

COMMUNITY ACTION PARTNERSHIP of KERN
BOARD OF DIRECTORS
AUDIT & PENSION COMMITTEE MEETING
5005 Business Park North
May 9, 2016
12:00 p.m.

AGENDA

1. **Call to Order**

2. **Roll Call**

Craig Henderson
Yolanda Ochoa

Tony Martinez
Charlie Rodriguez

Mike Maggard

3. **Approval of Agenda**

4. **Public Forum:** *(The public may address the Committee on items not on the agenda. Speakers are limited to 3 minutes. If more than one person wishes to address the same topic, the total group time for the topic will be 10 minutes. Please state your name before making your presentation.)*

5. **New Business**

- a. Brown Armstrong's Plan for the 2015/16 Audit – Christine Anami, Director of Finance –
Info Item (p. 1-6)

6. **Committee Member Comments**

7. **Next Scheduled Meeting**

Audit Committee Meeting
Thursday, August 4, 2016
12:00 p.m.
5005 Business Park North
Bakersfield, California 93309

8. **Adjournment**

This is to certify that this Agenda notice was posted in the lobby of the CAPK Administrative Office at 5005 Business Park North, Bakersfield, and online at www.capk.org by 12:00pm on May 4, 2016. Amanda Norman, Assistant to the Executive Director.



**Brown Armstrong
Accountancy Corporation**

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Contacts: Andrew Paulden, CPA
Brooke Baird, CPA

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May 9, 2016

We are pleased to have the opportunity to present to you our plan for the audit of the Community Action Partnership of Kern (CAPK) for the year ending February 29, 2016.

This presentation has been prepared to discuss the scope of the audit.

We look forward to presenting this information, addressing your questions and discussing any other matters of interest to the Audit Committee and Management of CAPK.

Best Regards,

Andrew Paulden, Partner
Brooke Baird, Manager
Brown Armstrong Accountancy Corporation

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The Engagement Team

Andy J. Paulden,
CPA
Engagement Partner

Brooke Baird, CPA
Engagement
Manager

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Scheduled Dates of Fieldwork

- Interim
 - Set-up
 - Fieldwork at Client's Office- Weeks of May 16th and May 23rd
- CAPK MPP- Week of July 25th
- Final
 - Set-up from Brown Armstrong Office: Week of September 19th
 - Fieldwork at Client's Office- Weeks of September 26th and October 3rd

Summary

This document outlines our audit strategy and approach for the fiscal year 2016 audit of CAPK and is provided to give CAPK the opportunity to review, discuss and comment on our plan.

Some modifications of the scope of our plan may be required as we execute our audit. We will advise CAPK of any significant changes.

Our Audit Objectives

We are responsible for auditing the statements of financial position of CAPK as of February 29, 2016, and related statements of operations and cash flows for the period then ended. Additionally, following supplementary information accompanying the financial statements will be subjected to the auditing procedures applied in our audit of the financial statements:

- Schedule of expenditures of federal and state awards;
- California Department of Community Services and Development– Supplemental schedules of revenue and expenditures;
- Grant/Contract closeout schedules; and
- Statements of functional expenses

We will perform the additional services as specified by our audit agreement for fiscal year ended February 29, 2016:

- Single Audit in accordance with Uniform Guidance for federal grants;
- Financial and compliance audit of special purpose financial statement to comply with the reporting requirement specified in the agreement with the CDE for the year ended June 30, 2016.
- Compliance and financial audit for the First 5 programs;
- Limited scope audit of CAPK's Defined Contribution Plan; and
- Preparation of the organization's federal and state information returns.

In accordance with the engagement letter our primary objective is the expression of an opinion on CAPK's financial statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, which includes:

- Obtaining reasonable assurance as to whether the financial statements are prepared in accordance with U.S. generally accepted accounting principles and are free of material misstatements, whether caused by error or fraud; and
- Obtaining reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Audit Strategy

Phase I	Phase II	Phase III	Phase IV
Audit Planning	Interim Field Work	Final Field Work	Completion
Familiarize ourselves with any changes in CAPK's operating environment	Assess Internal control environment through client interview and test of controls	Plan and perform substantive audit procedures on financial statement balances	Perform completion procedures
Perform risk assessment procedures	Perform SAS 99 (Fraud evaluation) procedures	Complete any outstanding procedures from interim	Draft internal control management letter comments
Determine planning materiality for financial statements audits and individual federal grants	Identify internal control strengths and weaknesses	Audit of DC plan	Draft Reports
Perform preliminary analytical review	Evaluate design and implementation of selected controls	Conduct final analytical review	Draft management representation letter and have signed
Develop Audit Plan	Test controls over financial reporting and administration	Consider Audit Evidence Sufficiency	Issue auditor's reports and management letter
Identify significant audit areas	Understand accounting and reporting activities	Conclude on critical accounting matters	
Determine nature and extent of audit procedures for each of the significant audit areas	Perform federal and CDE compliance audits and the First 5 program audit.		
Reevaluate the progress of the audit and make any changes on audit approach and procedures, if necessary			
Confirmation of account balances, using client prepared confirmations			

Significant Audit Areas

Based on the results of prior year's audit, we have identified the following as our most significant audit areas:

- ▶ Expenses for Program and Supporting Services, Accounts Payable and Accrued Liabilities
- ▶ Program Revenue, Receivables and Deferred Revenue
- ▶ Property and Equipment
- ▶ Inventory
- ▶ Long Term Debt

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Reports to be Issued

- ▶ Consolidated financial statements and the related consolidated statements of operations and cash flows for the year than ended February 29, 2016:
 - Independent Auditor's Report;
 - Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement Performance in Accordance with Government Auditing Standards;
 - Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance;
 - Report on Compliance with Requirements Applicable to First 5 programs in Accordance with the Program Specific Audit Option Under the Uniform Guidance; and
 - Consolidated schedule of findings and questioned cost.
- ▶ Defined Contribution Plan
 - Independent Auditor's Report
 - Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement Performance in Accordance with Government Auditing Standards;
- ▶ Special Purpose Financial Statements
 - Independent Auditor's Report
 - Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement Performance in Accordance with Government Auditing Standards; and
 - Consolidated schedule of findings and questioned cost.

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Questions

We are looking forward to working with the CAPK team to complete the audit.

Thank you!