

COUNTY OF KERN
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2023



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INDEPENDENT AUDITORS' 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

Board of Supervisors
County of Kern
Bakersfield, California

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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Kern, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County of Kern's basic financial statements, and have issued our report thereon dated April 10, 2024.

Our report includes a reference to other auditors who audited the financial statements of First 5 Kern, Kern Hospital Authority and Tejon Ranch Public Facilities Financing Authority, which represents 100 percent of assets, net position and revenues of the discretely presented component units as of and for the year ended June 30, 2023, as described in our report on County of Kern's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or on compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Kern's internal control over financial reporting (internal control) as a basis for designing 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 County of Kern's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Kern'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Kern’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 financial statements. 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*.

County of Kern’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County of Kern’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. County of Kern’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity’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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Irvine, California
September 5, 2024



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Supervisors
County of Kern
Bakersfield, California

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited County of Kern's (the County) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of County of Kern's major federal programs for the year ended June 30, 2023. County of Kern's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on the COVID-19 Block Grants for Prevention and Treatment of Substance Abuse Program

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, County of Kern complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the COVID-19 Block Grants for Prevention and Treatment of Substance Abuse program for the year ended June 30, 2023.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, County of Kern 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 other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2023.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of County of Kern and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of County of Kern's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on the COVID-19 Block Grants for Prevention and Treatment of Substance Abuse Program

As described in the accompanying schedule of findings and questioned costs, County of Kern did not comply with requirements regarding the COVID-19 Block Grants for Prevention and Treatment of Substance Abuse program as described in finding number 2023-008 for Allowable Costs.

Compliance with such requirements is necessary, in our opinion, for County of Kern to comply with the requirements applicable to that program.

Other Matter – Federal Expenditures Not included in the Compliance Audit

The County's basic financial statements include the operations of First 5 Kern, Kern County Hospital Authority and Tejon Ranch Public Facilities Financing Authority, which are not included in the County of Kern's schedule of expenditures of federal awards during the year ended June 30, 2023. Our audit, described below, did not include the operations of First 5 Kern, Kern County Hospital Authority and Tejon Ranch Public Facilities Financing Authority because these component units engaged other auditors to perform an audit of compliance.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to County of Kern's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on County of Kern's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about County of Kern's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding County of Kern's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of County of Kern's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of County of Kern's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-003 through 2023-009. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards require the auditor to perform limited procedures on County of Kern's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. County of Kern's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-003 and 2023-008 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-004 through 2023-007 and 2023-009 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on County of Kern's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. County of Kern's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated April 10, 2024, 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 the Uniform Guidance 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 the basic 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.



CliftonLarsonAllen LLP

Irvine, California
September 5, 2024

COUNTY OF KERN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed-Through to Subrecipients
U.S. Department of Agriculture				
Passed-through California Department of Food and Agriculture:				
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP22PPQFO000C502	\$ 256	\$ -
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP21PPQFO000C393	327	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP22PPQFO000C397	46,396	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP23PPQFO000C378	273,313	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP22PPQFO000C414	88,915	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP22PPQFO000C010	135,484	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP22PPQFO000C001	1,100,757	-
Subtotal - Assistance Listing Number 10.025			<u>1,645,448</u>	-
Passed through La Cooperativa Campesina de California:				
COVID-19 - Pandemic Relief Activities: Farm and Food Worker Relief Grant Program	10.181		231,684	85,000
Passed-through California Department of Health and Human Services:				
School Breakfast Program	10.553		34,867	-
Passed-through California Department of Education:				
National School Lunch Program	10.555		477,853	-
Subtotal - Child Nutrition Cluster			<u>512,720</u>	-
Passed-through California Department of Health and Human Services:				
State Administrative Matching Grants for the Supplemental Nutrition Supplemental Nutrition Assistance Program (SNAP)	10.561		21,987,517	-
Supplemental Nutrition Assistance Program (SNAP)	10.561		50,411	-
Supplemental Nutrition Assistance Program (SNAP)	10.561		410,138	-
Passed-through California Department of Aging:				
Supplemental Nutrition Assistance Program (SNAP)	10.561	SP-2122-33	278,128	-
Subtotal - Assistance Listing Number 10.561			<u>22,726,194</u>	-
Direct Program:				
Cooperative Forestry Assistance	10.664		7,084	-
Passed-through California State Water Resources Control Board:				
Schools and Roads - Grants to Counties	10.666	C-06-7659-110/D17-04019	118,288	-
Total U.S. Department of Agriculture			<u>\$ 25,241,418</u>	<u>\$ 85,000</u>
U.S. Department of Housing and Urban Development				
Direct Programs:				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants (CDBG)	14.218		\$ 4,816,190	\$ 1,102,859
Community Development Block Grants/Entitlement Grants (CDBG) - Current Year Loans	14.218		80,000	-
Subtotal - Assistance Listing Number 14.218			<u>4,896,190</u>	<u>1,102,859</u>
Emergency Shelter Grants Program	14.231		1,892,505	1,632,416
Home Investment Partnership Program	14.239		2,406,411	1,929,549
Home Investment Partnership Program - Current Year Loans	14.239		3,168,125	-
Subtotal - Assistance Listing Number 14.239			<u>5,574,536</u>	<u>1,929,549</u>
Passed through City of Bakersfield:				
Housing Opportunities for Persons with AIDS	14.241	2022-202	653,796	-
Direct Programs				
Continuum of Care Program	14.267		79,976	-
Total U.S. Department of Housing and Urban Development			<u>\$ 13,097,003</u>	<u>\$ 4,664,824</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF KERN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed-Through to Subrecipients
<u>U.S. Department of Interior</u>				
Direct Programs:				
Rangeland Resource Management	15.237		\$ 30,000	-
Total U.S. Department of Interior			<u>\$ 30,000</u>	<u>\$ -</u>
<u>U.S. Department of Justice</u>				
Passed through California Office of Emergency Services (CalOES):				
Crime Victim Assistance	16.575	VW20 38 0150 / VW21 39 0150; XC20 03 0150 / XC21 04 0150; XE20 03 0150 / XE21 04 0150	\$ 1,722,445	\$ -
Violence Against Women Formula Grants	16.588		100,000	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	CQ21 17 0150 / CQ22 18 0150	61,179	-
Passed-through Board of State and Community Corrections:				
Residential Substance Abuse for State Prisoners	16.593	BSCC 526-20	175,007	-
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	15PBJA-21-GG-01206_JAGX / 15PBJA-22-GG-02189_JAGX	90,798	-
Direct Programs:				
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738		71,241	-
Subtotal - Assistance Listing Number 16.738			<u>162,039</u>	<u>-</u>
State Criminal Alien Assistance Program	16.606		1,411,500	-
Bulletproof Vest Partnership Program	16.607		27,057	-
DNA Backlog Reduction Program	16.741		456,308	-
Equitable Sharing Program	16.922		87,500	-
Total U.S. Department of Justice			<u>\$ 4,203,035</u>	<u>\$ -</u>
<u>U.S. Department of Labor</u>				
Direct Programs:				
National Farmworker Jobs Program	17.264		\$ 2,885,785	\$ 539,733
WIOA Cluster:				
Passed-through California Department of Employment Development:				
WIOA Adult Program	17.258	AA211009/AA311009	7,470,365	1,170,754
WIOA Youth Activities	17.259	AA211009/AA311009	10,061,322	459,617
WIOA Dislocated Worker Formula Grants	17.278	AA211009/AA311009	4,267,289	3,026,887
WIOA Dislocated Worker Formula Grants	17.278	AA211009/AA311009	100,400	-
WIOA Dislocated Worker Formula Grants	17.278	AA211009/AA311009	41,873	-
WIOA Dislocated Worker Formula Grants	17.278	AA211009/AA311009	264,138	-
Passed-through La Cooperativa Campesina de California:				
WIOA Dislocated Worker Formula Grants	17.278	WIOA-DS-4-01-22-ETR	184,107	-
WIOA Dislocated Worker Formula Grants	17.278	167 THSNG-07-22-ETR	60,945	-
WIOA Dislocated Worker Formula Grants	17.278	WIOA-RR-2022-23-ETR	11,789	-
Subtotal - WIOA Cluster			<u>22,462,228</u>	<u>4,657,258</u>
Total U.S. Department of Labor			<u>\$ 25,348,013</u>	<u>\$ 5,196,991</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF KERN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed-Through to Subrecipients
<u>U.S. Department of Transportation</u>				
Direct Programs:				
Airport Improvement Program	20.106		\$ 2,325,476	\$ -
Passed-through the California Department of Transportation:				
Highway Planning and Construction	20.205	06-5959R	17,910,092	-
Formula Grants for Rural Areas and Tribal Transit Program	20.509		2,470,899	-
Passed-through California Office of Traffic Safety:				
National Priority Safety Programs	20.616	DI22023 / DI23010	593,872	-
Passed-through California Office of Traffic Safety				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608		164,153	-
Total U.S. Department of Transportation			<u>\$ 23,464,492</u>	<u>\$ -</u>
<u>U.S. Department of the Treasury</u>				
Passed through California Department of Housing and Community Development:				
COVID-19 - Emergency Rental Assistance Program	21.023	21-ERAP-20016	\$ 14,393,401	\$ 14,393,401
COVID-19 - Emergency Rental Assistance Program - Program Income	21.023	21-ERAP-20016	106,410	106,410
Direct Programs:				
COVID-19 - Emergency Rental Assistance Program	21.023		12,313,506	12,313,506
COVID-19 - Emergency Rental Assistance Program - Program Income	21.023		238,958	238,958
Subtotal - Assistance Listing Number 21.023			<u>27,052,275</u>	<u>27,052,275</u>
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		13,108,155	-
Total U.S. Department of the Treasury			<u>\$ 40,160,430</u>	<u>\$ 27,052,275</u>
<u>U.S. Department of Health and Human Services</u>				
Passed-through California Department of Aging:				
Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	AP-2123-33	\$ 122,729	\$ -
Title VII, Chapter 2 - Long-Term Care Ombudsman Services for Older Individuals	93.042	AP-2123-33	15,485	-
Title III, Part D - Disease Prevention and Health Promotion Services	93.043	AP-2123-33	51,377	-
Aging Cluster:				
Title III, Part B - Grants for Supportive Services and Senior Centers				
Senior Centers	93.044	AP-2123-33	535,710	191,398
Title III, Part C - Nutrition Services	93.045	AP-2123-33	1,957,001	596,207
Nutrition Services Incentive Program	93.053	AP-2123-33	118,453	45,603
Subtotal - Aging Cluster			<u>2,611,164</u>	<u>833,208</u>
National Family Caregiver Support, Title III, Part E	93.052	AP-2123-33	289,777	98,431
Passed through California Department of Public Health:				
Public Health Emergency Preparedness	93.069	22-10651	540,438	-
Medicare Enrollment Assistance Program	93.071	AP-2223-33	79,369	-
Passed through California Department of Health Care Services:				
Guardianship Assistance	93.090		121,610	-
Guardianship Assistance	93.090		2,842,505	-
Subtotal - Assistance Listing Number 93.090			<u>2,964,115</u>	<u>-</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF KERN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed-Through to Subrecipients
Passed-through California Department of Public Health: Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	2115BASE00/ 2215FSIE00	\$ 109,263	\$ -
Passed-through California Department of Health Care Services: Projects for Assistance in Transition from Homelessness	93.150		209,211	-
Passed-through California Department of Public Health: Immunization Cooperative Agreements	93.268	22-11070	707,346	-
Immunization Cooperative Agreements	93.268	22-11070	92,123	-
Immunization Cooperative Agreements	93.268	22-11070	708,919	-
Immunization Cooperative Agreements	93.268	22-11070	156,562	-
Subtotal - Assistance Listing Number 93.268			1,664,950	-
Passed-through California Department of Health and Human Services: State Health Insurance Assistance Program	93.324	AP-2223-33	455,556	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	CELC 25104/CLEN 25109/CLEX 25113	7,929,254	-
Cooperative Agreement to Support Navigators in Federally-Facilitated Exchanges	93.332		317,841	-
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	CERI-21-23-15	345,411	-
Passed through National Association of County and City Health Officials: Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421		51,636	
Passed-through California Department of Health and Human Services: MaryLee Allen Promoting Safe and Stable Families Program	93.556		1,022,466	-
Passed-through California Department of Health and Human Services: Temporary Assistance for Needy Families (TANF)	93.558		2,767,910	-
Temporary Assistance for Needy Families (TANF)	93.558		51,135,636	-
Temporary Assistance for Needy Families (TANF)	93.558		1,376	-
Temporary Assistance for Needy Families (TANF)	93.558		29,750	-
Temporary Assistance for Needy Families (TANF)	93.558		92,318,310	-
Temporary Assistance for Needy Families (TANF)	93.558		3,305,153	-
Subtotal - Assistance Listing Number 93.558			149,558,135	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		41,187	-
Passed-through California Department of Child Support Services Child Support Services	93.563	15 Kern	16,823,122	-
Passed-through California Department of Health and Human Services: Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566		13,410	-
Passed-through California Department of Health and Human Services: Community-Based Child Abuse Prevention Grants	93.590		765,370	765,370
Stephanie Tubbs Jones Child Welfare Services Program	93.645		773,117	-
Foster Care - Title IV-E	93.658		39,446	-
Foster Care - Title IV-E	93.658		814,133	-
Foster Care - Title IV-E	93.658		4,238,878	-
Foster Care - Title IV-E	93.658		12,093,395	-
Foster Care - Title IV-E	93.658		20,822,950	-
Foster Care - Title IV-E	93.658		71	-
COVID-19 - Foster Care - Title IV-E	93.658		1,268,989	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF KERN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed-Through to Subrecipients
Passed-through California Department of Social Services:				
Foster Care - Title IV-E	93.658		\$ 59,422	\$ -
Foster Care - Title IV-E	93.658		579,454	-
Subtotal - Assistance Listing Number 93.658			<u>39,916,738</u>	<u>-</u>
Passed-through California Department of Health and Human Services:				
Adoption Assistance	93.659		1,608,079	
Adoption Assistance	93.659		22,271,162	-
COVID-19 Adoption Assistance	93.659		3,059,998	-
Subtotal - Assistance Listing Number 93.659			<u>26,939,239</u>	<u>-</u>
Social Services Block Grant	93.667		1,994,860	-
Social Services Block Grant	93.667		1,570,786	-
Subtotal - Assistance Listing Number 93.667			<u>3,565,646</u>	<u>-</u>
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674		289,119	-
Passed-through California Department of Health Care Services:				
Children's Health Insurance Program	93.767	TCLIP	238,037	
Medicaid Cluster:				
Passed-through California Department of Health Care Services:				
Medical Assistance Program	93.778	MC	2,248,809	
Medical Assistance Program	93.778	202215	322,003	-
Medical Assistance Program	93.778	HPCFC Program	2,089,430	-
Passed-through California Department of Health and Human Services:				
Medical Assistance Program	93.778		16,706,597	-
Medical Assistance Program	93.778		7,191,740	-
Subtotal - Medicaid Cluster			<u>28,558,579</u>	<u>-</u>
Passed-through California Emergency Medical Services Authority (EMSA):				
National Bioterrorism Hospital Preparedness Program	93.817	RDMHS 73810	241,727	-
Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.870		657,719	-
Maternal, Infant and Early Childhood Home Visiting Grant	93.889	22-10651	336,859	-
Passed-through California Department of Public Health:				
HIV Care Formula Grants	93.917	18-10870	610,615	371,132
HIV Prevention Activities - Health Department Based	93.940	22-10786	201,951	-
Passed-through California Department of Health Care Services:				
Block Grants for Community Mental Health Services	93.958		1,718,315	-
COVID-19 - Block Grants for Community Mental Health Services	93.958		507,387	-
COVID-19 - Block Grants for Community Mental Health Services	93.958		73,397	-
Subtotal - Assistance Listing Number 93.958			<u>2,299,099</u>	<u>-</u>
Block Grants for Prevention and Treatment of Substance Abuse	93.959		4,222,812	-
COVID-19 - Block Grants for Prevention and Treatment of Substance Abuse	93.959		494,414	-
COVID-19 - Block Grants for Prevention and Treatment of Substance Abuse	93.959		890,015	-
Subtotal - Assistance Listing Number 93.959			<u>5,607,241</u>	<u>-</u>
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977		11,770	
Passed-through California Department of Public Health:				
Maternal and Child Health Services Block Grant to the States	93.994	CHVP 22-15	517,816	-
Total U.S. Department of Health and Human Services			<u>\$ 296,746,538</u>	<u>\$ 2,068,141</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF KERN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed-Through to Subrecipients
<u>U.S. Executive Office of the President</u>				
Direct Programs:				
High Intensity Drug Trafficking Areas Program	95.001		\$ 226,784	\$ -
Total U.S. Executive Office of the President			<u>\$ 226,784</u>	<u>\$ -</u>
<u>U.S. Department of Homeland Security</u>				
Passed-through the California Office of Emergency Services (CalOES):				
Emergency Management Performance Grant	97.042	Cal EMA ID #2020-0006 / 2021-0015 /2021-0014	\$ 577,314	\$ -
Homeland Security Grant Program	97.067	Cal EMA ID #2019-0035 / 2020-0095 / 2021-0081	1,524,099	-
Direct Programs:				
Hazard Mitigation Grant	97.039		37,779	-
Assistance to Firefighters Grant	97.044		304,172	-
Total U.S. Department of Homeland Security			<u>\$ 2,443,364</u>	<u>\$ -</u>
Total Expenditures of Federal Awards			<u>\$ 430,961,077</u>	<u>\$ 39,067,231</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF KERN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the County of Kern (the County) under programs of the federal government as well as federal financial assistance passed through other government agencies for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial statements of the County. The County's reporting entity is defined in Note 1 of the notes to the County's financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting for governmental funds and the accrual basis for proprietary funds, which is described in Note 1 of the notes to the County's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

The County has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 PASS-THROUGH ENTITIES' IDENTIFYING NUMBER

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 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.

**COUNTY OF KERN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023**

NOTE 5 DEPARTMENT OF AGING FEDERAL/STATE SHARE

Beginning with the fiscal year ended June 30, 2005, the California Department of Aging (CDA) required agencies that receive CDA funding to display State-funded expenditures discreetly along with Federal expenditures. The County expended the following State and Federal Amounts under these grants:

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	State Expenditures	Federal Expenditures
Source: California Department of Aging			
Supplemental Assistance Program - Education (SNAP-Ed)	10.561	\$ -	\$ 278,128
Special Programs for the Aging-Title VII-B Elder Abuse, Neglect, and Exploitation Prevention	93.041	-	122,729
Special Programs for the Aging-Title VII-A Long Term Care Ombudsman Services	93.042	-	15,485
Special Programs for the Aging-Title III-D Disease Prevention	93.043	-	51,377
Special Programs for the Aging-Title III-B Supportive Services	93.044	180,751	535,710
Special Programs for the Aging-Title III-C, Senior Nutrition Services	93.045	1,328,082	1,957,001
National Family Caregiver Support-Title III-E	93.052	-	289,777
Nutrition Services Incentive Program	93.053	-	118,453
Health Insurance Counseling and Advocacy Program (HICAP)	93.324	242,008	-
Long-Term Care Ombudsman - Public Health L&C Program Fund (PHL&C)	N/A	7,694	-
Long-Term Care Ombudsman - State Health Facilitated Citation Penalties (SHF CIT PEN)	N/A	36,547	-
Long-Term Care Ombudsman - Skilled Nursing Facility Quality and Accountability Fund (SNFQAF)	N/A	37,024	-
Source: California Department of Human Services			
Medical Assistance Program -MEDI-CAL	93.778	-	6,774,559
Medical Assistance Program (9417)	93.778	-	417,181
Totals		<u>\$ 1,832,106</u>	<u>\$ 10,560,400</u>

**COUNTY OF KERN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditors’ Results

Financial Statements

- | | | |
|--|-----------------------|--------------------------------|
| 1. Type of auditors’ report issued: | Unmodified | |
| 2. Internal control over financial reporting: | | |
| • Material weakness(es) identified? | <u> x </u> yes | <u> </u> no |
| • Significant deficiency(ies) identified? | <u> </u> yes | <u> x </u> none reported |
| 3. Noncompliance material to financial statements noted? | <u> </u> yes | <u> x </u> no |

Federal Awards

- | | | |
|---|--|---------------------------------|
| 1. Internal control over major federal programs: | | |
| • Material weakness(es) identified? | <u> x </u> yes | <u> </u> no |
| • Significant deficiency(ies) identified? | <u> x </u> yes | <u> </u> none reported |
| 2. Type of auditors’ report issued on compliance for major federal programs: | Qualified for ALN 93.959, COVID-19 Block Grants for Prevention and Treatment of Substance Abuse
Unmodified for all other major federal programs | |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | <u> x </u> yes | <u> </u> no |

Identification of Major Federal Programs

Assistance Listing Number(s)

Name of Federal Program or Cluster

10.561	HOME Investment Partnership Program
14.218	Community Development Block Grant - Entitlement Grants Cluster
17.258, 17.259, 17.278	WIOA Cluster
17.264	National Farmworker Jobs Program
20.106	Airport Improvement Program
21.023	COVID-19 Emergency Rental Assistance
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
93.563	Child Support Services
93.659	COVID-19 Adoption Assistance
93.778	Medical Assistance Program – Medicaid Cluster
93.958	COVID-19 Block Grants for Community Mental Health Services
93.959	COVID-19 Block Grants for Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 3,000,000

Auditee qualified as low-risk auditee?

 yes x no

**COUNTY OF KERN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings

2023-001

Type of Finding: Material Weakness

Condition: Accounts receivable was overstated in the general fund. This resulted a material corrected misstatement in the current year.

Criteria or specific requirement: Accounts receivable and the associated revenues should be record in the period they are determined to be recognizable in accordance with generally accepted accounting principles (GAAP).

Effect: An audit adjustment of \$10,659,629 was recorded for fiscal year 2023-24 sales tax revenue that was recorded as fiscal year 2022-23 sales tax revenue.

Cause: Departments did not properly identify amounts where the County had met GAAP revenue recognition criteria as of June 30, 2023.

Repeat Finding: Yes, several misstatements related to accounts receivable and associated revenues were reported in the prior year as finding number 2022-001.

Recommendation: The County should provide additional training to departments on revenue recognition in accordance with GAAP and include additional procedures during the year end closing process to capture all year end accruals.

Views of responsible officials and planned corrective actions: The County concurs with auditor's recommendation and will include additional revenue recognition training to departments in addition to performing additional procedures during year end close to ensure all year end accruals are properly accounted for in accordance with GAAP.

**COUNTY OF KERN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings (Continued)

2023-002

Type of Finding: Material Weakness

Condition: Amounts that should have been recorded as transfers between funds were recorded as salaries and employee benefits expenditures and other revenue.

Criteria or specific requirement: Transfer of money between funds should be recorded in the other financing sources and uses section of the financial statements as transfers in and transfers out.

Effect: The following are misstatements detected as a result of audit procedures that are within the County's financial statements:

- Audit adjustment of \$15,138,000 to move salaries and employee benefits expenditures to transfers out in the General Fund.
- Audit adjustment of \$3,203,000 to move salaries and employee benefits expenditures to transfers out in the Human Services Fund.
- Audit adjustment of \$4,305,000 to move salaries and employee benefits expenditures to transfers out in the Structural Fire Fund.
- Audit adjustment of \$3,241,000 to move salaries and employee benefits expenditures to transfers out for nonmajor governmental funds.
- Audit adjustment of \$25,887,000 to move other revenue to transfers in for the nonmajor debt service funds.

Cause: A year end closing journal entry to record this adjustment was missed.

Repeat Finding: This is not a repeat finding.

Recommendation: The County should implement the use of a checklist of all year-end closing entries to ensure that all are recorded.

Views of responsible officials and planned corrective actions: The County concurs with auditor's recommendation and will implement a checklist to ensure all year-end closing entries are recorded.

**COUNTY OF KERN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs

2023-003: Reporting

Federal Agency: U.S. Department of Labor

Federal Program Name: National Farmworker Jobs Program

Assistance Listing Number: 17.264

Federal Award Identification Number and Year: AC-38139-22-60-A-6 - 2023

Award Period: July 01, 2022, through September 30, 2023

Type of Finding: Material Weakness in Internal Control over Compliance and Other Matter

Criteria or Specific Requirement: Under the requirements of the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282), as amended by Section 6202 of Pub. L. No. 110-252, hereafter referred as the “Transparency Act” that are codified in 2 CFR Part 170, recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Additionally, 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award section 200.303 requires that entities establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: FFATA reports were not filed for subgrants.

Questioned Costs: None

Context:

Transactions Tested	Subawards not Reported	Report Not Timely	Subaward Amount Incorrect	Subaward Missing Key Elements
2	2	0	0	0
Dollar Amount of Tested Transactions	Subawards not Reported	Report Not Timely	Subaward Amount Incorrect	Subaward Missing Key Elements
\$ 384,619	\$ 384,619	\$ -	\$ -	\$ -

Cause: The Department had turnover during the audit period and did not have adequate staffing to know which reports to submit per the grant agreement.

Effect: FFATA reporting was not completed.

COUNTY OF KERN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2023-003: Reporting (Continued)

Repeat Finding: No

Recommendation: We recommend the County implement policies and procedures to ensure that FFATA reporting occurs for all subawards of \$30,000 or more for all federal awards and that the reporting be performed timely.

Views of Responsible Officials: The County concurs with the finding.

2023-004: Allowable Costs – Non Payroll

Federal Agency: U.S. Department of Health and Human Services

Federal Program Name: COVID-19 Block Grants for Community Mental Health Services

Assistance Listing Number: 93.958

Pass-Through Agency: California Department of Health Care Services

Award Period: July 01, 2022, through June 2023

Type of Finding: Significant Deficiency in Internal Control over Compliance and Other Matter

Criteria or Specific Requirement: 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award requires compliance with the provisions of allocable costs. The County should have internal controls designed to ensure compliance with those provisions. Specifically, § 200.405, Allocable costs, (a) indicates that a cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. Additionally, 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award section 200.303 requires that entities establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: There is an agreement between the Behavioral Health and Recovery Services (BHRS) department and the Adult & Aging (A&A) department whereby the A&A department performs some services for the Mental Health Services (MHS) grant. For these expenditures tested, the initial expenditures were charged to the A&A department and then the portion applicable to the MHS grant is recorded to the MHS program. We were able to review support for the original expenditure to determine the type of expenditures were allowable, yet the County was unable to provide supporting documentation for the amount moved from the A&A department to the MHS grant.

**COUNTY OF KERN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2023-004: Allowable Costs – Non Payroll (Continued)

Questioned Costs: \$436

Context: This condition was noted on 5 of 16 samples tested. The combined amount of the 5 samples where the condition was noted was \$436.

Cause: Documentation for the allocable portion of expenditures could not be located.

Effect: Expenditures recorded to the grant may not be relative to the benefits that were received.

Repeat Finding: No

Recommendation: We recommend the A&A and BHRS departments jointly review its procedures for recorded expenditures being allocated by the A&A department to the MHS grant to ensure that there is documentation supporting the allocation of expenditures and that it is retained.

Views of Responsible Officials: The County concurs with the finding.

2023-005: Allowable Costs – Payroll

Federal Agency: U.S. Department of Health and Human Services

Federal Program Name: COVID-19 Block Grants for Community Mental Health Services

Assistance Listing Number: 93.958

Pass-Through Agency: California Department of Health Care Services

Award Period: July 01, 2022, through June 2023

Type of Finding: Significant Deficiency in Internal Control over Compliance and Other Matter

Criteria or Specific Requirement: 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award requires compliance with the provisions of compensation for personal services. The County should have internal controls designed to ensure compliance with those provisions. Additionally, 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award section 200.303 requires that entities establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: A recalculation of documented hours spent supporting the program, and selected employees' pay rates, resulted in more expenditures being recorded to the program than the amount calculated.

**COUNTY OF KERN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2023-005: Allowable Costs – Payroll (Continued)

Questioned Costs: \$4,317

Context: This condition was noted on 10 of 24 samples tested. The combined difference of the 10 samples where the condition was identified was \$4,317.

Cause: The reason for the difference in calculation could not be determined.

Effect: Expenditures recorded to the grant may exceed the relative benefits received from personal services.

Repeat Finding: No

Recommendation: We recommend the County review its process over the allocation of payroll expenditures, based on time worked, to determine what adjustments to its system need to be made.

Views of Responsible Officials: The County concurs with the finding.

2023-006: Period of Performance

Federal Agency: U.S. Department of Health and Human Services

Federal Program Name: Block Grants for Community Mental Health Services

Assistance Listing Number: 93.958

Pass-Through Agency: California Department of Health Care Services

Award Period: July 01, 2022, through June 2023

Type of Finding: Significant Deficiency in Internal Control over Compliance and Other Matter

Criteria or Specific Requirement: 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award requires compliance with the provisions of period of performance. The County should have internal controls designed to ensure that expenditures are recorded within the period of performance. Additionally, 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award section 200.303 requires that entities establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

**COUNTY OF KERN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2023-006: Period of Performance (Continued)

Condition: During our testing of Allowable Costs, we noted that the County incorrectly included a portion of nonpayroll costs which were predominantly incurred before or after the period of performance.

Questioned Costs: None.

Context: This condition was on 4 of 7 samples testing during the first month of the period of performance and 1 of 8 samples tested during the last month of the period of performance.

Cause: The compilation of expenditures reported was based on the system date for when expenditures were recorded in the system instead of when benefits from the expenditures were received.

Effect: Expenditures recorded to the grant may have been recorded outside of the grant's period of performance.

Repeat Finding: No

Recommendation: We recommend the County conduct training with its various departments to instruct them on how to compile expenditures based on the accrual basis of accounting (when the benefits from the expenditures were received).

Views of Responsible Officials: The County concurs with the finding.

2023-007: Period of Performance

Federal Agency: U.S. Department of Health and Human Services

Federal Program Name: Block Grants for Prevention and Treatment of Substance Abuse

Assistance Listing Number: 93.959

Pass-Through Agency: California Department of Health Care Services

Award Period: July 01, 2022, through June 2023

Type of Finding: Significant Deficiency in Internal Control over Compliance and Other Matter

Criteria or Specific Requirement: 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award requires compliance with the provisions of period of performance. The County should have internal controls designed to ensure that expenditures are recorded within the period of performance. Additionally, 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award section 200.303 requires that entities establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

**COUNTY OF KERN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2023-007: Period of Performance (Continued)

Condition: During our testing of Allowable Costs, we noted that the County incorrectly included a portion of nonpayroll costs which were predominantly incurred before or after the period of performance.

Questioned Costs: None.

Context: This condition was on 3 of 8 samples testing during the first month of the period of performance.

Cause: The compilation of expenditures reported was based on the system date for when expenditures were recorded in the system instead of when benefits from the expenditures were received.

Effect: Expenditures recorded to the grant may have been recorded outside of the grant's period of performance.

Repeat Finding: No

Recommendation: We recommend the County conduct training with its various departments to instruct them on how to compile expenditures based on the accrual basis of accounting (when the benefits from the expenditures were received).

Views of Responsible Officials: The County concurs with the finding.

2023-008: Allowable Costs – Indirect Costs

Federal Agency: U.S. Department of Health and Human Services

Federal Program Name: Block Grants for Prevention and Treatment of Substance Abuse

Assistance Listing Number: 93.959

Pass-Through Agency: California Department of Health Care Services

Award Period: July 01, 2022, through June 2023

Type of Finding: Material Weakness in Internal Control over Compliance and Material Noncompliance

Criteria or Specific Requirement: 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award requires compliance with the provisions of direct and indirect costs. The County should have internal controls designed to ensure administrative and other costs that cannot be identified specifically with a particular Federal award as a final cost objective are not recorded as direct costs to the program. Additionally, 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award section 200.303 requires that entities establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

**COUNTY OF KERN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2023-008: Allowable Costs – Indirect Costs (Continued)

Condition: During our testing of Allowable Costs, we noted that the County recorded administrative and other indirect costs as direct costs to the Federal award.

Questioned Costs: Unknown.

Context: For a sample of 60 payroll and nonpayroll expenditures, 5 items tested were indirect costs in nature yet recorded as direct costs.

Cause: The cost allocation program used by the Behavioral Health and Recovery Services (BHRS) department, to allocate costs to various Federal awards and other funding sources, included a blend of expenses that are both direct and indirect in nature as allocated direct costs.

Effect: Indirect costs allocated to the federal award likely exceeded the negotiated indirect cost rate for the award.

Repeat Finding: No

Recommendation: We recommend the County review the cost allocation process of the BHRS department to correctly classify costs between direct and indirect costs.

Views of Responsible Officials: The County concurs with the finding.

2023-009: Suspension and Debarment

Federal Agency: U.S. Department of Treasury

Federal Program Name: Coronavirus State and Local Fiscal Recovery Funds

Assistance Listing Number: 21.027

Federal Award Identification Number and Year: SLFRP0190 - 2021

Award Period: July 01, 2022, through June 2023

Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria or Specific Requirement: 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award requires compliance with the provisions of procurement, suspension, and debarment. The County should have internal controls designed to ensure compliance with those provisions. Additionally, 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award section 200.303 requires that entities establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

**COUNTY OF KERN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2023-009: Suspension and Debarment (Continued)

Condition: While there was evidence that suspension and debarment verification checks were performed, the County was unable to provide evidence for when the checks were performed to support the fact that they took place prior to the related procurement.

Questioned Costs: None

Context: The condition was noted on 6 of 6 procurement transactions selected for testing.

Cause: Procedures were not in place to retain evidence of when debarment status checks took place.

Effect: The County is unable to prove that internal control procedures over suspension and debarment compliance were performed in a timely manner.

Repeat Finding: No

Recommendation: We recommend that the County add a section to its standard contractor and subrecipient contracts for the other party to certify they are not suspended or debarred. In addition, we recommend the County establish controls to ensure that evidence of suspension and debarment compliance procedures is retained.

Views of Responsible Officials: The County concurs with the finding.

**COUNTY OF KERN
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023**

Financial Statement Findings

2022-001

Condition: Accounts receivable was understated in several funds in the current year. This resulted in material misstatements the current year.

Status: Similar issues were noted. See 2023-001.

2022-002

Condition: Accounts payable were understated in several funds in the current year. This resulted in material misstatements in the current year.

Status: Corrective actions were taken.

2022-003

Condition: Capital Assets and Net Position were understated for costs incurred in a prior period that were not properly capitalized. This resulted in material misstatements in both the current year and prior year.

Status: Corrective actions were taken.

2022-004

Condition: Deposits for oil and gas permits were recognized as revenues in a prior period rather than being recorded as deposits from others. This resulted in material misstatements in the prior year.

Status: Corrective actions were taken.

2022-005

Condition: Leases were recognized in the government wide financial statements and the airport fund for leases that did not meet all the criteria for GASB 87. Additionally, other leases were not properly recognized in the government wide financial statements, and airport fund for leases not properly identified under GASB 87.

Status: Corrective actions were taken.

2022-006

Condition: The County made adjustments to the SEFA for the following programs: Assistance Listing Number 21.023 Emergency Rental Assistance and Assistance Listing Number 93.323 Epidemiology Laboratory Capacity for Infectious Diseases subsequent to the SEFA being provided for audit.

Status: Corrective actions were taken.

**COUNTY OF KERN
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Financial Statement Findings (Continued)

2022-007

Condition: Certain transactions were misclassified and recorded as other revenue during the year. Revenues received from other governments and amounts for the sale of fixed assets were inappropriately classified. This resulted in misstatements in the current year that required adjustment.

Status: Corrective actions were taken.

**COUNTY OF KERN
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Federal Program Award Findings

2022-008

Federal Agency: Department of Transportation

Federal Program Name: Airport Improvement Program

Assistance Listing Number: 20.106

Federal Award Identification Numbers and Year: 30600170552022, 30600170542022, 30601120112022, 30600170532022, 30600170522022, 30602520052022; 2021-22

Award Period: 7/1/2021-6/30/2022

Type of Finding:

- Material Weakness in Internal Control over Compliance
- Other Matters

Condition: During our testing of the reporting requirements SF-425 Federal Financial Report for grant 3-06-0017-046-2020 and 3-06-0017-047-2020 were not completed or submitted to the Federal Aviation Administration.

Status: Corrective actions were taken.

2022-009

Federal Agency: Department of Public Health

Federal Program Name: Epidemiology Laboratory Capacity for Infectious Diseases (ELC)

Assistance Listing Number: 93.323

Federal Award Identification Number and Year: 6 NU50CK000539-01-10, 2021-22

Pass-Through Agency: Passed-through California Department of Health and Human Services

Pass-Through Number: CELC 25104/CLEN 25109/CLEX 25113

Award Period: 7/1/2021-6/30/2022

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

Condition: During our testing of Allowable Costs, we noted that the County incorrectly included a portion of payroll costs which were predominantly incurred during the prior year.

Status: Due to the timing of when this finding was reported, corrective actions had not been taken during the year ended June 30, 2023.



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