

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

September 29, 1992

To: Board of Directors (Executive Committee--Action)
From: Auditor
Subject: District Goal Statement for Internal Audit

Report

On August 20, 1992, your Board adopted eleven goals to carry out the District Mission. The adopted goals include: (1) Water Supply and Reliability, (2) Water Quality, (3) Environmental, (4) Costs, (5) Water Resources, (6) Financial, (7) Land Resources, (8) Facilities Planning and Development, (9) Personnel, (10) Legal Representation, and (11) Organization. In addition, your Board has committed to adopting an additional goal pertaining to health and safety which is being handled this month by a separate letter from the General Manager.

On September 29, 1992, the Special Audit Committee passed by unanimous vote a motion recommending to the Executive Committee that the following internal audit goal also be added to the Board's goal statements:

"MWD will maintain an internal audit function to ensure that organizational policies, laws and regulations, and bond covenants are complied with; assets and resources are safeguarded against waste, loss, or misuse; financial reports and accounts are accurate; information systems are reliable and secure; and systems of internal accounting and administrative controls are adequate."

It was the Special Audit Committee's belief that this goal statement reflects the Board's response to the areas of concern cited therein through its establishment of the independent internal audit function as an element of the overall internal control systems of the organization.

The recommendation in this letter is exempt from the provisions of the California Environmental Quality Act (CEQA) because there is no potential for the adoption of the goal to have an adverse effect on the environment.

Board Committee Assignments

This letter is referred for action to:

The Executive Committee pursuant to Section 2201(e) of Metropolitan's Administrative Code to study, advise, and make recommendations with regard to policies and procedures to be considered by the Board.

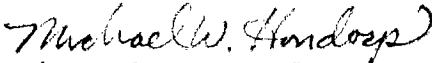
Recommendation

EXECUTIVE COMMITTEE FOR ACTION.

It is recommended that the Board of Directors adopt the following goal for addition to the list of goals and objectives adopted at the August 1992 Board meeting:

INTERNAL AUDIT GOAL

MWD will maintain an internal audit function to ensure that organizational policies, laws and regulations, and bond covenants are complied with; assets and resources are safeguarded against waste, loss, or misuse; financial reports and accounts are accurate; information systems are reliable and secure; and systems of internal accounting and administrative controls are adequate.


Michael W. Hondorp

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