

**COUNTY OF KINGS**

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**SINGLE AUDIT REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2021**

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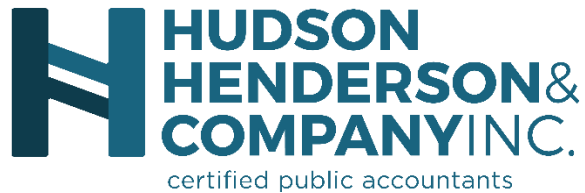
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors  
County of Kings, 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, financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Kings, California (the County), as of and for the year ended June 30, 2021, 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 8, 2022.

**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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness: 2021-001.

**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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* as described in the accompanying schedule of findings and questioned costs as item: 2021-002.

**County's Response to Findings**

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

HUDSON HENDERSON & COMPANY, INC.

A handwritten signature in blue ink that reads "Hudson Henderson & Company, Inc." in a cursive script.

Fresno, California  
December 8, 2022



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

To the Board of Supervisors  
County of Kings, California

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

We have audited the County of Kings, California's (the County) compliance with the types of compliance requirements described in the *OMB 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, 2021. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' 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 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). Those standards and the Uniform Guidance 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, 2021.

## **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 the Uniform Guidance, 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 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. *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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2021-002, that we consider to be a significant deficiency.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 8, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion 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 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

HUDSON HENDERSON & COMPANY, INC.

*Hudson Henderson & Company, Inc.*

Fresno, California  
December 8, 2022

**COUNTY OF KINGS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

<b>Federal Grantor/ Pass-through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA No.</b>	<b>Supplemental Identifying Number</b>	<b>Pass-Through to Subrecipients</b>	<b>Federal Expenditures</b>
<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	15-10087 A04	\$ -	\$ 1,701,803
Passed through California Department of Social Services State Administrative Matching Grants for Food Stamp Program-Cal Fresh	10.561	County 16	-	2,884,900
<b><i>TOTAL U.S. DEPARTMENT OF AGRICULTURE</i></b>			<b>-</b>	<b>4,586,703</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	-	1,869
HOME Investment Partnerships Program	14.239	N/A	-	236,940
Housing Opportunities for People with AIDS (HOPWA)	14.241	19-10515	-	39,971
Housing Opportunities for People with AIDS (HOPWA) COVID Supplemental	14.241	19-11128	-	33,058
<b><i>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</i></b>			<b>-</b>	<b>311,838</b>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>				
Direct Programs				
DEA - Domestic Cannabis Eradication and Suppression Program	16.111	2020-21	-	75,000
COPS Hiring Program (CHP)	16.710	2020ULWX0070	-	192,574
Passed through California Office of Emergency Services (CalOES)				
JAG Program Cluster:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 606-19	28,269	50,836
Edward Byrne Memorial Justice Assistance Grant Program- Mental Health	16.738	2016-DJ-BX-0446	-	11,490
Subtotal			28,269	62,326
Victim Witness Assistance Program	16.575	VW15 32 0160	-	416,871
Total JAG Program Cluster			28,269	479,197
<b><i>TOTAL U.S. DEPARTMENT OF JUSTICE</i></b>			<b>28,269</b>	<b>746,771</b>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.



**COUNTY OF KINGS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA No.	Supplemental Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
<b><u>U.S. DEPARTMENT OF LABOR</u></b>				
Passed through State Department of Employment Development				
Workforce Innovation and Opportunity Act Program Cluster:				
Workforce Innovation and Opportunity Act - Adult Program	17.258	AA011010	\$ -	\$ 901,819
Workforce Innovation and Opportunity Act - COVID Helping Hand	17.258	AA011010	-	250,000
Workforce Innovation and Opportunity Act - Adult Program	17.258	AA011010	-	422,672
Workforce Innovation and Opportunity Act - High Performing Boards	17.258	AA011010	-	2,960
Workforce Innovation and Opportunity Act - Dislocated Workers Program	17.258	AA011010	-	137,716
Subtotal			-	1,715,167
Workforce Innovation and Opportunity Act - Youth Activities	17.259	AA011010	-	20,543
Workforce Innovation and Opportunity Act - Youth Activities	17.259	AA011010	-	810,970
Workforce Innovation and Opportunity Act - Youth Activities	17.259	AA011010	-	52,772
Workforce Innovation and Opportunity Act - Youth Activities	17.259	AA011010	-	407
Subtotal			-	884,692
Workforce Innovation and Opportunity Act - Dislocated Workers Program	17.277	AA011010	-	89,093
Workforce Innovation and Opportunity Act - Dislocated Workers Program	17.277	K9110015	-	477,494
Subtotal			-	566,587
Workforce Innovation and Opportunity Act - Rapid Response Layoff Aversion	17.278	AA011010	-	32,280
Workforce Innovation and Opportunity Act - Rapid Response	17.278	AA011010	-	127,857
Workforce Innovation and Opportunity Act - Rapid Response	17.278	AA011010	-	101,159
Workforce Innovation and Opportunity Act - Rapid Response Layoff Aversion	17.278	AA011010	-	24,012
Workforce Innovation and Opportunity Act - Dislocated Workers Program	17.278	AA011010	-	613,263
Subtotal			-	898,571
Total Workforce Innovation and Opportunity Act Program Cluster			-	4,065,017
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			-	<b>4,065,017</b>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

**COUNTY OF KINGS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA No.	Supplemental Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>				
Direct Program				
Center for Disease Control (CDC) - Public Health Emergency Preparedness (PHEP)	93.074	17-10162	\$ -	\$ 122,849
Center for Disease Control (CDC) - Hospital Preparedness Program (HPP)	93.074	17-10162	-	186,848
Guardianship Assistance	93.090	County 16	-	556,003
Immunization Sub-Prevention Grants	93.268	17-10310 A01	-	69,845
Center for Disease Control (CDC) - Ebola Program	93.323	COVID-19ELC17	16,900	389,837
Immunization Sub-Prevention Grants	93.354	County 16	-	120,771
Immunization Sub-Prevention Grants	93.521	COVID-19ELC75	-	45,139
Passed through State Department of Social Services				
Tuberculosis Control	93.116	County 16	-	25,874
Promoting Safe and Stable Families	93.556	County 16	-	172,011
Temporary Assistance for Needy Families (TANF) Cluster: Temporary Assistance for Needy Families	93.558	County 16	-	16,572,003
Subtotal			-	16,572,003
Child Welfare Services - Title IV-B	93.645	County 16	-	97,377
Child Welfare Services - Title XIX	93.778	County 16	-	588,646
Foster Care - Title IV-E	93.658	County 16	-	5,168,947
Child Support Enforcement	93.563	County 16	-	2,736,861
Adoption Incentives	93.603	County 16	-	134,202
Adoption Assistance	93.659	County 16	-	3,755,261
Social Services Block Grant - CWS Title XX	93.667	County 16	-	534,345
Independent Living	93.674	County 16	-	39,905
Medical Assistance Program - Medicaid Funding - Title XIX	93.778	County 16	-	3,252,965

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

**COUNTY OF KINGS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<b>Federal Grantor/ Pass-through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA No.</b>	<b>Supplemental Identifying Number</b>	<b>Pass-Through to Subrecipients</b>	<b>Federal Expenditures</b>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)</u></b>				
Passed through State Department of Social Services (continued)				
In Home Support Services - Public Authority	93.778	County 16	\$ -	\$ 173,253
In Home Support Services - Administration	93.778	County 16	-	1,661,083
APS Title XIX Reimbursement	93.778	County 16	-	316,812
Medical Health Navigators	93.778	County 16	-	199,490
Health Resources & Services Admin. - Ryan White Part B	93.917	County 16	-	67,448
Maternal & Child Health - Title XIX	93.778	County 16	-	21,374
Maternal & Child Health - Title V	93.994	County 16	-	20,146
Whole Person Care Grant	93.969	County 16	-	868,299
Preventative Health Services Block Grant (CHDP)	93.991	County 16	-	88,631
Preventative Health Services Block Grant (HCPCFC)	93.991	County 16	-	86,109
Subtotal			-	174,740
Passed through State Department of Health Care Services				
Medical Assistance Program - California Children's Services	93.778	County 16	-	312,132
Passed through State Department of Mental Health Services				
Projects for Assistance in Transition from Homelessness (PATH)	93.150	N/A	41,162	41,162
Block Grants for Community Mental Health Services (SAMHSA)	93.958	N/A	481,517	481,517
Block Grants for Prevention and Treatment of Substance Abuse (SAPT)	93.959	N/A	884,480	884,480
<b><i>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</i></b>			<b>1,424,059</b>	<b>39,791,625</b>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

**COUNTY OF KINGS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA No.	Supplemental Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
<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-2015-EP-00049	\$ -	\$ 128,086
Subtotal			-	128,086
Passed through California Department of Housing and Community Development				
Disaster Relief Funds - Project Home Key	97.036	N/A	-	3,934,614
Subtotal			-	3,934,614
<b><i>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</i></b>			<b>-</b>	<b>4,062,700</b>
<b><u>U.S. DEPARTMENT OF THE TREASURY</u></b>				
Direct Program				
COVID-19 - Coronavirus Relief Funds	21.019	606125051	2,647,588	15,661,750
<b><i>TOTAL U.S. DEPARTMENT OF THE TREASURY</i></b>			<b>2,647,588</b>	<b>15,661,750</b>
<b><i>TOTAL EXPENDITURES OF FEDERAL AWARDS</i></b>			<b>\$ 4,099,916</b>	<b>\$ 69,226,404</b>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

**COUNTY OF KINGS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**NOTE 1 – GENERAL**

The accompanying Schedule of Expenditures of Federal Awards presents all the activity of all the federal award programs of the County of Kings, California (the County) for the year ended June 30, 2021. 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 the schedule.

**NOTE 2 – BASIS OF ACCOUNTING & PRESENTATION**

Consistent with the County's method of filing federal financial reports, the accompanying Schedule of Expenditures of Federal Awards is prepared using the accrual basis method of accounting. 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). Therefore, some of the 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 basic 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 – CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA)**

The CFDA numbers included in the accompanying Schedule of Expenditures of Federal Awards were determined based on the program name, review of the grant or contract information and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

**NOTE 5 – PASS-THROUGH ENTITY IDENTIFYING NUMBERS**

When Federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards show, 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.

**NOTE 6 – INDIRECT COST RATE LIMITATION**

The County does not use the 10 percent de minimis indirect cost rate.

**COUNTY OF KINGS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

*Financial Statements*

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

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

Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a). \_\_\_\_\_ X \_\_\_\_\_ Yes \_\_\_\_\_ No

Type of auditors’ report issued on compliance for major Federal programs: Unmodified

Identification of major programs:

<u>CFDA Number:</u>	<u>Name of Federal Program or Cluster</u>
21.019	COVID-19 - Coronavirus Relief Fund
93.090	Guardianship Assistance
93.959	Block Grants for Prevention and Treatment of Substance Abuse
97.036	Disaster Relief Funds - Project Home Key

Dollar threshold used to distinguish Between Type A and Type B programs: \$2,076,792

Auditee qualified as a low-risk auditee? \_\_\_\_\_ Yes \_\_\_\_\_ X \_\_\_\_\_ No

**COUNTY OF KINGS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding 2021-001 – Material Weakness**  
**Financial Close & Reporting**

Condition:

During the audit of the County’s financial statements, we encountered significant delays in the commencement and completion of the audit as the County was unable to produce financial statements in a timely manner.

Criteria:

In accordance with accounting principles generally accepted in the United States of America, adequate internal controls should be implemented to ensure that the County is able to provide reliable, useful, and timely financial statements for transparency and accountability to responsible officials, those charged with governance, the public, and any other users of the financial statements.

Cause:

The County’s Finance Department experienced an unusual amount of turnover during the financial closing and statements preparation process.

Effect:

The County was unable to fully complete the financial close and financial statements in a timely manner. This caused delays in the commencement and completion of the financial audit.

Recommendation:

We recommend that the County work on additional cross training within the department to ensure that there are adequate staff with the ability to complete the financial close and financial statement preparation process.

Management Response:

We agree with this finding. In the past we had only one person prepare the financial statements. We realized the risk and were in the process of training a second person when both employees separated from Kings County before the Financial Statements were completed.

We are correcting the situation by training two newer staff accountants and plan to contract with an independent contractor who specializes in local government financial statements. The new accountants will be entering their 2<sup>nd</sup> year of financial statement preparation.

In addition, the County is undergoing a classification and compensation study. The two accountants who left Kings County both went to a neighboring County that offered higher pay. Our hope is the comprehensive study, which has been underway for about 6 months, will set our positions competitive with neighboring Counties.

**COUNTY OF KINGS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Reference:** 2021-002

**Type of Finding:** Significant Deficiency

**Category of Finding:** Sub-Recipient Monitoring

**Federal Program Title & CFDA Number:** 21.019 – COVID-19 - Coronavirus Relief Fund

**Federal Agency:** Department of the Treasury

**Passed-Through:** California Department of Finance

**Award Number:** 606125051

**Award Year:** 2021

Criteria: Per 24 CFR § 200.331, when the County passes money through to subrecipients, the County must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes certain information at the time of the subaward. Among other items, the County must include:

- Subrecipient name
- Subrecipient DUNS number
- Federal award identification number
- Federal award date
- Subaward period of performance
- Amount of federal funds obligated by the agreement
- Total amount of the federal fund
- Federal award project description
- Name of federal awarding agency, pass-through entity, and contact information for awarding official
- CFDA number and name
- Identification that the project is for R&D
- Indirect cost rate for the federal award

Condition: While performing audit procedures over the County’s subrecipient monitoring, we noted that the County did not include all of the required information at the time of the subaward as required by federal guidelines.

Cause: The County has not updated its contracts/agreements between the County and its subrecipients to comply with the changes made to the single audit requirements by the implementation of the Uniform Guidance.

Effect: Continued noncompliance with federal guidelines can jeopardize future federal and state funding.

Recommendation: We recommend that the County update their subrecipient contracts to include all of the requirements of 24 CFR § 200.331.



**COUNTY OF KINGS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued)**

Management Response and Corrective Action Plan:

We agree with this finding and will have the Corrective Action Plan completed and Subrecipient Monitoring policies and procedures in place no later than July 1, 2023.

The County's Corrective Action Plan will ensure adherence to all of the requirements of 24 CFR § 200.331 including, but not limited to:

- Subrecipient Fiscal Risk Assessment
- Subrecipient Monitoring Plan
- Subaward Cover Sheet to include the following:
  - o Subrecipient name
  - o Subrecipient DUNS number
  - o Federal award identification number
  - o Federal award date
  - o Subaward period of performance
  - o Amount of federal funds obligated by the agreement
  - o Total amount of the federal fund
  - o Federal award project description
  - o Name of federal awarding agency, pass-through entity, and contact information for awarding official
  - o CFDA number and name
  - o Identification if project is for R&D
  - o Indirect cost rate for the federal award
- Subaward Closeout Checklist
- Subaward Closeout Notice

**COUNTY OF KINGS  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding 2020-001 – Significant Deficiency  
Financial Close and Reporting**

Condition:

During the audit of the County's financial statements, we identified misstatements in the County's Road, Workers' Compensation, and Health Insurance Funds accounts receivable and accounts payable balances which required significant audit adjustments.

Criteria:

In accordance with accounting principles generally accepted in the United States of America and the financial reporting standards of the Governmental Accounting Standards Board, adequate internal controls should be implemented to ensure that all assets, liabilities, revenues, and expenses are properly recorded and reported. Furthermore, proper financial reporting and reconciliation procedures should be applied to all financial closing accounts and processes, thus resulting in the proper presentation of all County activities and/or funds.

Cause:

The County's Departments performed their reviews of activity subsequent to the end of the fiscal year and posts accruals as of year-end, however, the County Finance Department was unable to perform a detailed review of all the adjustments to ensure the balances were correct as part of the financial closing process. As a result, the balances reported were significantly misstated and did not accurately reflect the accounts receivable and accounts payable prior to audit adjustments.

Effect:

Significant adjustments were identified through audit procedures performed to correct the account receivable and account payable balances affecting the County's funds as noted above.

Recommendation:

The County has implemented procedures over the financial closing process, including performing detailed review of accruals for activity subsequent to the end of the fiscal year, which has allowed the County to successfully accrue all receivable and payable balances correctly in prior years. We recommend that the County cross train additional Finance staff that would be able to assist in the review of accruals should the County ever face challenges in completing this process in future years.

Management Response:

The County Department of Finance agrees with the recommendation and will implement cross training prior to the upcoming audit.

Current Year Status:

Corrected.



# COUNTY OF KINGS DEPARTMENT OF FINANCE

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## SINGLE AUDIT FINDING

**Reference:** 2021-002

**Type of Finding:** Significant Deficiency

**Category of Finding:** Sub-Recipient Monitoring

**Federal Program Title & CFDA Number:** 21.019 – Coronavirus Relief Fund

**Federal Agency:** Department of the Treasury

**Passed-Through:** California Department of Finance

**Award Number:** 606125051

**Award Year:** 2021

Criteria: Per 24 CFR § 200.331, when the County passes money through to subrecipients, the County must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes certain information at the time of the subaward. Among other items, the County must include:

- Subrecipient name
- Subrecipient DUNS number
- Federal award identification number
- Federal award date
- Subaward period of performance
- Amount of federal funds obligated by the agreement
- Total amount of the federal fund
- Federal award project description
- Name of federal awarding agency, pass-through entity, and contact information for awarding official
- CFDA number and name
- Identification that the project is for R&D
- Indirect cost rate for the federal award

Condition: While performing audit procedures over the County's subrecipient monitoring, we noted that the County did not include all of the required information at the time of the subaward as required by federal guidelines.

Cause: The County has not updated its contracts/agreements between the County and its subrecipients to comply with the changes made to the single audit requirements by the implementation of the Uniform Guidance.

Effect: Continued noncompliance with federal guidelines can jeopardize future federal and state funding.

Recommendation: We recommend that the County update their subrecipient contracts to include all of the requirements of 24 CFR 200.331.

Management Response and Corrective Action Plan:

We agree with this finding and will have the Corrective Action Plan completed and Subrecipient Monitoring policies and procedures in place no later than July 1, 2023.

The County's Corrective Action Plan will ensure adherence to all of the requirements of 24 CFR Part 200.331 including, but not limited to:

- Subrecipient Fiscal Risk Assessment
- Subrecipient Monitoring Plan



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- Subaward Cover Sheet to include the following:
  - o Subrecipient name
  - o Subrecipient DUNS number
  - o Federal award identification number
  - o Federal award date
  - o Subaward period of performance
  - o Amount of federal funds obligated by the agreement
  - o Total amount of the federal fund
  - o Federal award project description
  - o Name of federal awarding agency, pass-through entity, and contact information for awarding official
  - o CFDA number and name
  - o Identification if project is for R&D
  - o Indirect cost rate for the federal award
- Subaward Closeout Checklist
- Subaward Closeout Notice



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## **Prior Year Finding and Questioned Costs**

**Reference:** 2020-002

**Type of Finding:** Significant Deficiency

### Criteria:

The California Department of Social Services issues rates for the Adoption Assistance Program through All County Letters. In this particular case, the All-County Letter changed the way rates were determined and required that all previously issued cases were updated to the new system and rates.

### Condition:

Per testing performed over the County's Adoption Assistance Program eligibility requirements, we noted that of the twenty-five cases selected for testing, one case was not utilizing the appropriate monthly rate. That case was utilizing the initial rate when services began and was not updated after a new All County Letter was issued by the State which required all previous cases to be updated.

### Cause:

It appears that the late issuance of the All-County Letter which stated an effective date months before the letter, caused the case to not be updated. The case noted consisted of an agreement entered into shortly after the new rate was effective, but prior to the All-County Letter issued by the California Department of Social Services establishing guidelines for the new implementation.

### Effect:

Because the incorrect rate was utilized, the County must now correct the situation by issuing a supplemental payment to the participant as they were paid a lower rate than they were entitled to based on the case factors.

### Questioned Costs:

Unknown

### Recommendation:

We recommend that the County perform review services over eligibility criteria as new guidance is issued and include older cases to ensure full compliance in addition to timely adoption.

### Current Year Status:

Corrected.