



August 4, 2020

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

JUNE 30, 2020 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 June 30, 2020 on departmental compliance issues for the period January 1, 2020 through June 30, 2020.

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 external Certified Public Accountants (CPA) auditors, 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 responded and/or submitted their required corrective action plans for their 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, identifies probable solutions to the weaknesses and deficiencies identified, and ensures the resolution is documented. 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 until remediated. 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.

GROUND  **BOUNDLESS**

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. 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 also performed additional auditing services and 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*
Board of Trade	01/14/20	02/28/20	A-1
Department of Human Services	01/14/20	Not Required	Not Required
Public Works - Prior Findings	01/14/20	Not Required	Not Required
Grand Jury - Transfer Inventory	02/11/20	Not Required	Not Required
Fire	02/25/20	Not Required	Not Required
Countywide Communication - Transfer Inventory	03/31/20	Not Required	Not Required
Treasurer-Tax Collector - Statement of Money	04/21/20	Not Required	Not Required
Human Resources - Claims Processed by Liberty Dental	06/02/20	Not Required	Not Required
Treasurer-Tax Collector - Statement of Money	06/30/20	Not Required	Not Required
Public Health Services	06/30/20	Not Required	Not Required
Countywide - State Disability Insurance Integration	06/30/20	Not Required	Not Required

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

As of June 30, 2020, the Auditor-Controller had also begun fieldwork on other audits that were not completed or still under their review before finalizing. The following in progress audit are expected to be completed and reported on the next December 31, 2020 Compliance and Accountability Report:

Report
Public Works - Kern Regional Transit
District Attorney
Treasurer-Tax Collector - Tourism Hotel Occupancy Tax
Countywide - Assets
Human Resources
Public Works
Clerk of the Board
County Counsel / Risk Management
Animal Services

Report
Farm and Home
Human Resources - Claims Processed by Pharmacy Plan
Human Resources - Claims Processed by Medical Plan
Agriculture and Measurement Standards
Veterans Service
Countywide - Inventory

Independent External CPA Auditors

On June 14, 2016 and June 4, 2019, the Board of Supervisors approved the selection of independent external CPA auditors Brown Armstrong Accountancy Corporation for the fiscal years ended (FYE) June 30, 2016, 2017, 2018 and Clifton Larson Allen LLP for the FYE June 30, 2019, 2020, 2021, respectively, to perform audits specified in the Request for Proposal. The independent external CPA auditors primarily perform 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, the independent external CPA auditors also perform additional auditing services and other agreed upon procedures.

Brown Armstrong issued the following reports and/or their corrective action plans were due during this reporting period:

Report	Board Date	Plan Due Date*	Attachment Page*
Treasurer-Tax Collector - Deferred Compensation	03/10/20	Not Required	Not Required
Public Works - County Services Areas	05/05/20	Not Required	Not Required
Public Works - Ford City-Taft Heights Sanitation District	05/05/20	Not Required	Not Required
Public Works - Kern Sanitation Authority	05/05/20	Not Required	Not Required

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

Clifton Larson Allen issued the following reports and/or their corrective action plans were due during this reporting period:

Report	Board Date	Plan Due Date*	Attachment Page*
Public Health Services - Prop 10 Medically Vulnerable Care	02/25/20	Not Required	Not Required
Public Health Services - Prop 10 Black Infant Health	02/25/20	Not Required	Not Required
Public Health Services - Prop 10 Nurse Family Partnership	02/25/20	Not Required	Not Required
Public Health Services - Prop 10 Successful Application Stipend	02/25/20	Not Required	Not Required
District Attorney - Auto, Workers' Compensation, Disability and Healthcare Insurance Fraud Programs	02/25/20	Not Required	Not Required
Auditor-Controller - Comprehensive Annual Financial Report	04/21/20	Not Required	Not Required
Countywide - Single Audit	04/21/20	Not Required	Not Required
Airports - Passenger Facility Charge Program	05/05/20	Not Required	Not Required
Treasurer-Tax-Collector - Investment Policy Compliance	06/02/20	Not Required	Not Required

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

As of June 30, 2020, Brown Armstrong completed all audits specified in their Request for Proposal for the FYE June 30, 2016, 2017, 2018. Clifton Larson Allen had begun fieldwork on audits that were not completed or still under their review before finalizing. The following in progress audit are expected to be completed and reported on the next December 31, 2020 Compliance and Accountability Report.

Report
Probation / District Attorney / Sheriff - California Office of Emergency Services, Board of State and Community Corrections, Office of Traffic Safety, Department of Justice, and Parks and Recreation Grants
Assessor-Recorder - California Electronic Recording Transaction Network Authority
Public Works - County Services Areas
Public Works - Ford City-Taft Heights Sanitation District
Public Works - Kern Sanitation Authority

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
Board of Trade	11/13/19	Not Applicable	02/11/20 and 03/10/20
Sheriff - Coroner Division	02/04/20	02/27/20	04/21/20
Public Defender	02/10/20	Not Applicable	05/05/20
Kern Economic Development Corporation	02/12/20	Not Applicable	05/05/20

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

The following reports were completed during the reporting period, but the responses were not due, so they will be included in the next December 31, 2020 Compliance and Accountability Report:

Report	Report Date	Elected Official Response Date*	Board of Supervisors Response Date
Sheriff - Warrants	05/21/20	Due 07/20/20	Due 08/19/20
Indigent Defense Program	06/11/20	Not Applicable	Due 09/09/20
Aging and Adult Services	06/12/20	Not Applicable	Due 09/10/20

* 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 of the County’s security environment. The security assessment covers all information technology (IT) environments for the security posture and defense in-depth protection. The assessment includes different technologies, such as, networking, servers, workstations, mobile devices, wireless networks, and security standards. The multiple layers of security configurations and maintenance cover different threat vectors of the IT environment. The requirements also ensure departments are protecting the minimum standard level of security enforced through the Kern County IT Policy and Standards.

The following assessment reports were issued by the Information Security Officer and/or corrective action plans due during this reporting period:

Report	Report Date	Corrective Action Plan*
Recorder	01/15/20	Not Required
Aging and Adult Services	04/13/20	Not Required
Probation	04/16/20	Not Required
Child Support Services	05/05/20	Not Required
County Counsel	06/30/20	Not Required

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

As of June 30, 2020, the Information Security Officer had also begun fieldwork on other assessments that were not completed or still under review before finalizing. The following in progress assessments are expected to be completed and reported on the next December 31, 2020 Compliance and Accountability Report:

Report
Information Technology Services (includes services provided to Airports, Agriculture and Measurement Standards, Animal Services, Assessor, Auditor-Controller-County Clerk, Board of Trade, County Administrative Office, Clerk of the Board, District Attorney, Employers' Training Resource, Farm and Home, General Services, Grand Jury, Human Resources, Library, Public Defender, Public Works, Planning and Natural Resources, and Veterans)
Treasurer-Tax Collector
Sheriff

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 and/or corrective action plans due during this reporting period:

Report	Prepared by	Report Date	Corrective Action Plan*
Aging and Adult Services - Supplemental Nutrition Assistance Program Education	California Department of Aging	04/02/19	Not Required
Probation - Standards and Training for Corrections Program Compliance	California Board of State and Community Corrections	11/15/19	Received
Aging and Adult Services - Quality Assurance of In-Home Supportive Services	California Department of Social Services	12/06/19	Received
Department of Human Services - CalFresh Employment Training Management Evaluation	California Department of Social Services	12/17/19	Received

Report	Prepared by	Report Date	Corrective Action Plan*
Aging and Adult Services - Planning and Service Area 33	California Department of Aging	01/09/20	Not Required
Department of Human Services - Adoption Assistance Program	California Department of Social Services	01/24/20	Received
Kern County Hospital Authority - Financial Statements with Supplementary Information	Moss Adams, LLP	01/28/20	Not Required
Department of Human Services - CalFresh Management Evaluation	California Department of Social Services	02/14/20	Received
Probation / Public Health Services - 2013/2014 Targeted Case Management Non-Expanded Medi-Cal Cost Interim Settlement	California Department of Health Care Services	03/09/20	Received
Probation - Camp Erwin Owen Inspection	Juvenile Justice Commission	03/14/20	Not Required
Probation / Public Health Services - 2015/2016 Targeted Case Management Non-Expanded Medi-Cal Cost Interim Settlement	California Department of Health Care Services	03/24/20	Received
Probation / Public Health Services - 2017/2018 Targeted Case Management Non-Expanded Medi-Cal Cost Interim Settlement	California Department of Health Care Services	03/24/20	Received
Probation / Public Health Services - 2017/2018 Targeted Case Management ACA-Expanded Medi-Cal Cost Interim Settlement	California Department of Health Care Services	03/24/20	Received
Department of Human Services - Income and Eligibility Verification System of CalWORK, CalFresh, Food Nutrition Service, and IRS	California Department of Social Services	04/10/20	Received
Planning and Natural Resources - Emergency Solutions Grant Program	California Department of Housing and Community Development	04/15/20	Received
Probation - Juvenile Justice Crime Prevention	California State Auditor	05/12/20	Received
Child Support Services - CS356 Administrative Claim	California Department of Child Support Services	05/29/20	Not Required
Probation - Furlough Treatment and Rehabilitation Inspection	Juvenile Justice Commission	06/13/20	Not Required
Probation - Pathways Academy Inspection	Juvenile Justice Commission	06/13/20	Not Required
Probation - Bowles Juvenile Hall Inspection	Juvenile Justice Commission	06/13/20	Not Required

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

The following reports completed by other external agencies did not have a corrective action plan, if required, due during this reporting period; however they will be included in the next December 31, 2020 Compliance and Accountability Report:

Report	Prepared by	Report Date	Plan Due Date*
District Attorney - Memorandum of Understanding for Welfare Fraud Investigation	Brown Armstrong Accountancy Corporation	05/21/20	07/05/20
Department of Human Services - Social Security Administration Representative Payee Review	Disability Rights California	06/01/20	07/16/20

As of June 30, 2020, external agencies had also begun fieldwork on other audits that were not completed or still under their review before finalizing. The following were in progress and are expected to be completed and reported on the next December 31, 2020 Compliance and Accountability Report:

Report	Prepared by
Department of Human Services - Medi-Cal Renewal	California Department of Health Care Services
Public Health Services - Certified Unified Program Agency Evaluation	California Environmental Protection Agency
Employers' Training Resource - Workforce Accelerator Fund 6.0 Grant	Fresno Regional Workforce Development Board
Public Health Services - Local Enforcement Agency Evaluation	Department of Resources Recycling and Recovery
Behavioral Health and Recovery Service - Payment Error Rate Measurement	Department of Health Care Services
Agriculture and Measurement Standards - Fiscal and Compliance	California Department of Food and Agriculture
Aging and Adult Services - Supplemental Nutrition Assistance Program Management Evaluation	California Department of Aging
Employers' Training Resource - Annual Fiscal and Procurement	California Employment Development Department
Behavioral Health and Recovery Services - External Quality Review	Behavioral Health Concepts, Inc.
Probation - School Nutrition Programs Off-Site Local Agency Procurement Review	California Department of Education
Agriculture and Measurement Standards - Asian Citrus Psyllid Agreement	United States Department of Agriculture
Public Health Services - Public Health Emergency Preparedness Limited Scope Fiscal and Compliance	California Department of Public Health
Public Health Services - Hospital Preparedness Program Limited Scope Fiscal and Compliance	California Department of Public Health
Aging and Adult Services - Social Security Administration Representative Payee Review	Disability Rights California
Aging and Adult Services - In-Home Supportive Services Program Funding	California State Auditor
Sheriff - Peace Officer Standards and Training Program	California State Controller
Public Works - Road Expenditures	California State Controller
Probation / Public Health Services - 2003/2004 Targeted Case Management Medi-Cal Cost Disallowance Deferral	California Department of Health Care Services
Probation / Public Health Services - 2014/2015 Medi-Cal Limited Audit	California Department of Health Care Services
Probation / Public Health Services - 2016/2017 Medi-Cal Limited Audit	California Department of Health Care Services
Probation / Public Health Services - 2018/2019 Targeted Case Management Non-Expanded Medi-Cal Cost Interim Settlement	California Department of Health Care Services

FOLLOW-UP REVIEWS

County Administrative Office's Follow-up Reviews

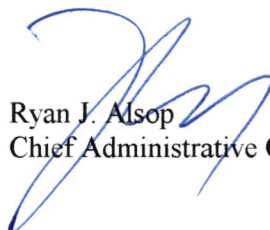
In addition to the new audits listed in this report for the past six months, our office continues to work with departments, pursue adequate documentation of remediation, and report issues until fully resolved. It is imperative that department heads are proactive in this process, as they are ultimately responsible for the success of their department's internal control processes. There were no unresolved audit findings from the December 31, 2019 Compliance and Accountability Report to follow-up and report on Attachments B or C during this reporting period.

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 audit compliance. This office will continue to work with departments in reaching resolution of the audit findings and report their compliance on the next December 31, 2020 Compliance and Accountability Report.

Therefore, IT IS RECOMMENDED that your Board receive and file the June 30, 2020 Compliance and Accountability Report.

Sincerely,



Ryan J. Alsop
Chief Administrative Officer

RA:KB:COMPL Jun 2020 Report

Attachments
cc: All Department Heads

**JUNE 30, 2020
COMPLIANCE AND ACCOUNTABILITY
POST AUDIT REVIEW SUMMARY - CURRENT**

Report: Board of Trade
Audit Period: For Fiscal Year Ended June 30, 2019

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

Department [Budget Unit]	Audit Report Date	Finding [Violation]	CAO Comments	Previous Estimated Date of Compliance	Current Status	Current Estimated Date of Compliance
1 Board of Trade [1812]	01/14/20	Finding: Purchase Card Certification and Approval [Internal Controls / Kern County Administrative Policy and Procedures Manual (KCAPPM) 519.15] - 19 and 83 purchasing card transactions were not certified by cardholder and approved by management, respectively, within the required 45 day period.	On July 7, 2020 the Auditor-Controller's office communicated that their follow-up audit revealed that their recommendation was implemented. All purchasing card transactions tested were certified by the cardholder and approved by management within the required 45 day period.	N/A	Achieved	Completed
2 Board of Trade [1812]	01/14/20	Finding: Late Employee Performance Reports (EPR) [Internal Controls / KCAPPM 135] - As of September 17, 2019 4 EPRs were late.	On July 24, 2020 the Auditor-Controller's office communicated that their follow-up audit revealed that their recommendation was implemented. Management completed all EPRs as requested.	N/A	Achieved	Completed

JUNE 30, 2020
 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
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Not applicable - no findings over six months old remained in progress at December 31, 2019 and June 30, 2020.

JUNE 30, 2020
 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
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Not applicable - no findings over six months old remained in progress at December 31, 2019 needing resolution by June 30, 2020.