

- **Board of Directors**  
**Executive Committee**  
**Audit Subcommittee**

February 11, 2003 Board Meeting

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**8-14**

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**Subject**

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Approve amendments to Metropolitan Water District Administrative Code for changes regarding authority to obtain professional services

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**Description**

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This letter transmits changes to Division VI, Article 4, General Auditor, of the Administrative Code to prohibit the use of external auditors for consulting work for Metropolitan or other work that conflicts with their responsibilities as Metropolitan's external auditors. The amendments to § 6452 of the Administrative Code were requested by members of the Audit Subcommittee.

The proposed substantive amendments are set forth in [Attachment 1](#), with strikeouts showing deletions and underlining showing additions. [Attachment 2](#) shows the new version of § 6452 of the Metropolitan Water District Administrative Code, as it would read upon board approval.

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**Policy**

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Metropolitan Water District Administrative Code § 6452: Authority to Obtain Professional Services

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**California Environmental Quality Act (CEQA)**

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CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves continuing administrative activities, such as personnel-related actions, general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, where it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action is not subject to CEQA pursuant to Sections 15378(b)(2) and 15061(b)(3) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

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**Board Options/Fiscal Impacts**

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**Option #1**

Adopt the CEQA determination and approve the changes to the Administrative Code set forth in [Attachment 1](#).

**Fiscal Impact:** None

**Option #2**

Do not adopt the changes to the Administrative Code set forth in [Attachment 1](#).

**Fiscal Impact:** None

**Staff Recommendation**

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Option #1

  
Gerald C. Riss  
General Auditor

12/30/2002  
Date

**Attachment 1 – Administrative Code Amendments showing additions and deletions**

**Attachment 2 – Administrative Code Amendments in final form**

BLA #2077

**§ 6452. Authority to Obtain Professional Services.**

The General Auditor is authorized to employ the services of independent auditors or other professional or technical consultants to advise or assist him in performing his assigned duties as may be required or as he deems necessary provided that the amount to be expended in fees, costs, and expenses under any one contract in any one year shall not exceed \$40,000. External auditors, while employed as external auditors for Metropolitan, are prohibited from performing any other consulting work for Metropolitan or performing any work for other clients that conflicts, or may conflict, with their responsibilities as Metropolitan's external auditors. These prohibitions shall be included in Metropolitan's agreements with external auditors. The General Auditor shall inform the Audit, ~~Budget and Finance Committee~~ Subcommittee whenever he exercises the authority granted under this section and he shall further report quarterly to the Legal, Claims and Personnel Committee concerning any agreements entered into under this section.

**§ 6452. Authority to Obtain Professional Services.**

The General Auditor is authorized to employ the services of independent auditors or other professional or technical consultants to advise or assist him in performing his assigned duties as may be required or as he deems necessary provided that the amount to be expended in fees, costs, and expenses under any one contract in any one year shall not exceed \$40,000. External auditors, while employed as external auditors for Metropolitan, are prohibited from performing any other consulting work for Metropolitan or performing any work for other clients that conflicts, or may conflict, with their responsibilities as Metropolitan's external auditors. These prohibitions shall be included in Metropolitan's agreements with external auditors. The General Auditor shall inform the Audit Subcommittee whenever he exercises the authority granted under this section and he shall further report quarterly to the Legal, Claims and Personnel Committee concerning any agreements entered into under this section.