

August 8, 2023

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

JUNE 30, 2023 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, 2023 on departmental compliance issues for the period January 1, 2023 through June 30, 2023.

COMPLIANCE REQUIREMENTS AND RESPONSIBILITIESBoard 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, Chief Information Technology 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

The 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 Compliance Division 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 Compliance division 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.

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. In 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, which are required if the audit report contains findings and recommendations, are provided in Attachment A. The following audits 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*
Treasurer-Tax Collector - Statement of Money for Quarter 1 FY 2022-23	2/28/23	Not Required	Not Required
Kern County Airports for FYE June 30, 2021 and 2020	3/14/23	4/28/23	A-1
Library – Prior Finding	4/25/23	Not Required	Not Required
Public Defender – Prior Finding	4/25/23	Not Required	Not Required
Treasurer-Tax Collector - Statement of Money for Quarter 2 FY 2022-23	4/25/23	Not Required	Not Required
Countywide Inventory for FYE June 30, 2022	6/13/23	Not Required	Not Required
Treasurer-Tax Collector - Statement of Money for Quarter 3 FY 2022-23	7/18/23	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, 2023, the Auditor-Controller had additional pending audits that were not yet completed. Due to staffing issues, the Auditor-Controller's Office has not been able to maintain the regular department audit schedule. We have been in contact with the newly elected Auditor-Controller and the plan to mitigate the delays includes issuing the current audits in-progress and re-evaluating the way audits are performed going forward to ensure a more active presence in departments and a more focused review of high risk areas. We will provide a status update on the following in-progress audits and any additional developments for the December 31, 2023 Compliance and Accountability Report:

Report
County Administrative Office
Countywide Employee Performance Evaluation
Countywide Inventory
Countywide Purchase Card Transaction
Employers' Training Resource
Kern County Fire Department

Kern County General Services Department
Kern County Information Technology Services
Public Works Department Head Change
Agriculture and Measures Standards- Prior Findings

Independent External CPA Auditors

On June 4, 2019, the Board of Supervisors approved the selection of independent external CPA auditors Clifton Larson Allen LLP 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.

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*
Airports - Passenger Facility Charge Program	1/24/23	2/25/23	Received
Assessor-Recorder - California Electronic Recording Transaction Network Authority	2/7/2023	2/25/23	Received
Treasurer-Tax-Collector - Investment Policy Compliance	6/13/23	Not Required	Not Required
Auditor-Controller - Annual Comprehensive Financial Report FYE June 30, 2022	7/25/23	Not Required	Not Required

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

The following reports completed by Clifton Larson Allen did not have a corrective action plan, if required, due during this reporting period; however, they will be included in the next December 31, 2023 Compliance and Accountability Report:

Report	Prepared by	Report Date	Plan Due Date*
Airports - Passenger Facility Charge Program	Clifton Larson Allen	6/23/23	8/7/23

Clifton Larson Allen had begun fieldwork on audits that were not completed or still under their review before finalizing. The following in progress audits are expected to be completed and reported on the next December 31, 2023, Compliance and Accountability Report.

Report
Public Works - Ford City-Taft Heights Sanitation District Fiscal Year Ended June 30, 2021
Public Works - Kern Sanitation Authority Fiscal Year Ended June 30, 2021
Public Works - County Service Areas Fiscal Year Ended June 30, 2021
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 Fiscal Year Ended June 30, 2022

Countywide Single Audit FYE June 30, 2022
Treasurer-Tax Collector - Deferred Compensation Programs

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
Aging and Adult Services - Senior Care Services	11/15/22	N/A	1/24/23
Kern County Public Works - Transformation of Trash in Kern County	12/15/22	N/A	2/14/23
Public Health-Emergency Medical Services	4/17/23	N/A	5/23/23

* 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, 2023 Compliance and Accountability Report:

Report	Report Date	Elected Official Response Date*	Board of Supervisors Response Date
Code Compliance The Good, The Bad, and The Ugly	6/1/23	N/A	8/30/23
Sheriff/Coroner's Office, 21 st Century Facility for 21 st Century Demands	6/29/23	8/28/23	9/27/23

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

Information Security

Kern County Ordinance Section 2.01.010 assigns the function of Information Security to the County Administrative Office, under the responsibility of the Chief Information Technology Officer or designee. The Chief Information Officer or designee is tasked with the responsibility of conducting security assessments of the County's security environment. The security assessment covers all information technology (IT) environments' controls that provide security defense and a proactive security posture. 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.

As of June 30, 2023, the following assessment reports were issued by the Chief Information Technology Officer and corrective action plans due during this reporting period:

Report	Report Date	Corrective Action Plan*
Sheriff	02/06/23	Received
Probation	02/13/23	Not Required
Treasurer-Tax Collector	03/31/23	Not Required

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

As of June 30, 2023, the Chief Information Technology Officer initiated fieldwork on assessments that were not completed and are in progress. The following in progress assessment is expected to be completed and reported on the next December 31, 2023 Compliance and Accountability Report:

Report
District Attorney

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. Departments are responsible for filing these reports with the Board of Supervisors, County Administrative Office, and Auditor-Controller. 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*
Employers' Training Resource-WIOA Non-Discrimination and Equal Opportunity Program Year 2020-21	State of California Employment Development Department	12/14/20	N/A
Employers' Training Resource-WIOA Youth Program	State of California Employment Development Department	4/8/21	N/A
Employers' Training Resources – Southern Storm Monitoring Review	State of California Employment Development Department	2/1/22	Received
Probation - Targeted Case Management Program for the individuals at Jeopardy of Negative Health or Psycho-Social Outcomes Target Population for FYE June 30, 2021	California Department of Health Care Services	11/9/22	Received
Department of Human Services –CalFresh Management Evaluation Report FFY 2023	California Department of Social Services	12/27/22	Received
Employers' Training Resource – High Road Construction Carrier: SB1Valley Build Contract	Fresno Regional Workforce Development Board	2/21/23	N/A

Program Year 2022-2023			
Probation – Youth Detention Center Facility Inspection 2022	Juvenile Justice and Delinquency Prevention Commission	3/2/23	N/A
Probation – Pathways Academy Facility Inspection 2022	Juvenile Justice and Delinquency Prevention Commission	3/2/23	N/A
Probation –Furlough Treatment and Rehabilitation Facility Inspection 2023	Juvenile Justice and Delinquency Prevention Commission	3/2/23	N/A
Public Health - Black Infant Health Program's Annual Administrative Review	First 5 Kern	4/14/23	Not Required
Probation Targeted Case Management (TCM) Cost Report Interim Reconciliation for FYE June 30, 2022	California Department of Health Care Services	4/28/23	Not Required
Probation –Camp Erwin Owen Facility Inspection 2023	Juvenile Justice and Delinquency Prevention Commission	5/10/23	Not Required
Employers' Training Resource US Department of Agriculture Farm and Food Workers Relief Grant Program	La Cooperativa Campesina De California	5/24/23	Not Required
Employers' Training Resource-WIOA Non-Discrimination and Equal Opportunity for Program Year 2022-23	State of California Employment Development Department	6/27/23	Not Required

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

As of June 30, 2023, external agencies had also begun fieldwork on other audits that were not completed or still under their review before finalizing. The following audits were in progress and are expected to be completed and reported on the next December 31, 2023 Compliance and Accountability Report:

Report	Prepared by
Behavioral Health and Recovery Services – FY 14-15 Short-Doyle Medi-Cal Cost Audit	California Department of Health Care Services
Aging Adult Services Nutrition Services Program	Health and Human Services, Office of Inspector General
Probation / Public Health Services - 2003/2004 Targeted Case Management Medi-Cal Cost Disallowance Deferral	California Department of Health Care Services
Department of Human Services Social Security Representative Payee	Disability Rights of California Agency
Department of Human Services 2023 CalWORKs Eligibility Case File Review	California Department of Social Services
Department of Human Services Special Investigative Unit (SIU) Compliance Review	California Department of Social Services
Aging and Adult Services – Planning and Service Area Audit	California Department of Aging
Auditor-Controller Apportionment and Allocation of Property Tax Revenues for Period of July 1, 2017 to	State Controller's Office

June 30, 2022	
Auditor-Controller Employment Tax Return Examination for Calendar Year 2021	Internal Revenue Service
District Attorney Grants Performance Assessment	California Office of Emergency Services

FOLLOW-UP REVIEWS

County Administrative Office's Follow-up Reviews

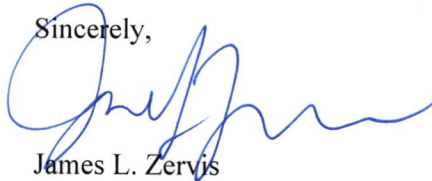
In addition to the new audits listed in this report that went to your Board in the past six months, separate follow-up report on outstanding, unresolved audit findings from the December 31, 2022 Compliance and Accountability Report that are over six months old are provided as Attachments B and C. Our office continues to work with departments on resolution, pursuing adequate documentation of remedial proof, and will 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.

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, 2023 Compliance and Accountability Report.

Therefore, IT IS RECOMMENDED that your Board receive and file the June 30, 2023 Compliance and Accountability Report.

Sincerely,



James L. Zervis
Chief Administrative Officer

JZ:SH.COMPL June 2023 Report

Attachments

cc: All Department Heads

June 30, 2023
COMPLIANCE AND ACCOUNTABILITY
POST AUDIT REVIEW SUMMARY - CURRENT

Report: Airport

Audit Period: For Fiscal Years Ended June 30, 2021 and 2020

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
Airports [8995]	3/14/2023	Finding: Bank and Expenditure Reconciliations [Internal Controls, Kern County Policy and Procedures Manual section 903] -The department had not been up to date with its reconciliation of two bank accounts and expenditure accounts.	Due to personnel shortage, the department lagged behind in its reconciliation of accounts. Currently, the new Airport Finance Manger is performing the tasks, and reconciliations for all bank accounts are up to date. A process to reconcile and monitor expenditure has been implemented.	N/A	Achieved	Completed
Airports [8995]	3/14/2023	Finding: Asset Listing [Internal Controls, Kern County Policy and Procedure Manual Chapter 406, 408.2] Asset number for seventeen departmental inventory listed in the County's Capital Asset Module did not have a Department Inventory Number.	A senior accountant is taking on the role of maintaining asset records. This includes ensuring the records include all pertinent information, including departmental asset numbers. Currently, all inventory items in the Capital Asset Module are given Departmental Asset Numbers.	N/A	Achieved	Completed

June 30, 2023
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, 2022 and June 30, 2023.

June 30, 2023
 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
Agriculture and Measurement Standards [2610]	9/28/2021	Finding: Capital Asset Equipment Inventory and Records [Internal Controls, Kern County Policy and Procedures Manual Chapter 406, 407.8, 537] - The following capital asset deficiencies were noted: a) Two assets were entered twice in the capital asset program and four vehicles were not removed from listing. b) Thirty-two assets could not be located or identified from	The department is in the process of completing Inventory Adjustment Request (IAR) for the identified issues and implementing a new policy and procedure to ensure accurate listing is maintained. The necessary IARs were completed.	6/30/2023	Achieved	Completed