



Mary B. Bedard, CPA
Auditor-Controller-County Clerk

KERN COUNTY AUDITOR-CONTROLLER-COUNTY CLERK

1115 Truxtun Avenue, 1st and 2nd Floor • Bakersfield, CA 93301-4639

June 30, 2020

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

**AUDIT OF DEPARTMENT OF PUBLIC HEALTH SERVICES
FOR FISCAL YEARS ENDED JUNE 30, 2019 AND 2018**

Fiscal Impact: None

We are filing the internal audit division's report of compliance and internal controls of the Department of Public Health Services for fiscal years ended June 30, 2019 and 2018. A copy of our report, including findings and recommendations and suggested improvements, is attached. The following is a summary of our audit:

Findings and Recommendations: None

Suggested Improvements: Two

The internal audit division concluded that management of the Department of Public Health Services has satisfactorily established and maintained an effective process for governance, risk and internal control in the areas examined.

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

Sincerely,

A handwritten signature in black ink that reads "Mary B. Bedard".

Mary B. Bedard, CPA
Auditor-Controller-County Clerk

MBB/tj/acv

Attachment

cc: County Administrative Office
Department of Public Health



**DEPARTMENT OF PUBLIC HEALTH SERVICES
COUNTY OF KERN
REPORT OF COMPLIANCE AND
INTERNAL CONTROLS**

**FOR FISCAL YEARS ENDED
JUNE 30, 2019 AND 2018**

**Mary B. Bedard
Auditor-Controller-County Clerk**

**DEPARTMENT OF PUBLIC HEALTH SERVICES
COUNTY OF KERN
TABLE OF CONTENTS
FOR FISCAL YEARS ENDED JUNE 30, 2019 AND 2018**

	Page
Auditor's Report	1
Findings, Recommendations, Suggested Improvements and Observations.....	4



KERN COUNTY AUDITOR-CONTROLLER-COUNTY CLERK

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AUDITOR'S REPORT

Board of Supervisors
County of Kern

Our internal audit division recently completed a Compliance and Internal Control audit of the Department of Public Health Services for the fiscal years ending June 30, 2019 and 2018. This internal audit assignment was conducted in accordance with the approved FY 2019-20 internal audit plan.

Purpose

The purpose of our audit was to determine the Department of Public Health Services' compliance with the County's Policies and Procedures, and to evaluate the adequacy, efficiency and effectiveness of the Department of Public Health Services' governance principles, risk management and internal controls.

Scope

The scope of our audit included the Department of Public Health Services' cash, receipts, revenue, accounts receivable, trust funds, inventory, capital assets, safety, expenditures, payroll, contracts, grants, information systems and special revenue funds for the fiscal years ending June 30, 2019 and 2018.

Methodology

We conducted our audit in conformance with the Institute of Internal Auditors (IIA) International Standards of the Professional Practice of Internal Auditing, unless otherwise stated in this report. These standards require that the internal audit activity be independent and internal auditors be objective in performing their work. The Standards also require that internal auditors perform their engagements with proficiency and due professional care; that the internal audit function be subject to a program of quality assurance; and that the results of engagements are communicated.

Audit work was conducted on the basis of questionnaire, inquiry, observation, confirmation and verification of supporting documentation and identified processes.

Quick and efficient implementation of audit recommendations and suggestions further enhance the value of an audit. To assist in this process, the internal audit division has identified four core categories for the classification of recommendations and suggestions:

- 1) Compliance - Functioning in accordance with governing laws, regulations, policies and other authoritative guidance.
- 2) Cost Reduction - Appropriately minimizing costs of County operations.

- 3) Efficiency - Performing effectively without duplication of effort or waste of time, material or money on unnecessary activities.
- 4) Risk Reduction - Appropriately using techniques which mitigate or minimize operational or control risks.

Inherent Limitations in Any System of Internal Control

Because of inherent limitations in any system of controls, errors or irregularities may nevertheless occur and not be detected. Specific examples include, but are not limited to, resource constraints, carelessness, distraction, management override, poor judgment, and circumvention by collusion. Also, there is the possibility that the procedures may become inadequate due to changes in conditions, and compliance with the procedures may deteriorate. Accordingly, our audit would not necessarily disclose all weaknesses in the department's operating procedures, accounting practices, and compliance with County policy.

Management Responsibilities in Terms of Governance, Risk and Controls

Management is responsible for the establishment and maintenance of effective systems of governance to:

- Promote appropriate ethics and values within the department.
- Ensure effective organizational performance, management and accountability.
- Communicate risk and control information to appropriate areas in the department.

In addition, management is responsible for the establishment and maintenance of an effective system of internal control and risk management. The objectives of the system of internal control are to provide management with reasonable, but not absolute, assurance that:

- Objectives are achieved.
- Financial and operational information are reliable.
- Operations and programs are effective and efficient.
- Assets are safeguarded.
- Laws, regulations, policies, procedures and contracts are complied with.
- Risks are identified, appropriate risk responses selected, communicated and managed.

The principal safeguard against fraud, misstatement and irregularities is an effective system of internal control. However, because of the limitations in any system of internal control, the prevention and detection of fraud is management's responsibility. Management is also responsible for implementing corrective actions to address process and control deficiencies.

Department Background

The Department of Public Health Services provides a wide range of services to assist in the prevention of disease and the improvement of the health, safety, and quality of life of Kern County residents and visitors. The Kern County Department of Public Health Services, originally part of Kern General Hospital (now Kern Medical), was created as a separate department in 1931. In October of 2009, the Kern County Board of Supervisors approved the merger of the Environmental Health Services Department and the

Emergency Medical Services Department with the Department of Public Health Services. The Department of Public Health Services is responsible for the administrative oversight and programmatic control of the following operating divisions: Environmental Health Services, Emergency Medical Services, Health Services and California Children Services.

At the time of our audit fieldwork the Department of Public Health Services has 275 full-time employees and 15 extra-help employees. The Board of Supervisors appointed Matt Constantine as Director of Public Health October 13, 2009. For fiscal year 2019, expenditures totaled \$27,182,550, with a net general fund cost of \$3,070,097.

Summary

This report records the results of our internal audit findings and recommendations, looking at possible ways in which controls and operations could be improved to overcome identified weaknesses in control and increase the adequacy, efficiency and effectiveness of controls based on the risk identified.

The matters raised in this report are only those which have come to our attention arising from our audit that we believe should be brought to the attention of your Board. The internal audit division concluded that management of the Department of Public Health has satisfactorily established and maintained an effective process for governance, risk and internal control in the areas examined.

This report is intended for the information and use of management, others within the Department of Public Health Services, and the Board of Supervisors. However, this report is a matter of public record and its distribution is not limited.



Tony Jones
Audit Division Chief
May 20, 2020

**DEPARTMENT OF PUBLIC HEALTH SERVICES
COUNTY OF KERN
FINDINGS AND RECOMMENDATIONS
SUGGESTED IMPROVEMENTS
FOR FISCAL YEARS ENDED JUNE 30, 2019 AND 2018**

Findings and Recommendations:

Findings are issues which present a serious enough risk to require consideration by management and a written Department response. During our fieldwork we noted no findings.

Suggested Improvements:

Suggestions for improvement are for issues that the auditor considers not to be of an immediate serious nature and/or for issues which the Department is able to correct at the time of the audit. Unlike formal audit findings, written Department responses are not required for these issues. During fieldwork we identified some areas where improvements could be made, and we provided the Department with suggestions for making these improvements. Our suggestions are detailed below:

1. Certificate of Compliance

We reviewed the 1094 Certificate of Compliance's submissions. The Department is required to submit the signed Certificate of Compliance form to the Auditor-Controller's office by the 10th of each following month. All monthly submissions were made within the due date, except for the submissions in January and February 2019 which were fifty and twenty days late, respectively. The Department stated that what had led to the January and February 2019 late submissions was an employee assigned to submit these forms had left the Department and it was overlooked until another staff was assigned the task.

We suggest the Department ensure that when employees are no longer working for the Department, that their tasks are reassigned to other staff as soon as possible.

Value Added: *Risk Reduction, Efficiency*

2. Monitoring of Used Receipts Log

During the review of the receipt logs, it was noted that the information on many receipts issued was not being entered into the receipt logs. There was a failure to comply with the Department's own written internal control procedures.

We suggest that the field cashiers be trained to scan and include all required documents in the Deposit Packet and that these documents be reviewed for accuracy by a Supervisor.

Value Added: *Compliance, Risk Reduction, Efficiency,*

Observations:

Observations are significant details that the auditor notices while in performance of the audit that may be important to the reader. They can be positive in nature, commending the Department for taking initiative. They could also be negative in nature; however, if negative, they are not considered to be as significant as suggested improvements and written Departmental responses are not required. There were no observations noted during fieldwork.