

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

JOHN NILON

County Administrative Officer

August 14, 2012

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

JUNE 30, 2012 COMPLIANCE AND ACCOUNTABILITY REPORT

Fiscal Impact: None

County Ordinance Code 2.01.010 requires that the County Administrative Office report on the Compliance and Accountability function no later than 45 days after June 30 on departmental compliance issues for the period January 1 through June 30.

COMPLIANCE

Post Audit Reviews

The responsibility of the County Administrative Office is to monitor and report to your Board the status of a department's compliance with policy and regulations after the issuance of an audit report. Last fiscal year, the County Administrative Office developed and implemented a new post audit review process that includes the Administrative Analysts reviewing audit findings with departments, ensuring procedures are documented and identifying probable solutions to the internal control weaknesses identified in the Auditor-Controller's departmental audit reports. The reviews represent the status of the departments' remediation efforts as of June 30, 2012.

Departments are required to provide written procedures that will help to improve the internal controls that contributed to the findings. While the department may have implemented a corrective process, if the procedure was not documented (for purposes of the post audit review), compliance was considered still in progress. Department heads are responsible for developing a corrective action plan. All departments have submitted plans as required for this report.

Most of the departments have achieved compliance with the findings identified in the audit reports. If compliance was not achieved for a specific finding by June 30, it is indicated as "In progress" and the analyst will be following up on the status within 30 days. In addition, the analyst will strive to assist the department with remediation by the anticipated date of compliance indicated on the summary. An update on "In progress" items for all departments will be provided in the December 30, 2012 Compliance and Accountability Report to your Board.

In addition to the new audits that went to your Board in the past six months, a separate follow-up report on outstanding, unresolved audit findings from the December 2011 Compliance and Accountability Report has been provided as Attachment B. Findings that continue to be "In Progress" on this report are a concern and may be indicative that the department will receive repeat findings in these areas if not resolved soon. Analysts will continue to pursue adequate documentation and remedial proof on these items and will strive to assist departments with resolution by the next report due to your Board. It is imperative that department heads are proactive in this process, as ultimately he or she is responsible for the success of the department's internal control processes.

The post audit review summaries are provided in Attachment A for the following departments that had audit reports issued during this reporting period:

Department	Audit Report Date	Attachment A Page #
KC Pension Plan for Physician Employees	02/14/2012	A-1
KMC - Inventory	02/14/2012	A-2
Assessor-Recorder	02/14/2012	A-3
Fire	04/17/2012	A-4
Report to Management	04/17/2012	A-5 and A-6
Aging and Adult Services	05/08/2012	A-7
KMC - Cash	05/22/2012	A-8
Child Support	06/12/2012	A-9

HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)

The Health Insurance Portability and Accountability Act (HIPAA) of 1996 applies to all entities that use, generate or process health information and includes rules to assure that patient information remains private. All covered entities must comply with the regulations regarding protection of personal health information. Kern Medical Center, Mental Health and Public Health Services Departments are covered by HIPAA. As the administrator of the County health plan, the County Administrative Office also comes under the jurisdiction of HIPAA. While each of the covered County departments has privacy officials, the law requires one central public contact for HIPAA-related privacy issues. Your Board designated an Administrative Analyst as the County Privacy Officer. The County Privacy Officer will continue to work with the departments to coordinate information and assist in resolving any complaints that have been identified to the Officer.

The Office for Civil Rights of the United States Department of Health and Human Services has contracted with KPMG, LLC to conduct performance reviews of covered entities with respect to compliance with the Privacy and Security Rules and Breach Notification Rule. Kern County's Mental Health Services Department has been selected as a covered entity and is currently under review by KPMG, LLC. This performance review will analyze the department's key processes, controls, and policies relative to the requirements of the Privacy and Security Rules and the Breach Notification Rule.

RED FLAGS

The Fair and Accurate Credit Transactions Act of 2003 requirements, also known as the "Identity Theft Red Flags Rule", became effective November 1, 2009, and is enforced by the Federal Trade Commission (FTC). This federal program is designed to protect and provide awareness to the public regarding the requirements of creditors with accounts covered by these rules that are now required to do more than just provide data security. Red Flags rules and programs are designed to detect when stolen information has been used to purchase goods or services.

On August 18, 2009, your Board was apprised that Kern Medical Center, Mental Health Services, and Public Health Services Departments were identified as requiring implementation of a Red Flags program under the guidelines established by the FTC. Each department created a Red Flags written policy and training program, which was presented to and approved by your Board on December 15, 2009. In 2010, the "Red Flags Clarification Act" was published, which narrowed the term "creditor" to exempt those situations where the provider performs the services and thereafter bills the recipient of the service and does not use consumer reports, furnish information to consumer reporting agencies, or those that extend the credit. Although this currently exempts both Mental Health and Public Health Departments from program requirements, future actions such as using a collection agency for outstanding balances would, in fact, define the

departments in question as "creditors" and would then require the departments to re-implement the Red Flags program. Kern Medical Center, however, does enforce their Red Flags policy and has submitted their 2011 annual Red Flags report to the County Administrative Office. There were no reportable actions identified during this reporting period.

ETHICS

CODE OF CONDUCT

The County Administrative Office is in the process of developing a Code of Conduct to be applicable to all County employees. The Code is a central guide and reference for users in support of day-to-day decision making. It is meant to clarify the County's mission, values and principles, linking them with standards of professional conduct. In practice, it is used interchangeably with a Code of Ethics.

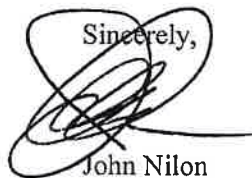
In Section 406(c), the Sarbanes-Oxley Act defines "code of ethics" as such standards as are reasonably necessary to promote: 1) honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; 2) full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the issuer; and 3) compliance with applicable governmental rules and regulations.

The proposed County of Kern Code of Conduct has been reviewed by County Counsel and will require meet-and-confer meetings with unions. The County Administrative Office anticipates presenting it to your Board this fiscal year.

CONCLUSION

As required by County ordinance, this report provides your Board with an update on departments' compliance with County policies and procedures as identified through the audit process. This office will continue to assist departments in reaching resolution of the audit findings. The County Administrative Office looks forward to presenting to your Board the proposed Code of Conduct that strives to promote core practices of good government and key behaviors of trustworthy leaders.

Therefore, IT IS RECOMMENDED that your Board receive and file this report.

Sincerely,


John Nilon
County Administrative Officer

JN:NL:BUD_COMP June 2012 Report

Attachments

cc: All Departments

JUNE 30, 2012
COMPLIANCE AND ACCOUNTABILITY
POST AUDIT REVIEW SUMMARY

Attachment A

Budget Unit: 8997

Department: Kern Medical Center - Pension Plan for Physician Employees

Audit Issued: February 14, 2012

Corrective Action Plan Received: Yes

Audit Period: FYE June 30, 2010 and 2009

Issuing Agency: Kern County Auditor-Controller

Policy/Regulation	Finding Level	Violation/Finding	CAO Comments:	Compliance Status at 06/30/2012	Estimated Date of Completion
1 Internal Revenue Code Section 414(d)	Material Weakness	Plan amendment needed to bring plan into compliance with all legal requirements identified in the previous audit did not occur.	Subsequent to the period under audit, the 11th amendment was written by County Counsel in order to bring the plan into compliance with tax code changes. An updated determination letter was submitted and approved by the Internal Revenue Service which covered the 8th, 9th, 10th, and 11th amendment.	Achieved	Completed
2 Internal Revenue Code Section 414(d)	REPEAT FINDING Material Weakness	Loans from Fund B were permitted during the previous audit and has not been resolved at the time of the audit. Loans are only permitted for employees participating in Fund A.	The department receives a monthly report from Fund A. In accordance with applicable tax laws, defaulted loans are being deemed in the proper period by issuing IRS Form 1099 R. Loans from Fund B are not currently permitted. County Counsel is currently consulting with outside counsel to prepare a retroactive plan amendment in order to correct prior loans improperly made from Fund B.	In progress	Unknown
3 Internal Departmental Policy	REPEAT FINDING Significant Deficiency	Department did not have contracts with all parties that performed services for the plan. Duties were not always performed by employees or individuals contracted and one individual was allowed to take a vital part of the plan administration with no formal oversight. There was no segregation of duties for the plan administration. Employer contributions were not consistently submitted to Plan B timely. Employee contributions incurred at the end of 2010 were not paid until 2011 and were not properly accrued in the financial statements.	These internal control deficiencies were the result of allowing a single individual not directly contracted by the department to perform the administrative duties of the plan. Since 2009, the department took over plan administration and has contracted with a Certified Public Accountant to perform the plan administration and train a departmental employee.	Achieved	Completed
	REPEAT FINDING				

JUNE 30, 2012

COMPLIANCE AND ACCOUNTABILITY
POST AUDIT REVIEW SUMMARY

Attachment A

Budget Unit: 8997

Department: Kern Medical Center - Inventory

Audit Issued: February 14, 2012

Corrective Action Plan Received: Yes

Audit Period: As of June 30, 2011

Issuing Agency: Kern County Auditor-Controller

Policy/Regulation	Finding Level	Violation/Finding	CAO Comments:	Compliance Status at 06/30/2012	Estimated Date of Compliance
1 Internal Departmental Policy	Significant Deficiency	Department needed to conduct an annual physical count of the inventory at year-end or near year-end and adjust the financial statement balance to match the physical count.	The department scheduled an inventory count at June 30, 2011; however, due to deficiencies during the count, the Auditor will not render an opinion of the value of the inventory. The department conducted an inventory count at June 30, 2012, which was more organized. The CAO Analyst attended the count and although errors in the test count were noted by the Auditors, the department is making progress toward full compliance.	In progress	6/30/2013
2 Internal Departmental Policy	REPEAT FINDING Significant Deficiency	Department needed to include sales tax and shipping and handling in the year-end valuation and ensure that assigned cost is consistent with invoice price or average unit price calculated by the inventory system.	The department will review the pricing before entering in the system. The sales tax and freight cost is included in a monthly journal performed by the Finance Section. Information will be provided to the Auditor.	Achieved	Completed
3 Internal Departmental Policy	REPEAT FINDING Significant Deficiency	Inventory in the Operating Room includes items for which KMC has not paid the vendor. The existing practice is for vendors to bill as items have been used, making it appear that items are on consignment.	County Counsel has drafted a Purchase Order supplemental that delineates the responsibilities. Material Management staff has identified vendors that need to have the supplemental included with the Purchase Order and for FY 2012-13 the supplemental was included.	Achieved	Completed
	REPEAT FINDING				

JUNE 30, 2012
COMPLIANCE AND ACCOUNTABILITY
POST AUDIT REVIEW SUMMARY

Attachment A

Budget Unit: 1130 & 2705
Department: Assessor-Recorder
Audit Issued: February 14, 2012

Corrective Action Plan Received: Yes
Audit Period: FYE June 30, 2011 and 2010
Issuing Agency: Kern County Auditor-Controller

Policy/Regulation	Finding Level	Violation/Finding	CAO Comments:	Compliance Status at 6/30/2012	Estimated Date of Compliance Completed
1 County Policy and Procedures, Section 407	Significant Deficiency	Department did not comply with requirements of capitalizing all applicable costs when purchasing a fixed asset.	Department has developed written procedures to train staff of what qualifies as an applicable cost, and how to confirm with the appropriate County staff. Developed an additional form that has to be confirmed by a supervisor.	Achieved	Completed
2 Internal Departmental Policy	Significant Deficiency	Department did not use a reasonable method of allocation to calculate charges to special funds. Department did not accurately calculate expenditures to be reimbursed to the General Fund from a special revenue fund.	Department has established time keeping tasks in E-time to track actual time used. For finding part B, Department has developed documentation that trains staff to verify worksheets annually and have a supervisor verify.	Achieved	Completed

JUNE 30, 2012

Attachment A

**COMPLIANCE AND ACCOUNTABILITY
POST AUDIT REVIEW SUMMARY**

Budget Unit: 2415

Department: Fire

Audit Issued: April 17, 2012

Corrective Action Plan Received: Yes

Audit Period: FYE June 30, 2011 and 2010

Issuing Agency: Kern County Auditor-Controller

Policy/Regulation	Finding Level	Violation/Finding	CAO Comments:	Compliance Status at 06/30/2012	Estimated Date of Compliance
1 County Policy and Procedures, Chapter 4	Significant Deficiency	Capital Assets and Equipment Inventory Not Current, Inventory Adjustment Requests Needed, Incomplete or Missing Data on Records	The department has completed a verification of equipment and signed an affidavit with the Auditor Controller.	Achieved	Completed
2 County Policy and Procedures, Chapter 4	Significant Deficiency	Vehicle Spare Parts, Materials, Warehouse Materials and Supplies Inventory Not Current	The department updates inventory records daily and annually verifies inventory at fiscal year-end. The department has also implemented a random testing of inventory records. However, due to lack of full time staffing within the warehouse, a rotation of extra help employees must be used to maintain the warehouse and the inventory records. The department is in the process of hiring a full time storekeeper for the control of warehouse inventory, which should greatly improve the accuracy of the department's records.	In progress	9/30/2012
3 County Policy and Procedures, Chapter 5	Significant Deficiency	Purchasing Card Procedures Not Followed, Purchases Split to Avoid Limits	The department is closely monitoring purchasing card transactions. Additionally, the department has requested changes to Chapter 5 of the Kern County Administrative Policy and Procedures Manual to allow the department to use purchasing cards to purchase meals during fires.	Achieved	Completed
4 County Policy and Procedures, Chapter 11	Significant Deficiency	No formal policy for the assigning and monitoring of home retention vehicles	The department has gathered and reviewed policies from other County departments. A draft policy is being developed and the department will seek Board approval as required.	In progress	10/1/2012
5 County Policy and Procedures, Chapter 1	Significant Deficiency	Comp time balance payoff	The department has requested and received Board approval for the payoff of comp time when administrative employees return to station assignments.	Achieved	Completed

JUNE 30, 2012

Attachment A

COMPLIANCE AND ACCOUNTABILITY POST AUDIT REVIEW SUMMARY

Budget Unit: N/A

Department: Countywide - Report to Management

Audit Issued: April 17, 2012

Corrective Action Plan Received: Yes

Audit Period: FYE June 30, 2011

Issuing Agency: Brown Armstrong CPAs

Policy/Regulation	Finding Level	Violation/Finding	CAO Comments:	Compliance Status at 06/30/2012	Estimated Date of Compliance
1 County Policy and Procedures, Chapter 5	Internal Control	Clarification of the purchasing card policy and enforcement of the policy on departments.	The Procurement Handbook contains all of the information recommended by the auditor's to include in the formal policy. Purchasing has worked with Departments and the Auditor's Office and is drafting proposed amendments to the Administrative Policy.	In Progress.	8/15/2012
2 County Policy and Procedures, Chapter 2	Internal Control	Enforcement of the payroll policy and procedures and random checks at the departments.	Both Parks and KMC have developed formal written internal procedures to assist with catching payroll errors.	Achieved	Completed
3 Internal Departmental Policy	Internal Control	Enforce the expenditure accrual year-end guidelines and procedures and perform random checks at the departments.	The Auditor's Office will be implementing a new system, TRACS, which will assist in correlating the transactions with accruals in FY 2012-13. The Auditor will scrutinize all material transactions to ensure they are appropriately accrued and place an emphasis on the accrual process at the year-end training.	Achieved	Completed
4 County Policy and Procedures, Chapter 4	Internal Control	Enforce the capitalization policy and procedures and perform random checks at the departments.	The Auditor's Office provides an annual capital asset training to assist the departments with proper capitalization.	Achieved	Completed
5 14 CFR 158.65	Internal Control	Airport implement policy and procedure to ensure that each air carrier collecting Passenger Facility Charge revenue files quarterly reports.	The department has developed an internal procedure to reconcile reports to receipts. The department will do what is required, within its abilities, to ensure that airlines are properly reporting PFCs quarterly and remitting payment accordingly, by sending a formal letter to airlines that are not in compliance with the reporting requirements.	Achieved	Completed
6 Internal Departmental Policy/ Homeland Security Grant Requirement	REPEAT FINDING Internal Control	Fire Department conduct physical inventory for equipment housed within the department and obtain inventory record certifications for inventory housed with other County Departments or jurisdictions acquired with Homeland Security funds every two years.	The department has met with Auditor's Office and department IT staff and determined that existing inventory systems are not able to track inventory not belonging to the department. The department has developed a written policy to track the inventory.	Achieved	Completed
7 Internal Departmental Policy	REPEAT FINDING Internal Control	Community Development Department amend the HPRP grant to include incorporated cities within the County that are not part of the urban County jurisdiction and to use HPRP funds for the benefit of the City of Bakersfield residents as soon as the City has depleted it's HPRP resources.	The department has amended the HPRP grant to include incorporated cities within the County. The County has also begun to utilize it's HPRP funding to benefit City of Bakersfield residents.	Achieved	Completed

JUNE 30, 2012
COMPLIANCE AND ACCOUNTABILITY
POST AUDIT REVIEW SUMMARY

Attachment A

Budget Unit: N/A

Department: Countywide - Report to Management

Audit Issued: April 17, 2012

Corrective Action Plan Received: Yes

Audit Period: FYE June 30, 2011

Issuing Agency: Brown Armstrong CPAS

Policy/Regulation	Finding Level	Violation/Finding	CAO Comments:	Compliance Status at 06/30/2012	Estimated Date of Compliance Completed
8 Internal Departmental Policy	Internal Control	BJA and ARRA quarterly reporting be reconciled with one another, receive data timely from departments, and have a secondary review prior to submittal.	The department has developed an internal written procedure which requires the reports to be reconciled against one another, sends a reminder email to departments to submit timely data, and requires the Assistant County Administrative Officer to review the reports prior to submittal.	Achieved	Completed

JUNE 30, 2012

COMPLIANCE AND ACCOUNTABILITY
POST AUDIT REVIEW SUMMARY

Attachment A

Budget Unit: 5610

Department: Aging and Adult Services

Audit Issued: October 31, 2011

Corrective Action Plan Received: Yes

Audit Period: As of April 26, 2011

Issuing Agency: Department of Social Services Civil Rights Bureau

Policy/Regulation	Finding Level	Violation/Finding	CAO Comments:	Compliance Status at 6/30/2012	Estimated Date of Compliance
1 Dissemination of Information (CDSS Regulations Division 21-107.221, 21-115.2, 21-115.4, 21-107.211)	Internal Control	Distribution of CDSS' Pub 13, Translated Pub 13, Auxiliary aids, and Posters	Department has ensured they have proper inventory of Pub 13 pamphlets in all available languages, large print, Braille, and audiocassette. They have also installed the two required large posters required in the lobby of Lake Isabella Blvd facility. They updated their inventory management policy to ensure proper ongoing compliance.	Achieved	Completed
2 Dissemination of Information (CDSS Regulations Division 21-107.212 and 21-107.24)	Internal Control	Directional Signage	Department's Mojave facility did not have the required directional signs in threshold languages. The particular facility is under control of DHS. AASD coordinated with DHS and the required signs have been put in place.	Achieved	Completed
3 Facility Accessibility for Individuals with Disabilities (Title 24 1129B.4.1, 1127B.3, 1129B.5, ADA 4.1.3(169))	Internal Control	Mojave Facility: Parking signs Lake Isabella Facility: Parking signs Lake Isabella Facility: Exterior entrance	Mojave and Lake Isabella facility did not have required sign specifying "Minimum Fine \$250" and signs specifying unauthorized parking may be towed. Lake Isabella facility did not have signs with the international symbol of accessibility at every primary entrance and junction. Department worked with General Services to get all required parking signs installed.	Achieved	Completed
4 Documentation of Applicant/Recipient Case Records (CDSS Regulations Division 21-116.24)	Internal Control	Documentation of interpreter signed confidentiality statement	Department now ensures that a consent for the release of information is obtained from applicants/recipients when individuals other than County Welfare Department employees are used as interpreters. Case records will also be documented accordingly.	Achieved	Completed
5 Discrimination complaint procedures (CDSS Regulations Division 21-117, 21-107.21)	Internal Control	Civil Rights Coordinator	Department staff have been updated on civil rights coordinators contact information. They have also ordered posters for their facility describing how clients can file a discrimination complaint.	Achieved	Completed

JUNE 30, 2012
COMPLIANCE AND ACCOUNTABILITY
POST AUDIT REVIEW SUMMARY

Attachment A

Budget Unit: 8997

Department: Kern Medical Center - Cash

Audit Issued: May 22, 2012

Corrective Action Plan Received: Yes
 Audit Period: FYE June 30, 2011 and 2010
 Issuing Agency: Kern County Auditor-Controller

Policy/Regulation	Finding Level	Violation/Finding	CAO Comments:	Compliance Status at 06/30/2012	Estimated Date of Compliance
1 Internal Departmental Policy	Significant Deficiency	Inadequate Cash Handling Procedures. Deposits were not made timely. The keys to the register for Sagebrush and Campus pharmacies were not secured overnight. Checks were not endorsed timely. Cash boxes were not counted and reconciled at the end and beginning of each shift. Voided receipts were not properly handled.	The department will request a trust fund to deposit checks for Medical Education timely and begin to retrain staff regarding the department's cash handling procedures.	In progress	12/31/2012
2 Internal Departmental Policy	Significant Deficiency	Cash count shortages. Two cash boxes were short \$30 and \$99.15. The patient trust authorized for patient transportation was used for a location not authorized under the department's policy and by one employee not listed as an authorized user.	The department was aware of the \$30 and \$99.15 shortages and was in the process of replenishing according to County policy. The department will update the patient trust to reflect all locations and current authorized users.	In progress	12/31/2012
3 Internal Departmental Policy	Significant Deficiency REPEAT FINDING	Bank account reconciliation. The bank account used for processing credit card payments has been short \$31.59 since the last audit.	The department will attempt to reconcile the difference that occurred over three years ago and if not possible, the department will request authorization from the Auditor-Controller to replenish the fund.	In progress	12/31/2012
4 County Policy and Procedures, Chapter 5, Sections 523.4 and 523.3	Significant Deficiency	Petty cash. The petty cash log had not been updated since 2007. The petty cash was not replenished annually.	The department's cash management took over the petty cash after the retirement of the employee previously responsible for the petty cash. Since then, the department has not needed to use the petty cash and will return the funds to the Auditor.	In progress	12/31/2012
5 Administrative Bulletin #23	Significant Deficiency	Signature Cards	Management is obtaining periodic reports of authorized signature card holders to ensure that the report is kept up to date.	Achieved	Completed
6 Administrative Bulletin #1	Significant Deficiency	Proper classifications of petty cash, revolving fund, and cash difference funds.	The department will seek authorization from the Auditor to revise the use of the fund to reflect the current needs of the department.	In progress	12/31/2012

JUNE 30, 2012
COMPLIANCE AND ACCOUNTABILITY
POST AUDIT REVIEW SUMMARY

Attachment A

Department: Child Support Services
Budget Unit: 2183
Audit Issued: June 12, 2012

Corrective Action Plan Received: Yes
Audit Period: FYE June 30, 2011 and 2010
Issuing Agency: Kern County Auditor-Controller

Policy/Regulation	Finding Level	Violation/Finding	CAO Comments:	Compliance Status at 6/30/2012	Estimated Date of Compliance
1 County Policy and Procedures, Chapter 2	Significant Deficiency	The department erroneously included 22 non-productive hours for one grant and some timesheets did not match submitted Form 24s, and some Form 24s had not been signed by a supervisor.	Department is currently working to implement the County's Cost Accounting/Timekeeping system which will eliminate the need for Form 24s and manual time studies.	In Progress	10/6/2012

JUNE 30, 2012
COMPLIANCE AND ACCOUNTABILITY
FOLLOW-UP POST AUDIT REVIEW SUMMARY

Budget Unit and Department	Finding Level	Violation/Finding	December 31, 2011 Reported Estimated Date of Compliance	CAO Comments:	Compliance Status at 6/30/2012	Estimated Date of Compliance
1 1120 - Treasurer-Tax Collector	Minor	County Policy and Procedures, Chapter 5 - Purchasing card procedures not followed	2/29/2012	Documents are kept for verification purposes & unpaid sales tax (on out-of-state purchases) are reported to the Auditor. The department has written and distributed procedures addressing the finding, and a copy has been sent to the CAO.	Achieved	Completed
2 1900 - Engineering, Survey and Permit Services	Major	Government Code Section 25257 and 25258 - Relief from accountability not filed on uncollectible accounts	1/31/2012	On January 31, 2012, the department requested relief from accountability for 1459 uncollectable accounts totaling \$340,017.	Achieved	Completed
3 1900 - Engineering, Survey and Permit Services	Major	Internal Departmental Policy - Improperly assessed late penalty	FY 2013-14	The department is no longer assessing or collecting penalties on accounts as of January 2010. All aged accounts that were improperly assessed a penalty will be resolved through the relief from accountability process by FY 2013-14.	In Progress	FY 2013-14
4 2180 - District Attorney	Major	County Policy and Procedures, Chapter 5 - Expenditures	2/29/2012	The department prepared written procedures and distributed to staff. However, the documentation was not detailed enough to adequately direct staff to establish a successful internal control. Follow up review is necessary and additional documentation will be required.	In progress	10/31/2012
5 2180 - District Attorney	Major	Administrative Bulletin No. 4 - Cash Handling and Bank Reconciliation	4/1/2012	The department revised existing procedures in order to comply. A written policy was developed and distributed to appropriate staff. In June, the most recent reconciliation available to view was for March 2012. The department continues to work on updating reconciliations.	In progress	10/31/2012
6 2180 - District Attorney	Minor	County Policy and Procedures, Chapter 2 - Payroll	1/31/2012	The department reviewed the payroll error and calculated the amount of under payment to the employee. Documentation confirming that the payroll correction was completed has not been submitted.	In progress	9/30/2012

JUNE 30, 2012
COMPLIANCE AND ACCOUNTABILITY
FOLLOW-UP POST AUDIT REVIEW SUMMARY

Budget Unit and Department	Finding Level	Violation/Finding	December 31, 2011 Reported Estimated Date of Compliance	CAO Comments:	Compliance Status at 6/30/2012	Estimated Date of Compliance
7 2180 - District Attorney	Minor	County Policy and Procedures, Chapter 16 - Emergency preparedness plan not available	2/29/2012	The department completed an Emergency Preparedness Plan and copies are available in all offices.	Achieved	Completed
8 2180 - District Attorney	Major	Administrative Bulletin No. 10 - Cell Phone usage	Unknown	The department is working with the County Purchasing Agent on this item.	In progress	Unknown
9 2180 - District Attorney	Minor	Internal Departmental Procedures - Revenue and funds reconciliation	2/29/2012	The department revised existing procedures in order to comply. A written policy was developed and distributed to appropriate staff. A current reconciliation was viewed by the analyst in June.	Achieved	Completed
10 2340 - Probation	Minor	Administrative Bulletin No. 1 - Cash Difference Fund not used correctly	1/31/2012	The department has revised it's internal policy on dealing with cash overages and shortages and has implemented a formal written policy.	Achieved	Completed
11 2415 - Fire	Major	County Policy and Procedures, Chapter 4 - Vehicle spare parts, materials, warehouse materials, and supplies inventory not current	2/29/2012	The department updates inventory records daily and annually verifies inventory at fiscal year-end. The department has also implemented a random testing of inventory records. However, due to lack of full time staffing within the warehouse, a rotation of extra help employees must be used to maintain the warehouse and the inventory records. The department is in the process of hiring a full time storekeeper for the control of warehouse inventory, which should greatly improve the accuracy of the department's records.	In progress	9/30/2012
12 2415 - Fire	Major	County Policy and Procedures, Chapter 4 - Capital assets and equipment inventory not current	2/29/2012	The department has completed a verification of equipment and signed an affidavit with the Auditor-Controller.	Achieved	Completed

JUNE 30, 2012
COMPLIANCE AND ACCOUNTABILITY
FOLLOW-UP POST AUDIT REVIEW SUMMARY

Budget Unit and Department	Finding Level	Violation/Finding	December 31, 2011 Reported Estimated Date of Compliance	CAO Comments:	Compliance Status at 6/30/2012	Estimated Date of Compliance
13 2415 - Fire	Major	County Policy and Procedures, Chapter 5 - Purchasing card procedures not followed	2/29/2012	The department is closely monitoring purchasing card transactions. Additionally, the department has requested changes to Chapter 5 of the Kern County Administrative Policy and Procedures Manual to allow the department to use purchasing cards to purchase meals during fires.	Achieved	Completed
14 2415 - Fire	Minor	County Policy and Procedures, Chapter 16 - Emergency preparedness plan not available	2/29/2012	Emergency Preparedness Plan is completed and copies are available in all offices.	Achieved	Completed
15 2415 - Fire	Minor	Internal Departmental Policy - Contract Compliance	2/29/2012	Department has prepared a written policy and is incorporating the procedure into the department's existing process.	Achieved	Completed
16 2415 - Fire	Minor	Internal Departmental Policy - Voided Receipts	2/29/2012	The department has adopted an internal policy outlining the correct procedure for voiding receipts and attached a copy to all receipt books.	Achieved	Completed
17 2415 - Fire	Major	Internal Departmental Policy - Accounts receivable not reconciled with Collection Agency	2/29/2012	The department has reconciled accounts receivables to collection agency records and has developed a policy to ensure future timely reconciliations.	Achieved	Completed
18 2730 - Development Services Agency	Major	Internal Departmental Policy - No reconciliation of revenue and expenditures to County records	Undetermined	The department hired an extra help accountant to reconcile revenues and expenditures. A permanent accounting position has been included in the FY 2012-13 budget to permanently address this issue.	In Progress	12/1/2012

JUNE 30, 2012
COMPLIANCE AND ACCOUNTABILITY
FOLLOW-UP POST AUDIT REVIEW SUMMARY

Budget Unit and Department	Finding Level	Violation/Finding	December 31, 2011 Reported Estimated Date of Compliance	CAO Comments:	Compliance Status at 6/30/2012	Estimated Date of Compliance
19 2750 - Planning and Community Development	Major	<i>Government Code Section 25257 and 25258 - Relief from accountability not filed on uncollectible accounts</i>	1/31/2012	On May 22, 2012, the department requested relief from accountability for 14 uncollectable accounts totaling \$38,133.07.	Achieved	Completed
20 2750 - Planning and Community Development	Major	<i>Ordinance Code Section 17.90.030 - Not monitoring collection and disbursement of park development fees</i>	Undetermined	The department is working with County Counsel to revise the disbursement process prescribed in the ordinance.	In Progress	12/31/2012
21 2750 - Planning and Community Development	Major	<i>Internal Departmental Policy - Trust and Special Revenue Funds</i>	Undetermined	The department hired an extra help accountant to reconcile trust accounts. A permanent accounting position has been included in the FY 2012-13 budget to permanently address this issue.	In Progress	12/1/2012
22 2750 - Planning and Community Development	Major	<i>Internal Departmental Policy - No reconciliation of revenue and expenditures to County records</i>	Undetermined	The department hired an extra help accountant to reconcile revenues and expenditures. A permanent accounting position has been included in the FY 2012-13 budget to permanently address this issue.	In Progress	12/1/2012
23 2760 - Animal Control	Minor	<i>County Policy and Procedures, Chapter 4, Section 406 - Equipment not properly accounted for.</i>	2/28/2012	The department has reviewed and updated the equipment and asset listings and has added an annual reconciliation process to their written procedure.	Achieved	Completed

JUNE 30, 2012
COMPLIANCE AND ACCOUNTABILITY
FOLLOW-UP POST AUDIT REVIEW SUMMARY

Budget Unit and Department	Finding Level	Violation/Finding	December 31, 2011 Reported Estimated Date of Compliance	CAO Comments:	Compliance Status at 6/30/2012	Estimated Date of Compliance
24 2760 - Animal Control	Major	<i>Internal Departmental Policy - Accounts Receivable</i>	2/28/2012	The department has pulled all outstanding balances from collections and has developed a written procedure to address reconciliation and marking of accounts being sent to collections in preparation for the County's new collection agency contract.	Achieved	Completed
25 2760 - Animal Control	Major	<i>Internal Departmental Policy - Contract Compliance</i>	6/30/2012	The department has reviewed the rates for the city agreements. City of Tehachapi has been amended, and City of Arvin has been presented to the City. The City of Arvin has requested the 120 day prior written notification for their rate increase, which has been issued as of May 15, 2012.	In progress	9/11/2012
26 2760 - Animal Control	Major	<i>Internal Departmental Policy - Trust and Special Revenue Funds</i>	1/31/2012	The department has developed a written procedure to address this process. The department has transferred all license revenue that belongs to the County to date into the operating fund, and will continue to make quarterly transfers of these funds.	Achieved	Completed
27 5120 - Human Services	Minor	<i>Internal Departmental Policy - No current MOU in place for cost-recovery charges</i>	1/10/2012	The department has a review procedure in place to track expiring MOUs and has updated all MOUs references in the finding. MOUs include provision for cost-recovery as recommended by the Auditor.	Achieved	Completed
28 5120 - Human Services	Major	<i>Internal Departmental Policy - Not currently providing onsite monitoring of contract providers</i>	FY 2012-13	The department had performed internal "desk audits" of program activity, but external "on-site" financial reviews were not performed. Department previously lacked sufficient staff to perform this function, but has hired one extra help accountant and is working with the CAO to add additional internal audit/monitoring staff in FY 2012-13.	In progress	FY 2012-13

JUNE 30, 2012
COMPLIANCE AND ACCOUNTABILITY
FOLLOW-UP POST AUDIT REVIEW SUMMARY

Budget Unit and Department	Finding Level	Violation/Finding	December 31, 2011 Reported Estimated Date of Compliance	CAO Comments:	Compliance Status at 6/30/2012	Estimated Date of Compliance
29 5610 - Aging and Adult	Minor	<i>Internal Departmental Procedures -</i> Separation of duties of IHSS provider payments	5/1/2012	Department uses state CMIPS payroll system that does not allow technical separation of duties in the software program. Department has in place internal separation of duties and checks/verification to prevent system abuse, and when system is converted to CMIPS II, this will no longer be an issue. Conversion to CMIPS II is estimated to be completed December 2012	Pass - state system weakness	Completed
30 6210 - Library	Minor	<i>Internal Departmental Procedures -</i> Accounting controls over deposits and accounts receivable	Unknown	One repeat minor finding in this area centered on limitations of tracking monies due in the SJVLS Horizon library check-out software. The department is not aware of any way to accurately track accounts receivable by patron in the current system. The department is working with SJVLS to address this issue.	In progress	Unknown
31 8995 - Airports	Minor	<i>California Administrative Code of Regulations, Title 8, Section 3203 - No Injury and Illness Prevention Plan</i>	Unknown	Department completed Injury and Illness Prevention Program (IIPP) documentation which has been reviewed and approved by Risk Management, as well as Ergonomics Program and Emergency Action Plan.	Achieved	Completed
32 8995 - Airports	Minor	<i>Internal Departmental Procedures -</i> Accounting controls over trust fund register	2/1/2012	In collaboration with the Auditor-Controller, the department has discontinued use of automated trust activity for some funds, converting to manual trust funds and has established internal procedures to reconcile these funds.	Achieved	Completed

JUNE 30, 2012
COMPLIANCE AND ACCOUNTABILITY
FOLLOW-UP POST AUDIT REVIEW SUMMARY

Budget Unit and Department	Finding Level	Violation/Finding	December 31, 2011 Reported Estimated Date of Compliance	CAO Comments:	Compliance Status at 6/30/2012	Estimated Date of Compliance
33 8997 - Kern Medical Center - Accounts Payable	Major	<i>Internal Departmental Policy</i> - Review system for accruals and reverse accruals	3/31/2012	The department has corrected the reverse accruals; however has not been able to achieve 100% accuracy in the accruals. Some invoices are not received timely and not accrued. The department has experienced turnover in finance staff, but has assigned a new accountant to Accounts Payable in order to more accurately prepare accruals. Department is also in the process of making some programming changes to its financial system in order to only use the County's Financial System for accruals; therefore, limiting the possibility of errors.	In Progress	12/31/2012
34 8997 - Kern Medical Center - Accounts Payable	Major	<i>Internal Departmental Policy</i> - Adjustments and reconciliations between KMC's financial management system and the County's financial system need to be completed properly	3/31/2012	Recommendation has been implemented.	Achieved	Completed
35 8997 - Kern Medical Center - Accounts Payable	Major	<i>Internal Departmental Policy</i> - Not capturing patient overpayments and reclassifying balance as payable	Unknown	Department will not implement recommendation as it can be perceived as Medi-Cal fraud by State Auditors.	Pass	Completed
36 8997 - Kern Medical Center - Accounts Payable	Major	<i>Internal Departmental Policy</i> - Not paying claims properly and timely	Unknown	Due to cash flow, the department has been unable to implement the recommendation. The payroll staff is entering claims timely; however, payments are delayed due to cash flow.	In Progress	12/31/2012

JUNE 30, 2012
COMPLIANCE AND ACCOUNTABILITY
FOLLOW-UP POST AUDIT REVIEW SUMMARY

Budget Unit and Department	Finding Level	Violation/Finding	December 31, 2011 Reported Estimated Date of Compliance	CAO Comments:	Compliance Status at 6/30/2012	Estimated Date of Compliance
37 8997 - Kern Medical Center - Accounts Payable	Minor	<i>Internal Departmental Policy</i> - Not entering correct information in Department's financial system	4/30/2012	Recommendation has been implemented.	Achieved	Completed
38 8997 - Kern Medical Center - Inventory	Major	<i>Internal Departmental Policy</i> - Inventory count was not performed in the Operating Room, and items were expensed instead of reported as inventory	6/30/2012	The Department has performed inventory counts in the Operating Room at FYE June 30, 2011 and June 30, 2012.	Achieved	Completed
39 8997 - Kern Medical Center - Inventory	Major	<i>Internal Departmental Policy</i> - Inventory cost not properly recorded in inventory system	6/30/2012	The department will review the pricing before entering in the system. The sales tax and freight cost is included in the monthly journal entered by the Finance Section. Information will be provided to the Auditors.	Achieved	Completed
40 8997 - Kern Medical Center - Inventory	Minor	<i>Internal Departmental Policy</i> - Inventory in the Operating Room contains items for which KMC has not paid the vendor for	1/30/2012	The Department worked with County Counsel to draft a supplemental that delineates the vendor's responsibility that is included with the Purchase Order for medical supplies for the Operating Room to ensure that KMC has those items available when needed for surgeries.	Achieved	Completed