

SUMMARY OF PROCEEDINGS

KERN COUNTY AUDIT ADVISORY COMMITTEE

County Administrative Center
1115 Truxtun Avenue
3rd Floor Multipurpose Room
Bakersfield, California 93301

Meeting
Wednesday, January 11, 2017

2:00 P.M.

COMMITTEE CONVENED

BOARD ACTION DISPLAYED IN CAPS

The vote is displayed in bold below each item.

1) Call to order –

THE MEETING WAS CALLED TO ORDER BY MARK NATIONS AT 2:04 P.M.

2) Roll call –

COMMITTEE MEMBERS PRESENT: MIKE MAGGARD (PRESENT FOR ITEMS 4-9), DAVID COUCH, GEOFFREY KING

COMMITTEE MEMBERS ABSENT: RYAN ALSOP, JORDAN KAUFMAN, MIKE MAGGARD NOT PRESENT FOR ITEMS 1-3

COMMITTEE STAFF PRESENT: MARY BEDARD, MARK NATIONS

Others in attendance: County Administrative Office: Nancy Lawson, Assistant County Administrative Officer; Katrina Balbuena, Compliance and Accountability Officer; Alex Alva, Fiscal and Policy Analyst. Auditor-Controller-County Clerk: Susan Rooney, Assistant Auditor-Controller; Tony Jones, Audit Division Chief. Treasurer-Tax Collector: Chase Nunneley, Assistant Treasurer-Tax Collector. County Counsel: Jerri Bradley, Deputy County Counsel.

CA-3) Minutes from August 31, 2016 Kern County Audit Advisory Committee meeting –

APPROVED

King – Couch: 2 Ayes (King – Couch); 1 Absent (Maggard)

- CA-4) Response to June 8, 2016 referral for Auditor-Controller-County Clerk and County Administrative Office to propose revisions to Kern County Administrative Policy and Procedures Manual Chapter 6 with minimum statutory requirements and flexibility for options to audit based on risk with the elimination of the biennial requirement –

HEARD PRESENTATION BY BALBUENA.

KING REPORTED REVISIONS TO KERN COUNTY ADMINISTRATIVE POLICY AND PROCEDURES MANUAL CHAPTER 6 SHOULD DEFINE AUDITS. AUDITORS MIGHT WANT TO PERFORM SOMETHING OTHER THAN FINANCIAL AUDITS. THE COMMITTEE MIGHT WANT TO DEFINE AUDITS.

RECEIVED AND FILED
King – Couch: All Ayes

- CA-5) Response to August 31, 2016 referral for Auditor-Controller-County Clerk to provide a follow-up report with modifications to the audit plan indicating areas impacted by external audits, policy changes, and audit advisory discussion –

HEARD PRESENTATION BY BEDARD.

BEDARD REPORTED NO CHANGES WERE MADE TO THE AUDIT PLAN FOR FY 2016-17, BUT THE AUDITOR-CONTROLLER'S OFFICE WOULD BE MAKING CHANGES TO THE AUDIT PLAN FOR FY 2017-18.

KING REPORTED COUNTY SHOULD MAKE SURE TO GET THE MOST VALUE FROM THE RESOURCES AVAILABLE. AUDITS SHOULD HAVE A RISK PERSPECTIVE. IN FY 2017-18 AUDITS SHOULD HAVE COVERAGE IN THE HIGH RISK AREA.

MAGGARD REPORTED THE AUDITOR-CONTROLLER'S OFFICE SHOULD CONSIDER RESOURCES AS THE DEPARTMENT DEVELOPS THE AUDIT PLAN FOR NEXT FISCAL YEAR.

BEDARD REPORTED HER OFFICE IS REVIEWING THE AUDIT PLAN AND DOES ANTICIPATE MAKING CHANGES TO AUDIT PLAN IN FY 2017-18.

KING ASKED IF FOR THE REMAINING 6 MONTHS OF THE FISCAL YEAR THE AUDITOR-CONTROLLER'S OFFICE COULD DEPLOY RESOURCES TO AREAS OF HIGH RISK.

BEDARD REPLIED HER OFFICE HAS REVIEWED THE REMAINING 6 MONTHS, BUT COULD LOOK AGAIN. BEDARD REPORTED WHAT IS LEFT ARE BIG DEPARTMENTS WHICH INCLUDE THE DEPARTMENT OF HUMAN SERVICES (DHS) AND PARKS AND RECREATION DEPARTMENT AND BOTH ARE HIGH RISK DEPARTMENTS.

JONES REPORTED AUDITORS ARE AUDITING OTHER AREAS WITH THE RISK-BASED APPROACH. JONES REPORTED DHS AUDIT WILL BE TAKING A LOT OF AUDITORS TO COMPLETE.

RECEIVED AND FILED
Couch – King: All Ayes

- 6) Presentation on Kern County's audit process compared to some other California counties –

HEARD PRESENTATION BY BEDARD.

BEDARD REPORTED TONY JONES FROM HER OFFICE IS REVIEWING RED BOOK STANDARDS AND THE PLAN IS TO HAVE A POLICY BACK TO COMMITTEE IF THAT IS THE STANDARD THEY END UP CHOOSING.

KING REPORTED YELLOW BOOK IS MORE FOR FINANCIAL AUDITS, AND RED BOOK IS FOR COMPLIANCE.

JONES REPORTED THE AUDITOR'S OFFICE PERFORMED YELLOW BOOK AUDITS IN THE PAST.

MAGGARD ASKED IF FOLLOWING RED BOOK EXPOSES COUNTY TO MORE RISK.

JONES RESPONDED NO, RED BOOK WOULD ALLOW THEM TO LOOK AT AUDITS COUNTY WIDE AND TAKE A TOP DOWN APPROACH INSTEAD OF A BOTTOM UP APPROACH.

KING REPORTED SOMETHING SHOULD BE INCORPORATED INTO KERN COUNTY ADMINISTRATIVE POLICY AND PROCEDURES MANUAL CHAPTER 6 TO ALLOW FLEXIBILITY TO EXPAND AUDITS.

MAGGARD ASKED JONES IF HE THOUGHT THIS PROCESS WOULD HAVE HELPED OUT WITH THE DHS SITUATION.

JONES REPORTED YES, POSSIBLY. JONES REPORTED AUDITORS COULD OF HAD ADDITIONAL COMMUNICATION WITH DEPARTMENT.

BEDARD REPORTED OTHER COUNTIES HAVE ADOPTED INSTITUTE OF INTERNAL AUDITORS' STANDARDS.

KING REPORTED COMMITTEE HAS DISCUSSED REVIEWING WHAT EXTERNAL AUDITORS ARE DOING TO NOT DUPLICATE WORK. KING REPORTED THE AUDITOR-CONTROLLER COULD REDUCE DUPLICATING WORK IF DEPARTMENT ADJUSTED FROM YELLOW BOOK AUDITS.

JONES RESPONDED, EXACTLY.

COUCH ASKED BEDARD WHO WOULD BE AUDITING KERN MEDICAL.

KING RESPONDED MOSS-ADAMS.

JONES AGREED.

COUCH REPORTED IF THE COUNTY STILL HAS RISK WHY WOULD THE AUDITOR-CONTROLLER NOT BE AUDITING KERN MEDICAL.

BEDARD REPORTED YES THERE IS RISK, BUT THAT RISK WILL BE MITIGATED BY THE MOSS-ADAMS AUDITORS.

KING REPORTED THERE SHOULD BE FOLLOW UP TO DETERMINE IF HOSPITAL AUTHORITY HAS AN AUDIT COMMITTEE AND FOLLOW UP ON THE PROCESS AND PROTOCOL.

RECEIVED AND FILED
King – Couch: All Ayes

7) Committee member announcements or reports –

NO ONE HEARD

8) Public comment –

BALBUENA RESTATED THE REQUEST FROM THIS MEETING WAS TO PROVIDE REVISIONS TO THE KERN COUNTY ADMINISTRATIVE POLICY AND PROCEDURES MANUAL CHAPTER 6 TO DEFINE VARIOUS TYPES OF AUDITS AND REVISIONS TO THE AUDIT STANDARDS FOLLOWED BY THE AUDITOR-CONTROLLER-COUNTY CLERK

9) Adjourned –

MEETING ADJOURNED AT 3:11 PM.

King – Couch: All Ayes

/s/ Alex Alva
Clerk
Audit Advisory Committee

