

SUMMARY OF PROCEEDINGS

KERN COUNTY AUDIT ADVISORY COMMITTEE

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

Meeting
Wednesday, August 31, 2016

2:00 P.M.

COMMITTEE CONVENED

BOARD ACTION DISPLAYED IN CAPS

The vote is displayed in bold below each item.

CONSENT AGENDA/OPPORTUNITY FOR PUBLIC COMMENT: ALL ITEMS LISTED WITH A "CA" OR "C" WERE CONSIDERED TO BE ROUTINE AND APPROVED BY ONE MOTION.

1) Call to order –

THE MEETING WAS CALLED TO ORDER BY THERESA GOLDNER AT 2:03 P.M.

2) Roll call –

COMMITTEE MEMBERS PRESENT: MIKE MAGGARD (PRESENT FOR ITEMS 1-5; DEPARTED DURING ITEMS 6-8), JOHN NILON, JORDAN KAUFMAN, DAVID COUCH, GEOFFREY KING

COMMITTEE MEMBER ABSENT: MIKE MAGGARD DEPARTED DURING ITEMS 6-8; NOT PRESENT FOR ITEMS 9-11

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. Public: Media.

CA-3) Minutes from June 8, 2016 Kern County Audit Advisory Committee meeting –

APPROVED

King – Couch: All Ayes

- CA-4) June 30, 2016 Compliance and Accountability Report –
RECEIVED AND FILED

King – Couch: All Ayes

- CA-5) Report on Audit Activity by the Auditor-Controller-County Clerk for the six months
ended June 30, 2016 –

RECEIVED AND FILED

King – Couch: All Ayes

- 6) Response to June 8, 2016 referral for Auditor-Controller-County Clerk to provide
standard compliance samples associated to current internal audit process including
Audit Report, Internal Control Questionnaire, Audit Program and Department Risk
Assessment –

HEARD PRESENTATION BY BEDARD COMBINED WITH #8
RECEIVED AND FILED

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

- 7) Response to June 8, 2016 referral for Auditor-Controller-County Clerk to provide
report on what other counties are doing in their risk assessments –

HEARD PRESENTATION BY BEDARD COMBINED WITH #8
RECEIVED AND FILED

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

- 8) Report on proposed Audit Plan for FY 2016-17 –

HEARD PRESENTATION BY BEDARD

NILON PROVIDED CLARIFICATION ON COUNTY POLICY, THAT AUDITS MAY BE
PERFORMED ON A COUNTYWIDE BASIS OR BY INDIVIDUAL DEPARTMENTS.

BEDARD RESPONDED THAT AUDITOR-CONTROLLER'S OFFICE DOES
CONTINUOUS MONITORING ON A COUNTYWIDE BASIS.

NILON DISCUSSED COUNTYWIDE AUDITS AND POSSIBILITY OF PERFORMING
CASH AUDITS COUNTYWIDE TO SATISFY REQUIREMENTS.

GOLDNER READ GOVERNMENT CODE SECTION 25250 AND REPORTED THAT
AUDITS HAVE TO BE DONE AT LEAST BIENNIALY.

KING ASKED IF EXTERNAL AUDITS WOULD COVER THE GOVERNMENT CODE
REQUIREMENT.

BEDARD REPORTED COUNTY POLICY REQUIRES THE DEPARTMENTS TO BE AUDITED BIENNIALLY.

GOLDNER REPORTED THAT HER OFFICE HAS DISCUSSED POLICY AND ORDINANCE CHANGE TO MATCH GOVERNMENT CODE.

MAGGARD REPORTED IF OUTSIDE AUDITS FULFILL REQUIREMENTS, THAT AUDIT HOURS COULD BE FOCUSED ON AREAS OF GREATEST RISK. AUDITS COULD BE COUNTYWIDE INSTEAD OF INDIVIDUAL DEPARTMENT AUDITS.

KING REPORTED AUDITOR-CONTROLLER COULD TAKE A DIFFERENT APPROACH AND LOOK AT WHAT THE GREATEST PRIORITIES ARE FOR THE COUNTY AND REVIEW BY CATEGORIES INSTEAD OF BY INDIVIDUAL DEPARTMENTS. AUDITOR-CONTROLLER COULD DETERMINE THE GREATEST RISKS IN THE COUNTY AND FOCUS HOURS IN THOSE AREAS.

MAGGARD REPORTED IF BY DEPARTMENT, AUDITOR-CONTROLLER MIGHT AUDIT A DEPARTMENT WITH LOW RISK IN A LOW PRIORITY AREA WITH NO PRIOR ISSUES.

BEDARD REPORTED HER OFFICE GOES IN AND REVIEWS INTERNAL CONTROLS. IF THERE IS NO RISK OR LOW RISK HER AUDITORS ARE IN AND OUT OF THE DEPARTMENT QUICKLY AND NOT SPENDING A LOT OF TIME IN LOW RISK AREA.

NILON REPORTED THAT AS AN EXAMPLE, AUDITOR-CONTROLLER HAS PROBATION DEPARTMENT LISTED UNDER BIENNIAL AUDITS THIS YEAR, BUT THE RISK ASSESSMENT HAS NOT INDICATED ANY HIGH RISK AREAS FOR PROBATION.

BEDARD ACKNOWLEDGED THAT RISK ASSESSMENT DID NOT INDICATE HIGH RISK AREAS FOR PROBATION BUT WHEN THEY GO IN AND LOOK AT PROBATION IN DEPTH THEY MAY HAVE SOME HIGH RISK.

NILON ASKED BEDARD IF POLICY DID NOT REQUIRE DEPARTMENTS TO BE AUDITED BIENNIALLY WOULD PROBATION DEPARTMENT BE AUDITED THIS YEAR.

BEDARD REPORTED HER OFFICE WOULD PROBABLY NOT AUDIT PROBATION THIS YEAR IF POLICY DID NOT REQUIRE BIENNIAL AUDITS OF DEPARTMENTS.

KING ASKED IF AUDITOR-CONTROLLER IS COORDINATING WITH EXTERNAL AUDITS TO ELIMINATE DUPLICATE WORK. KING ASKED BEDARD IF HER OFFICE EVALUATES WHAT EXTERNAL AUDITORS ARE DOING RELATED TO WHAT AUDITOR-CONTROLLER IS DOING.

JONES REPORTED WHEN PERFORMING AUDITS THE AUDITORS ARE LOOKING AT DEPARTMENTAL AUDITS PERFORMED BY EXTERNAL AUDITORS.

COUCH REPORTED AUDIT PLAN LISTED KERN MEDICAL PHYSICIAN RETIREMENT PLAN 12-31-2015 FOR 320 HOURS AND REQUESTED CLARIFICATION ON RISK TO COUNTY.

COUCH REPORTED AUDIT HOURS ACCOUNTED FOR ABOUT 4 PERCENT OF TOTAL AUDIT HOURS AND WAS NOT CLEAR ON RISK TO COUNTY AND IF AUDIT SHOULD BE INCLUDED.

MAGGARD REPORTED IT WOULD BE USEFUL FOR AUDITOR-CONTROLLER TO HAVE A LIST OF ALL AUDITS PERFORMED BY INTERNAL AND EXTERNAL AUDITORS. MAGGARD REPORTED BALBUENA COULD PROVIDE A SPREADSHEET DETAILING ALL AUDITS PERFORMED.

MAGGARD REQUESTED CLARIFICATION ON PEER REVIEW PROCESS, BUDGET AND TIME. MAGGARD ASKED IF OTHER COUNTIES COME TO REVIEW AUDITS PERFORMED BY THE AUDITOR-CONTROLLER.

BEDARD REPORTED TULARE PAID FOR HER OFFICE TO PERFORM A PEER REVIEW.

KING ASKED IF THERE IS SOME STANDARDIZED GUIDANCE THAT IS FOLLOWED FOR PEER REVIEWS OF OTHER COUNTIES.

JONES REPORTED PEER REVIEWS USE AICPA GUIDANCE.

BALBUENA REPORTED SHE WOULD LIKE TO SHARE INFORMATION FROM OTHER COUNTIES WITH AUDITOR-CONTROLLER AS IT INDICATES MAJORITY ARE NOT PERFORMING BIENNIAL AUDITS AND ARE USING OTHER COUNTYWIDE AUDITS TO COMPLY WITH REQUIREMENTS.

BEDARD REPORTED SHE WOULD BE WILLING TO MEET WITH BALBUENA. BEDARD REPORTED HER OFFICE DOES ATTEND MEETINGS AND THEY DISCUSS WHAT OTHER COUNTIES ARE DOING AND RISK ASSESSMENTS THAT ARE COMPLETED.

KING ASKED WHY COUNTY ORDINANCE WAS DIFFERENT THAN GOVERNMENT CODE AND WHAT WOULD HAVE TO BE DONE TO BRING THEM IN AGREEMENT WITH EACH OTHER.

COUCH ASKED IF THEY WOULD HAVE TO CHANGE COUNTY POLICY.

GOLDNER REPORTED THEY WOULD HAVE TO UPDATE COUNTY POLICY AND ORDINANCE.

BALBUENA REPORTED THEY HAVE MET WITH THE AUDITOR-CONTROLLER AND COUNSEL TO DISCUSS UPDATE.

GOLDNER REPORTED THE DRAFT LANGUAGE COULD COME BACK TO THE AUDIT COMMITTEE BEFORE GOING TO THE BOARD OF SUPERVISORS.

NILON REPORTED, WITH THE GUIDANCE PROVIDED FROM THE AUDIT COMMITTEE, ONCE THE POLICY LANGUAGE IS UPDATED THEY COULD GO DIRECTLY TO THE BOARD OF SUPERVISORS.

RECEIVED AND FILED

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

9) Committee member announcements or reports –

KING ASKED BEDARD AND JONES WHEN THEY LOOKED AT VENTURA COUNTY AND ORANGE COUNTY IF THEY OBTAINED INFORMATION TO HELP THEM WHEN AUDITING OTHER COUNTY DEPARTMENTS. KING REPORTED IT MIGHT BE HELPFUL TO GO TO OTHER COUNTIES AND DO A WALK THROUGH WITH THEM ON THEIR PROCESS.

NILON REPORTED IT WOULD BE BENEFICIAL IF BALBUENA JOINED THE AUDITOR-CONTROLLER IF THEY WENT TO VISIT OTHER COUNTIES OR FIRMS TO CAPTURE THE COMPLIANCE SIDE.

A. REFERRAL WAS MADE TO THE AUDITOR-CONTROLLER TO BRING BACK A FOLLOW-UP REPORT WITH MODIFICATIONS TO THE AUDIT PLAN INDICATING AREAS IMPACTED BY EXTERNAL AUDITS, POLICY CHANGES, AND AUDIT ADVISORY DISCUSSION.

10) Public comment –

NO ONE HEARD

11) Adjourned –

MEETING ADJOURNED AT 3:06 PM.

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

/s/

Alex Alva
Clerk

Audit Advisory Committee