



Mary B. Bedard, CPA
Auditor-Controller-County Clerk

KERN COUNTY AUDITOR-CONTROLLER-COUNTY CLERK

1115 Truxtun Avenue, 1st and 2nd Floor ♦ Bakersfield, CA 93301-4639

January 14, 2020

Board of Supervisors
Kern County Administrative Center
1115 Truxtun Avenue
Bakersfield, CA 93301

**FIRST AND FINAL FOLLOW-UP AUDIT ON PRIOR AUDIT
FINDINGS AND RECOMMENDATIONS
FOR THE PUBLIC WORKS DEPARTMENT
AS OF DECEMBER 5, 2019
(Fiscal Impact: None)**

We are filing our internal audit division's report on the results of our follow-up on the findings and recommendations for the Public Works Department as identified in our audit as reported to the Board of Supervisors on June 25, 2019. A copy of our report is attached.

Therefore, IT IS RECOMMENDED that your Board receive and file this report.

Sincerely,

A handwritten signature in cursive script that reads "Mary B. Bedard".

Mary B. Bedard, CPA
Auditor-Controller-County Clerk

MBB/taj

Attachment

cc: County Administrative Office
Public Works Department



**PUBLIC WORKS DEPARTMENT
COUNTY OF KERN
FIRST AND FINAL FOLLOW-UP AUDIT ON PRIOR FINDINGS
AND RECOMMENDATIONS**

December 5, 2019

**Mary B. Bedard
Auditor-Controller-County Clerk**

**PUBLIC WORKS DEPARTMENT
COUNTY OF KERN
FIRST AND FINAL FOLLOW-UP AUDIT ON PRIOR FINDINGS AND
RECOMMENDATIONS**

December 5, 2019

	Page
Auditor's Report	1



KERN COUNTY AUDITOR-CONTROLLER-COUNTY CLERK

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AUDITOR'S REPORT

Board of Supervisors
County of Kern

Our internal audit division previously performed a full scope audit of the Public Works and an audit report was issued on June 25, 2019. We recently performed a follow-up audit.

Purpose

The purpose of our audit was to determine whether the Public Works Department implemented the recommendations identified in our June 25, 2019 audit.

Scope

The scope of our review included the review of the segregation of duties in the department's cash handling process and the delays in completion of the inventory adjustment request (IAR). Our audit was limited to reviewing actions taken as of December 5, 2019, to implement the two (2) recommendations from our original audit.

Methodology

We conducted our audit in conformance with the International Standards for the Professional Practice of Internal Auditing. The International Standards for the Professional Practice of Internal Auditing require the internal audit activity be independent and internal auditors be objective in performing their work. The Standards also require internal auditors perform their engagements with proficiency and due professional care; the internal audit function be subject to a program of quality assurance; and the results of engagements are communicated.

Our audit included reviewing the department's new cashiering system and the department's segregation of duties. We also reviewed the Inventory Adjustment Report and verified their new process in completing the IARs on a timely basis.

Summary

Our Follow-Up audit found that Public Works implemented the two (2) recommendations from the original audit. Because the two (2) recommendations were implemented, this report represents the final close-out of the original audit.

Previous Findings & Recommendations and Follow-Up Results

1. Cash Segregation of Duties

During our evaluation of internal controls over cash, we noted that cashiers have access to QuickBooks to post payments to customers' accounts. This allows employees to have access to both cash and customers' receivable accounts. We noted several controls in place that can prevent and detect errors or fraud but there was still an issue with deletions occurring without explanation. The Department started correcting the issue at the time of audit fieldwork and will be implementing a different cashiering system within the next fiscal year to not only separate the duties but to also be more user friendly.

Recommendation:

We recommended that the Department implement a review of the QuickBooks deletions report to their reconciliation process until QuickBooks is phased out of use.

Follow-Up Results:

Implemented. The department replaced QuickBooks with a new system called Paradigm. The system addresses control issues revealed in our previous audit. The department also noted that Paradigm allows staff to be more efficient regarding customer billing and the revenue reconciliation process.

2. Delays in Completion of Inventory Adjustment Requests (IARs)

During our evaluation over assets, we noted that Inventory Adjustments are not being completed on a timely basis, several were delayed by months, which can cause Capital Asset records to be inaccurate.

Recommendation:

We recommended the Department implement a policy where the IARs are completed upon approval by Purchasing and/or the Auditor-Controller's Office.

Follow-Up Results:

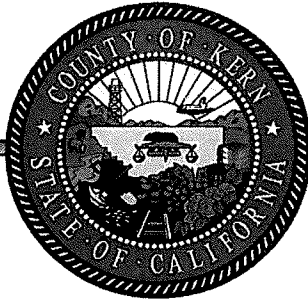
Implemented. The department effectively reduced the total number of delayed IARs by approximately 30%. This is a decrease from 31 delayed IARs in the last audit to 7 as of December 5, 2019. The department implemented a new policy where they now review IARs on a weekly basis and inquire with Purchasing regarding IARs that are not being completed in a timely manner.

This report is intended for the information and use of management, others within the Public Works Department, and the Board of Supervisors. However, this report is a matter of public record and its distribution is not limited.



Tony Jones
Audit Division Chief
December 6, 2019

**KERN COUNTY
PUBLIC WORKS DEPARTMENT
CRAIG M. POPE, P.E., DIRECTOR**



**2700 "M" STREET
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May 27, 2016

County of Kern, Auditor-Controller
Mary B. Bedard, CPA
1115 Truxtun Avenue
Bakersfield, CA 93301-4639

Subject: Response to Audit Findings and Recommendations for Fiscal Years Ended
June 30, 2015 and 2014.

This is written in response to the Auditor-Controller's Roads Department and Kern Regional Transit Enterprise Fund Findings and Recommendations for Fiscal Years ended June 30, 2015 and 2014. The Department wishes to thank the audit staff for the professional, courteous and expeditious manner in which they conducted the audit.

The Department will ensure that the Auditor-Controller's recommendations are implemented.

Sincerely,

A handwritten signature in black ink, appearing to read "Craig M. Pope".

Craig M. Pope
Director