

• **Audit, Budget and Finance Committee**

February 12, 2001 Committee Meeting

10d

Subject

Status Report on Fiscal Year 2000-01 Audit Work Plan as of December 31, 2000

Description

This report provides your committee with the status of audit work activities for the first six months of fiscal year 2000-01. A summary report, by Primary Audit Subject (**Attachment 1**), and a detail listing of current audit assignments (**Attachment 2**) are attached which show both budget estimates and actual time incurred for the six-months ended December 31, 2000.

The budget estimates are shown both as originally approved *and* as updated to reflect the proposed revisions discussed at the October 17, 2000, Special Audit Committee meeting. At that meeting, the Interim General Auditor requested approval to revise the FY00-01 Audit Work Plan to reflect a risk assessment on all assignments and a reduction in the planned use of the co-sourcing agreement with KPMG. These mid-year revisions result in a reduction of 4,655 hours from the original plan (18,300 to 13,645 hours). While approval of the revised audit work plan is a separate agenda item for the February 2001 Committee meeting, the attached detailed listing of current audit assignments (**Attachment 2**) compares actual hours to the proposed revised budgeted hours.

As of December 31, 2000, cumulative assignable time totaled 5,875 hours; 7,770 hours are planned for the balance of the fiscal year (13,645 minus 5,875). The higher assignable hours for the second half of the year reflect higher staffing levels as a result of the Department's recently completed recruiting efforts.

Finally, due to the dynamic nature of the work plan and the Audit Department's activities, other adjustments to assignment priorities and time budgets may need to be made to the plan during the remainder of the year.

Policy

Existing. Administrative Code Section 2561(a)(2) specifies that the Special Audit Committee shall study, advise and make recommendations with regard to the Audit Department's annual work plan.

Fiscal Impact

Not Applicable


Interim General Auditor

1/8/2001
Date

Attachment 1 – Summary by Primary Subject

Attachment 2 – Detail Listing of Current Audit Assignments

**FY 2000-01 Audit Work Plan
Summary by Primary Audit Subject
As of December 31, 2000**

PRIMARY AUDIT SUBJECT	FY 1999-00		FY 2000-01				Actual Hours	
	Actual Hours	Pct	Budget Hours				July - Dec	Pct
			nal Budget	edRevisions	ed Budget	Pct		
	(A)			(B)				
SAFEGUARDS OVER DISTRICT ASSETS	2,456	19%	4,360	(1,760)	2,600	19%	1,554	26%
CONSTRUCTION AND CONTRACT AUDITS	3,890	29%	4,280	(70)	4,210	31%	1,591	27%
SERVICES TO BOARD AND MANAGEMENT	3,320	25%	5,000	(1,710)	3,290	24%	1,324	23%
WATER RESOURCE PROGRAMS	1,861	14%	2,760	(635)	2,125	16%	826	14%
O&M PROGRAM COSTS	995	7%	900	(480)	420	3%	189	3%
EXTERNAL FINANCIAL REPORTS	751	6%	1,000	-	1,000	7%	392	7%
TOTALS	13,273	100%	18,300	(4,655)	13,645	100%	5,875	100%

Notes:

(A) FY99-00 hours include the Internal Audit Department hours, co-sourcing hours are not included.

(B) The proposed revisions reflect results of a risk assessment on all assignments, a change in the assumption on the use of the co-sourcing agreement with KPMG and a reduction in department personnel.

**FY 2000-01 Audit Work Plan
Detail Listing of Current Audit Assignments
As of December 31, 2000**

Job No.	Job Title	FY2000-01 Budget Hours			Actual	Remaining Budget	Comments
		Original Budget	Revisions	Revised Budget	ive FY 2000-01		
Category 1 - SAFEGUARDS OVER DISTRICT ASSETS							
255	Miscellaneous Financial Reviews	170	10	180	98.5	81.5	Continuing Annual Assignment
355	Miscellaneous Information Technology Assignments	310	(85)	225	102.0	123.0	Continuing Annual Assignment
465	PIR -- Investment Management System	300	(300)	-	1.0	(1.0)	Deferred based on risk assessment
564	Stores Inventory -- Quarterly Cycle Counts	160	25	185	110.0	75.0	Continuing Annual Assignment
596	Operating Equipment Inventories -- Quarterly	240		240	138.5	101.5	Continuing Annual Assignment
602	Petty Cash Counts	120		120	44.5	75.5	Continuing Annual Assignment
639	Vehicle Fleet Cost / Utilization	300	145	445	396.0	49.0	Work in progress; 95% complete
646	Monitor Risk Management Activities	40	(35)	5	4.0	1.0	Continuing Annual Assignment
658	Audit Department Software Maintenance and Upgrades	220	180	400	320.0	80.0	Continuing Annual Assignment
668	Pre-Contract Award Audits	400	(400)	-	-	-	As Requested by Management
677	Review Business Resumption Plans -- Information Systems	80		80	54.0	26.0	Continuing Annual Assignment
692	Data Center Review	240	(240)	-	1.0	(1.0)	Deferred based on risk assessment
707	KPMG Internal Audit Support Services	200	(160)	40	22.5	17.5	Continuing Annual Assignment
708	Audit Recommendations Tracking	140		140	26.5	113.5	Continuing Annual Assignment
724	Quarterly Review of Purchase Card Transactions	320		320	178.5	141.5	Continuing Annual Assignment
726	Review Asset Management Activities	300	(300)	-	-	-	Deferred based on risk assessment
734	PIR -- LIMS	240	(240)	-	1.0	(1.0)	Deferred based on risk assessment
738	Monitor Enterprise-wide IT Security Implementation	220		220	56.0	164.0	Work in progress
766	Review of Risk Management Function	300	(300)	-	-	-	Deferred based on risk assessment
773	Review Water Billing Adjustment Process	60	(60)	-	-	-	Deferred based on risk assessment
Total Category 1 - SAFEGUARDS OVER DISTRICT ASSETS		4,360	(1,760)	2,600	1,554.0	1,046.0	
Category 2 - CONSTRUCTION AND CONTRACT AUDITS							
493	Monitor Diamond Valley Lake Project Costs	200		200	208.0	(8.0)	Complete Master Audit Assignment in FY00-01
508	Monitor Inland Feeder Project	1,200	(80)	1,120	822.0	298.0	Multi-year Master Audit Assignment
538	Consulting Agreement Audits	1,000	50	1,050	394.5	655.5	Multi-year Master Audit Assignment
631	Oxidation Retrofit Construction Projects	320		320	-	320.0	Multi-year Master Audit Assignment
681	JIT Contracts/Inventory Replenishment Contracts	240	20	260	160.5	99.5	Multi-year Master Audit Assignment
720	Monitor Alameda Corridor Project	320	(320)	-	5.5	(5.5)	Multi-year Master Audit Assignment
736	Monitor Diamond Valley Lake Recreation Project	400	(40)	360	-	360.0	Multi-year Master Audit Assignment
741	Review of Agreements for Agency Temps	-	300	300	-	300.0	Moved-up from FY01-02 based on risk assessment
777	Audits of Other Major Construction Projects	600		600	-	600.0	Multi-year Master Audit Assignment
Total Category 2 - CONSTRUCTION AND CONTRACT AUDITS		4,280	(70)	4,210	1,590.5	2,619.5	

**FY 2000-01 Audit Work Plan
Detail Listing of Current Audit Assignments
As of December 31, 2000**

Job No.	Job Title	FY2000-01 Budget Hours			Actual	Remaini ng Budget	Comments
		Origi nal Budget	ed Revisio ns	Revis ed Budget	ive FY 2000- 01		
Category 3 - SERVICES TO BOARD AND MANAGEMENT							
458	Environmental Compliance Systems -- SDLC	40		40	40.0	-	Completed Work Started in FY99-00
524	Electronic Document Management Project -- SDLC	100	(20)	80	70.5	9.5	Completed Work Started in FY99-00
539	Review Corporate Business Resumption Plan	160	(160)	-	-	-	Deferred based on risk assessment
540	Surname or Review Contracts	80		80	33.5	46.5	Continuing Annual Assignment
545	Overall Internal Control Assessment Project, including IT	360	(360)	-	-	-	Deferred based on risk assessment
568	Federal Grants Management	120	(40)	80	16.5	63.5	Primary focus on update of Indirect Cost Allocation Plan
592	Attendance at District Management Meetings	140		140	28.5	111.5	Continuing Annual Assignment
593	Special Audit Committee Support	320	15	335	240.0	95.0	Continuing Annual Assignment
594	Board and Committee Activities	180		180	69.5	110.5	Continuing Annual Assignment
653	Misc. Advisory Services to Management & Staff	400	(170)	230	92.5	137.5	Continuing Annual Assignment
660	SOMMS -- SDLC	220		220	122.0	98.0	Complete Work Started in FY99-00
664	Windows NT/2000 Implementation -- SDLC	200		200	66.5	133.5	Work in progress
690	Participate in IT Governance Process	220	(35)	185	75.0	110.0	Continuing Annual Assignment
710	Board Governance and Strategic Plan	80		80	-	80.0	
717	Follow-up on Quarterly Info. Technology Projects Status Reports	120		120	22.0	98.0	Continuing Annual Assignment
718	Oracle Financials Upgrade -- SDLC	220		220	11.0	209.0	Work in progress
719	Enterprise Server Upgrade -- SDLC	220		220	77.0	143.0	Work in progress
727	Special Management-Requested Reviews	400	(400)	-	4.5	(4.5)	As Requested
737	Web-based PeopleSoft Upgrade -- SDLC	220		220	1.0	219.0	
742	Review of Selected Board-Required Reports	240	(240)	-	-	-	As Requested
767	Special Board of Directors-Required Reviews	400	(400)	-	-	-	As Requested
768	Assist IT Management on DWR SAP Systems Upgrade Project	100		100	68.0	32.0	Work in progress
771	Review of Activity Based Costing Implementation	240	(140)	100	38.5	61.5	Work in progress
779	SCADA Upgrades -- SDLC	220		220	61.5	158.5	Work in progress
781	Review Capital Projects Reporting Process	-	240	240	186.0	54.0	New assignment requested by Special Audit Committee
Total Category 3 - SERVICES TO BOARD AND MANAGEMENT		5,000	(1,710)	3,290	1,324.0	1,966.0	

Category 4 - WATER RESOURCE PROGRAMS							
252	State Water Project Contract Matters	100	(20)	80	11.5	68.5	Continuing Annual Assignment
523	Monitor Interim Agricultural Water Program	220	60	280	166.5	113.5	Continuing Annual Assignment
632	CAL-FED Category III Agreement Compliance	400	(260)	140	76.0	64.0	Based on favorable prior audit results, hours reduced
637	Seasonal Storage Program Status	220	(30)	190	104.5	85.5	Continuing Annual Assignment
671	Review of Reclamation & Groundwater Recovery Programs	1,100	(40)	1,060	466.5	593.5	Multi-year Master Audit Assignment
721	Review of High Efficiency Clothes Washer Rebate Program	240		240	1.0	239.0	
723	Review Groundwater Storage Program Agr. With Member Agencies	240	(105)	135	-	135.0	Multi-year Master Audit Assignment
735	Review Colo. River Aqueduct Groundwater Storage Agreements	240	(240)	-	-	-	Multi-year Master Audit Assignment
Total Category 4 - WATER RESOURCE PROGRAMS		2,760	(635)	2,125	826.0	1,299.0	

**FY 2000-01 Audit Work Plan
Detail Listing of Current Audit Assignments
As of December 31, 2000**

Job No.	Job Title	FY2000-01 Budget Hours			Actual	Remaini ng Budget	Comments
		Original Budget	ed Revisio ns	Revis ed Budget	ive FY 2000- 01		
Category 5 - O&M PROGRAM COSTS							
228	Employee/Director Expense Claims & Annual Report	240		240	189.0	51.0	Continuing Annual Assignment
633	Bulk Chemical Purchases / Usage	140		140	-	140.0	
650	Amortization of SWP Participation Rights	40		40	-	40.0	Continuing Annual Assignment
667	Tuition Reimbursement Plan Review	240	(240)	-	-	-	Deferred based on risk assessment
697	Computer Equipment Acquisition	240	(240)	-	-	-	Deferred based on risk assessment
Total Category 5 - O&M PROGRAM COSTS		900	(480)	420	189.0	231.0	

Category 6 - EXTERNAL FINANCIAL REPORTS							
242	Federal & State Lobbying Reports	80		80	27.0	53.0	Continuing Annual Assignment
619	Financial Diagnostic Reviews	200		200	-	200.0	Continuing Annual Assignment
683	Annual Review of Debt Issues	140		140	79.0	61.0	Continuing Annual Assignment
687	Annual Bond Statement Update	20		20	-	20.0	Continuing Annual Assignment
688	Annual Financial Report & CAFR	60		60	50.0	10.0	Continuing Annual Assignment
714	Assist External Auditor: Quarterly & Y/E Audits -- FY 1999-00	100		100	95.5	4.5	Contractual Obligation
778	Assist External Auditor: Quarterly & Y/E Audits -- FY 2000-01	400		400	140.0	260.0	Contractual Obligation
Total Category 6 - EXTERNAL FINANCIAL REPORTS		1,000	-	1,000	391.5	608.5	
TOTAL ASSIGNMENTS		18,300	(4,655)	13,645	5,875.0	7,770.0	

Internal Audit Personnel	15,000	(1,635)	13,365	5,674.0	7,691.0
Co-Sourcing	3,300	(3,020)	280	201.0	79.0
	18,300	(4,655)	13,645	5,875.0	7,770.0