

# SUMMARY OF PROCEEDINGS

## KERN COUNTY AUDIT ADVISORY COMMITTEE

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

Meeting  
Wednesday, June 8, 2016

1:30 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 THERESA GOLDNER AT 1:33 P.M.

2) Roll call –

COMMITTEE MEMBERS PRESENT: MIKE MAGGARD, JOHN NILON, JORDAN KAUFMAN, DAVID COUCH, GEOFFREY KING (PRESENT FOR ITEMS 4-13)

COMMITTEE MEMBER ABSENT: GEOFFREY KING NOT PRESENT FOR ITEMS 1-3

COMMITTEE STAFF PRESENT: MARY BEDARD, 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) Minutes from May 6, 2016 Kern County Audit Advisory Committee meeting –

APPROVED

**Couch – Maggard: All Ayes**

- 4) Report on the legal analysis of the roles, authority, and responsibilities of Board of Supervisors, Audit Committee, and Auditor-Controller-County Clerk as it relates to Government Code, County Ordinance and Policy including the analysis of the biennial audit requirement, internal and external auditor selection, request for proposal requirements and preferences, and closed session –

HEARD PRESENTATION BY GOLDNER.

KING REPORTED HE WAS NOT SURE WHAT TYPE OF AUDITS ARE PERFORMED BY AUDITOR-CONTROLLER.

BEDARD RESPONDED HER OFFICE PERFORMS FULL SCOPE COMPLIANCE AUDITS, NOT FINANCIAL AUDITS THOSE ARE DONE BY EXTERNAL AUDITORS. HER OFFICE ALSO PERFORMS EXAMINATION OF INTERNAL CONTROLS AND SOMETIMES LIMITED SCOPE AUDITS.

NILON REPORTED THAT IT WOULD BE BENEFICIAL TO BRING BACK SAMPLES OF AUDITS.

KING REPORTED HE WOULD LIKE TO KNOW HOW EXTERNAL AND INTERNAL AUDITORS ARE WORKING TOGETHER. HE WOULD LIKE TO KNOW THE TYPES OF AUDITING DONE AND THAT EVERYTHING IS EFFICIENT. PRIMARY FUNCTION SHOULD BE LOOKING AT WHAT ARE THE BIG RISKS.

GOLDNER REPORTED AUDIT COMMITTEE COULD NOT MEET IN CLOSED SESSION TO DISCUSS ISSUES UNLESS CERTAIN CRITERIA WERE MET, BUT IT IS HIGHLY UNLIKELY CRITERIA WOULD BE MET.

GOLDNER REPORTED TO HAVE COMMITTEE PROVIDE INPUT ON THE RFP, IT WOULD HAVE TO BE DISCLOSED IN THE INITIAL RFP. IF THE COMMITTEE IS INVOLVED AFTER RFP ISSUED, IT WOULD BE VULNERABLE TO A DUE PROCESS CHALLENGE. GOLDNER REPORTED TWO BOARD MEMBERS ARE ALSO ON THE AUDIT COMMITTEE.

MAGGARD REPORTED IT WOULD BE BENEFICIAL TO SEE AUDIT REPORTS BEFORE BOARD IF REASONABLE TO SEE IT.

COUCH AGREED IT WOULD BE USEFUL.

GOLDNER REPORTED THERE IS NO CONCERN OF DUE PROCESS WITH AUDIT REPORTS AS THERE IS WITH AN REQUEST FOR PROPOSAL.

RECEIVED AND FILED  
**King – Couch: All Ayes**

- 5) Update on the Request for Proposal for external audit services –

HEARD PRESENTATION BY BEDARD.

RECEIVED AND FILED  
**Couch – King: All Ayes**

- 6) Report on the internal and external audit reports of the County of Kern and comparable counties' audit process –

HEARD PRESENTATION BY BALBUENA.

KING ASKED IF AUDIT COMMITTEE WAS REQUIRED TO GO BACK TO BOARD TO HAVE CURRENT ORDINANCE CHANGED.

GOLDNER REPORTED ORDINANCE CHANGE WOULD REQUIRE APPROVAL FROM BOARD OF SUPERVISORS.

GOLDNER ASKED BEDARD IF SHE THOUGHT POLICY SHOULD BE CHANGED.

BEDARD REPORTED GOOD TO KEEP THE MINIMUM 2 YEARS. BIGGER DEPARTMENTS COULD GET AUDITED MORE OFTEN.

KING REPORTED THAT AUDITORS COULD LIMIT SCOPE AND STILL MAKE AN APPEARANCE.

MAGGARD REPORTED THERE MIGHT BE A TIME WHEN RESOURCES ARE FINITE AND WE CAN'T HAVE A BODY EVERYWHERE BECAUSE RESOURCES ARE NEEDED AT ANOTHER LOCATION.

KING REPORTED HE WOULD LIKE TO SEE THE NUMBER OF AUDITING HOURS, AND WHAT THOSE HOURS WOULD GO TO. IF THEY CAN GO BACK TO BOARD AND CHANGE THE TWO-YEAR POLICY THEN AUDITS CAN BE BASED ON RISK ASSESSMENTS.

MAGGARD REPORTED POLICY CHANGE COULD MAXIMIZE RESOURCES.

RECEIVED AND FILED  
**King – Couch: All Ayes**

- 7) Report on the Auditor-Controller-County Clerk's internal audit qualifications and continuing professional education –

HEARD PRESENTATION BY BEDARD.

KING REPORTED THAT HE WOULD LIKE TO MAKE SURE STAFF IS PROPERLY EDUCATED.

NILON ASKED IF THERE IS A TOTAL NUMBER OF HOURS THAT IS REQUIRED.

BEDARD REPORTED THAT HOURS ARE NOT APPLICABLE, THAT THEY DON'T DO YELLOW BOOK AUDITS ANYMORE.

MAGGARD REPORTED IT MIGHT BE GOOD IF THERE WAS A MINIMUM STANDARD, SO EMPLOYEES KNEW THE MINIMUM NUMBER OF HOURS NEEDED.

RECEIVED AND FILED  
**King – Couch: All Ayes**

- 8) Report on the Auditor-Controller-County Clerk's current internal audit process –  
HEARD PRESENTATION BY BEDARD.

KING REPORTED HE WOULD LIKE TO SEE EXAMPLES.

RECEIVED AND FILED  
**King – Couch: All Ayes**

- 9) Report on the risk assessment to be used in the formulation of the audit plan for 2016-2017 –

HEARD PRESENTATION BY BEDARD.

KING REPORTED HE HAD SOMETHING DIFFERENT IN MIND. THOUGHT AUDITORS WOULD GO OUT AND DO REVIEWS OF INTERNAL CONTROLS TO REVIEW GREATEST RISK OF OPERATION.

HENRY REPORTED THAT THIS RISK ASSESSMENT IS A COUNTYWIDE RISK ASSESSMENT. THEY WOULD PERFORM A DETAILED DEPARTMENT RISK ASSESSMENT DURING AUDIT.

KING REPORTED THE MOST IMPORTANT PART IS WHERE THE BOARD IS GOING TO HAVE THE GREATEST EFFECT WITH THE COVERAGE.

RECEIVED AND FILED  
**King – Couch: All Ayes**

- 10) Discuss the Auditor-Controller-County Clerk's suggestion to transfer the responsibility of preparing the Kern County Audit Advisory Committee's agenda and minutes from the County Administrative Office to the Auditor-Controller-County Clerk –

HEARD PRESENTATION BY BEDARD.

MAGGARD REPORTED HE WAS COMFORTABLE WITH HAVING BALBUENA AND COUNTY ADMINISTRATIVE OFFICE STAFF PREPARING THE AUDIT ADVISORY COMMITTEE'S AGENDA AND MINUTES. PROSPECTIVELY, THE COMMITTEE WILL MAKE REFERRALS TO STAFF MORE CLEAR.

HEARD PRESENTATION AND PROVIDED DIRECTION

**Couch – King: All Ayes**

- 11) Committee member announcements or reports –

THREE REFERRALS DIRECTED TO STAFF FROM COMMITTEE MEMBERS

1. AUDITOR TO PROVIDE STANDARD COMPLIANCE SAMPLES ASSOCIATED TO CURRENT INTERNAL AUDIT PROCESS INCLUDING THE FOLLOWING:
  - AUDIT REPORT
  - INTERNAL CONTROL QUESTIONNAIRE
  - AUDIT PROGRAM
  - DEPARTMENT RISK ASSESSMENT
2. COUNTY ADMINISTRATIVE OFFICE AND AUDITOR-CONTROLLER PROPOSE CHANGES TO POLICY WITH MINIMUM STATUTORY REQUIREMENTS AND FLEXIBILITY FOR OPTIONS TO AUDIT BASED ON RISK WITH THE ELIMINATION OF THE BIENNIAL REQUIREMENT.
3. AUDITOR TO REVIEW WHAT OTHER COUNTIES ARE DOING IN THEIR RISK ASSESSMENTS AND PROVIDE REPORT BACK TO COMMITTEE.

REFERRALS DISCUSSED AND PROVIDED DIRECTION

**King – Couch: All Ayes**

- 12) Public comment

NO ONE HEARD

- 13) Adjourned –

MEETING ADJOURNED AT 3:30 PM.

**King – Couch: All Ayes**

/s/ Alex Alva  
Clerk  
Audit Advisory Committee

