found:
Out of the 48 participants selected for eligibility testwork, we noted the following:

- 29 case files whereby the eligibility certification form, AAP-4, was not completed and/or eligibility was not determined by the case worker in a timely manner. The AAP-4s were completed after the fiscal year being audited.
- 29 case files whereby the forms AAP-2 and/or AD 4320 were missing the required signatures.

Effect:
Participants may be ineligible to receive benefits per AFDC 1996 requirements, but may be eligible to receive benefits under another funding source.

Recommendation:
We recommend that the County adhere to established 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:
We concur with these findings. However, we have conducted a review of the 29 cases where the AAP-4 was not completed timely and have found that 29 of the 29 cases were indeed federally eligible. Therefore, federal funding for these cases was appropriate. The DSS is aware of the issue with the incomplete AAP-4 forms and intends immediate corrective action for this procedural oversight. The Department is currently in the process of conducting a 100% review of all Adoptions Assistance Program cases. The corrective action plan will include the review of each child's Foster Care file in order to properly complete the AAP-4 forms.

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Current Year Status:
See Finding 2013-005.

2012-008

Program: Workforce Investment Act (WIA) Cluster
CFDA No.: 17.258, 17.259, 17.260, 17.277, and 17.278
Federal Agencies: U.S. Department of Labor
Passed-Through: Employment Development Department
Award Numbers: Santa Barbara
Award Year: Fiscal year 2011/12
Compliance Requirement: Special Tests and Provisions
Questioned Costs: $0

Criteria:
The June 2012 OMB Circular A-133 *Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that cases 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 for eligible cases.

Condition Found:
Out of the 40 participants selected for eligibility testwork, we noted the following:

- 9 case files whereby the case files lack timely evidence of a case manager/supervisor review.

Effect:
The case files may contain incorrect information and may not be detected due to the untimely review by a case manager/supervisor.

Recommendation:
We recommend that the County adhere to established policies and procedures with regards to timely review of the participant's application by a case manager/supervisor.

Views of Responsible Officials:
We concur with this finding. The Department of Social Services acknowledges nine case files whereby the case file lack timely evidence of a case manager/ supervisor review. Prior to October, 2011, the Workforce Investment Board (WIB) Youth Program case management was contracted out to four (4) local agencies. At that time a policy was in place to prescribe and direct consistency of case management process and procedures. This policy is no longer current. After the October 2011 decision to bring the Youth Program case management services in-house, the case files were received by new WIB Career Employment Specialists. In agreement with the audit findings that identify the need for policy revisions, the WIB is currently revising and updating policy and procedures to meet the specifics of the new program. This would include policy directly focused on making sure that consistent and punctual reviews by case manager/supervisor have been completed and verified by signature and in order to be in compliance with Federal and State regulations and County oversight to eliminate future discrepancies.

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Current Year Status:
See Finding 2013-006.

2012-009

Program: Community Development Block Grants/Entitlement Grants Cluster, Including ARRA Grant Funding
CFDA No.: 14.218 and 14.253
Federal Agencies: U.S. Department of Housing and Urban Development
Passed-Through: N/A
Award Numbers: Santa Barbara
Award Year: Fiscal year 2011/12
Compliance Requirement: Subrecipient Monitoring
Questioned Costs: $762,995

Criteria:
The June 2012 OMB Circular A-133 *Compliance Supplement* requirements for Subrecipient Monitoring requires that the pass-through entity performs the monitoring procedures prescribed in OMB Circular A-133.

Condition Found:
No subrecipient monitoring procedures have been performed for the fiscal year 2011-2012.

Effect:
The subrecipients may not be adhering to the agreement entered between the County and the subrecipients.

Recommendation:
We recommend that the County establish formal policies and procedures with regards to the subrecipient monitoring requirements. This will help ensure the monitoring procedures are done on a regular and timely basis.

Views of Responsible Officials:
The County is aware that all subrecipient monitoring was not performed in fiscal year 2011-12, particularly the site inspections of affordable housing units. Subrecipient monitoring of CDBG and ESG public service recipients were carried out by staff and the County's Human Services Commission. The County will review its current monitoring procedures, identify short comings, and develop a schedule and risk matrix to begin monitoring subrecipients in 2013-14. The County has also recently drafted a new policy, for inclusion in the County's Administrative Manual on contract monitoring for compliance to grant and funding terms. This new policy will help to mitigate loss due to mismanagement on the part of subrecipients, and strengthen the County's enforcement of contract terms.

Current Year Status:
See Finding 2013-007.

2012-010

Program: HOME Investment Partnerships Program
CFDA No.: 14.239
Federal Agencies: U.S. Department of Housing and Urban Development
Passed-Through: N/A
Award Numbers: Santa Barbara
Award Year: Fiscal year 2011/12
Compliance Requirement: Subrecipient Monitoring
Questioned Costs: $3,187,676

Criteria:
The June 2012 OMB Circular A-133 *Compliance Supplement* requirements for Subrecipient Monitoring requires that the pass-through entity performs the monitoring procedures prescribed in OMB Circular A-133.

Condition Found:
No subrecipient monitoring procedures have been performed for the fiscal year 2011-2012.

Effect:
The subrecipients may not be adhering to the agreement entered between the County and the subrecipients.

Recommendation:
We recommend that the County establish formal policies and procedures with regards to the subrecipient monitoring requirements. This will help ensure the monitoring procedures are done on a regular and timely basis.

Views of Responsible Officials:
The County is aware that all subrecipient monitoring was not performed in fiscal year 2011-12, particularly the site inspections of affordable housing units. The County has already implemented several steps to address this deficiency. First, the County filled the positions of HCD Deputy Director and Grants Manager in the last 4 months. Second, the County has hired the federal grants consulting firm MDG from Rancho Cucamonga, California to review current HCD processes and provide the County with an updated policies and procedures manual. Third, the County plans on hiring 2 additional housing specialists. One of their primary work tasks will be to undertake subrecipient monitoring and assist the County in all federal subrecipient monitoring requirements. The County will also provide training to a new housing specialist, which will include federal program requirements. This training is periodically offered through HUD through workshops, webinars, and through a review of their web-based materials, and the County will utilize these training opportunities. The County has also drafted a new Service Contract and Grant Compliance Management policy document to become effective January 1, 2013, which all grants personnel with the Community Service Department and the Housing and community Development Division, will follow regarding grants management and monitoring.

Current Year Status:
See Finding 2013-008.

2012-011

Program: HOME Investment Partnerships Program
CFDA No.: 14.239
Federal Agencies: U.S. Department of Housing and Urban Development
Passed-Through: N/A
Award Numbers: Santa Barbara
Award Year: Fiscal year 2011/12
Compliance Requirement: Special Tests and Provisions
Questioned Costs: $0

Criteria:
The June 2012 OMB Circular A-133 *Compliance Supplement* requirements for Special Tests and Provisions is that the County must perform an on-site inspections of HOME assisted rental housing for compliance with property standards on an annual basis for rental properties with 26 units or more.

Condition Found:
Out of the 8 rental properties selected for testing, 3 properties with 26 or more units did not have an annual inspection as required.

Effect:
The rental properties may not be meeting the property standards and may be ineligible to accommodate the tenants receiving HOME assistance.

Recommendation:
We recommend that the County establish formal policies and procedures with regards to the housing quality standards so that all properties are inspected properly.

Views of Responsible Officials:
The County is aware that all subrecipient monitoring was not performed in fiscal year 2011-12, particularly the site inspections of affordable housing units. To address this deficiency the County has hired the federal grants consulting firm MDG from Rancho Cucamonga. The consultant will be reviewing the County's HOME program, its policies and procedures, and making recommendations on how the County's monitoring program can be improved, particularly compliance with housing quality standards, so that all properties are inspected properly. One of the more important elements that will be provided by the Consultant will be a revised policies and procedures manual for the County's HCD Division which currently administers the County HOME Program. Secondly the County has begun the recruitment of additional housing specialists, which will include affordable housing monitoring as a primary work objective.

Current Year Status:
See Finding 2013-009.