

# Kern County Administrative Office



County Administrative Center

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RONALD M. ERREA  
County Administrative Officer

February 10, 2009

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

## STATUS REPORT ON THE IMPLEMENTATION OF THE COMPLIANCE AND ACCOUNTABILITY PLAN Fiscal Impact: None

This is to report to your Board on the activities during the past three months to implement the approved Compliance and Accountability Plan.

### BACKGROUND

On October 28, 2008, the Compliance and Accountability Plan (CAP) was presented to your Board. The CAP is comprised of two functional areas, Compliance and Ethics. Compliance focuses on two main areas.

- Audit follow-up is the key emphasis of the Compliance and Accountability function, which is specifically addressed in the County Administrative Policy and Procedures Manual section 602.4.
- Business Controls
  - Self Assessment is the development of materials designed to facilitate the evaluation of current internal controls and/or prepare the department for future audit activity.
  - Review Findings is a compilation and analysis of past findings from the cash and full departmental audits as noted in the Report on Audit Activity by the Auditor Controller during the Fiscal Year Ended June 30, 2008.

The Ethics platform is being built using core and generally accepted standards established by the federal government. These guidelines encourage entities to adopt sound procedures to prevent and detect improper conduct and to ensure compliance responsibility, and the judicious delegation of authority. Communication, training, monitoring, and enforcement of ethics guidelines are key to successful program implementation. Three elements were selected for implementation and compliance with federal guidelines.

- Code of Conduct – a high level values-based document designed to articulate key elements of the County's commitment to proper ethical conduct.
- Webpage – a communication and training tool designed to showcase County commitment and implementation of core Compliance and Ethics policy and procedures.
- Training – focused using the new code of conduct and leveraging best practices and ethical scenarios.

**UPDATE**

**COMPLIANCE**

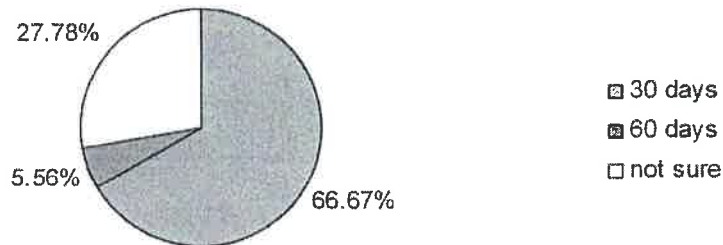
**Audit Follow-up**

As of December 31, 2008, several tasks have been completed. In mid-November, the audit follow-up tool was sent to all departments with findings. Department heads, or their designees, were required to validate the audit finding, comment on the proposed solution, provide the name of the person responsible for implementing the solution, and provide a timeline for implementation. One hundred percent of departments complied with the request for status. A sample of a department's response has been attached to this report for review (see Attachment A).

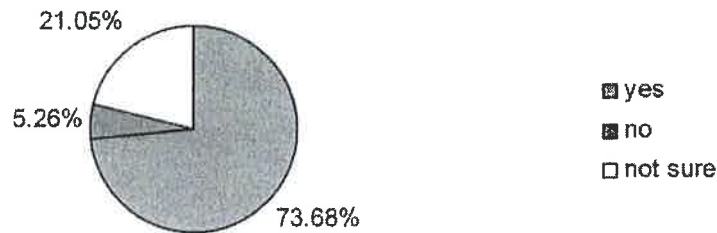
To validate audit finding mitigation, the County Compliance and Accountability Officer has been conducting department visits. Where appropriate, the purpose of these visits is to collect an audit sample. In addition, process and procedures are reviewed during the visit. Following the review, each department head is asked to sign an attestation document (see Attachment B). This document is key as it links staff action and ownership of the solution to the department head.

In addition to the audit follow-up, department heads were asked on a voluntary basis to participate in an anonymous survey. The purpose of this survey was to determine the level of understanding in the field. Five topic areas were polled: Role of the County Compliance and Accountability Officer, Audit Follow-up and Remediation, Audit Finding Responses, Audit Preparedness, and Management of Outside Audits/Auditors. Support for the survey was positive with 20 of the 31 departments, or 64%, participating in the survey. These survey results serve as a guide for future training. As responses to two of the survey questions show, most department heads understand policy. The complete results are attached (see Attachment C).

**How much time does the department have to respond to major/minor audit findings?**



**Is there a requirement for the Auditor Controller to  
file the responses to the audit findings with the  
audit report?**



**Business Controls**

The Business Controls self assessment is in the very early stages of development. A team approach to program development will be utilized and a tentative list of core team members has been developed. An initial meeting date has not been set as of the submission of this report. It is expected that the first meeting will be held in early February. The formal review of findings with a summary is attached (see Attachment D). Sixty-six (66) current, fifty-seven (57) minor, and thirty-eight (38) prior findings were reviewed.

**ETHICS**

**Code of Conduct**

The Code of Conduct kickoff and follow-up meeting were held late January. Core team members from the Department of Aging and Adult Services, County Counsel, Fire Department, Department of Human Services, Kern Medical Center, Personnel, and Sheriff's Department participated. These departments each currently have some form of Code of Conduct in place.

**Web Page and Training**

Two ethics items are in progress. The prototype of the webpage has been developed with the help of Information Technology Services. Webpage content is being reviewed. As mentioned above, the webpage will be a very useful tool for employees and County citizens alike. In addition, ethics training has been calendared on March 9 as a core course of the Leadership Development Program.

**Additional Compliance Implementation**

The post employment ordinance pertaining to elected officials, management, mid-management and confidential employees took effect October 30, 2008. This new rule should serve to protect the County from any alleged conflict of interest or the appearance of a conflict of interest as employees move out of County employment. An awareness campaign was launched in order to maximize visibility. This included the creation of a flyer that the Kern County Employees' Retirement Association mailed to recent retirees.

Board of Supervisors  
Status Report on the Implementation of the  
Compliance and Accountability Plan  
February 10, 2009  
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## CONCLUSION

The County has made progress in many areas of compliance since the initial report to your Board on October 28, 2008. The County Administrative Office will continue working on the compliance tasks identified above and will work to identify and respond to other compliance related issues that may surface in 2009.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Ronald M. Errea", with a long horizontal flourish extending to the right.

Ronald M. Errea  
County Administrative Officer

RME:CB:CCAOGEN SPRING 09 UPDATE

### Attachments

cc: All Department Heads

# Strong Participation



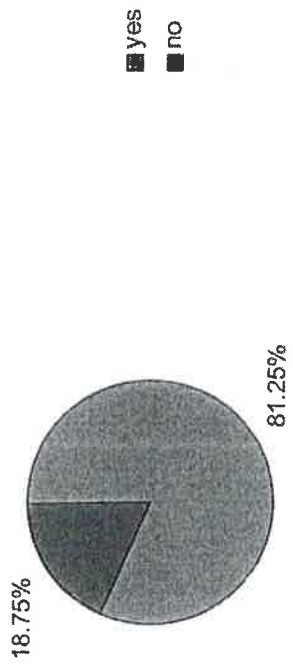
20 of the 31 department heads  
completed the survey!

# Role of the County Compliance and Accountability Officer

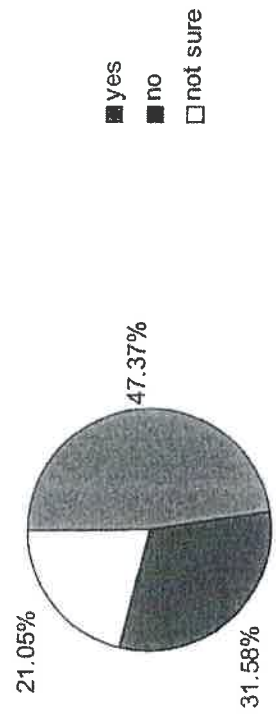
Ordinance No. G-7797  
2.01.010C

- Implement/Enforce Policies
- Verify Attendance  
Compliance Training
- Input to Department Head  
Evaluations Regarding  
Compliance

Understand why  
Follow-up by CCAO

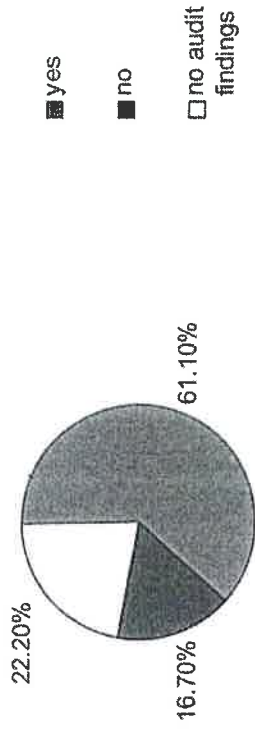


Received Copy of  
Compliance and Accountability Plan



# Audit Follow-up and Remediation

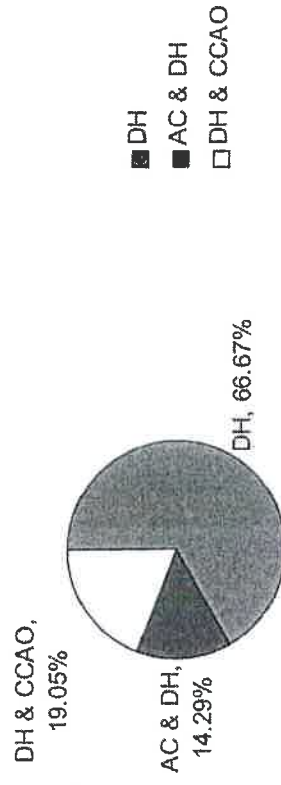
## Spreadsheet Best way to get feedback



## Board of Supervisors Discussion October 28, 2008 A.M. session

...responsibility and authority resides  
with the department heads

## Responsibility for Audit Remediation



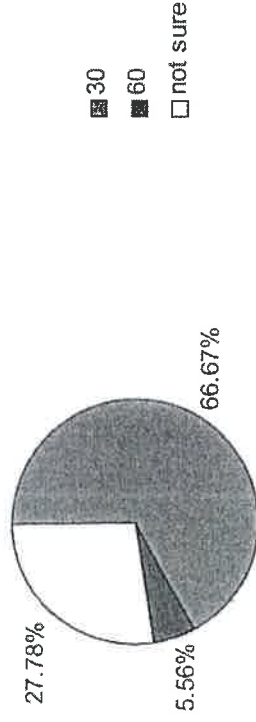
# Audit Findings Responses

Kern County  
Administrative  
Policy and Procedures Manual

602.3d

Within 30 days of receiving the final audit report, the department is required to respond to the Auditor Controller

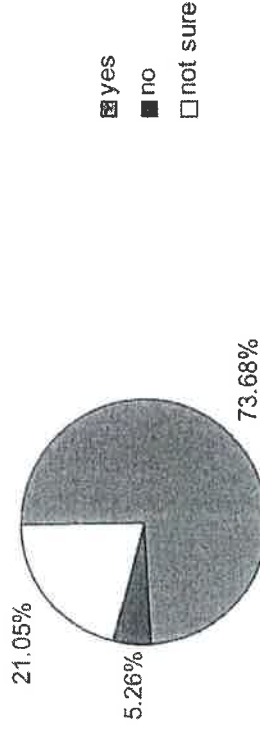
Time to Respond  
Audit Findings



602.4

Final audit report.....and department's response.....filed with Board....

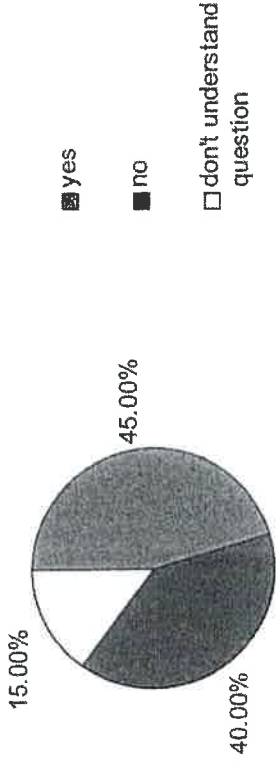
Requirement for Auditor Controller  
File Responses with Audit





# Audit Preparedness

Procedures/Plans  
Used with Announced Audit

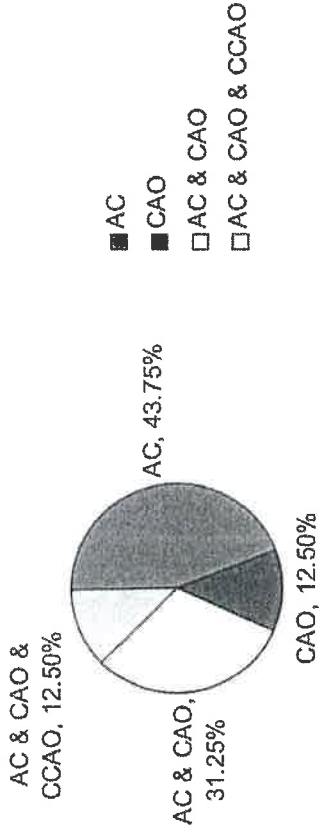


## Sample Requirements

- Current Department Organization Chart
- Outside Audit Reports
- Conflict of Interest Policy & Filings
- Written Policies/Procedures for Mail/Cash Handling
- Bank Statements and Reconciliations
- Mail Log
- Reconciliations to FMS (each budget unit)
- Listing of used/unused Receipt Books
- Purchase Card Documentation
- Signature Cards
- Contracts or Agreements Related to Budget Units

# Outside Audits

Outside Audit: Notify Who?



Kern County  
Administrative  
Policy and Procedures Manual

- 605.  
Outside auditors concerned with federal and/or  
State grants
- 605.2  
Notify:  
Auditor Controller, County Administrative Office

# Questions



# ATTACHMENT D

DEPARTMENT	DEPARTMENT HEAD	RECENT AUDIT	CASH	DEPT.	3RD PARTY	SPECIAL AUDITS
<b>APPOINTED</b>						
Administrative Office - CAO	Ron Errea	YES	2M	3M	-	-
Administrative Office - IT	Bill Fawns	YES	-	3C,5M,2P	-	-
Agriculture Commissioner	Ruben Arroyo	YES	2M	-	-	-
Aging and Adult Services	Kris Grasty	YES	5C,1M	-	-	-
Airports	Jack Gotcher	WIP	-	WIP	-	-
Board of Trade	Rick Davis	YES	2M	-	-	-
Child Support Services	Phyllis Nance	YES	1M,1P	-	-	-
Clerk of the Board	Kathleen Krause	YES	CLEAN	-	-	-
County Counsel	Bernie Baumann	YES	-	5C,2M	-	-
Emergency Medical Services	Ross Ellifloft	YES	-	CLEAN	-	-
Employers Training Resource	Verna Lewis	YES	CLEAN	-	1C	-
Fire	Dennis Thompson	YES	-	2C,2M,2P	-	-
Human Services	Pat Cheadle	YES	2C,2M,1P	-	4C	-
Kern Medical Center	Paul Hensler	YES	-	7C,9P	-	-
Library	Diane Duquette	YES	6C,1M,2P	-	-	-
Mental Health	Jim Waterman	YES	1C,4M,3P	-	CLEAN	-
Parks & Recreation	Robert Lerude	WIP	-	WIP	-	-
Public Defender	Mark Arnold	YES	1M	-	-	-
Public Health	John Nilon	YES	-	11C,6M,2P	-	-
Resource Management Agency	David Price III	YES	1M	-	-	-
Veterans' Services	Charles Bikakis	NO	-	-	-	-
Waste Management	Daphne Harley	YES	CLEAN	-	-	CLEAN

C = Current  
 M = Minor  
 P = Prior

# ATTACHMENT D

DEPARTMENT	DEPARTMENT HEAD	RECENT AUDIT	CASH	DEPT.	3RD PARTY	SPECIAL AUDITS
<b>RMA APPOINTED</b>						
Animal Control	Guy Shaw	YES	3M	-	-	-
Community/Economic Development	Barry Jung	YES	CLEAN	-	-	-
Engineering/Survey Services	Chuck Lackey	YES	1C,2M,1P	-	-	-
Environmental Health Planning	Matt Constantine	WIP	-	WIP	-	-
Roads	Ted James	YES	1C	-	-	-
	Craig Pope	YES	1C,1M	-	-	-
<b>ELECTED</b>						
Coroner	Donny Youngblood	YES	-	7C,3M,3P	-	-
District Attorney	Ed Jagels	YES	-	5C,6M,9P	-	-
Farm and Home Advisor	Darlene Liesch	YES	-	1C,1P	-	-
Personnel	Mark Quinn	YES	4M,2P	-	-	-
Probation	John Roberts	YES	-	3C,3M	-	-

C = Current  
M = Minor  
P = Prior