

Kern County Administrative Office



County Administrative Center

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RYAN J. ALSOP
County Administrative Officer

February 11, 2020

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

DECEMBER 31, 2019 COMPLIANCE AND ACCOUNTABILITY REPORT

Fiscal Impact: None

County Ordinance Code 2.01.010 requires the County Administrative Office to report on the Compliance and Accountability function no later than 45 days after December 31, 2019 on departmental compliance issues for the period July 1, 2019 through December 31, 2019.

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.

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*
Public Works	06/25/19	08/09/19	A-1
Countywide Inventory	07/16/19	Not Required	Not Required
Countywide - Employee Performance Evaluation Reports	08/13/19	Not Required	Not Required
Countywide - DMV Pull Notice Program	08/13/19	Not Required	Not Required
Child Support Services	09/17/19	Not Required	Not Required
Probation	09/17/19	Not Required	Not Required
Airport	09/24/19	Not Required	Not Required
Treasurer-Tax Collector - Statement of Money	10/08/19	Not Required	Not Required
Behavioral Health and Recovery Services	12/17/19	Not Required	Not Required
Sheriff	12/17/19	Not Required	Not Required
Treasurer-Tax Collector - Statement of Money	12/17/19	Not Required	Not Required

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

As of December 31, 2019, 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 June 30, 2020 Compliance and Accountability Report:

Report
Board of Trade
Department of Human Services
Public Works – Prior Findings
Public Works - Kern Regional Transit
Fire
District Attorney
Treasurer-Tax Collector - Tourism Hotel Occupancy Tax
Countywide - Assets

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 and Clifton Larson Allen did not issue any reports during this reporting period and/or their corrective action plans due during this reporting period.

As of December 31, 2019, Brown Armstrong 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 June 30, 2020 Compliance and Accountability Report:

Report
Public Works - Ford City-Taft Heights Sanitation District
Public Works - Kern Sanitation Authority
Public Works - County Service Areas

As of December 31, 2019, 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 June 30, 2020 Compliance and Accountability Report. The Auditor-Controller has indicated the delay in issuing the County's Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2019 is due to temporary staff turnover and additional information requests as would be expected with new external auditors.

Report
District Attorney - Auto, Workers' Compensation, Disability and Healthcare Insurance Fraud Program
Public Health Services - Prop 10 Medically Vulnerable Care
Public Health Services - Prop 10 Black Infant Health
Public Health Services - Prop 10 Nurse Family Partnership
Public Health Services - Prop 10 Successful Application
Auditor-Controller - Comprehensive Annual Financial Report
Countywide - Single Audit
Treasurer-Tax-Collector - Investment Policy Compliance
Airport - Passenger Facility Charge Program
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
Treasurer-Tax-Collector - Deferred Compensation

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
Fire Department - City of McFarland	06/18/19	Not Applicable	09/10/19
Public Works - Bakersfield City Public Works	06/18/19	Not Applicable	09/17/19
Sheriff - Lerdo Detention Facility	06/24/19	08/12/19	09/17/19
Public Works - Code Compliance Division	06/24/19	Not Applicable	09/17/19

* 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 June 30, 2020 Compliance and Accountability Report:

Report	Report Date	Elected Official Response Date*	Board of Supervisors Response Date
Board of Trade	11/13/19	Not Applicable	Due 2/11/20

* 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*
Fire	08/01/19	Not Required
Public Health Services	08/01/19	Not Required
Department of Human Services	08/01/19	Not Required
Information Technology Services (includes services provided to Airports, Agriculture and Measurement Standards, Animal Services, Auditor-Controller-County Clerk, Board of Trade, County Administrative Office, Clerk of the Board, Employers' Training Resource, Farm and Home, General Services, Grand Jury, Human Resources, Library, Public Defender, Public Works, Planning and Natural Resources, and Veterans)	08/05/19	Received

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

As of December 31, 2019, 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 June 30, 2020 Compliance and Accountability Report:

Report
Information Technology Services (Assessor)
Recorder
Aging and Adult Services
County Counsel
Child Support Services
District Attorney
Probation
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*
District Attorney - Elder Abuse Grant Compliance	California Office of Emergency Services	02/12/19	Not Required
Public Works - Shafter-Wasco Integrated Waste Management Fee Returns	California Department of Tax and Fee Administration	04/11/19	Not Required
Public Works - Boron Integrated Waste Management Fee Returns	California Department of Tax and Fee Administration	04/11/19	Not Required
Public Works - Bakersfield Integrated Waste Management Fee Returns	California Department of Tax and Fee Administration	04/12/19	Not Required
Public Works - Mojave-Rosamond Integrated Waste Management Fee Returns	California Department of Tax and Fee Administration	04/12/19	Not Required
Public Works - Taft Integrated Waste Management Fee Returns	California Department of Tax and Fee Administration	04/12/19	Not Required
Public Works - Tehachapi Integrated Waste Management Fee Returns	California Department of Tax and Fee Administration	04/12/19	Not Required
Department of Human Services - Jamison Center School Nutrition Program Review	California Child Nutrition	05/22/19	Received
Probation - Pathways Academy Inspection	Juvenile Justice Commission	06/08/19	Received
Probation - Furlough Treatment and Rehabilitation Inspection	Juvenile Justice Commission	06/08/19	Received

Public Works – Ridgecrest Integrated Waste Management Fee Returns	California Department of Tax and Fee Administration	06/10/19	Received
Department Human Services - Jamison Facility Evaluation	California Department of Social Services	07/09/19	Not Required
Employers' Training Resource - Program, Fiscal, and Procurement Monitoring	La Cooperativa	07/15/19	Not Required
Behavioral Health & Recovery Services - Supportive and Therapeutic Option Program Agreed Upon Procedures	Brown Armstrong Accountancy Corporation	07/29/19	Received
Behavioral Health & Recovery Services - Performance Contract Review	California Department of Health Care Services	08/16/19	Received
Behavioral Health & Recovery Services - CalWORKs MOUs Agreed Upon Procedures	Brown Armstrong Accountancy Corporation	08/19/19	Received
Probation - Kern Crossroads Facility Inspection	Juvenile Justice Commission	08/24/19	Not Required
Behavioral Health & Recovery Services – Mental Health Plan Compliance with Federal Network Adequacy Requirements	California Department of Health Care Services	09/13/19	Received
Employers' Training Resource - Workforce Innovation and Opportunity Act Program Review	California Employment Development Department	09/13/19	Not Required
Behavioral Health & Recovery Services - Short-Doyle/Medi-Cal Cost Report and Data Collection	California Department of Health Care Services	09/19/19	Received
Behavioral Health & Recovery Services - Triennial Medi-Cal Review	California Department of Health Care Services	09/25/19	Received
Employers' Training Resource - National Farmworker Job Program	United States Department of Labor	09/30/19	Received
Department of Human Services – Inyo Adoption Assistance Program Monitoring	California Department of Social Services	10/28/19	Received
Public Health Services - Child Death Review Team Annual Report	Kern County Child Death Review Team	12/17/19	Not Required
Department of Human Services - Resource Family Approval Annual Review	California Department of Social Services	12/23/19	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 June 30, 2020 Compliance and Accountability Report:

Report	Prepared by	Report Date	Plan Due Date*
Aging and Adult Services - Quality Assurance Review of In-Home Supportive Services Program	California Department of Social Services	12/06/19	01/20/20
Department of Human Services - CalFresh Employment and Training Management Evaluation	California Department of Social Services	12/17/19	01/31/20

As of December 31, 2019, external agencies 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 June 30, 2020 Compliance and Accountability Report:

Report	Prepared by
Department of Human Services - Medi-Cal Renewal Focus Review	California Department of Health Care Services
Public Health Services - Certified Unified Program Agency Evaluation	California Environmental Protection Agency
Aging and Adult Services - Supplemental Nutrition Assistance Program Education Audit	California Department of Aging
Employers' Training Resource - Workforce Accelerator Fund 6.0 Grant Monitoring	Fresno Regional Workforce Development Board
Public Health Services - Local Enforcement Agency Evaluation	Department of Resources Recycling and Recovery
Child Support Services - Administrative Claim Audit	California Department of Child Support Services
Behavioral Health & Recovery Service - Payment Error Rate Measurement Audit	Department of Health Care Services
Agriculture and Measurement Standards - Fiscal and Compliance Audit	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 Monitoring	California Employment Development Department
Probation - Juvenile Justice Crime Prevention Act Fund Audit	California State Auditor
Behavioral Health & Recovery Services - External Quality Review	Behavioral Health Concepts, Inc.
Department of Human Services - CalFresh Management Evaluation	California Department of Social Services
Department of Human Services - Adoption Assistance Program	California Department of Social Services
Planning and Natural Resources - Emergency Solutions Grant Monitoring	California Department of Housing and Community Development
Probation - School Nutrition Programs Off-Site Local Agency Procurement Review	California Department of Education
Behavioral Health & Recovery Services - Short-Doyle/Medi-Cal Cost Reporting and Data Collection	California Department of Health Care Services
Agriculture and Measurement Standards - Asian Citrus Psyllid Agreement	United States Department of Agriculture
Department of Human Services – Social Security Administration Representative Payee Review	Disability Rights California

FOLLOW-UP REVIEWS

County Administrative Office's Follow-up Reviews

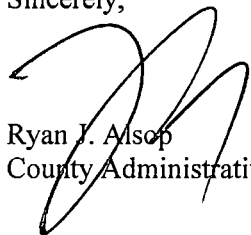
In addition to the new audits listed in this report for the past six months, our office continues to work with departments, pursue adequate documentation of remediation, and report issues until fully resolved. It is imperative that department heads are proactive in this process, as they are ultimately responsible for the success of their department's internal control processes. There were no unresolved audit findings from the June 30, 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 June 30, 2020 Compliance and Accountability Report.

Therefore, IT IS RECOMMENDED that your Board receive and file the December 31, 2019 Compliance and Accountability Report.

Sincerely,

A handwritten signature in black ink, appearing to be 'Ryan J. Alsop', written over the printed name.

Ryan J. Alsop
County Administrative Officer

RA KB COMPL Dec 2019 Report

Attachments

cc: All Department Heads

**DECEMBER 31, 2019
COMPLIANCE AND ACCOUNTABILITY
POST AUDIT REVIEW SUMMARY - CURRENT**

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

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 Public Works [8954, 2625, 2623, 3016, 3000, 1905, 8999]	06/25/19	Finding: Cash Segregation of Duties [Internal Controls] - Employees had access to cash and accounts receivable in QuickBooks to collect and record payments. Although several controls were in place that could prevent and detect errors or fraud, deletions occurred without explanation.	On January 14, 2020 the Auditor-Controller reported to your Board, that their follow-up review indicated that the auditor's recommendations were implemented. QuickBooks was replaced with a new system Paradigm that addressed the internal control issues, including separate controls and documented deletions. Further, the department noted that Paradigm also allows staff to more efficiently bill and reconcile.	N/A	Achieved	Completed
2 Public Works [8954, 2625, 2623, 3016, 3000, 1905, 8999]	06/25/19	Finding: Delays in Completion of Inventory Adjustment Reports [Internal Controls] - Inventory Adjustments were not completed timely. Several were delayed by months which caused Capital Asset records to be inaccurate.	On January 14, 2020 the Auditor-Controller reported to your Board, that their follow-up review indicated that the auditor's recommendations were implemented. The department implemented a new policy to review Inventory Adjustments on a weekly basis and resolve any outstanding issues timely. The department effectively reduced Inventory Adjustment delays.	N/A	Achieved	Completed

DECEMBER 31, 2019
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 June 30, 2019 and December 31, 2019.

DECEMBER 31, 2019
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 June 30, 2019 needing resolution by December 31, 2019.