

Kern County Administrative Office



County Administrative Center

1115 Truxtun Avenue, Fifth Floor Bakersfield, CA 93301 - 4639
Telephone 661-868-3198 FAX 661-868-3190 TTY Relay 800-735-2929

Ryan J. Alsop

County Administrative Officer

February 12, 2019

Board of Supervisors
Kern County Administrative Center
1115 Truxtun Avenue
Bakersfield, CA 93301

DECEMBER 31, 2018 COMPLIANCE AND ACCOUNTABILITY REPORT

Fiscal Impact: None

County Ordinance Code 2.01.010 requires the County Administrative Office to report on the Compliance and Accountability function no later than 45 days after December 31, 2018 on departmental compliance issues for the period July 1, 2018 through December 31, 2018.

COMPLIANCE REQUIREMENTS AND RESPONSIBILITIES

Board of Supervisors' Audit Requirements

Government Code Section 25250 requires the Board of Supervisors to at least biennially examine and audit, or cause to be audited, the financial accounts and records of all officers having responsibility for the care, management, collection, or disbursement of money belonging to the County or money received or disbursed by them under authority of law. The Board has selected to have the Auditor-Controller perform some of those audits on its behalf, and also considers the engagements performed by others such as independent Certified Public Accountants (CPA), Grand Jury, Information Security Officer, and other agencies to fulfill the requirements. In general, they aim to determine the accuracy of information, provide insight and propose recommendations to improve. The scope depends on the focus and extent of a particular engagement that may be based on financial, compliance, operational, or investigative and may vary significantly depending on the department.

County Department's Response and Corrective Action Plan

County departments are responsible for responding directly to auditors and developing a corrective action plan to mitigate findings and attain the recommendations. The corrective action plan is required to be submitted to the County Administrative Office within 45 days of an audit report. All departments submitted their required corrective action plans for their internal audits listed in this report. Additionally, the departments must also provide documentation including written procedures that will help to improve the internal controls that contributed to the findings.

County Administrative Office's Post Audit Reviews

A responsibility of the County Administrative Office is to monitor and report to your Board the status of a department's compliance after the issuance of an audit report. The County Compliance and Accountability Officer reviews audit findings and recommendations with departments, ensures procedures are documented, and identifies probable solutions to the weaknesses and deficiencies identified in the audit reports. Most departments achieve compliance on findings identified in the audit reports within the first six months. If a specific finding is not completely achieved or documented it is indicated as "In Progress" and the County Compliance and Accountability Officer continues to work with the department to assist with remediation. The County Administrative Office performs follow-up reviews and provides an update on "In Progress" items on the next Compliance and Accountability Report to your Board.

AUDIT, REVIEW, ASSESSMENT, AGREED UPON PROCEDURE, MONITORING, AND OTHER ENGAGEMENTS

Auditor-Controller

The Board of Supervisors, by resolution dated June 13, 1956, adopted Government Code Section 26883 that gave the Board of Supervisors the power to require the Auditor-Controller to perform the audits of any department, office, board or institution under the Board of Supervisor’s control. To fulfill the Government Code requirements and provide additional fiscal oversight, the Auditor-Controller primarily performs compliance audits of each County department based on an audit plan approved by the Board of Supervisors. The compliance audits include assessing the adequacy of internal controls and examining, on a test basis, compliance with statutory requirements and the policies and procedures applicable to the department. Audits were conducted in accordance with Generally Accepted Auditing Standards as prescribed by the American Institute of Certified Public Accountants, and set further by the General Accounting Office’s Standards and pursuant to the Government Code. On April 2017, the Auditor-Controller transitioned to audits of compliance and internal controls in conformance with the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing. The standards require that they perform their engagements with proficiency and due professional care; that the internal audit function is subject to a program of quality assurance; and that the results of engagements are communicated. On occasion, the Auditor-Controller’s audit division has performed additional auditing services such as financial statement audits and has performed other agreed upon procedures.

The post audit review summaries, if required, are provided in Attachment A for the following audits that had audit reports issued by the Auditor-Controller and/or corrective action plans due during this reporting period:

| Report | Board Date | Plan Due Date | Attachment Page* |
|---|-------------------|----------------------|-------------------------|
| District Attorney - Prior Control Deficiencies | 05/22/18 | 07/06/18 | A-1 |
| Planning and Natural Resources - Prior Control Deficiencies | 05/22/18 | 07/06/18 | Not Required |
| Auditor-Controller-County Clerk - Prior Findings | 05/22/18 | 07/06/18 | Not Required |
| Airports - Transfer of Cash and Inventory | 06/19/18 | 08/03/18 | Not Required |
| Treasurer-Tax Collector - Statement of Money | 06/19/18 | 08/03/18 | Not Required |
| Countywide Inventory | 07/24/18 | 09/07/18 | A-2 |
| Kern County Sheriff-Coroner's Office | 07/24/18 | 09/07/18 | Not Required |
| Behavioral Health and Recovery Services | 08/14/18 | 09/28/18 | A-3 |
| Fire | 08/14/18 | 09/28/18 | A-5 |
| Human Resources | 08/14/18 | 09/28/18 | A-6 |
| Grand Jury - Transfer Inventory | 08/14/18 | 09/28/18 | Not Required |
| Treasurer-Tax Collector - Statement of Money | 08/14/18 | 09/28/18 | Not Required |
| Public Defender | 09/11/18 | 10/26/18 | A-8 |
| Board of Supervisors - Prior Findings | 09/11/18 | 10/26/18 | Not Required |
| Countywide Cell Phone Certification Process | 09/25/18 | 11/09/18 | Not Required |
| Countywide Employee Performance Evaluation Reports | 09/25/18 | 11/09/18 | A-9 |
| Airports | 09/25/18 | 11/09/18 | A-10 |
| District Attorney - Prior Control Deficiencies | 10/09/18 | 11/23/18 | Not Required |
| Countywide - DMV Pull Program | 10/09/18 | 11/23/18 | A-11 |
| Animal Services - Cash Process | 10/16/18 | 11/30/18 | Not Required |
| Airports - Transfer of Cash and Inventory | 11/13/18 | 12/28/18 | Not Required |
| General Services - Transfer of Cash and Inventory | 11/13/18 | 12/28/18 | Not Required |
| Veterans Services - Transfer of Cash and Inventory | 11/13/18 | 12/28/18 | Not Required |
| Fire - Prior Findings | 11/13/18 | 12/28/18 | Not Required |
| Treasurer-Tax Collector - Statement of Money | 11/13/18 | 12/28/18 | Not Required |

The following reports issued by the Auditor-Controller did not have a corrective action plan, if required, due during this reporting period; however they will be included in the next Compliance and Accountability Report for June 30, 2019:

| Report | Board Date | Plan Due Date | Attachment Page* |
|--|-------------------|----------------------|-------------------------|
| County Counsel - Transfer of Cash and Inventory | 12/11/18 | 01/25/19 | Not Required |
| Behavioral Health and Recovery Services - Prior Findings | 12/18/18 | 02/01/19 | Not Required |

* A corrective action plan is not required for reports that did not include any findings.

Independent CPA

On June 14, 2016, the Board of Supervisors approved the selection of Brown Armstrong Accountancy Corporation to serve as independent external auditor for audits specified in the Request for Proposal for the fiscal years ended (FYE) June 30, 2016, 2017, and 2018. Brown Armstrong primarily performed financial audits for additional fiscal oversight and other requirements, including the Government Code. Financial audits express opinions on the financial statements in accordance with Generally Accepted Auditing Standards and Government Auditing Standards. Standards require that they perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The auditor considers internal controls relevant to the preparation and fair presentation of the financial statements to design appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the internal controls. On occasion, Brown Armstrong also performs additional auditing services and other agreed upon procedures.

Brown Armstrong issued the following reports during this reporting period with no findings requiring a corrective action plan:

| Report | Board Date | Plan Due Date | Attachment Page* |
|--|-------------------|----------------------|-------------------------|
| Treasurer-Tax Collector - Deferred Compensation | 06/05/18 | 07/20/18 | Not Required |
| County Services Areas | 08/21/18 | 10/05/18 | Not Required |
| Treasurer-Tax Collector - Investment Policy Compliance | 12/04/18 | 01/18/19 | Not Required |
| District Attorney - Auto, Workers' Compensation, Disability and Healthcare Insurance Fraud Program | 12/18/18 | 02/01/19 | Not Required |

* A corrective action plan is not required for reports that did not include any findings.

Grand Jury

Government Code affirms that financial examinations or audits may be performed in coordination with the investigations conducted by the Grand Jury. The Board of Supervisors may resolve to accept the Grand Jury reports in lieu of its own separate examination if such reports are found to fulfill some or all of the requirements of the Government Code. Upon the issuance of a report, the Board of Supervisors and a department's elected official (if applicable) must respond to the Presiding Judge within 90 and 60 days, respectively.

The following reports were issued by the Grand Jury and/or the responses provided during this reporting period:

| Report | Report Date | Elected Official Response Date | Board of Supervisors Response Date |
|---|--------------------|---------------------------------------|---|
| Department of Human Services | 05/07/18 | Not Applicable | 07/24/18 |
| Probation - James G. Bowles Juvenile Hall | 05/14/18 | Not Applicable | 07/24/18 |
| Probation - Camp Erwin Owen | 05/30/18 | Not Applicable | 08/21/18 |
| Information Technology Services | 06/14/18 | Not Applicable | 09/11/18 |
| Sheriff - Lerdo Facility | 06/21/18 | 07/19/18 | 09/11/18 |
| Employers' Training Resource | 06/21/18 | Not Applicable | 09/18/18 |

* An elected official response is not applicable for departments that have an appointed (not elected) department head

Information Security Officer

Kern County Ordinance Section 2.01.010 appointed the Information Security Officer with the responsibility to conduct security assessments. The security assessment will cover all Kern County departments' information technology environments for current security posture and data protection. Assessments are conducted on departments that provide operational support for their department and some may even support multiple departments and/or budget units. The assessment identifies that adequate processes are in place and provides further guidance on improvements for a security incident response. A response quickly identifies potential incidents such as computer attacks by malware.

The following assessments completed by the Information Security Officer did not have a corrective action plan, if required, due during this reporting period; however they will be included in the next Compliance and Accountability Report for June 30, 2019:

| Department Assessment | Report Completed | Corrective Action Due |
|------------------------------|-------------------------|------------------------------|
| Probation | 12/05/18 | Not Required |
| Child Support Services | 12/05/18 | Not Required |
| Treasurer-Tax Collector | 12/14/18 | Not Required |
| Sheriff | 12/21/18 | Not Required |

* A corrective action plan is not required for reports that did not include any findings

Other External Agencies

In addition to the above mentioned reports, other reports have been issued from other external agencies. They include audits, reviews, assessments, agreed upon procedures, monitoring, and other reports that aim to determine the accuracy of information, provide insight, or recommendations to improve. Typically, they are primarily performance based but may vary significantly depending on the scope of the particular engagement and may also be financial or compliance based. The departments are responsible for filing the reports with the Board of Supervisors, County Administrative Office, and Auditor-Controller. The departments are also required to respond directly to the agency within 30 days and are expected to resolve all findings and/or recommendations identified.

The following reports were issued by other external agencies during this reporting period:

| Report | Report Date | Prepared by |
|--|-------------|---|
| Employers' Training Resource - 2017-18 Workforce Innovation and Opportunity Act (WIOA) Section 188 Onsite Compliance Monitoring Review | 03/09/18 | California Employment Development Department |
| Sheriff - 2016-18 Biennial Inspection of Detention Facilities | 08/08/18 | California Board of State and Community Corrections |
| Department of Human Services - Resource Family Approval | 08/08/18 | California Department of Human Services |
| Probation - Kern Crossroads Facility Inspection Report | 08/25/18 | Juvenile Justice Commission |
| Public Health Services - Quarterly Pharmaceutical and Vaccine Audit | 09/28/18 | Amanda Pitzer, Pharmacist Consultant |
| Public Health Services - Nutrition Education & Obesity Prevention Integrated Work Plan SNAP-Ed Site Visit | 10/16/18 | California Department of Public Health |
| Public Health Services - Child Death Review Team Annual Report | 10/23/18 | Kern County Child Death Review Team |
| Planning and Natural Resources - On-site Environmental Monitoring Community Development Block Grant (CDBG) and HOME Investment Partnership Act Programs for Plan Years 2014 - 2017 | 10/31/18 | U.S. Department of Housing and Urban Development |
| Employers' Training Resource - 2018-19 WIOA Section 188 Annual Onsite Compliance Monitoring Review | 11/29/18 | California Employment Development Department |
| Aging & Adult Services - Administration of the In-Home Supportive Services (IHSS) Quality Assurance Monitoring Review | 12/11/18 | California Department of Social Services |
| Public Health Services - Quarterly Pharmaceutical and Vaccine Audit | 12/22/18 | Amanda Pitzer, Pharmacist Consultant |

FOLLOW-UP REVIEWS

County Administrative Office's Follow-up Reviews

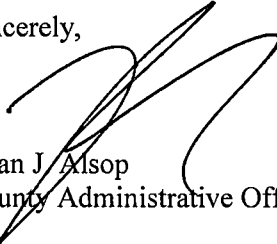
In addition to the new audits listed in this report that went to your Board in the past six months, a separate follow-up report on outstanding, unresolved audit findings from the June 30, 2018 Compliance and Accountability Report that are over six months old are provided as Attachments B and C. Our office continued to help departments with resolution, pursue adequate documentation of remedial proof, and report to your Board all previous in progress items until fully resolved. It is imperative that department heads are proactive in this process, as they are ultimately responsible for the success of their department's internal control processes. There were no findings listed on Attachment B that continued to be "In Progress" indicating a concern that the department might receive unresolved repeat findings. All previous follow-up findings were resolved during this reporting period and are listed on Attachment C.

CONCLUSION

The proactive and diligent efforts of the Board of Supervisors, County Administrative Office, auditors, and each County department have been a vital part of providing transparent and accountable County operations. As required by County ordinance, this report provides your Board with an update on department's compliance as identified through the audit process. This office will continue to assist departments in reaching resolution of the audit findings.

Therefore, IT IS RECOMMENDED that your Board receive and file the December 31, 2018 Compliance and Accountability Report.

Sincerely,



Ryan J. Alsop
County Administrative Officer

RA KB COMPL Dec 2018 Report

Attachments

cc: All Department Heads

DECEMBER 31, 2018
 COMPLIANCE AND ACCOUNTABILITY
 POST AUDIT REVIEW SUMMARY - CURRENT

Report: District Attorney Prior Control Deficiencies
 Audit Period: For Fiscal Years Ended June 30, 2016 and 2015 as of March 23, 2018

Corrective Action Plan Received: Yes
 Issued by: Kern County Auditor-Controller

| Budget Unit - Department | Audit Report Date | Finding [Violation] | CAO Comments | Previous Estimated Date of Compliance | Current Status | Current Estimated Date of Compliance |
|-----------------------------------|-------------------|---|--|---------------------------------------|----------------|--------------------------------------|
| 1 District Attorney [2180] [2200] | 05/22/18 | Finding: Employee Performance Report (EPR) Lag Time [Kern County Administrative Policy and Procedures Manual (KCAPPM) Section 135] - Previous EPR Lag Time Control Deficiency was not adopted. The status report from April 30, 2017 to May 22, 2018 contained 80 EPRs that were not completed. | On October 9, 2018 the Auditor-Controller reported to your Board, that their follow-up review indicated that the auditor's recommendations were implemented. As of September 5, 2018, they found a vast improvement. The department requests EPRs be submitted two weeks earlier than normal and effective upon processing. Fiscal Support Staff developed an improved process for notification and periodic reminders to follow-up on outstanding EPRs. | N/A | Achieved | Completed |

DECEMBER 31, 2018
 COMPLIANCE AND ACCOUNTABILITY
 POST AUDIT REVIEW SUMMARY - CURRENT

Report: Countywide Inventory
 Audit Period: For Fiscal Year Ended June 30, 2018

Corrective Action Plan Received: Yes
 Issued by: Kern County Auditor-Controller

| Budget Unit - Department | Audit Report Date | Finding [Violation] | CAO Comments | Previous Estimated Date of Compliance | Current Status | Current Estimated Date of Compliance |
|--------------------------|-------------------|---|--|---------------------------------------|----------------|--------------------------------------|
| 1 Fire [2415] | 07/24/18 | Finding: Fire Department [Internal Controls] - 5 of 10 items selected during inventory observation did not agree to the accounting records. Numerous items had to be reconciled and adjusted to reflect the actual inventory on hand. | The discrepancies identified were largely attributed to the system and new warehouse staffing. The department is still in progress of researching replacement systems but was able to update scanners in an attempt to make the process more efficient and accurate. The department continues to perform a complete annual year end inventory count and periodic spot checks to verify accounting records. Until a better system is confirmed, the department agrees with auditor's recommendation to conduct a complete inventory count more frequently, at least twice a year. The second inventory count is scheduled to be conducted on February 23, 2019. | N/A | In Progress | 06/30/19 |

DECEMBER 31, 2018
 COMPLIANCE AND ACCOUNTABILITY
 POST AUDIT REVIEW SUMMARY - CURRENT

Report: Behavioral Health and Recovery Services
 Audit Period: For Fiscal Years Ended June 30, 2017 and 2016

Corrective Action Plan Received: Yes
 Issued by: Kern County Auditor-Controller

| Budget Unit - Department | Audit Report Date | Finding [Violation] | CAO Comments | Previous Estimated Date of Compliance | Current Status | Current Estimated Date of Compliance |
|--|-------------------|--|--|---------------------------------------|----------------|--------------------------------------|
| 1 Behavioral Health and Recovery Services [4120] | 08/14/18 | Finding: Assets - Pervasive Asset Internal Control Deficiencies [Internal Controls] - The following capital asset deficiencies were noted: a) The department purchased 4 servers using a blanket purchase order and a non-capital expense account. b) 34 items purchased above the \$1,000 inventory threshold were not on the department's inventory report. c) 3 assets were not in the proper capital key. d) A \$123,990.17 major improvement was not properly capitalized. e) A response was not received for 10 samples selected and therefore auditor was unable to complete obsolescence testing. | On December 18, 2018 the Auditor-Controller reported to your Board, that their follow-up review indicated that the auditor's recommendations were implemented. The department properly made inventory adjustments and provided photographs of other assets still in use. The department requested additional training through the Auditor-Controller's Office. | N/A | Achieved | Completed |
| 2 Behavioral Health and Recovery Services [4120] | 08/14/18 | Finding: Accounts Receivable [Internal Controls] - The following accounts receivable deficiencies were noted: a) The department did not have an explanation for the self-pay aged report that shows multiple credit balances over 120 days old. b) Services provided as early as 2006 were still in the outpatient and self-pay accounts receivable and had not been written off. | The auditor's recommendation was that the department implement controls and procedures to assure that billing is prompt and accurate, aged balances are reviewed by management, and write-offs are approved by the Board of Supervisors. On December 18, 2018 the Auditor-Controller reported to your Board, that their follow-up review indicated that the recommendations were implemented. The credit balances are from an insurance provider overpayment. If provider disagrees there was an overpayment, the department is unable to process a refund and keeps the credit balance as an unclaimed fund with the Treasurer-Tax Collector. | N/A | Achieved | Completed |

DECEMBER 31, 2018
 COMPLIANCE AND ACCOUNTABILITY
 POST AUDIT REVIEW SUMMARY - CURRENT

Report: Behavioral Health and Recovery Services
 Audit Period: For Fiscal Years Ended June 30, 2017 and 2016

Corrective Action Plan Received: Yes
 Issued by: Kern County Auditor-Controller

| Budget Unit - Department | Audit Report Date | Finding [Violation] | CAO Comments | Previous Estimated Date of Compliance | Current Status | Current Estimated Date of Compliance |
|--|-------------------|---|--|---------------------------------------|----------------|--------------------------------------|
| 3 Behavioral Health and Recovery Services [4120] | 08/14/18 | Finding: Cash - Separation of Duties [Internal Controls] - There was a lack of separation of duties in the cash handling process. A Fiscal Support Specialist prepared and made the deposits without review, and completed the monthly reconciliations for most of the funds. The Supervisor also kept the records for Special Housing Accounts Receivable. | On December 18, 2018 the Auditor-Controller reported to your Board, that their follow-up review indicated that the auditor's recommendations were implemented. The department filled two vacant positions to separate the duties of those handling payments. The department also implementing a step-by-step form, with visuals, to help train and answer questions. | N/A | Achieved | Completed |

DECEMBER 31, 2018
 COMPLIANCE AND ACCOUNTABILITY
 POST AUDIT REVIEW SUMMARY - CURRENT

Report: Fire
 Audit Period: For Fiscal Years Ended June 30, 2017 and 2016

Corrective Action Plan Received: Yes
 Issued by: Kern County Auditor-Controller

| Budget Unit - Department | Audit Report Date | Finding [Violation] | CAO Comments | Previous Estimated Date of Compliance | Current Status | Current Estimated Date of Compliance |
|--------------------------|-------------------|--|---|---------------------------------------|----------------|--------------------------------------|
| 1 Fire [2415] | 08/14/18 | Finding: Rest and Recuperation Pay [Agreement Terms] - Seasonal extra help firefighters were given two mandatory days off with pay after a 14-day Detweiller and Cedar wildland fire assignment. The County absorbed the increased overtime cost since the department could not bill for those days since the Incident Commander did not provide prior approval. | On November 13, 2018 the Auditor-Controller reported to your Board, that their follow-up review indicated that the auditor's recommendation was implemented. The Incident Commander preapproved all subsequent mandatory rest and recuperation days off and the department was able to bill the cost. | N/A | Achieved | Completed |
| 2 Fire [2415] | 08/14/18 | Finding: Revenue Reconciliation [Internal Controls] - All collections were received, however the department did not reconciled the receipts to the deposit. | On November 13, 2018 the Auditor-Controller reported to your Board, that their follow-up review indicated that the auditor's recommendation was implemented. The department initiated monthly reconciliations and all receipts were accounted for. | N/A | Achieved | Completed |

DECEMBER 31, 2018
 COMPLIANCE AND ACCOUNTABILITY
 POST AUDIT REVIEW SUMMARY - CURRENT

Report: Human Resources
 Audit Period: For Fiscal Years Ended June 30, 2016 and 2015

Corrective Action Plan Received: Yes
 Issued by: Kern County Auditor-Controller

| Budget Unit - Department | Audit Report Date | Finding [Violation] | CAO Comments | Previous Estimated Date of Compliance | Current Status | Current Estimated Date of Compliance |
|--|-------------------|---|--|---------------------------------------|----------------|--------------------------------------|
| 1 Human Resources [1310, 8960, 8965, 8980] | 08/14/18 | Finding: Trust Fund Reconciliation [Internal Controls] - The division no longer tracks the detailed fund balance at the retiree level for trust fund 24036 Funds can be not be identified to specific retiree accounts and there is no ongoing tracking to attribute available funds to specific outstanding liabilities. | The division agrees with the auditor's recommendation and is evaluating the best method to ensure that funds for retiree benefits in the trust reflect the available balance for payments. Although the division has reviewed eligibility and billing, followed-up on discrepancies, and monitored billing, they are still in progress of evaluating the most efficient method to reconcile to the Financial Management System (FMS). The division will determine if their retiree accounting program can be customized to provide individual retiree level transaction reporting to reconcile FMS aggregate. The division will work with the Auditor-Controller to ensure a sufficient level of confidence. | N/A | In Progress | 04/30/19 |
| 2 Human Resources [1310, 8960, 8965, 8980] | 08/14/18 | Finding: Revenue Reconciliation Consolidate Omnibus Budget Reconciliation Act (COBRA) [Internal Controls] - Upon receipt of each members premium payments there is no individual comparison of the amount due in the health benefits eligibility system to ensure the accuracy. | The division agrees with the auditor's recommendation to reconcile its records to determine the accuracy of amounts received to the benefit being provided. The division is in progress of evaluating the most efficient way of administering COBRA benefits. The division will determine if their COBRA accounting program can be customized to provide individual revenue transaction reporting to ensure accuracy. Currently, the administration of COBRA benefits are contracted out to a third party but the division is also considering servicing in-house to streamline and improve revenue tracking. | N/A | In Progress | 04/30/19 |

DECEMBER 31, 2018
 COMPLIANCE AND ACCOUNTABILITY
 POST AUDIT REVIEW SUMMARY - CURRENT

Report: Human Resources
 Audit Period: For Fiscal Years Ended June 30, 2016 and 2015

Corrective Action Plan Received: Yes
 Issued by: Kern County Auditor-Controller

| Budget Unit - Department | Audit Report Date | Finding [Violation] | CAO Comments | Previous Estimated Date of Compliance | Current Status | Current Estimated Date of Compliance |
|--|-------------------|--|---|---------------------------------------|----------------|--------------------------------------|
| 3 Human Resources [1310, 8960, 8965, 8980] | 08/14/18 | Finding: EPR and Change of Employee Status (CES) [KCAPPM Section 135 and 110.2] - 17 EPRs were completed 5 to 81 days late. 3 CESs with increment raises were late requiring retroactive pay. | The EPRs identified were completed and the completion status was updated in the CountyNet system accordingly. The division implemented a process that improved the timeliness and will strive to have all future EPRs completed prior to their due date. The division will also exercise its discretion to not retroactively pay due to Auditor's additional processing concern. | N/A | In Progress | 06/30/19 |
| 4 Human Resources [1310, 8960, 8965, 8980] | 08/14/18 | Finding: Transfer of Stipend and Supplement Payroll Deductions to Other Post-Employment Benefits Trust OPEB [Internal Controls] - The Stipend and Supplement contribution deductions were not transferred to the OPEB trust timely. The transfer from the clearing fund to the OPEB trust ranged between 1 - 102 days. | The division was not aware of a requirement to transfer funds to the OPEB trust as soon as the money is available. The division agrees that the funds should be transferred at a reasonable time. Currently, a manual transfer is occurring approximately monthly rather than biweekly when the money is available. In search to improve efficiency the division has asked if the Auditor-Controller will automate the payroll deduction transfer directly from the payroll clearing fund and eliminate this additional step in and out of another clearing fund. If not, the division will seek approval from the Auditor-Controller with the current improved monthly transfer process. | N/A | In Progress | 06/30/19 |

**DECEMBER 31, 2018
COMPLIANCE AND ACCOUNTABILITY
POST AUDIT REVIEW SUMMARY - CURRENT**

**Report: Public Defender
Audit Period: For Fiscal Years Ended June 30, 2018 and 2017**

**Corrective Action Plan Received: Yes
Issued by: Kern County Auditor-Controller**

| Budget Unit - Department | Audit Report Date | Finding [Violation] | CAO Comments | Previous Estimated Date of Compliance | Current Status | Current Estimated Date of Compliance |
|--------------------------|-------------------|--|---|---------------------------------------|----------------|--------------------------------------|
| 1 Public Defender [2190] | 09/11/18 | <p>Finding: Revenue [Internal Controls] - The following revenue deficiencies were noted:</p> <p>a) Attorney's fees, juvenile dependency, and conservatorship billing rates were not always supported by the actual payment.</p> <p>b) 2 prison billing claims included a total of 17 hours that were previously billed and 1 claim did not include an eligible mileage reimbursement.</p> <p>c) A lack of segregation of duties for an employee who collects revenue and also prepares the monthly revenue reconciliation.</p> | <p>a) For a more consistent and accurate reflection of attorney cost, the department changed their rate calculation methodology. Calculations were changed from an average attorney classification rate to an individual actual salaries and benefits rate. They also changed the calculation from annual to monthly. The current rates were reviewed by the department and Auditor-Controller.</p> <p>b) Management informed prison unit attorneys that billing for each month are to be recorded separately to avoid duplication and to capture all relevant billings including mileage claims. The department is in progress of cross training staff and management to review and input claims.</p> <p>c) The department created a log for staff to recorded checks received. The department assigned and maintained separate staff to log checks received, make deposit, and perform a monthly reconciliation reviewing the log against the deposit record.</p> | N/A | In Progress | 06/30/19 |

DECEMBER 31, 2018
 COMPLIANCE AND ACCOUNTABILITY
 POST AUDIT REVIEW SUMMARY - CURRENT

Report: Countywide Employee Performance Evaluation Reports
 Audit Period: As of August 6, 2018

Corrective Action Plan Received: Yes
 Issued by: Kern County Auditor-Controller

| Budget Unit - Department | Audit Report Date | Finding [Violation] | CAO Comments | Previous Estimated Date of Compliance | Current Status | Current Estimated Date of Compliance |
|--|-------------------|--|---|---------------------------------------|----------------|--------------------------------------|
| 1. Library [6210], Public Works [8954, 2625, 2623, 3016, 8998, 3000, 1905, 8999] | 09/25/18 | Finding: EPRs Not Conducted Timely [KCAPPM Section 110.2, 135, 136] - Library and Public Works did not complete all EPRs timely and in many cases the delayed EPRs affected the timeliness of the CES for increment raises and promotions. | The departments concurred with the auditor's recommendation to implement internal controls to ensure that all required EPRs and CESs are completed timely. The departments are working toward completing all applicable outstanding EPRs, updating completion status accordingly, and completing all future EPRs by their due date. | N/A | In Progress | 06/30/19 |

DECEMBER 31, 2018
 COMPLIANCE AND ACCOUNTABILITY
 POST AUDIT REVIEW SUMMARY - CURRENT

Report: Airports
 Audit Period: For Fiscal Years Ended June 30, 2018 and 2017

Corrective Action Plan Received: Yes
 Issued by: Kern County Auditor-Controller

| Budget Unit - Department | Audit Report Date | Finding [Violation] | CAO Comments | Previous Estimated Date of Compliance | Current Status | Current Estimated Date of Compliance |
|--------------------------|-------------------|--|---|---------------------------------------|----------------|--------------------------------------|
| 1 Airports [8995] | 09/25/18 | Finding: Timeliness of Comprehensive Annual Financial Reporting (CAFR) Information [Internal Controls] - The department did not properly accrue approximately \$5.5 million of expenditures at June 30, 2017. The Auditor-Controller corrected this before issuing the CAFR and Schedule of Expenditures of Federal Awards (SEFA). | There was no similar occurrence at June 30, 2018. The finding appeared to be an isolated occurrence due to significant management and staff change. The department is in process of filling key management and staff positions and will properly train those individuals to prevent the issue from reoccurring. | N/A | In Progress | 06/30/19 |

DECEMBER 31, 2018
 COMPLIANCE AND ACCOUNTABILITY
 POST AUDIT REVIEW SUMMARY - CURRENT

Report: Countywide DMV Pull Program
 Audit Period: As of August 22, 2018

Corrective Action Plan Received: Yes
 Issued by: Kern County Auditor-Controller

| Budget Unit - Department | Audit Report Date | Finding [Violation] | CAO Comments | Previous Estimated Date of Compliance | Current Status | Current Estimated Date of Compliance |
|---|-------------------|---|--|---------------------------------------|----------------|--------------------------------------|
| 1 Agriculture and Measurement Standards [2610], District Attorney [2180, 2200], Library [6210], and Public Works [8954, 2625, 2623, 3016, 8998, 3000, 1905, 8999] | 10/09/18 | Finding: DMV Pull Notice Program Monitoring [Internal Controls] - July 2018, Risk Management sent each department the DMV Pull Notice Program employee listing for their review. Agriculture and Measurement Standards, District Attorney, Human Services, Library, and Public Works each had several necessary changes. The changes included driver's licenses that needed to be either added, updated, or deleted from the DMV Pull Notice Program that Risk Management monitors. | Risk Management acknowledged significant improvements were made. Specifically, they worked with each of the 5 departments to get their records current and accurate. Risk Management has received increased daily communication as departments are now more actively involved. The departments incorporated procedures to maintain accurate records with Risk Management. Procedure include that when the department hires an employee or an existing employee starts to drive for County business that Risk Management is notified timely. Also when an employee terminate, retires, transfers, or is no longer required to drive for County business that Risk Management is notified timely. For additional assurance, the departments will periodically request that Risk Management provide their department list to review and update, if necessary. | N/A | Achieved | Completed |
| Human Services [5120, 5220] | | | The above mentioned comments are also applicable to the Department of Human Services, except that due to the size of the department, they are currently still in progress of communicating their additions, updates, and deletions of driver's license information to Risk Management timely. They have improved their notifications to Risk Management only on a monthly basis. | | In Progress | 06/30/19 |

DECEMBER 31, 2018
 COMPLIANCE AND ACCOUNTABILITY
 FOLLOW-UP POST AUDIT REVIEW SUMMARY - IN PROGRESS (OVER SIX MONTHS OLD)

| Department [Budget Unit] | Audit Report Date | Finding [Violation] | CAO Comments | Previous Estimated Date of Compliance | Current Status | Current Estimated Date of Compliance |
|-----------------------------|----------------------|---------------------|--------------|---|----------------|---|
|-----------------------------|----------------------|---------------------|--------------|---|----------------|---|

Not applicable - no findings over six months old remained in progress.
 All follow-up findings over six months old were resolved during this reporting period and are listed on Attachment C

**DECEMBER 31, 2018
COMPLIANCE AND ACCOUNTABILITY
FOLLOW-UP POST AUDIT REVIEW SUMMARY - RESOLVED (OVER SIX MONTHS OLD)**

| Department [Budget Unit] | Audit Report Date | Finding [Violation] | CAO Comments: | Previous Estimated Date of Compliance | Current Status | Current Estimated Date of Compliance |
|--|----------------------|---|---|---|----------------|---|
| Board of Supervisors [1011] [1015] | 03/20/18 | Finding: Cell Phone Certification [Kern County Administrative Policy and Procedures Manual (KCAPP) Chapter 307 6][Department Policy] - The District 1 and 5 required monthly cell phone certification reports were not conducted timely | A process was implemented to provide timely certifications by utilizing staff assistance from the County Administrative Office (CAO). Additional controls were setup for electronic calendar and verbal reminders until certifications are completed All cell phones assigned to CAO staff for certification were completed timely for the 6 months ended June 30, 2018. On September 11, 2018 the Auditor-Controller reported to your Board, that their follow-up review results indicated that the auditor's recommendations were implemented. | 09/30/18 | Achieved | Completed |
| Board of Supervisors [1011] [1012] [1013] [1014] [1015] | 03/20/18 | Finding: Purchasing Card Certification [KCAPP Chapter 519.15] - For the period under audit the following findings were noted: • District 1 and 5 - A purchasing card transaction was approved by the reviewer but not certified by each District. • District 1, 4, and 5 - 19, 1, and 13 purchasing card transactions, respectively, were not certified timely (within 45 days of the statement cycle close date). • District 1, 2, 3, 4, and 5 - 25, 4, 1, 4, and 15 monthly statements, respectively, were not approved timely (within 45 days of the statement cycle close date). | Although all transactions were believed to be accurate and have sufficient documentation, some transactions were not certified or approved timely due to oversight and staffing coverage Considering the small staff size available at each District, a process was implemented to enable timely certifications and approvals by utilizing staff assistance from the CAO. Additional controls were setup for electronic calendar reminders. For the 6 months ended June 30, 2018, significant improvement was made as all transactions due were certified and approved timely except for 1 late monthly approval for District 5 Each District's Chief of Staff and the Chief Deputy CAO will continue to review and monitor to ensure compliance. On September 11, 2018 the Auditor-Controller reported to your Board, that their follow-up review results indicated that the auditor's recommendations were implemented. | 09/30/18 | Achieved | Completed |