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METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MAY - 9 1995

Harold E. Duff
EXECUTIVE SECRETARY

9-3

May 1, 1995

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

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

A variety of department activities occurred in early April in support of the April 18 Special Audit Committee meeting, including the completion of a Director Handbook for committee members. I also prepared a written response to the report on the Quality Assurance Review (QAR) of the Audit Department by the Institute of Internal Auditors (IIA). A summary of the QAR report was presented to the committee by the IIA Project Manager. Later in the month, I met separately with General Manager Wodraska and with Deputy General Manager Horne to discuss issues addressed in the QAR report, including audit-management relations and joint audit work plan development. I also prepared a letter on Auditor performance and compensation issues and presented it to the Ad Hoc Committee (of the Special Audit Committee) to Review Auditor Performance and Compensation on April 24.

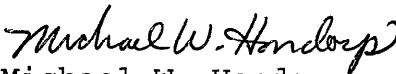
With the implementation of the new Phase One core-business systems at the beginning of April, the department's information systems auditors began the transition from reviewing systems under development to testing systems in production. These efforts to monitor the rollout of the new systems will involve close coordination with both the department's financial auditors and the District's external auditors.

Other assignment activities included several meetings with staff on the results of the October 1994 inventory of operating equipment, as well as discussions on matters noted during our current review of agreements associated with the rebate Ultra Low-flush Toilet Program. In addition, the results of the Controller's March 1995 inventory of Central Stores warehouses were reviewed and the preliminary results of

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our review of certain office/warehouse facilities leases were provided to staff for review and comment. I also provided input and attended meetings related to the ongoing Business Resumption Planning project.

Interviews were conducted with applicants for the vacant Deputy Auditor III position on April 27 and 28. Several qualified candidates were identified during the process and an offer of employment is expected to be made in the near future.


Michael W. Hondorp

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Attachment

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