

SUMMARY OF PROCEEDINGS

KERN COUNTY AUDIT ADVISORY COMMITTEE

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

Regular Meeting
Friday, May 6, 2016

8:00 A.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

2) Roll Call –

COMMITTEE MEMBERS PRESENT: MIKE MAGGARD, GEOFFREY KING, JOHN NILON, JORDAN KAUFMAN, DAVID COUCH (PRESENT FOR ITEMS 5-12)

COMMITTEE MEMBER ABSENT: DAVID COUCH NOT PRESENT FOR ITEMS 1-4

COMMITTEE STAFF PRESENT: MARY BEDARD, MARK NATIONS (ALTERNATE FOR THERESA GOLDNER)

COMMITTEE STAFF ABSENT: THERESA GOLDNER

Others in attendance: County Administrative Office: Nancy Lawson, Assistant County Administrative Officer, Katrina Balbuena, Compliance and Accountability Officer, Alex Alva Administrative Analyst. Auditor-Controller-County Clerk: Susan Rooney, Assistant Auditor-Controller-County Clerk, Matt Henry, Audit Division Chief, Tony Jones, Senior Accountant

3) Introduction of Committee members and staff –

INTRODUCED

4) Election of Committee Chairman and Vice Chairman –

DISCUSSED AND APPOINTED

MAGGARD AS CHAIRMAN

Nilon – Kaufman: 2 AYES (Maggard-King); 1 Absent (Couch)

COUCH FOR VICE CHAIRMAN

Nilon – Kaufman: 2 AYES (Maggard-King); 1 Absent (Couch)

5) Report on legal analysis and proposed formation, structure, and duties of a standing audit committee –

HEARD PRESENTATION BY BALBUENA ON LEGAL ANALYSIS AND PROPOSED FORMATION, STRUCTURE, AND DUTIES OF STANDING AUDIT COMMITTEE.

NILON PROVIDED FURTHER CLARIFICATION AND BEDARD AGREED THAT THE BOARD OF SUPERVISORS HAS THE AUTHORITY TO APPOINT THE INTERNAL AUDITORS AND EXTERNAL AUDITORS. NILON REPORTED AND BEDARD AGREED THAT THE BOARD DECIDES TO APPOINT AUDITORS OR HAVE AUDITOR-CONTROLLER PERFORM AUDITS.

RECEIVED AND FILED

All Ayes

6) Report on audit activity by the Auditor-Controller-County Clerk –
HEARD PRESENTATION BY BEDARD ON ACTIVITY BY THE AUDITOR-CONTROLLER-COUNTY CLERK.

KING ASKED IF DEPARTMENT TRACKS CONTINUING EDUCATION, SPECIALIZED KNOWLEDGE, AND NUMBER OF HOURS.

BEDARD REPLIED THAT THEY DO TRACK AND CAN COME BACK AND PROVIDE THAT INFORMATION.

KING REPORTED HE WANTED TO KNOW IF STAFF IS ADEQUATELY TRAINED AND THAT DEPARTMENT IS IN THE BEST POSITION TO PERFORM DUTIES.

KING REPORTED HE WOULD LIKE TO SEE EDUCATION OF STAFF AND INFORMATION FROM DEPARTMENT ABOUT THE ABILITY TO TRAIN THEIR STAFF.

MAGGARD REPORTED HE WOULD LIKE TO SEE PRESENTATION OF STAFF AND TRAINING ATTENDED.

MAGGARD REPORTED HE WOULD LIKE TO SEE REPORT WITH HOURS AND TRAINING BY CATEGORY.

RECEIVED AND FILED
King – Couch: All Ayes

- 7) Update on Request for Proposal for external audit services –

HEARD PRESENTATION BY HENRY ON REQUEST FOR PROPOSAL (RFP) FOR EXTERNAL AUDIT SERVICES. *(No written presentation available)*

MAGGARD REPORTED THAT HE WOULD LIKE TO OBTAIN BETTER COORDINATION TO DISCUSS EXTERNAL AUDITORS.

MAGGARD ASKED IF IT IS THE COUNTY'S PROCUREMENT PROCESS THAT NAMES ARE CONFIDENTIAL BEFORE THE RFP IS COMPLETE. MAGGARD REQUESTED PRESENTATION ON REQUIREMENTS AND PREFERENCES OF PROCUREMENT PROCESS.

RECEIVED AND FILED
King – Couch: All Ayes

- 8) Report on Compliance and Accountability function by the County Administrative Office –

HEARD PRESENTATION BY BALBUENA ON COMPLIANCE AND ACCOUNTABILITY FUNCTION BY THE COUNTY ADMINISTRATIVE OFFICE.

RECEIVED AND FILED
Couch – King: All Ayes

- 9) Presentation by the Auditor-Controller-County Clerk regarding internal audit function, incorporating audit committee process, countywide risk assessment, and annual audit plan, for fiscal year 2016/2017 –

HEARD PRESENTATION BY HENRY ON INTERNAL AUDIT FUNCTION, INCORPORATING AUDIT COMMITTEE PROCESS, COUNTYWIDE RISK ASSESSMENT (RA), AND ANNUAL AUDIT PLAN.

KING REPORTED THAT HE WOULD LIKE TO KNOW WHAT THE RA ENTAILS.

BEDARD RESPONDED THAT THEY PERFORM DEPARTMENT RA AND THOSE ARE VERY DETAILED. THE COUNTYWIDE RA IS A BROADER OVERVIEW.

KING ASKED IF PROGRAMS ARE INVENTED BY THE DEPARTMENT OR TAKEN AND CUSTOMIZED.

HENRY REPORTED THAT THEY TAKE AND CUSTOMIZE FROM PPC *(Thomson Reuters is vendor that provides detailed professional auditing programs and guides that are well known in the accounting industry and commonly referred to as PPC).*

NILON REPORTED FROM AN OVERVIEW PICTURE THE COUNTYWIDE RA THAT THEY ARE DISCUSSING IS TO DEVELOP AN AUDIT PLAN TO BRING BACK TO THE BOARD. THE AUDITS WOULD THEN BE COMPLETED AFTER AUDIT PLAN IS DEVELOPED.

KING REPORTED THAT INTERNAL AUDITORS SHOULD COORDINATE WITH EXTERNAL AUDITORS. KING REPORTED THAT THERE WOULD BE BENEFITS TO COORDINATING REVIEW EFFORTS. INTERNAL AUDITORS SHOULD IDENTIFY WHAT EXTERNAL AUDITORS ARE GOING TO DO AND TIE INTO OR VICE VERSA FOR EFFICIENCIES. KING REQUESTED AN EVALUATION ON HOW PROCESSES ARE WORKING TOGETHER.

MAGGARD REPORTED THAT THERE NEEDS TO BE AN EVALUATION ON EACH DEPARTMENT BEING AUDITED BIENNIALLY.

MAGGARD REQUESTED PROCEDURES ON HOW THEY ARE TO OPERATE WHEN SOMETHING IS CONFIDENTIAL AND WHEN SOMETHING IS NOT. REQUESTED COUNTY COUNSEL TO PROVIDE DIRECTION ON POLICY OF PUBLIC AND CLOSED SESSION MEETINGS.

KING REQUESTED TO SEE A LIST OF ALL AUDITS.

KING REPORTED THAT HE WOULD BE INTERESTED IN BEDARD'S OPINION ABOUT BIENNIAL AUDITS. KING REPORTED HE WAS INTERESTED IN WHAT SHE WOULD RECOMMEND ON POLICY OF BIENNIAL AUDITS; IF SHE WOULD CONTINUE TO HAVE DEPARTMENTS AUDITED BIENNIALLY.

BEDARD INDICATED SHE WOULD RECOMMEND NOT DOING AWAY WITH BIENNIAL AUDITS.

KING REPORTED THAT THE GOAL WOULD BE TO DEPLOY RESOURCES WHERE BETTER SERVED.

NILON CLARIFIED THAT ORDINANCE/POLICY WAS ESTABLISHED PRIOR TO THE AUDIT COMMITTEE AND WE MAY WANT TO CONSIDER CHANGES TO COORDINATE WITH THE NEW AUDIT PLAN.

MAGGARD REPORTED THAT HE WOULD LIKE TO SEE A REVIEW OF WHAT OTHERS HAVE DONE AND HOW AUDIT COMMITTEES ARE PROCEEDING IN OTHER COUNTIES.

MAGGARD INDICATED THE EXISTING POLICY AND PROCESS SHOULD BE FOLLOWED UNTIL ANY CHANGES ARE APPROVED BY THE BOARD OF SUPERVISORS.

HEARD PRESENTATION AND PROVIDED DIRECTION

King – Couch: All Ayes

10) Committee Member Announcements or Reports –

NO ONE HEARD

11) Public Comment –

NO ONE HEARD

12) ADJOURNED –
Meeting adjourned.
King

/s/ Mike Maggard
Chairman
Audit Advisory Committee

/s/ Alex Alva 
Clerk
Audit Advisory Committee