

SUMMARY OF PROCEEDINGS

KERN COUNTY AUDIT ADVISORY COMMITTEE

County Administrative Center
1115 Truxtun Avenue
3rd Floor – Multi-Purpose Room
Bakersfield, California 93301

General Meeting
Monday, September 23, 2024

4:00 P.M.

COMMITTEE ACTION DISPLAYED IN CAPS

The vote is displayed in bold below each item.

CONSENT AGENDA LISTED WITH “CA” WERE CONSIDERED TO ROUTINE AND NON-CONTROVERSIAL. NO ADDITIONAL COMMENTS AND APPROVED BY ONE MOTION.

1) Call to order –

MEETING CALLED TO ORDER BY SUPERVISOR FLORES AT 4:00 P.M.

Roll call –

COMMITTEE MEMBERS PRESENT: JEFF FLORES (VOTING MEMBER), DAVID COUCH (VOTING MEMBER), AND CHASE NUNNELEY (FOR JORDAN KAUFMAN, NON-VOTING MEMBER)

COMMITTEE STAFF PRESENT: AIMEE ESPINOZA (AUDITOR-CONTROLLER-COUNTY CLERK), JENNIFER FEIGE (COUNTY COUNSEL)

Others In Attendance: Auditor-Controller (Janelle Austin, Tarrah Shockley), County Administrative Office (Nancy Anderson, Elsa Martinez, Eric Nisbett, Saba Hailemichael), Information Technology Services (Mark Buonauro)

CA-2) Minutes from September 13, 2023 Kern County Audit Advisory Committee meeting –

APPROVED

2 AYES (FLORES, COUCH)

- CA-3) County Administrative Office's December 31, 2023 and June 30, 2024, Compliance and Accountability Reports –
RECEIVED AND FILED
2 AYES (FLORES, COUCH)
- CA-4) Auditor-Controller-County Clerk's Fraud and Ethics Activity Report for the periods ending June 30, 2023 and December 30, 2023 –
RECEIVED AND FILED
2 AYES (FLORES, COUCH)
- CA-5) Report of Audit Communication with Those Charged with Governance from CliftonLarsonAllen LLP for County of Kern Annual Comprehensive Financial Report for Fiscal Years Ended June 30, 2022 and June 30, 2023 –
RECEIVED AND FILED
2 AYES (FLORES, COUCH)
- 6) Auditor-Controller-County Clerk's presentation of countywide risk assessment and annual audit plan for fiscal year 2024-25 –
AUDITOR-CONTROLLER-COUNTY CLERK, AIMEE ESPINOZA EXPLAINED THE RISK ASSESSMENT DEVELOPMENT PROCESS: THAT IT IS A SYSTEMATIC PROCESS TO PRIORITIZE AUDITS. THE ASSESSMENT IS BASED ON FRAUD TIPS, QUESTIONNAIRES COMPLETED BY DEPARTMENTS, PAST INTERNAL AND EXTERNAL AUDIT REPORTS, WHICH ARE USED TO ASSESS LEVEL OF RISK TO THE COUNTY.
TO IDENTIFY LEVEL OF RISK, FOUR STEPS ARE FOLLOWED: IDENTIFY RISK, EVALUATE AND DEFINE RISK, IDENTIFY RISK ON DEPARTMENT AND COUNTYWIDE LEVEL, AND ESTABLISH AUDIT PLAN.
AUDITOR-CONTROLLER-COUNTY CLERK, AIMEE ESPINOZA CONCLUDED HER PRESENTATION BY DIRECTING ATTENTION TO PAGES 5 AND 6 OF THE RISK ASSESSMENT AND AUDIT PLAN DOCUMENTS. SHE EXPLAINED THAT THOSE PAGES LIST THE PROPOSED AUDITS SEGREGATED IN TWO SECTIONS BY AUDITS THAT STARTED IN PRIOR YEAR AND NEW PROPOSED AUDITS AND PROJECTS.
SUPERVISOR FLORES ASKED IF THE HIGH-RISK AREAS IDENTIFIED IN THE RISK ASSESSMENT WERE FOR FISCAL YEAR 2024-25. MS. ESPINOZA RESPONDED IN AFFIRMATION AND EXPLAINED FURTHER THAT THE PLANNED AUDITS ARE BASED ON THE COUNTYWIDE RISK AREA AND NOT BY DEPARTMENTS. THE AREAS OF RISK IDENTIFIED WILL BE INCLUDED IN THE AUDITS TO BE PERFORMED.
SUPERVISOR FLORES ASKED IF THE AUDITOR'S OFFICE MIGHT NEED ASSISTANCE FROM OUTSIDE AUDITORS TO AUGMENT HER STAFF AS

REPORTING IS GETTING MORE AND MORE DIFFICULT. HE ELABORATED THAT THE INTERNAL AUDIT RESPONSIBILITY REMAINS WITH HER. MS. ESPINOZA STATED SHE WAS NOT OPPOSED TO OUTSIDE ASSISTANCE.

SUPERVISOR COUCH ASKED IF THE AGING AND ADULT DEPARTMENT IS ALWAYS RATED HIGH IN THE RISK ASSESSMENT. MRS. SHOCKLEY RESPONDED BY SAYING THE AUDITOR'S OFFICE IDENTIFIED ISSUES WITH THE DEPARTMENT.

MRS. MARTINEZ- CHIEF FINANCIAL OFFICER STATED THAT ISSUES INCLUDE LACK OF EXPERIENCE AND TRAINING DUE TO STAFF TURN OVER. SHE STRESSED THAT THE ISSUES ARE NOT OPERATIONAL AND RESIDE IN THE FINANCIAL AREAS, ONE OF WHICH IS ACTUAL REVENUE SHORTAGE. THE CAO ANALYST OF THE DEPARTMENT IS WORKING CLOSELY WITH THE DEPARTMENT TO HELP IDENTIFY AND MITIGATE THE ISSUES. MS. MARTINEZ MENTIONED THAT \$1,000,000 OF GENERAL FUND APPROPRIATIONS FOR CONTINGENCIES HAD BEEN ADDED IN THE FY 2024-25 BUDGET. IT WAS SET ASIDE FOR THE DEPARTMENT IF THE REVENUE SHORTAGE CONTINUED.

SUPERVISOR FLORES CONCLUDED THE DISCUSSION BY ASKING MS. ESPINOZA TO LET THE COMMITTEE KNOW IN HOW TO PROCEED IN GETTING OUTSIDE AUDIT HELP.

APPROVED; MADE RECOMMENDATION TO BOARD OF SUPERVISORS TO ADOPT

2 AYES (FLORES, COUCH)

- 7) Committee member announcements or reports –

THE MEETING DATE WAS NOT SCHEDULED.

STAFF WILL SCHEDULE NEXT MEETING FOR 2025.

- 8) Public comment –

None

- 9) Adjourn –

ADJOURN AT 4:08 P.M.

2 AYES (FLORES, COUCH)