



REPORTS OF INDEPENDENT AUDITORS
AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

County of Kings, California
FEDERAL GRANT PROGRAMS

June 30, 2023

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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Supervisors
County of Kings, 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 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, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 13, 2024.

Report on 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) 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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness or 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 were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Report on 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 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 Kings, California's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County of Kings, California's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. County of Kings, California'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.

Moss Adams LLP

Medford, Oregon
September 13, 2024

Report of Independent Auditors 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

The Board of Supervisors
County of Kings, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Kings, California'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 the County's major federal programs for the year ended June 30, 2023. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

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 (*Government Auditing Standards*); 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County 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 the County's compliance with the compliance requirements referred to above.

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 the County's federal programs.

Auditor's 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 the County'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 the County'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 the County'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 the County'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 the County'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 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 item 2023-002. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The County'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 Auditor's 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be 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. *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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-003, to be a significant deficiency.

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 the County of Kings, California's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The County of Kings, California'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 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, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated September 13, 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 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.

Moss Adams LLP

Medford, Oregon
September 13, 2024

County of Kings, California
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing No.	Supplemental Identifying Number	Pass- Through to Sub- recipients	Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Passed through California Department of Public Health: Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	19-10154 A03	\$ -	\$ 1,768,250
Passed through California Department of Social Services: SNAP Cluster: State Administrative Matching Grants for Food Stamp Program-Cal Fresh	10.561	County 16	-	3,330,723
Total SNAP Cluster			-	3,330,723
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	5,098,973
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Direct Programs				
CDBG Entitlement Grants Cluster: Community Development Block Grants (CDBG)/Entitlement Program	14.218	N/A	-	305,369
Total CDBG Entitlement Grants Cluster			-	305,369
HOME Investment Partnerships Program	14.239	N/A	-	137,266
CalHome Grant	14.239	N/A	-	119,780
Subtotal ALN 14.239			-	257,046
Housing Opportunities for People with AIDS (HOPWA)	14.241	19-10515	-	74,481
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			-	636,896
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Direct Programs				
DEA - Domestic Cannabis Eradication and Suppression Program	16.111	2021-22	-	107,515
COPS Hiring Program (CHP)	16.710	2020ULWX0070	-	57,055
Passed through California Office of Emergency Services (CalOES) Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 606-19	72,005	162,861
Victim Witness Assistance Program	16.575	VW15 32 0160	-	373,103
TOTAL U.S. DEPARTMENT OF JUSTICE			72,005	700,534

County of Kings, California
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing No.	Supplemental Identifying Number	Pass- Through to Sub- recipients	Federal Expenditures
U.S. DEPARTMENT OF LABOR				
Passed through State Department of Employment Development				
Workforce Innovation and Opportunity Act Program Cluster:				
Workforce Innovation & Opportunity Act - Adult Program	17.258	AA211010	-	1,267,811
Workforce Innovation & Opportunity Act - Adult Program	17.258	AA311010	-	794,042
Subtotal ALN 17.258			-	2,061,853
Workforce Innovation & Opportunity Act - Youth Program	17.259	AA211010	-	709,946
Workforce Innovation & Opportunity Act - Youth Program	17.259	AA211010	-	91,917
Workforce Innovation & Opportunity Act - Youth Program	17.259	AA311010	-	313,871
Workforce Innovation & Opportunity Act - Youth Program	17.259	AA311010	-	72,770
Subtotal ALN 17.259			-	1,188,504
Workforce Innovation & Opportunity Act - Dislocated Workers Program	17.278	AA211010	-	236,541
Workforce Innovation & Opportunity Act - Rapid Response	17.278	AA311010	-	116,153
Workforce Innovation & Opportunity Act - Rapid Response Layoff Aversion	17.278	AA311010	-	34,172
Workforce Innovation & Opportunity Act - Dislocated Workers Program	17.278	AA311010	-	96,126
Subtotal ALN 17.278			-	482,992
Total Workforce Innovation & Opportunity Act Program Cluster			-	3,733,349
TOTAL U.S. DEPARTMENT OF LABOR			-	3,733,349

County of Kings, California
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing No.	Supplemental Identifying Number	Pass- Through to Sub- recipients	Federal Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Direct Program				
Center of Disease Control (CDC) - Public Health Emergency Preparedness (PHEP)	93.069	17-10162	-	114,325
Center of Disease Control (CDC) - Hospital Preparedness Program (HHP)	93.889	17-10162	-	107,492
Community Based Child Abuse Prevention	93.590	County 16	-	20,451
Guardianship Assistance	93.090	County 16	-	646,330
Immunization Sub-Prevention Grants	93.268	17-10310 A02	109,468	434,127
COVID-19 ELC Enhancing Detection	93.323	COVID-19ELC17	326,523	658,440
COVID-19 Public Health Crisis CoAg Public Health Workforce Supplemental	93.354	WFD-017	104,027	162,295
California Equity Recovery Initiative (CERI)	93.391	CERI-21-23-16	5,131	110,394
COVID-19 ELC Enhancing Expansion	93.521	COVID-19ELC75	397,195	1,371,079
Passed through State Department of Social Services				
Tuberculosis Control	93.116	County 16	-	5,702
Promoting Safe and Stable Families	93.556	County 16	-	186,231
Temporary Assistance for Needy Families	93.558	County 16	-	18,636,054
Child Welfare Services - Title IV-B	93.645	County 16	-	88,881
Foster Care - Title IV-E	93.658	County 16	1,112,673	5,434,251
Child Support Enforcement	93.563	County 16	-	3,184,219
Adoption Incentives	93.603	County 16	-	124,338
Adoption Assistance	93.659	County 16	-	4,585,261

County of Kings, California
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing No.	Supplemental Identifying Number	Pass- Through to Sub- recipients	Federal Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)</u>				
Passed through State Department of Social Services (continued)				
Social Services Block Grant - CWS Title XX	93.667	County 16	-	341,648
Independent Living	93.674	County 16	-	44,404
Medicaid Cluster:				
Child Welfare Services - Title XIX	93.778	County 16	-	753,631
Medical Assistance Program - Medicaid Funding - Title XIX	93.778	County 16	-	3,759,279
IHSS Public Authority	93.778	County 16	-	204,420
IHSS Administration	93.778	County 16	-	1,600,589
APS Title XIX Reimbursement	93.778	County 16	-	408,310
Medical Health Navigators	93.778	County 16	-	135,411
Maternal & Child Health - Title XIX	93.778	MCAH 202116	-	68,075
Medical Assistance Program - California Childrens Services (Health Dept.)	93.778	County 16	-	217,282
Total Medicaid Cluster			-	<u>7,146,997</u>
Health Resources & Services Admin. - Ryan White Part B	93.917	County 16	-	61,956
Maternal & Child Health - Title V	93.994	MCAH 202116	-	112,541
Disease Intervention Specialist (DIS) Workforce Development Grant	93.977	21-10559	-	334,813
Preventative Health Services Block Grant (CHDP)	93.991	County 16	-	74,764
Preventative Health Services Block Grant (HCPCFC) CM/NCM	93.991	County 16	-	46,609
Preventative Health Services Block Grant (HCPCFC PMMO)	93.991	County 16	-	5,235
Preventative Health Services Block Grant (HCPCFC) Relief	93.991	County 16	-	27,649
Subtotal ALN 93.991			-	<u>154,257</u>

County of Kings, California
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing No.	Supplemental Identifying Number	Pass- Through to Sub- recipients	Federal Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)</u>				
Passed through State Department of Mental Health Services				
Projects for Assistance in Transition from Homelessness (PATH)	93.150	N/A	41,160	41,160
Block Grants for Community Mental Health Services (SAMHSA) CRRSAA	93.665	N/A	-	49,053
Block Grants for Community Mental Health Services (MHBG)	93.958	N/A	400,415	400,415
Block Grants for Community Mental Health Services (MHBG) MAT SOR2	93.958	N/A	-	39,914
Block Grants for Community Mental Health Services (MHBG) CRRSAA	93.958	N/A	36,066	36,066
Block Grants for Community Mental Health Services (MHBG) ARPA	93.958	N/A	-	150,835
Block Grants for Prevention and Treatment of Substance Abuse (SABG) ARPA	93.958	N/A	99,839	333,001
Block Grants for Prevention and Treatment of Substance Abuse (SABG) CRRSAA	93.958	N/A	180,491	324,715
Subtotal ALN 93.958			716,811	1,284,946
Block Grants for Prevention and Treatment of Substance Abuse (SAPT)	93.959	N/A	568,191	893,480
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			3,381,179	46,335,125
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Passed through California Office of Emergency Services (CalOES)				
Emergency Management Performance Grants (EMPG)	97.042	EMF-2019-EP- 00003	-	367,627
State Homeland Security Program (SHSP)	97.067	EMW-2019-SS- 00035	-	398,242
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			-	765,869
<u>U.S. DEPARTMENT OF THE TREASURY</u>				
Direct Program				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	49,567	8,455,587
TOTAL U.S. DEPARTMENT OF THE TREASURY			49,567	8,455,587
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,502,751	\$ 65,726,333

County of Kings, California
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

1. General

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents all the activity of all the federal award programs of the County of Kings, California (the County) for the year ended June 30, 2023. 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.

2. Basis of Accounting & Presentation

Consistent with the County's method of filing federal financial reports, the accompanying Schedule is prepared using the accrual basis method of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The information in the 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 agree, in all material respects, to amounts reported within the County's basic financial statements. Because the Schedule only presents a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

3. Pass-Through Entity Identifying Numbers

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

4. Indirect Cost Rate Limitation

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

County of Kings, California
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of each major federal program and type of auditor’s report issued on compliance for each major federal program:

<i>Assistance Listing Number</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor’s Report Issued on Compliance for Major Federal Programs</i>
93.558	Temporary Assistance for Needy Families	Unmodified
93.659	Adoption Assistance	Unmodified
93.778	Medicaid Cluster	Unmodified
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$1,971,790

Auditee qualified as low-risk auditee? Yes No

County of Kings, California
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section II – Financial Statement Findings

FINDING 2023-001 – Material Weakness in Internal Controls over Financial Reporting – Late Filing

Criteria – In accordance with accounting principles general 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.

Condition – The County filed their audited financial statements with the State and Federal Audit Clearinghouse past the deadline.

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 audit.

Cause – The County’s Finance Department experienced turnover during the financial close and statement preparation process.

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

Views of responsible officials – Management agrees with this finding and recommendation. In the past the County had only one staff 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 creating a financial reporting team that will learn all aspects of financial reporting and protect the County from this situation happening again. Furthermore, we will ensure that every member of the team will be provided with adequate training to ensure that they are up to date on the latest financial reporting changes that could affect the County’s ability to issue timely financial statements.

Section III – Federal Award Findings and Questioned Costs

2023-002 Subrecipient Monitoring (Significant Deficiency in Internal Controls over Compliance and instance of noncompliance)

Federal agency – U.S. Department of Health and Human Services

Federal program title – Foster Care – Title IV-E

Assistance listing number – 93.658

County of Kings, California
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Criteria – 2 CFR Part 200 *Uniform Administrative Requirements, Post Federal Award Requirements and Cost Principles for Federal Award* (Uniform Guidance) requires the grantee to monitor the activities of subrecipients to ensure the subaward is used for authorized purposes, in compliance with Federal statutes, regulations and terms and conditions of the subaward. Additionally, 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.

Condition and context – During our testing in the prior fiscal year audit, we selected five subrecipients from a population of 24 subrecipients for testing and the County was unable to provide us with documentation of their risk assessment and the County did not obtain the single audit reports of the subrecipients as part of their monitoring procedures for all five. Management did obtain the California Department of Social Services management decision letters for two out of the five subrecipients tested. Given the finding was reported in May 2024, 11 months after the year ended June 30, 2023, management has not cleared the finding.

Questioned costs – None

Cause – The County does not have the proper training regarding compliance Uniform Guidance for subrecipients.

Effect – The County was not in compliance with federal award subrecipient monitoring requirements. Continued noncompliance could result in sanctions by the federal awarding agency, including withholding future funding.

Repeat finding – Yes, prior year 2022-003

Recommendation – The County should establish policies and procedures to ensure risk assessment is documented. The County should also obtain the single audit reports for their subrecipients and issue management decision letters as part of their monitoring.

Views of responsible officials – The County (Human Services Agency) categorized five providers, all FFAs as subrecipients that received Title IV-E funding. These providers are clearly identified in the FY 2021/22 Schedule of Expenditures of Federal Awards (SEFA) as mandated by 2 CFR 200.332.

The County (Human Services Agency) concurs that there is no documented process for completing and documenting a risk assessment, obtaining copies of the single audit reports for each FFA, group homes, and STRTPs subrecipient, and issuing management decision letters as part of a documented monitoring policy and procedure. The County (Human Services Agency) relies on CDSS to perform certain licensing and oversight functions as the single state agency for Title IV-E funds. The County (Human Services Agency) is responsible for and does review these audits and their findings; however, we concur that we did not sufficiently document our process or our follow-ups to ensure compliance.

2023-003 Suspension & Debarment (Significant Deficiency in Internal Controls over Compliance and instance of noncompliance)

Federal agency – U.S. Department of the Treasury

County of Kings, California
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Federal program title – COVID-19 Coronavirus State and Local Fiscal Recovery Funds (ARPA)

Assistance listing number – 21.027

Criteria – 2 CFR Part 200 *Uniform Administrative Requirements, Post Federal Award Requirements and Cost Principles for Federal Award* requires the grantee to perform suspension and debarment checks when procuring goods or services.

Condition and context – During our testing in the prior fiscal year audit, for two procurements out of a population of seven tested for this program, the County did not perform the required suspension and debarment verification prior to entering into vendor agreements. Given the finding was reported in May 2024, 11 months after the year ended June 30, 2023, management has not cleared the finding.

Questioned costs – None

Cause – The County does not have procedures in place to ensure suspension and debarment checks are completed prior to entering into purchase or service agreements with vendors.

Effect – The County was not in compliance with federal award suspension and debarment requirements. Continued noncompliance can result in sanctions by the federal awarding agency, including withholding future funding.

Repeat finding – Yes, prior year 2022-004

Recommendation – The County should implement procedures to ensure the suspension and debarment check is completed prior to finalizing agreements with vendors.

Views of responsible officials – Management agrees with this finding and recommendation. The County will implement a county-wide contract clause that will be added to covered transaction contracts to comply with 2 CFR 180, to ensure covered transactions receive verification that the person or entity is not excluded or disqualified. Review and approval of this suspension and debarment verification will be performed during the contract approval process, which will include this standardized clause. The County's purchasing policy and procedures manual will be updated to include this standard suspension and debarment verification process to ensure this procedure is communicated county-wide and followed.



COUNTY OF KINGS DEPARTMENT OF FINANCE

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Summary Schedule of Prior Audit Findings Fiscal Year Ended June 30, 2022

Prior Year Findings	Current Status
Financial Statement Findings	
2022-001 Material Weakness in Internal Controls Over Financial Reporting – American Rescue Plan Act (ARPA Funds)	Cleared
2022-002 Material Weakness in Internal Controls Over Financial Reporting – Late Filing	Repeated as the County did not have time to correct condition between receiving the finding in the prior year and current year closing.
Federal Award Findings and Questioned Costs	
2022-003 Significant Deficiency over Sub-recipient Monitoring	Repeated as the County did not have time to correct condition between receiving the finding in the prior year and current year closing.
2022-004 Suspension & Debarment (Significant Deficiency, Other Noncompliance)	Repeated as the County did not have time to correct condition between receiving the finding in the prior year and current year closing.



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COUNTY OF KINGS, CALIFORNIA CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2023

I. FINANCIAL STATEMENT FINDING

Finding 2023-001 – Material Weakness in Internal Controls over Financial Reporting – Late Filing

Corrective Action Plan:

Management agrees with this finding and recommendation. In the past the County had only one staff 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 creating a financial reporting team that will learn all aspects of financial reporting and protect the County from this situation happening again. Furthermore, we will ensure that every member of the team will be provided with adequate training to ensure that they are up to date on the latest financial reporting changes that could affect the County's ability to issue timely financial statements.

Contact Information of Responsible Official:

Erik Ureña
Director of Finance
559-852-2460

II. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2023-002 Subrecipient Monitoring (Significant Deficiency, Other Noncompliance)

Program: Foster Care – Title IV-E

ALN: 93.658

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

Passed-through: California Department of Social Services

Award No. and Year: 2022

Compliance Requirements: Subrecipient Monitoring

Type of Finding: Significant Deficiency

Questioned Costs: None

Corrective Action Plan:

To ensure compliance with 2 CFR Part 200, Uniform Administrative Requirements, Post Federal Award Requirements, the county (Human Services Agency) will follow Kings County's subrecipient monitoring policy and procedure. In addition, it will establish a procedure and checklist that is specific to FFA, GH, and STRTP subrecipients, due to the unique structure and involvement of CDSS.

The County (Human Services Agency) will draft written policies and procedures for monitoring identified subrecipients receiving Foster Care Title IV-E funds that will include the following steps:

- Annually, the County (Human Services Agency) will request from each placement agency utilized a copy of their audited financial statements and complete an annual risk assessment of each FFA, GH, and STRTP agency receiving Foster Care Title IV-E funds to determine the agency's risk of non-compliance with



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Federal statutes and regulations. The risk level determined for each agency will determine the appropriate level of subrecipient monitoring.

- To ensure compliance with the management decision letters and audit findings of CDSS, the County (Human Services Agency) will follow up with each agency with a request for their corrective action plan. This will be done promptly after receipt of the subrecipient's audit report, ensuring that subrecipients are aware of any issues and can take appropriate and timely corrective action.

Contact Information of Responsible Official:

Atonya Moore
Deputy Director – Fiscal
Kings County Human Services Agency
559-852-2214

Finding 2023-003 Suspension & Debarment (Significant Deficiency, Other Noncompliance)

Program: COVID-19 Coronavirus State and Local Fiscal Recovery Funds (ARPA)

ALN No.: 21.027

Federal Grantor: U.S. Department of the Treasury

Passed-through: N/A

Award No. and Year: 2023

Compliance Requirements: Procurement

Type of Finding: Significant Deficiency

Questioned Costs: None

Corrective Action Plan:

The County will implement a county-wide contract clause that will be added to covered transaction contracts to comply with 2 CFR 180, to ensure covered transactions receive verification that the person or entity is not excluded or disqualified. Review and approval of this suspension and debarment verification will be performed during the contract approval process, which will include this standardized clause. The County's purchasing policy and procedures manual will be updated to include this standard suspension and debarment verification process to ensure this procedure is communicated county-wide and followed.

Contact Information of Responsible Official:

Robert Knudson
Assistant Director of Finance – Accounting
559-852-2464

