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**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

APR 11 1995

9-3

*Baron E. [Signature]*  
EXECUTIVE SECRETARY

April 3, 1995

To: Board of Directors  
From: Auditor  
Subject: Audit Department Report for March 1995

This report highlights significant activities or accomplishments of the Audit Department during March 1995. Transmitted as an attachment is a listing of audit assignments for which staff effort was expended during the month.

Audit work was completed on the review of the District's cash basis financial statements as of and for the six months ended December 31, 1994, and such statements were transmitted to the Board.

An assignment to review certain information systems development costs was completed in March and a report thereon, dated March 3, 1995, was issued to the Special Audit Committee. At month-end, the department's information systems auditors were in the process of concluding their Phase One systems development monitoring work. They will be continuing to monitor the production versions of the new applications after implementation on April 3. They will also be assisting the financial auditors and KPMG Peat Marwick's staff in the coming months in reviewing system controls, data conversion activities, and financial reports.

Several members of the financial audit staff participated in a short case-study exercise that was conducted by Professor Michael Favere, CPA, of the University of Southern California School of Business Administration. I spent a significant amount of time in March providing information and assistance to the Institute of Internal Auditors Quality Assurance Review project team. I also provided materials to the KPMG Peat Marwick staff who are conducting the comparative survey of internal audit organizations. Time was also spent in preparation for the recruitment of a replacement staff auditor. Interviews to fill the existing vacancy are planned for mid-April.

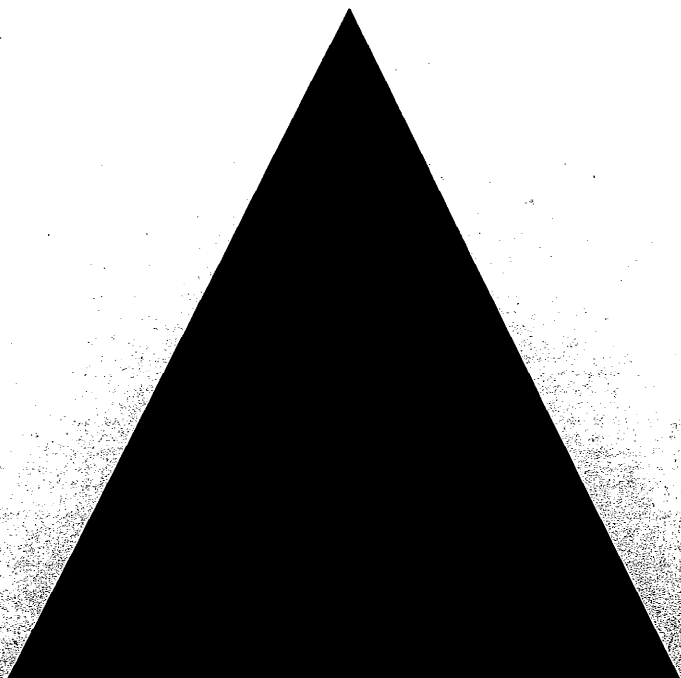
*Michael W. Hondorp*  
Michael W. Hondorp

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Attachment

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