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## **AUDITOR-CONTROLLER**

### **COUNTY OF IMPERIAL**

### **CORRECTIVE ACTION PLAN**

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

Compiled by: Karina B Alvarez, CPA, Auditor-Controller  
County of Imperial, California.

**County of Imperial, California**

**Corrective Action Plan**

For the Year Ended June 30, 2021

**I. FINANCIAL STATEMENT FINDINGS**

**2021-001 Adoption of New Accounting Standard**

**Type of Finding:** Material Weakness

***Management's or Department's Response:***

Imperial County agrees with this finding and recommendation.

***Views of Responsible Officials and Corrective Action Plan:***

Imperial County will develop a comprehensive Year-end Close Checklist to facilitate timely, accurate, and complete execution of the annual year-end close and financial reporting process. The Year-end Close Checklist will include a planning phase with specific attention to implementation of new Government Accounting Standards Board Statements.

***Name of Responsible Person:***

Karina B. Alvarez, CPA, Auditor-Controller

***Implementation Date:***

August 31, 2023

**2021-002 Reporting and Closing**

**Type of Finding:** Material Weakness

***Management's or Department's Response:***

Imperial County agrees with this finding and recommendation.

***Views of Responsible Officials and Corrective Action Plan:***

Imperial County will develop a comprehensive Year-end Close Checklist to facilitate timely, accurate, and complete execution of the annual year-end close and financial reporting process. The Year-end Close Checklist will include specific quality control steps to address each of the auditor's listed deficiencies from the 2021 Year-end Close.

***Name of Responsible Person:***

Karina B. Alvarez, CPA, Auditor-Controller

***Implementation Date:***

August 31, 2023

**County of Imperial, California**

**Corrective Action Plan**

For the Year Ended June 30, 2021

**2021-003**

**Procurement/Purchasing**

**Type of Finding:** Significant Deficiency

***Management's or Department's Response:***

Imperial County does not agree. The Purchase Order in question B2102178 was issued for \$9,398.92 on January 4, 2021. On May 20, 2021, the department submitted a supplemental encumbrance to add funds to cover additional taxes. The total amount paid to the vendor (Lakeshore Equipment Co.) was \$9,419.74.

***Views of Responsible Officials and Corrective Action Plan:***

Imperial County Purchasing Department will review their current processes to ensure supplemental encumbrances to Purchase Orders are processed correctly. Purchasing Supervisor will be responsible to implement corrective actions.

Imperial County Purchasing Department however agrees with the fact that Purchase Order #(B2102178) does not show any evidence of obtaining three quotes for the purchase.

Purchasing is currently seeking to procure an automated bidding system and will be determining during the implementation period if the bidding system will be used for Informal and Formal Solicitations. This will allow Imperial County to distribute Request for Quotations and Request for Proposals electronically to a base number of vendors. Once the contract is executed, the implementation will take approximately 6 to 8 months.

Purchasing will evaluate the Purchasing Policy and Procedures to identify if additional requirements should be implemented to ensure that the proper documentation is maintained to support all County purchases.

The County Purchasing Department anticipates to implement the bidding system by March 2024.

***Name of Responsible Person:***

Rhoda Hoffman, Purchasing Supervisor

***Implementation Date:***

December 31, 2023

**2021-004**

**Timecard Approvals**

**Type of Finding:** Significant Deficiency

***Management's or Department's Response:***

Imperial County agrees with this finding and recommendation.

**County of Imperial, California**

**Corrective Action Plan**

For the Year Ended June 30, 2021

***Views of Responsible Officials and Corrective Action Plan:***

Imperial County will develop written design and implement written procedures for approval of timecards.

Imperial County will identify department/programs with lapses in sufficient documentation of timecard review and approval and provide outreach/training to such departments and programs.

Imperial County will return unapproved timecards for department approval – either before or right after pay-cycle.

Imperial County Auditor-Controller Department anticipates to implement the corrective action by December 31, 2023.

***Name of Responsible Person:***

Karina B Alvarez, CPA, Auditor-Controller

***Implementation Date:***

December 31, 2023

**2021-005**

**Journal Entry Approvals**

***Type of Finding:*** Significant Deficiency

***Management's or Department's Response:***

Imperial County partially agrees with this finding and recommendation.

***Views of Responsible Officials and Corrective Action Plan:***

Imperial County Auditor-Controller department has a procedure in place that requires signatures from two separate individuals as part of a practice of segregation of duties required prior to journal entry posting.

Imperial County Auditor-Controller department will evaluate whether it's possible to design and implement internal controls with the current financial software to prevent payments in excess of encumbrance limits.

Imperial County Auditor-Controller department will consider this control feature in its evaluation of future financial system software.

Imperial County Auditor-Controller department will conduct a quarterly and annual administrative review of non-system journal entries (those not generated by an automated batch interface) to ensure that all posted entries are prepared and reviewed and approved by separate individuals.

**County of Imperial, California**

**Corrective Action Plan**

For the Year Ended June 30, 2021

The County Auditor-Controller Department anticipates to implement the corrective action by December 31, 2023.

***Name of Responsible Person:***

Karina B Alvarez, CPA, Auditor-Controller

***Implementation Date:***

December 31, 2023

**2021-006**

**Schedule of Expenditures of Federal Awards Reporting**

**Type of Finding:** *Material Weakness*

***Management's or Department's Response:***

The County agrees with this finding and recommendation.

***Views of Responsible Officials and Corrective Action Plan:***

Imperial County Auditor-Controller department will facilitate training on SEFA preparation procedures to be offered to Auditor-Controller department staff, in order to be able to develop and implement adequately designed written SEFA preparation procedures in order to improve the identification and SEFA inclusion of all current County federal grant programs and the accuracy of reported SEFA federal grant expenditures. These procedures will include:

- OMB/Grant training for staff involved with SEFA preparation and supervision
- Annual outreach to budget office and program departments to identify new federal grant programs
- Auditor-Controller search of General Ledger Federal Revenue account postings to consider the scope of funds with potential federal expenditures.
- Program Department reconciliation of general ledger expenditures to the grant billing/expenditure reports submitted to grantors
- Auditor-Controller Department verification of reconciliation of general ledger expenditures to reported grant expenditures
- Auditor-Controller verification of CFDA program identification (program names and numbers) with OMB program listings

**County of Imperial, California**

**Corrective Action Plan**

For the Year Ended June 30, 2021

- Auditor- Controller comparison of current SEFA program expenditures with prior year(s) SEFA reports for analytical review of variances and/or omissions.

Imperial County Auditor-Controller Department anticipates to implement the corrective action by August 31, 2023.

***Name of Responsible Person:***

Karina B Alvarez, CPA, Auditor-Controller

***Implementation Date:***

August 31, 2023

**County of Imperial, California**

**Corrective Action Plan**

For the Year Ended June 30, 2021

**II. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**2021-007      Program: COVID-19 Coronavirus Relief Fund  
Federal Financial Assistance Listing Number: 21.019  
Federal Grantor: U.S. Department of Treasury  
Pass-Through: California Department of Treasury  
Award No. and Year: 2021**

**Compliance Requirements: Subrecipient Monitoring  
Type of Finding: Significant Deficiency in Internal Control and Instance of Noncompliance**

***Management's or Department's Response:***

Imperial County agrees with the finding. Imperial County had a process in place that did not include the award numbers or the CFDA numbers in the letters provided to the outside entities. Imperial County is revising the process to include this information.

***Views of Responsible Officials and Corrective Action Plan:***

Imperial County did have a monitoring process. This process was agreed to with the cities and special districts. Per board direction, the CEOs office contacted the cities and special districts regarding the delinquent utility bills due from citizens, which were delinquent due to COVID 19. Cities and special district provided Imperial County the amount of these delinquencies, Imperial County reviewed and approved the amounts provided, and allocated these monies to the cities and special districts.

Along with the monies sent to the cities and special district, there were guidelines on what was needed from the citizens in order to use CARES Act monies to pay their delinquent utility bills. In addition, the cities and special district were instructed to provide back to Imperial County an accounting of all CARES Act monies used. Any unused portion was to be returned to Imperial County with this accounting. Imperial County will implement policies and procedures for subrecipient monitoring.

For the risk assessment, Imperial County continuously works with cities and special districts through multiple departments. It is considered that once these policies and procedures for Subrecipient monitoring are implemented, Imperial County will meet the risk assessment requirements per 2 CRF 200.332(b).

***Name of Responsible Person:***

Miguel Figueroa, CEO

***Implementation Date:***

December 31, 2023

**County of Imperial, California**

**Corrective Action Plan**

For the Year Ended June 30, 2021

**2021-008**

**Program: WIOA Cluster**

**Federal Financial Assistance Listing Number: 17.258, 17.259, 17.277, 17.278**

**Federal Grantor: U.S. Department of Labor**

**Pass-Through: California Department of Employment Development**

**Award No. and Year: AA011008 and 2019**

**Compliance Requirements: Subrecipient Monitoring**

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

***Management's or Department's Response:***

Imperial County Workforce Development Office (ICWDO) agrees with finding.

***Views of Responsible Officials and Corrective Action Plan:***

The questions from finding 2021-008 relate to a formalization of the fiscal processes and protocols. ICWDO operates under WIOA guidelines and follows Imperial County's fiscal policies. Internal policy will be formally updated to reflect compliance with WIOA regulations, as well as Imperial County policies. These policies will include formal controls and procedures to evaluate each subrecipient's risk of noncompliance. Once the formal procedure is drafted, it will go through the ICWDO Policy Committee for comment and direction, and then finally reviewed and approved for implementation by the full Workforce Development Board.

Additionally, for any future Memorandums of Understanding (MOUs) between this Imperial County department and any outside agency, there will be an additional step to include review by Imperial County Counsel to reflect that recital around the funding source will specify the following required information:

- Federal Award Identification Number
- Federal award date of award to recipient by the Federal agency
- Name of Federal awarding agency
- CFDA Number
- Specific identification of whether the award is research and development

ICWDO will develop internal policies for formalizing all subrecipient monitoring process. ICWDO operates under WIOA guidelines for monitoring; therefore a formal internal policy for future contracts will be developed and implemented using the usual review and approval procedures followed by the department.

ICWDO will develop a formal internal documentation system, with appropriate checks and signatures, for the evaluation and assessment of each subrecipient's risk of noncompliance. ICWDO will utilize this formal process to properly document the risk assessment of all subrecipients.

ICWDO anticipates to implement the corrective action by December 31, 2023.



**County of Imperial, California**

**Corrective Action Plan**

**For the Year Ended June 30, 2021**

***Name of Responsible Person:***

Priscilla A Lopez, ICWDB Director

***Implementation Date:***

**December 31, 2023**

**2021-009**

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

**Federal Financial Assistance Listing Number: 21.027**

**Federal Grantor: U.S. Department of Treasury**

**Award No. and Year: 2021**

**Compliance Requirements: Allowable Activities, Allowable Costs and Cost Principles and Period of Performance**

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

***Management's or Department's Response:***

Imperial County agrees with the finding. However, there were additional expenditures during the period March 3, 2021 to June 30, 2021 for ARPA that were allowable expenditures. The amount questioned was used to cover these expenditures.

***Views of Responsible Officials and Corrective Action Plan:***

**Imperial County did not include any carryover CARES act expenses. All expenses were for the period March 2020 – December 2020 and were exclusively ARPA-eligible expenses.**

**Imperial County made the decision to transfer the questioned expense amount based on the ARPA Final Rule of pages 26-27 that state “all public safety activities can be entirely devoted to COVID-19” and “Recipients can use a variety of methods to assess the share of an employees’ time spent responding to COVID-19, including using reasonable estimates – such as estimating the share of time based on discussions with staff and applying that share to all employees in that position. For administrative convenience, recipients can consider public health and safety employees entirely devoted to responding to COVID-19 (and their payroll and benefits fully covered by SLFRF) if the employee, or his or her operating unit or division, is ‘primarily dedicated’ to responding to COVID19”.**

Imperial County was able to reassess their determination and maintain records to support their assessment, although recipients did not need to track staff hours and use SLFRF funding for payroll and covered benefits for the portion of eligible staff time spent on COVID-19 response.

“SLFRF funding may be used for payroll and covered benefits for the portion of the employee’s time spent on COVID-19 response.

**County of Imperial, California**

**Corrective Action Plan**

**For the Year Ended June 30, 2021**

***Name of Responsible Person:***

Miguel Figueroa, CEO

**Implementation Date:**

**December 31, 2023**

**2021-010**

**Program: WIOA Cluster**

**Federal Financial Assistance Listing Number: 17.258, 17.259, 17.277, 17.278**

**Federal Grantor: U.S. Department of Labor**

**Pass-Through: California Department of Employment Development**

**Award No. and Year: AA011008 and 2019**

**Compliance Requirements: Reporting**

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

***Management's or Department's Response:***

Imperial County Workforce Development Office (ICWDO) agrees with finding.

***Views of Responsible Officials and Corrective Action Plan:***

ICWDO acknowledges the recommendation and is actively working on a remedy and on the development of formal policies as recommended, which will assist ICWDO's fiscal team in ensuring that all reports are appropriately reconciled.

ICWDO acknowledges the recommendations from finding 2021-010 related to a formalization of the Administrative/fiscal processes and protocols to ensure that procedures are consistently followed to guarantee that reports agree to the amounts recorded in the general ledger and SEFA. Additionally, the recommendation specifics that protocols to ensure the separation of duties are featured in the policy. ICWDO operates under WIOA guidelines and follows County fiscal/administrative policies. Internal policies that include formal controls and procedures to ensure that monthly reports and general ledgers are consistent, with clear segregation of duties will be formally adopted. Aspects of these policies will include:

- Protocol for preparation of monthly reports by the fiscal manager, and approval and signature by ICWDO Director
- Protocol for preparation of closeouts that will provide the hierarchy of development, review, and approval for future reference.
- Schedule monthly closeout meetings with the fiscal department and administration to ensure that documents are reviewed separately and issues are addressed promptly.
- Protocol for Policy Committee review, comment and direction, and approval for implementation by vote of the full workforce development board.

**County of Imperial, California**

**Corrective Action Plan**

**For the Year Ended June 30, 2021**

ICWDO anticipates to implement the corrective action by December 31, 2023.

***Name of Responsible Person:***

Priscilla A Lopez, ICWDB Director

***Implementation Date:***

**December 31, 2023**

**2021-011**

**Program: Child Support Enforcement (DCSS)**

**Federal Financial Assistance Listing Number: 93.563**

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

**Pass-Through: California Department of Social Services**

**Award No. and Year: 2021**

**Program: Supplemental Nutrition Assistance Program Cluster**

**Federal Financial Assistance Listing Number: 10.561**

**Federal Grantor: U.S. Department of Food and Agriculture**

**Pass-Through: California Department of Food and Nutrition Service**

**Award No. and Year: 19-10356 and 2020, and 2021**

**Program: Social Services Block Grant**

**Federal Financial Assistance Listing Number: 93.667**

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

**Pass-Through: Administration for Children and Families**

**Award No. and Year: 2021**

**Program: WIOA Cluster (ICWDO)**

**Federal Financial Assistance Listing Number: 17.258, 17.259, 17.277, 17.278**

**Federal Grantor: U.S. Department of Labor**

**Pass-Through: California Department of Employment Development**

**Award No. and Year: AA011008 and 2019**

**Compliance Requirements: Allowable Activities and Allowable Costs and Cost Principles**

**Type of Finding: Significant Deficiency in Internal Control**

***Management's or Department's Response:***

**Imperial County agrees with the finding.**

***Views of Responsible Officials and Corrective Action Plan:***

**Social Services Response:**

## County of Imperial, California

### Corrective Action Plan

For the Year Ended June 30, 2021

Imperial County Department of Social Services (ICDSS) did not maintain the evidence to support approval of this time study on file. ICDSS implemented the solution to this finding during the 3<sup>rd</sup> Quarter of Fiscal Year 2021/2022, when staff was required to report back to work in person. At this time ICDSS reverted back to the regular protocol which requires time studies to be submitted via hard copies with original signatures for both workers and supervisors. A new electronic time study system has been adopted (Time Study Buddy) and is being implemented in phases. Full implementation is expected to be completed by December 2023 and will allow for all time studies to be completed, signed, submitted, reviewed and approved electronically with electronic signatures.

#### DCSS Response:

Imperial County DCSS has addressed the issue and has implemented procedures to prevent this situation from happening again.

Imperial County DCSS will continue to follow this practice and be more vigilant in this area in accordance with the state and federal regulations of the Child Support Program.

Imperial County DCSS will conduct annual refresher of procedures as they pertain to supervisory review of documentation, timing of time studies certification, accuracy of journal entries and claim forms.

#### ICWDO Response:

ICWDO agrees with finding.

ICWDO cannot develop a fiscal policy that affects other departments, but can collaborate in any way necessary to address any pending issues. ICWDO commits to providing information to Auditor's in an accurate and timely manner, as well as providing any necessary training to staff to ensure that they are informed in regards to proper fiscal practices.

#### ***Name of Responsible Person:***

Liza Barraza, Director of Child Support Services  
Paula S. Llanas, Director of Social Services  
Priscilla A. Lopez, ICWDO Director

#### ***Implementation Date:***

**June 30, 2024**