

SUMMARY OF PROCEEDINGS

KERN COUNTY AUDIT ADVISORY COMMITTEE

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

Regular Meeting
Wednesday, January 8, 2020

1:30 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 MAGGARD AT 1:35 P.M.

2) Roll call –

COMMITTEE MEMBERS PRESENT: MIKE MAGGARD (VOTING MEMBER),
GEOFFREY KING (VOTING MEMBER)

COMMITTEE MEMBERS ABSENT: DAVID COUCH (VOTING MEMBER), RYAN
ALSOP (NON-VOTING MEMBER), JORDAN KAUFMAN (NON-VOTING MEMBER)

COMMITTEE STAFF PRESENT: MARY BEDARD, MARGO RAISON

Others In Attendance: Aimee Espinoza, Tony Jones, Julia Burris, Nancy Anderson,
Katrina Balbuena, Elsa Martinez, Joseph Arriola, Chase Nunneley, David Fluhart

CA-3) Minutes from April 24, 2019 Kern County Audit Advisory Committee meeting –

APPROVED

2 AYES (KING, MAGGARD); 1 ABSENT (COUCH)

- CA – 4) Auditor-Controller-County Clerk’s Audit Activity Report for the six months ended June 30, 2019 –

RECEIVE AND FILE

2 AYES (KING, MAGGARD); 1 ABSENT (COUCH)

- CA – 5) County Administrative Office’s June 30, 2019 Compliance and Accountability Report–

RECEIVE AND FILE

2 AYES (KING, MAGGARD); 1 ABSENT (COUCH)

- CA – 6) Auditor-Controller-County Clerk’s Fraud and Ethics Activity Report for the six months ended June 30, 2019 –

RECEIVE AND FILE

2 AYES (KING, MAGGARD); 1 ABSENT (COUCH)

- 7) Presentation by the Auditor-Controller-County Clerk regarding status of the 2019 external audit and internal audit plan for fiscal year 2019-20 –

BEDARD REPORTED ON TRACK TO COMPLETE THE FISCAL YEAR AUDIT WORK WITH THE EXCEPTION OF THE PEER REVIEW DELAY. WITH THE IMPLEMENTATION DELAY, NO NEED FOR A FULL TIME PERSON DESIGNATED UNTIL NEXT YEAR. LOST BOTH STAFF THAT PREPARED CAFR SO NEW ASSISTANT AUDITOR-CONTROLLER ESPINOZA PUT A TEAM OF DIVISION CHIEFS AND ACCOUNTANTS THROUGHOUT THE OFFICE TO PREPARE. AN EXTENSION TO JANUARY 31 WAS OBTAINED AND IS EXPECTED TO BE COMPLETED BY THEN. COUNTYWIDE STATE DISABILITY INSURANCE, BOARD OF TRADE, AND PUBLIC HEALTH AUDITS WERE ADDED INTO THIS FISCAL YEAR WITH THE ADDITIONAL AVAILABLE STAFF FROM DELAYS. ON SCHEDULE TO GO LIVE WITH HUMAN RESOURCE / PAYROLL IMPLEMENTATION JANUARY 2021 AND GENERAL LEDGER PUSHED TO JULY 2021. NO LONGER EXPECTING ANY AUDITORS TO WORK FULL TIME ON THE IMPLEMENTATION BUT WILL CONTINUE TO HAVE TWO AUDITORS BACKFILL PAYROLL THROUGH JANUARY 2021 AND FMS THROUGH JULY 2021.

KING ASKED WHEN LOOKING AT DEPARTMENTS AND COVERAGE BY INTERNAL, EXTERNAL, AND COMPLIANCE AUDITORS, IN TERMS OF DOLLARS AND RISKS, IS COVERAGE ADEQUATE. ARE RESOURCES ADEQUATE TO ENSURE EVERYTHING IS LOOKED AT ON A CURRENT BASIS?

BEDARD REPLIED YES THERE ARE IMPROVED WAYS OF LOOKING AT DEPARTMENTS AND THEY ARE WORKING ON BUILDING COUNTYWIDE UNDERLYING CONTROLS FOR DEPARTMENTS. RIGHT NOW NOTHING IS

FALLING. ONCE AUDITORS ARE BACK, NEXT YEAR OR SO, WILL BE ABLE TO PICK UP ADDITIONAL WORKLOAD. THE STAFFING IS ADEQUATE.

KING ASKED DO YOU LOOK OUT A FEW YEARS TO ENSURE YOU WILL HAVE AMPLE RESOURCES AND ADEQUATE COVERAGE.

BEDARD REPLIED THEY LOOK OUT INTO THE FUTURE. WITH THE NEW IMPLEMENTATION IT IS HARD TO KNOW EXACTLY WHAT IT WILL DO. RIGHT NOW BIGGEST PROBLEM IS TURNOVER.

KING INQUIRED WHAT IS THE ROOT OF THE TURNOVER.

BEDARD REPLIED IT IS A COUNTYWIDE ISSUE AND SOME PEOPLE LEAVE COUNTY ALL TOGETHER. BEDARD IS WORKING WITH HUMAN RESOURCES TO HIRE ENTRY LEVEL. ALSO WORKING WITH STUDENT INTERNS AS POTENTIAL TO HIRE AS THEY COME OUT OF SCHOOL.

KING STATED COMPENSATION AND MARKET KEEPS EMPLOYEES. COUNTY'S PAY SCALE AND A COMPETITIVE ANALYSIS NEEDS TO BE EVALUATED TO KEEP EMPLOYEES.

BEDARD STATED KERN HAS AN ADDITIONAL 5% CERTIFICATION PAY FOR AUDITOR-CONTROLLER ACCOUNTANTS WITH CPA, CFE, AND OTHER CERTIFICATES.

MAGGARD ASKED IF QUALIFICATIONS FOR AUDITOR-CONTROLLER ACCOUNTANTS ARE COMPARABLE TO OTHER DEPARTMENTS OR MORE DESIRABLE.

MARTINEZ STATED PAY SCALE IS SAME ACROSS ALL DEPARTMENTS WITH THE EXCEPTION TO THE ADDITIONAL 5% CERTIFICATION PAY AT THE AUDITOR-CONTROLLER. THE AUDITOR-CONTROLLER ALSO HAS A HIGHER LEVEL OF ACCOUNTANT 1-3 CALLED A SENIOR ACCOUNTANT. PAY NEEDS TO BE LOOKED AT DURING UNION NEGOTIATIONS. ACCOUNTANTS STARTING PAY IS NOT MUCH MORE THAN THE INCREASING MINIMUM WAGE. ACROSS VARIOUS DEPARTMENTS ACCOUNTANTS HAVE THE SAME PAY; HOWEVER THE WORK IS NOT NECESSARILY THE SAME.

KING STATED IT IS HOW THE ENTIRE COMPENSATION PACKAGE, INCLUDING SALARIES AND BENEFITS, COMPARE. THIS ISSUE IS EVERYWHERE, BUT AN ACCOUNTANT IS A SPECIALIZED FIELD THAT IS VERY COMPETITIVE NEEDING TRAINING AND RETENTION. IF YOU CAN REDUCE THE VARIABLES IT WOULD HELP WITH TURNOVER.

MAGGARD ASKED IF EMPLOYEES LEAVE TO OTHERS BECAUSE IT WOULD REQUIRE LESS STRESS OR WORK.

MARTINEZ REPLIED SHE THINKS IT IS BECAUSE OF CAREER PATHS FOR ACCOUNTANTS. THEY HAVE THE CHANCE TO PROMOTE TO BUSINESS MANAGER, ADMINISTRATIVE SERVICE OFFICER, DEPARTMENT HEAD, OR OTHER POSITIONS WITHIN THE COUNTY. THEY ALSO HAVE THE ABILITY TO MOVE AROUND THE COUNTY AS AN ACCOUNTANT. SOME WANT TO DO DIFFERENT TYPES OF ACCOUNTING, A CHALLENGE, AND OTHERS DO NOT.

BEDARD STATED AUDITORS GO AROUND TO DIFFERENT DEPARTMENTS AND MAKE CONNECTIONS THAT HELP THEM MAKE A POSITION CHANGE.

MAGGARD STATED IT WAS A GOOD DISCUSSION AND SOMETHING TO FURTHER DISCUSS AT NEXT MEETING. MAGGARD ASKED BALBUENA TO SEE THAT IT HAPPENS.

KING ASKED ABOUT THE EXTERNAL AUDIT PROGRESS AND THE CHANGE OF FIRMS AFTER 30 YEARS AND WITH A NEW OUTLOOK.

ESPINOZA STATED THEY ARE SCHEDULED TO RETURN THE WEEK OF THE 20TH. IT IS A PERFECT STORM WITH NEW AUDITORS AND STAFF THAT LEFT. WE ARE FIGURING OUT WHAT WAS DONE AND HOW TO WORK WITH THIS NEW FIRM ALL AT THE SAME TIME. COMMUNICATION IS GOOD AND RESPONSIVE. SHE DOES NOT ANTICIPATE ANY ISSUES.

HEARD PRESENTATION; DISCUSSED; RECEIVE AND FILE
2 AYES (KING, MAGGARD); 1 ABSENT (COUCH)

- 8) Committee member announcements or reports –

SCHEDULE NEXT MEETING FOR APRIL OR MAY 2020.

- 9) Public comment –

DAVID FLUHART MADE COMMENT THAT COMMITTEE CATCHED HIS ATTENTION. ALSO COMMENTED ON MARIJUANA DISPENSARY AND RUN FOR BOARD OF SUPERVISORS.

- 10) Adjourn –

ADJOURN AT 1:59PM
2 AYES (KING, MAGGARD); 1 ABSENT (COUCH)