

Kern County Administrative Office



County Administrative Center

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JOHN NILON

County Administrative Officer

February 9, 2010

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

STATUS REPORT ON THE IMPLEMENTATION OF THE COMPLIANCE AND ACCOUNTABILITY PLAN

Fiscal Impact: None

This is to report to your Board on some of the key initiatives and actions taken from July 1 through December 31 to ensure compliance with County of Kern laws and regulations as required by County Ordinance Code 2.01.010. In addition, this report provides an update on implementation of the Compliance and Accountability Plan.

COMPLIANCE

Audits & Follow-up

The *Audits to Date* schedule (Attachment A) lists all cash and full department audits completed and submitted to your Board by the Auditor Controller's Office for calendar years 2008 and 2009. The schedule provides the Board with a status at a glance view of all compliance audits. The *Audits to Date* schedule will be provided on an annual basis as a regular part of the spring reporting package.

Attachment B is a list of the full department, cash and third party audits completed and submitted to your Board. This schedule indicates the status of this office's follow-up visits to departments to review strategies and procedures that have been implemented to mitigate recent audit findings.

Red Flags

Your Board approved the County's Red Flags initiative on December 15, 2009 in advance of the Federal Trade Commission deadline of June 1, 2010. Kern Medical Center and the Public Health and Mental Health departments, which fall under the FTC's Fair and Accurate Credit Transactions Act Red Flags ruling, have begun training their staff. The departments must file the first annual report on the effectiveness of their Red Flags program to this office on June 1, 2011.

American Recovery Reinvestment Act (ARRA)

County departments that are prime grant recipients of American Recovery Reinvestment Act (ARRA) funding completed their first federal reporting requirement on October 10, 2009. The first report included July 10, 2009 reporting information plus expenditures through September 30, 2009.

Additionally, the sub-recipients, those departments who obtain funds from prime recipients, were required to submit information. Both prime and sub-recipients departments were timely in their responses, and the County's reporting was 100% compliant with ARRA requirements.

To provide transparency and accountability to the public, copies of the departments' submissions have been made available to the general public. These reports can be accessed online at the County internet web site. New reports will be added as they become available. The second reporting cycle ended on January 15, 2010, and will be discussed in the next compliance report to your Board.

Health Insurance Portability and Accountability Act (HIPAA)

The Health Information Technology for Economic and Clinical Health Act (HITECH Act) that was enacted as part of 2009 ARRA economic stimulus legislation expanded security and privacy provisions of the Health Information Portability and Accountability Act of 1996 (HIPAA). The HITECH Act also generally extended some HIPAA regulations to non-HIPAA-covered vendors of personal health records and their business partners. A component of this regulation that began on September 23, 2009 requires strict compliance with the breach notification guidelines of unsecured protected health information (PHI) including:

- Notification to the patient/client
- Notification to the Department of Human Services if the breach is greater than 500 patients
- Media notification
- Web announcement of the breach
- Toll-free number
- Policy and procedure development for breach notification

On a monthly basis, the County Compliance and Accountability Officer meets with compliance officials from Kern Medical Center, Department of Public Health and Mental Health Department to assure compliance with regulatory standards.

Protecting personally identifiable information remains a serious issue and one of the County's top priorities. Kern Medical Center experienced three cases of identity theft during the past six months.

On July 21, 2009, records stored in a locked location outside the Sagebrush Medical Plaza were accessed via a break-in. This resulted in the required notification of 29,957 patients. The records have been moved to a secure interior location.

On October 26, 2009, a KMC patient representative was notified by the Public Health Privacy Officer that paperwork with patient information was discovered on College Avenue in the parking lot adjacent to Kern Medical Center. A total of 67 patients records were involved in this breach. As a result of this event, additional education and training of all KMC staff in the importance of privacy and confidentiality occurred.

A third incident occurred on October 31, 2009, when a set of external lockers outside of the KMC Information Systems building was burglarized. This breach resulted in a privacy breach notification to 596 patients. As a result of the theft, the reports were converted to a direct print in the lab or eliminated.

These incidents highlight the need to store PHI in a secure location and to use electronic record storage and transmission whenever possible.

Video Training

National Association of Counties (NACO) award winning videos were made available in September on the County's website under the Compliance and Accountability web page. The "Got Controls?" videos highlight the importance of effective organization controls over separation of duties, adherence to policy and procedures, and safeguarding assets. The County obtained authorization to use these materials from Maricopa County, Arizona. Where appropriate, the relevant County policies have been linked for the viewer. These videos and policy links are available to both the general public and County employees.

ETHICS TRAINING

The introduction of Ethics Awareness Training has continued over the past six months, during which 16 additional departments attended training sessions. In some instances, the training was offered to management; in others, entire departments received training. The implementation schedule for Ethics Awareness Training for the reporting period is shown below:

DEPARTMENT	TRAINING DATE	FULL DEPARTMENT
Environmental Health	July 7	Management
Library	July 16	Yes
Public Health	July 20	Management
Human Services	July 28	Management
Risk Management	July 30	Yes
Roads	August 18	Yes
Planning	September 1	Yes
Mental Health	September 3	Management
Engineering & Survey Services	September 9	Yes
Employers' Training Resource	September 23	Management
Waste Management	September 30	Yes
Personnel	October 27	Yes
Probation	November 9	Management
Child Support Services	November 11	Yes
Agriculture	November 12	Yes
Kern Medical Center	December 17	Management

During the past year, 22 departments have attended ethics training. A complete listing of these departments is shown in Attachment C. Face-to-face training will continue to be offered until online modules are completed and made available to employees. Department heads have embraced recent ethics trainings, which emphasize perception and *Tone at the Top* messaging.

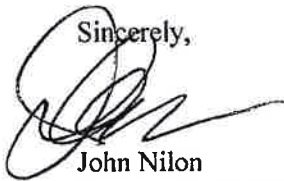
Additionally, as part of new employee orientation, a brief ethics awareness training module will be offered starting in February 2010.

CONCLUSION

Progress has been made both in compliance and ethics. With implementation of the Red Flags program and introduction of the HITECH breach guidelines, there continues to be an emphasis on securing personally identifiable information. New video training modules dealing with cash handling, contracts, and basic information technology controls provide additional reinforcement to the sound policies and procedures already in place in the County.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'John Nilon', written over the word 'Sincerely,'.

John Nilon
County Administrative Officer

JN:CRB:CCAOPEN SPRING 10 UPDATE

Attachments

cc: All Department Heads

ATTACHMENT A

**Audits to Date
Period 1/08 - 12/09
(Completed/presented to BOS)**

Department	Cash Audit	FY	Full Department	FY
Administration (CAO)	8/19/2008	2006-2007	-	-
Aging and Adult	9/16/2008	2006-2007	-	-
Agriculture	4/29/2008	2006-2007	-	-
Airports	-	-	6/30/2009	2007-2008
Animal Control	7/29/2008	2006-2007	11/3/2009	2007-2008
Assessor - Recorder	-	-	2/19/2009	2006-2007
Board of Supervisors	8/19/2008	2006-2007	-	-
Board of Trade	3/25/2008	2006-2007	-	-
Child Support Services	3/25/2008	2006-2007	-	-
Clerk of the Board	6/3/2008	2006-2007	8/18/2009	2007-2008
Community Development	7/29/2008	2006-2007	-	-
County Counsel	-	-	9/23/2008	2005-2007
District Attorney	-	-	6/10/2008	2005-2006
Emergency Medical Services	-	-	8/26/2008	2006-2007
Employers Training Resources	6/3/2008	2006-2007	-	-
Engineer Survey Services	7/8/2008	2006-2007	-	-
Environmental Health	6/30/2009	2007-2008	-	-
Home and Farm Advisor	-	-	8/19/2008	2005-2007
Fire	-	-	7/29/2008	2006-2007
General Services	-	-	9/29/2009	2006-2007
Human Services	8/26/2008	2006-2007	12/1/2009	2007-2008
Information Technology	-	-	7/8/2008	2006-2007
Kern Medical Center **				
Library	9/16/2008	2006-2007	10/20/2009	2007-2008
Mental Health	9/30/2008	2006-2007	-	-
Parks and Recreation	9/29/2009	2007-2008	-	-
Personnel	3/25/2008	2006-2007	7/14/2009	2007-2008
Planning	9/19/2008	2006-2007	-	-
Probation	-	-	10/27/2009	2007-2008
Public Defender	4/1/2008	2006-2007	5/19/2009	2006-2007
Public Health	-	-	-	-
RMA - Admin	9/23/2008	2006-2007	11/3/2009	2007-2008
Roads	6/10/2008	2006-2007	-	-
Sheriff	-	-	8/19/2008	2005-2007
Treasury-Tax Collector	0/29/2009	4th Qtr '09	-	-
Veterans Services	-	-	5/19/2009	2006-2008
Waste Management	9/23/2008	2006-2007	-	-

**** Kern Medical Center**

Cash	10/6/2009
Inventory	12/1/2009
Payroll	12/1/2009
Purchasing Card	12/1/2009

ATTACHMENT B

FULL DEPARTMENT

Report Number	Report Dated	Findings	CCAO Visited
AM 17	11/2/2009	CAO (Unemployment Fund) 1 current, 2 minor, 1 prior	pending
AM 16	8/18/2009	Clerk of the Board none	-
AM 13	9/29/2009	General Services 11 current, 5 minor, 3 prior	yes
AM 26	12/1/2009	Human Services 7 current, 3 minor, 3 prior	pending
AM 16	10/20/2009	Library 11 current, 4 minor, 6 prior	yes
AM 11	10/27/2009	Probation 6 minor, 3 prior	yes
AM 17	11/3/2009	RMA - Admin 1 current, 3 minor, 2 prior	yes
AM 18	11/3/2009	RMA - Animal Control 3 current, 5 minor, 2 prior	yes

CASH

Report Number	Report Dated	Findings	CCAO Visited
AM 15	10/6/2009	Kern Medical Center 3 current, 3 minor, 2 prior	pending
AM 12	9/29/2009	Parks 5 current, 3 prior	pending

ATTACHMENT B

Brown Armstrong

Report Number	Report Dated	Findings	CCAO Visited
AM 16	10/6/2009	AAG Benefit Claims	-
AM 14	10/20/2009	Auto Ins & Workers Comp	-
		No control weaknesses - DA failed to submit progress report for Coverdell 07 grant - Probation reports not accurate & documents missing - Special Emphasis Victim Assistance Program - Residential Substance Abuse Treatment Program - KCPD Victim Witness Assistance Program	yes
AM 15	10/20/2009	CALEMA - Office of Justice Grants	
AM 16	11/3/2009	Human Services - Prop 10 - Healthy Kids	-
AM 10	10/13/2009	Public Health - Prop 10 - C.H.D.P. Treatment Program	-
AM 9	10/13/2009	Public Health - Prop 10 - Kern Access to Children's Health	-
AM 8	10/13/2009	Public Health - Prop 10 - Nurse Family Partnership	-

ATTACHMENT B

SPECIALTY/LIMITED SCOPE AUDITS

Report Number	Report Dated	Findings	CCAO Visited
AM 23	12/1/2009	Kern Medical Center - Payroll	6 current, 3 minor, 5 prior pending
AM 24	12/1/2009	Kern Medical Center - Purchasing Cards	5 current, 2 minor pending
AM 25	12/1/2009	Kern Medical Center - Inventory	4 current pending
AM 7	8/18/2009	Franchise Fees - Bright House	Fee ownership -

Attachment C

Ethics Awareness Training

Department	Training Date	Full Dept.
Administration (CAO)	April 9	Yes
Aging and Adult	June 17	Mgt.
Agriculture	November 12	Yes
Airports	June 4	Yes
Animal Control		-
Assessor		-
Auditor Controller		-
Board of Trade		-
Child Support Services	November 11	Yes
Clerk of the Board		-
Community Development		-
County Counsel		-
District Attorney		-
Emergency Medical Services	June 19	Yes
Employer's Training Resources	September 23	Mgt.
Engineer Survey Services	September 9	Yes
Environmental Health	July 7	Mgt.
Home and Farm Advisor		-
Fire		-
General Services	May 21	Yes
Grand Jury		-
Human Services	July 28	Mgt.
Information Technology	May 6	Yes
Kern Medical Center	December 17	Mgt.
Library	July 16	Yes
Mental Health	September 3	Mgt.
Parks and Recreation		-
Personnel	October 27	Yes
Planning	September 1	Yes
Probation	November 9	Mgt.
Public Defender		-
Public Health	July 20	Mgt.
Risk	July 30	Yes
RMA - Admin		-
Roads	August 18	Yes
Sheriff		-
Treasury-Tax Collector		-
Veterans Services		-
Waste Management	September 30	Yes