

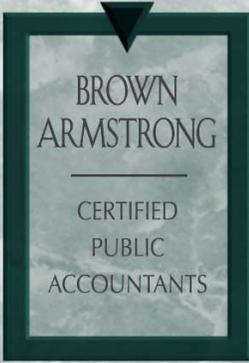
**COUNTY OF KINGS**  
**SINGLE AUDIT REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**COUNTY OF KINGS  
JUNE 30, 2014**

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## REPORTS



# BROWN ARMSTRONG

*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Board of Supervisors  
County of Kings  
Hanford, California

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We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Kings (the County) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 12, 2014.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

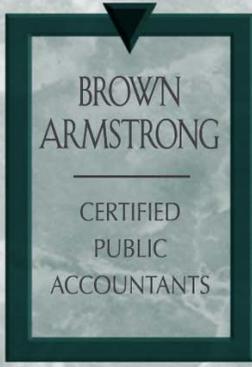
## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong  
Accountancy Corporation*

Bakersfield, California  
December 12, 2014



BROWN ARMSTRONG  
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

The Board of Supervisors  
County of Kings  
Hanford, California

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**Report on Compliance for Each Major Federal Program**

We have audited the County of Kings' (the County) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2014. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 12, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

## Purpose of Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Bakersfield, California  
March 10, 2015

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

## **FINANCIAL STATEMENTS**

**COUNTY OF KINGS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA No.	Supplemental Identifying Number	Federal Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
Passed through California Department of Public Health Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	08-85433	\$ 1,397,411
Passed through California Department of Social Services State Administrative Matching Grants for Food Stamp Program-Cal Fresh	10.561	County 16	1,786,905
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>3,184,316</b>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
Direct Programs			
Community Development Block Grants (CDBG)/Entitlement Program	14.218	N/A	7,401
HOME Investment Partnerships Program	14.239	N/A	143,386
Housing Opportunities for People with AIDS (HOPWA)	14.241	N/A	55,687
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b>206,474</b>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
Direct Programs			
Drug Enforcement Agency (DEA) - Domestic Cannabis Eradication and Suppression Program	16.xxx	2013-25	40,000
State Criminal Alien Assistance Program	16.606	2013-H5066-CA-AP	60,985
Community Oriented Policing Services (COPS) - School Resource Officer	16.710	0348-00061	176,526
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	2012-DJ-BX-0924	394
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	2013-DJ-BX-0924	12,383
Passed through California Office of Emergency Services (CalOES) Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	BSCC 606-12	93,537
Subtotal			106,314
Passed through California Office of Emergency Services (CalOES) Victim Witness Assistance Program	16.575	VW13 32 0160	73,439
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<b>457,264</b>
<b><u>U.S. DEPARTMENT OF LABOR</u></b>			
Passed through State Department of Employment Development			
Workforce Investment Act - Adult Program	17.258	K491020	425,230
Workforce Investment Act - Rapid Response	17.258	K491020	146,754
Workforce Investment Act - Rapid Response	17.258	K386299	134,826
Workforce Investment Act - Adult Program	17.258	K386299	943,588
Subtotal			1,650,398
Workforce Investment Act - Youth Program	17.259	K386299	324,061
Workforce Investment Act - Youth Program	17.259	K386299	345,967
Workforce Investment Act - Youth Program	17.259	K491020	195,956
Workforce Investment Act - Youth Program	17.259	K491020	318,945
Subtotal			1,184,929

(Continued)

**COUNTY OF KINGS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA No.	Supplemental Identifying Number	Federal Expenditures
<b><u>U.S. DEPARTMENT OF LABOR (Continued)</u></b>			
Passed through State Department of Employment Development (Continued)			
Workforce Investment Act - Dislocated Workers Program	17.278	K491020	345,086
Workforce Investment Act - Dislocated Workers Program	17.278	K386299	<u>293,071</u>
Subtotal			<u>638,157</u>
Total Workforce Investment Act Program Cluster			<u>3,473,484</u>
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			<b><u>3,473,484</u></b>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
Passed through California Office of Traffic Safety (OTS)			
Regional Collision Response & Extrication Improvement Program	20.600	EM1403	<u>96,000</u>
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<b><u>96,000</u></b>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
Direct Program			
Centers for Disease Control (CDC) - Public Health Emergency Preparedness (PHEP)	93.074	N/A	217,728
Centers for Disease Control (CDC) - Hospital Preparedness Program (HHP)	93.074	N/A	<u>137,736</u>
Subtotal			<u>355,464</u>
Family Planning Services	93.217	3480039	<u>45,172</u>
Immunization Sub-Prevention Grants	93.268	10-95375	<u>52,837</u>
Passed through State Department of Social Services			
Tuberculosis Control	93.116	County 16	<u>16,079</u>
Promoting Safe and Stable Families	93.556	County 16	<u>155,651</u>
Temporary Assistance for Needy Families (TANF) Cluster:			
Temporary Assistance for Needy Families	93.558	County 16	13,167,658
Temporary Assistance for Needy Families	93.558	County 16	<u>306,585</u>
Subtotal			<u>13,474,243</u>
Child Welfare Services - Title IV-B	93.645	County 16	<u>107,230</u>
Foster Care - Title IV-E	93.658	County 16	<u>4,780,857</u>
Child Support Enforcement	93.563	County 16	<u>3,924,186</u>
Adoption Assistance	93.659	County 16	<u>2,027,592</u>
Social Services Block Grant - CWS Title XX	93.667	County 16	<u>1,272,483</u>
Independent Living	93.674	County 16	<u>46,022</u>
Medical Assistance Program - California Children's Services	93.778	County 16	264,569
Medical Assistance Program - Targeted Case Management (TCM)	93.778	County 16	70,947
Medical Assistance Program - Medicaid Funding - Title XIX	93.778	County 16	<u>4,813,041</u>
Subtotal			<u>5,148,557</u>
			(Continued)

**COUNTY OF KINGS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2014**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA No.	Supplemental Identifying Number	Federal Expenditures
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</u></b>			
Passed through State Department of Social Services (Continued)			
Health Resources & Services Administration - Ryan White Part B	93.917	County 16	<u>62,292</u>
Maternal & Child Health	93.994	County 16	<u>136,539</u>
Preventative Health Services Block Grant (Child Health and Disability Prevention)	93.991	County 16	293,710
Preventative Health Services Block Grant (Health Care Program for Children in Foster Care)	93.991	County 16	<u>65,984</u>
Subtotal			<u>359,694</u>
Passed through State Department of Mental Health Services			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	N/A	<u>36,588</u>
Block Grants for Community Mental Health Services (Substance Abuse Mental Health Services Administration)	93.958	N/A	<u>156,380</u>
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	<u>838,553</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b><u>32,996,419</u></b>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
Passed through California Office of Emergency Services (CalOES)			
Emergency Management Performance Grants (EMPG)	97.042	EMW-2013-EP-00027	<u>155,940</u>
State Homeland Security Program (SHSP)	97.067	2013-SS-00123	<u>151,989</u>
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<b><u>307,929</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 40,721,886</u></b>

**COUNTY OF KINGS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 1 – GENERAL**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all of the Federal awards programs of the County of Kings, California (the County), for the year ended June 30, 2014. The County reporting entity is defined in Note 1 to the County's basic financial statements. Federal awards received directly from Federal agencies, as well as Federal awards passed through other government agencies, are included on this schedule.

**NOTE 2 – BASIS OF ACCOUNTING**

Consistent with the County's method of filing Federal financial reports, the accompanying Schedule of Expenditures of Federal Awards is presented using the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the County's financial statements.

**NOTE 3 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

Amounts reported in the accompanying schedule agree with the amounts reported in the related periodic federal financial reports.

**NOTE 4 – PASS-THROUGH ENTITY IDENTIFYING NUMBERS**

When Federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the County has either determined that no identifying number is assigned for the program or the County was unable to obtain an identifying number from the pass-through entity.

## **FINDINGS AND QUESTIONED COSTS**

**COUNTY OF KINGS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2014**

**1. Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? \_\_\_ Yes X No
- Significant deficiency(s) identified that are not considered to be material weaknesses? \_\_\_ Yes X No
- Noncompliance material to financial statements noted? \_\_\_ Yes X No

*Federal Awards*

Internal control over major federal programs:

- Material weakness identified? \_\_\_ Yes X No
- Significant deficiency(s) identified that are not considered to be material weaknesses? \_\_\_ Yes X No
- Noncompliance material to federal awards? \_\_\_ Yes X No

Type of auditor's report issued on compliance for major Federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)? \_\_\_ Yes X No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
17.258, 17.259, 17.278 10.557 10.561	Workforce Investment Act Cluster Special Supplemental Nutrition Program for Women, Infants, and Children State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
93.658 93.659 93.667 93.558	Foster Care Title IV-E Adoption Assistance Social Services Block Grant Temporary Assistance for Needy Families

The threshold for distinguishing type A and B programs was \$1,221,657.

Auditee was determined to be a low risk auditee? X Yes \_\_\_ No

**COUNTY OF KINGS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2014**

**2. Findings Relating to Financial Statements Required Under Government Auditing Standards**

Our audit disclosed no current year findings required to be reported in accordance with *Government Auditing Standards*.

**3. Findings and Questioned Costs for Federal Awards**

Our audit disclosed no current year findings required to be reported in accordance with *Government Auditing Standards*.

**4. Status of Prior Year Findings and Recommendations**

**2013-01: Human Service Agency Time Cards and Studies**

**Programs:** Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), Foster Care - Title IV-E, Adoption Assistance - Title IV-E, and Social Services Block Grant

**CFDA No.:** 10.561, 93.558, 93.658, 93.659, and 93.667

**Federal Agencies:** United States Department of Agriculture and Department of Health and Human Services

**Passed-Through:** State of California - Department of Social Services

**Award Number(s):** N/A

**Award Year:** Fiscal Year 2012/13

**Compliance Requirement:** Activities Allowed/Unallowed

**Questioned Costs:** None

**Criteria:**

U.S. Office of Management and Budget (OMB) Circular No. A-133 requires that recipients of Federal awards must maintain internal controls over Federal programs that provide reasonable assurance that the recipient is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Furthermore, in accordance with OMB Circular A-87, salary charges for authorized absences from the job, such as vacation, sick leave, holidays, court leave, military leave, and other similar benefits, are allowed if they are provided under written leave policies, the costs are equitably allocated to all related activities, including Federal awards, and the accounting basis selected for costing each type of leave is consistently followed by the governmental unit.

**Condition:**

While testing the County of Kings' Human Service Agency (HSA) payroll and payroll related charges, we noted five instances out of sixty where sick leave and/or vacation pay was incorrectly charged as a direct cost to the programs. The policy of the County of Kings is to expense total sick leave/vacation/holiday time across all programs within the HSA Department allocated equally across all programs within the HSA Department. In essence, the amount of hours recorded on the employees' time sheets were not transferred to the employees' time studies correctly.

**COUNTY OF KINGS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2014**

**4. Status of Prior Year Findings and Recommendations (Continued)**

Cause:

The HSA did not maintain proper internal control procedures to ensure the correct hours were allocated to the appropriate Federal program. Standard practice for the HSA is for the employee to fill out their time card and time study, while the supervisor's responsibility is to review both the time card and time study to ensure the hours are properly and accurately reflected on both items. During our testing of payroll, we noted four time studies that were overstating the hours incurred and one time study that was understating the hours incurred (due to the inclusion or exclusion of vacation/sick time).

Effect:

The accounting for vacation and sick charges was inconsistent across the time cards and time studies tested. This results in the programs being over or under charged. The overall cost effect is clearly inconsequential when extrapolated across the entire payroll population of the programs noted above.

Recommendation:

We recommend the HSA strengthen its internal controls and train its supervisors to apply the controls and costing methods on a consistent basis to ensure actual hours charged on the employee time cards are properly reflected and transferred over to the time studies in a consistent manner to ensure total costs are properly allocated and charged to the applicable Federal programs.

Management Response/Corrective Action Plan:

HSA will make changes to our internal controls to strengthen the process to reduce or eliminate errors. The following steps will be implemented and audited as needed to assure all regulatory requirements are met. Errors found in non-allocable hours will be corrected prior to allocating costs to benefitting programs in the administrative claim.

1. The Fiscal unit will implement an internal control of verifying the accuracy between the two reporting systems. The HSA Accountant will manually audit the time studies submitted by the employees by comparing the allocable and non-allocable hours on the time study to the non-allocable hours from the payroll time card.
2. The agency is currently in development of an automated time study system which will synchronize non-allocable (leaves, holidays, etc.) hours with the PeopleSoft payroll system. The automation of the time study process will reduce the responsibility of the employee and supervisor from reconciling the non-allocable hours between the time study and the time card.
3. The HSA Accountant will continue to audit the time studies submitted by the employees by comparing the allocable and non-allocable hours on the time study to the non-allocable hours from the payroll time card

**Contact Information of Responsible Official**

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Human Services Agency  
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Current Year Status:

Implemented.

**COUNTY OF KINGS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2014**

**4. Status of Prior Year Findings and Recommendations** (Continued)

**2013-02: Health Department Time Cards and Studies**

**Program:** Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

**CFDA No.:** 10.557

**Federal Agencies:** United States Department of Agriculture

**Passed-Through:** State of California - Department of Public Health

**Award Number(s):** 11-10467

**Award Year:** Fiscal Year 2012/13

**Compliance Requirement:** Activities Allowed/Unallowed

**Questioned Costs:** None

Criteria:

In accordance with OMB Circular No. A-133, recipients of Federal awards must maintain internal controls over Federal programs that provide reasonable assurance that the recipient is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Condition:

While performing our test of payroll for the Special Supplemental Nutrition Program for WIC at the Health Department, we noted five instances out of forty that had Program/Project Time Card hours and related allocations not matching the time studies.

Cause:

The Health Department does not maintain proper internal control procedures to ensure the correct hours are allocated to the WIC program. Standard practice for the department is for the employee to fill out their timecard and time study, which reflects the hours worked on a specific category (Nutrition Education, Breastfeeding Promotion and Support, Client Services, and General Administration). The review process in place did not identify the misclassification of hours to the various categories on the time studies.

Effect:

The allocation of expenditures (across the categories mentioned above) on the Report of Actual Expenditures are based on the time studies. As the time studies do not consistently reflect the actual hours charged to each of the respective categories, the allocations on the Report of Actual Expenditures could be misstated. These categories have certain requirements and thresholds that must be met in order for the County to remain in compliance with program guidelines.

Recommendation:

We recommend the Health Department implement stronger controls over the review process of payroll to ensure actual hours charged on the employee time cards are properly reflected and transferred over to the time studies so that the categorical allocations on the Report of Actual Expenditures can be fairly stated and ensure consistent allocation of expenditures.

Management Response/Corrective Action Plan:

The time study and time card information reviewed for the audit were conducted by the previous WIC Director. The current Director identified the issue in reviewing the first time study conducted since her appointment. She had educated the staff prior to the arrival of the Brown Armstrong auditors. The Health Department will strengthen its internal controls by requiring the WIC Director to audit a 5% random sampling of the quarterly individual time studies comparing the Program/Project Time Cards to the Time Study. Our corrective action plan will require the WIC Director to report any significant discrepancies to the Deputy Director for Community Services and the Fiscal unit.

**COUNTY OF KINGS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2014**

**4. Status of Prior Year Findings and Recommendations** (Continued)

**Contact Information of Responsible Official**

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Current Year Status:

Implemented.

**2013-03: Timeliness of Report Submissions**

**Program:** JAG Program Cluster  
**CFDA No.:** 16.738  
**Federal Agencies:** United States Department of Justice  
**Passed-Through:** N/A  
**Award Number(s):** 2012-23  
**Award Year:** Fiscal Year 2012/13  
**Compliance Requirement:** Reporting  
**Questioned Costs:** None

Criteria:

Per the submission requirements as listed on the Letter of Agreement (LOA) Agency 2013 Domestic Cannabis Eradication Suppression Program (DCESP) Quarterly Accounting Form, grantees are required to submit the forms 15 days following the ending of the quarterly reporting period.

Condition:

While reviewing the DCESP Quarterly Accounting forms, we noted all four quarterly reports were not submitted timely in accordance with the program requirements as noted above.

Cause:

The reports were not submitted timely due to turnover within the Sheriff's Office and lack of proper review to ensure program requirements were being met.

Effect:

The County of Kings did not comply with the submission date requirements as set by the Quarterly Accounting forms, and could fall out of compliance with the program requirements resulting in penalties as per the grant agreement and granting agency.

Questioned Costs:

None

Recommendation:

We recommend the County implement a process and review system to ensure all required reports are submitted in a timely manner for the DCESP grant.

**COUNTY OF KINGS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2014**

**4. Status of Prior Year Findings and Recommendations** (Continued)

Management Response/Corrective Action Plan:

2012 was the first year for the Kings County Sheriff's Office to apply for the JAG DCE/SP Grant. In June of 2012, Fiscal staff made contact with the grant management agency to inquire as to when they would send notification of the award of the grant. The grant management agency staff responded that notification was sent out on April 19, 2012. At the time the Fiscal staff first became aware of the grant award, the first and second quarter claims were already past due. The processing of these claims delayed preparation of the third quarter claim and it was also submitted after the due date. There was then a change of personnel in the Fiscal department which resulted in the late submission of the 4th quarter claim. Cross training will be used to ensure that more than one employee has the necessary expertise to complete and submit claims for this grant in a timely manner. As a tool, a checklist has been created by Fiscal staff to document completion and successful submission of all required claims and reports.

**Contact Information of Responsible Official**

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Current Year Status:

Implemented