

SUMMARY OF PROCEEDING

KERN COUNTY AUDIT ADVISORY COMMITTEE

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

Regular Meeting
Wednesday, April 24, 2019

1:30 P.M.

COMMITTEE CONVENED

COMMITTEE ACTION DISPLAYED IN CAPS

The vote is displayed in bold below each item.

Consent agenda/opportunity for public comment all items with a "CA" were considered to be routine and approved by one motion

1) Call to order –

THE MEETING WAS CALLED TO ORDER BY DAVID COUCH AT 1:30 P.M.

2) Roll call –

COMMITTEE MEMBERS PRESENT: DAVID COUCH, GEOFFREY KING, JORDAN KAUFMAN

COMMITTEE MEMBERS ABSENT: MIKE MAGGARD, RYAN ALSOP

COMMITTEE STAFF PRESENT: MARY BEDARD, MARGO RAISON

Others in attendance: County Administrative Office: Nancy Lawson, Assistant County Administrative Officer; Elsa Martinez, Chief Deputy County Administrative Officer; Katrina Balbuena, Compliance and Accountability Officer; Joseph Arriola, Fiscal and Policy Analyst. Auditor-Controller-County Clerk: Tony Jones, Audit Division Chief; Jason McGuire, Senior Accountant.

CA-3) Minutes from February 6, 2019 Kern County Audit Advisory Committee meeting –

APPROVED

KING – COUCH: 2 AYES (KING – COUCH); 1 ABSENT (MAGGARD)

CA-4) December 31, 2018 Compliance and Accountability Report –

RECEIVED AND FILED

KING – COUCH: 2 AYES (KING – COUCH); 1 ABSENT (MAGGARD)

- 5) Report by the Auditor-Controller-County Clerk on external audit services and recommendation by Request for Proposal Evaluation Committee –

HEARD PRESENTATION BY BEDARD THAT COUNTY RECEIVED 3 PROPOSALS. THE REQUEST FOR PROPOSAL (RFP) EVALUATION COMMITTEE RECOMMENDS CLIFTON LARSON ALLEN (CLA) FOR 3 YEARS OF AUDIT SERVICES BASED ON EXPERIENCE AND NATIONWIDE RESOURCES. IT IS A CHANGE, AS COUNTY HAS HAD SAME AUDIT FIRM FOR OVER 30 YEARS, BUT IT CAN BE GOOD TO HAVE FRESH SET OF EYES.

KING ASKED BEDARD THE COST DIFFERENCES BETWEEN PROPOSERS.

BEDARD RESPONDED CLA WAS THE MOST EXPENSIVE APPLICANT; HOWEVER, PRICE WAS NOT THE PRIMARY CONSIDERATION.

KING STATED HE WAS FAMILIAR WITH THE FIRM AND SUBSIDIARIES, WHICH THEY ARE A GOOD FIRM, BUT WANTS TO KNOW IF THEY ARE RESPONSIVE AT A DISTANCE.

JONES RESPONDED THAT CLA EMPLOYS OVER 600 PEOPLE STATEWIDE AND THAT RESPONSE TIMES HAVE NOT BEEN AN ISSUE WITH ENTITIES CONTACTED DURING THE EVALUATION. JONES STATED THAT THE EVALUATION COMMITTEE HAS NOT HAD A FACE TO FACE INTERVIEW WITH CLA.

KING RECOMMENDS APPROVAL OF THE EVALUATION COMMITTEE'S AWARD ON THE CONDITION OF AN INTERVIEW WITH CLA.

KAUFMAN STATED, AS A MEMBER OF THE EVALUATION COMMITTEE, SUBMITTED PROPOSALS WERE DETAILED IN APPROACH TO TASK AND AUDIT TEAMS.

MARTINEZ CLARIFIED THAT INTERVIEWS ARE AN OPTIONAL STEP BUILT INTO RFP PROCESS, AND THAT RFP AWARDS CAN BE BASED ON THE INFORMATION PRESENTED IN THE PROPOSAL.

COUCH ASKED IF PAST RFP FOR AUDIT SERVICES INVOLVED INTERVIEWS.

BEDARD RESPONDED THERE HAVE BEEN NO INTERVIEWS IN RECENT YEARS.

JONES REPORTED REFERENCE CHECKS WITH TWO OTHER COUNTIES REVEALED NO ISSUES WITH CLA. LOWER LEVEL STAFF CHANGES OCCURRED, BUT MANAGEMENT AT CLA HAS NOT.

KING ASKED WHAT THE DOLLAR VALUE OF THE TOTAL CONTRACT IS.

BEDARD RESPONDED THE CONTRACT VALUE IS APPROXIMATELY \$200,000 PER YEAR.

COUCH ASKED IF INTERVIEWS SHOULD BE A PART OF FUTURE RFP PROCESS.

BEDARD RESPONDED THAT INTERVIEWS ARE IDEAL IN THE RFP PROCESS.

BEDARD ASKED IF THE AUDIT ADVISORY COMMITTEE WOULD APPROVE THE RFP EVALUATION COMMITTEE AND DEPARTMENT RECOMMENDATION OF AWARD TO CLA ON THE CONDITION OF AN INTERVIEW.

KING RESPONDED YES.

RAISON REQUESTED THE CONDITION OF INTERVIEW BE INCLUDED IN RECOMMENDATION.

HEARD PRESENTATION; DISCUSSED; PROVIDED DIRECTION TO APPROVE ON CONDITION OF INTERVIEW.

KING – COUCH: 2 AYES (KING COUCH); 1 ABSENT (MAGGARD)

- 6) Presentation by the Auditor-Controller-County Clerk regarding countywide risk assessment and proposed annual audit plan for fiscal year 2019-20 –

HEARD PRESENTATION BY BEDARD. AUDIT PLAN IS BASED ON RISK ASSESSMENT AND INCLUDES THE HIGHEST RISK AREAS. TAYLORED SOME AUDITS TO THE NEEDS OF NEW SYSTEM IMPLEMENTATION. AUDIT STAFF WILL BE PULLED TO ASSIST WITH IMPLEMENTATION AND 1 AUDIT ACCOUNTANT ADDED TO HELP.

COUCH INQUIRED ABOUT BEHAVIORAL HEALTH AND RECOVERY SERVICES' (BHRS) REQUESTED STAFFING LEVELS BY STATE.

MARTINEZ REPORTED THAT BHRS DOES NOT HAVE ENOUGH STAFF TO MEET THE STATE'S REQUIREMENTS, BUT AN AGREEMENT WILL BE PUT BEFORE THE BOARD OF SUPERVISORS TO PROVIDE A MECHANISM TO PROCEED WITH MINIMAL DISRUPTION.

COUCH ASKED WHAT THEY WILL AUDIT AT THE SHERIFF DEPARTMENT.

JONES RESPONDED FIXED ASSETS, FACILITY, PAST ISSUES WITH OFFICERS, OPERATIONAL CONTROLS, FINANCES, AND EMPLOYEE MATTERS.

COUCH ASKED IF EMPLOYEE INTERVIEWS ARE CONFIDENTIAL AND IF THEY CAN REQUEST.

JONES RESPONDED YES.

MARTINEZ ASKED THE AUDITOR IF THEY MAINTAIN THE FRAUD HOTLINE.

JONES RESPONDED YES. JONES REPORTED THAT THEY ALSO RECEIVE MORE OPEN REMARKS DURING AUDIT.

KING ASKED, CITING PAGE 9 BUDGETED POSITIONS, IF THE DEPARTMENT'S ASSIGNED AUDITORS (6 POSITIONS) IS ADEQUATE.

BEDARD RESPONDED YES AND WILL BE ASSIGNING OTHER AUDITORS TO WORK ON IMPLEMENTATION OF COUNTYWIDE PROGRAMS.

KING ASKED THE AUDITOR WHY THE DEPARTMENT WOULD NOT HIRE ADDITIONAL EMPLOYEES FOR IMPLEMENTATION.

BEDARD RESPONDED THAT UNDER NORMAL CIRCUMSTANCE THAT WOULD BE THE CASE, HOWEVER, A 12 MONTH IMPLEMENTATION PROCESS HAS BEEN SET, FOLLOWING WHICH, THE AUDITOR WILL PULL BACK. THE HIGHEST RISK DEPARTMENTS ARE INCLUDED IN THE AUDIT PLAN FOR NEXT YEAR. THE FOLLOWING YEAR WILL INCLUDE MEDIUM RISK DEPARTMENTS. BEDARD STATED THE DEPARTMENT WILL BE SHORT STAFFED, BUT IS CONFIDENT THEY CAN COMPLETE BOTH TASKS. BEDARD STATED THAT THERE IS NO RISK STEMMING FROM STAFFING OR IMPLEMENTATION FOR ONE YEAR. THEY ARE DOWN STAFF, BUT DID ADD A POSITON TO HELP FILL GAP.

HEARD PRESENTATION; DISCUSSED; PROVIDED DIRECTION TO RECEIVE AND FILE.

KING – COUCH: 2 AYES (KING – COUCH); 1 ABSENT (MAGGARD)

- 7) Proposed revisions by the County Administrative Office and Auditor-Controller-County Clerk to Kern County Ordinance 2.01 *Government Accountability* to include, combine, clarify, and eliminate language related to audit and follow-up processes and responsibilities –

HEARD PRESENTATION BY BALBUENA. REQUEST MADE AT LAST COMMITTEE MEETING TO REVIEW ORDINANCE TO EVALUATE IF AUDIT AND FOLLOW-UP RESOURCES COULD BE REDIRECTED AND BETTER SERVED. REDLINE ORDINANCE WAS ATTACHED. COUNTY ADMINISTRATIVE OFFICE, AUDITOR-CONTROLLER, AND COUNTY COUNSEL REVIEWED REVISED ORDINANCE AND CONCURRED.

COUCH ASKED IF THE ORDINANCE PROVIDES INFORMATION SECURITY.

LAWSON RESPONDED YES THAT LEE ANN HERON, IN ITS, OVERSEES INFORMATION SECURITY FOR THE COUNTY.

KING ASKED THE AUDITOR-CONTROLLER'S OFFICE IF THEY ARE IN CONCURRENCE WITH THE ORDINANCE.

BEDARD RESPONDED YES.

HEARD PRESENTATION; DISCUSSED; PROVIDED DIRECTION TO SUBMIT TO BOARD FOR APPROVAL.

KING – COUCH: 2 AYES (KING – COUCH); 1 ABSENT (MAGGARD)

8) Committee member announcements or reports –

NONE

9) Public comment –

NO ONE HEARD

10) Adjourn –

Meeting Adjourned at 2:05 P.M.

COUCH – KING: 2 AYES (KING – COUCH); 1 ABSENT (MAGGARD)



/s/ Joseph Arriola
Clerk
Audit Advisory Committee