- **Internal Audit Report for January 2006**

Summary

Two Audit Reports were issued during the month:
- **Review of Disability Management Audit Report—Generally Satisfactory Opinion**
- **Metropolitan's Web Platform/Infrastructure Audit Report—Satisfactory Opinion**

Discussion Section

This report highlights the significant activities of the Internal Audit Department during January 2006. In addition to presenting background information and the opinion expressed in the audit reports, a discussion of findings noted during the examinations is presented.

Review of Disability Management Audit Report

Background
Disability management is the practice of providing preventive and remedial services to minimize the impact and cost of disability and to enhance productivity. It uses services, people, and materials to (i) minimize the impact and cost of disability to the employer and the employee and (ii) encourage return to work of an employee with disabilities. Metropolitan's operating policy E-11, Return-to-Work Procedures, and Family and Medical Leave Act (FMLA) Procedural Guidelines are the policy and procedures relevant to disability management. Such policies and procedures encourage employees' prompt return-to-work with physician approval; prevent harm to employees from returning to work prior to adequate recovery from injury or illnesses; prevent employees from returning to work without suitable safety considerations; and provide consistent administration of disability benefits. During our review period, Workplace Health & Safety processed approximately 170 Return-to-Work cases. Employees who return-to-work after a disability may have permanent, temporary, or no restriction placed upon their work activities. Metropolitan accommodates employees with temporary or permanent restrictions to assist in their transition to return to work and also provides vocational rehabilitation when required.

Opinion
In our opinion, the operating and administrative procedures over disability management include those practices usually necessary to provide for a generally satisfactory internal control structure. The degree of compliance with such policies and procedures provided effective control for the period July 1, 2003 through June 30, 2005.

Comments and Recommendations
During our review, we noted isolated instances of non-compliance with the Family Medical Leave Act (FMLA) Procedural Guidelines and we also noted that an Employees Return to Work report was incorrect in one instance. We also observed that the FMLA procedural guidelines were

unclear as to whether managers or supervisors are responsible for notifying Human Resources of potential FMLA/California Family Rights Act leaves.

We understand that revised versions of Operating Policy E-11 and Return To Work Procedures are in the process of being finalized. We recommended that Human Resources review the FMLA Procedural Guidelines and make necessary changes. In addition, we recommended that management establish target dates for the Operating Policy E-11 and Return To Work Procedures to be approved by group managers and signed off by senior management. Finally, we recommended that management conduct periodic reviews to ensure compliance with these procedures.

Metropolitan's Web Platform/Infrastructure Audit Report

Background
Metropolitan's Web platform includes five Microsoft Web Servers that host nine distinct and separate websites. These include: 1) Metropolitan's main Website, 2) Diamond Valley Lake, 3) Arrowhead Tunnel Project, 4) MWD Board of Directors, and 5) MWD Member Agencies Websites. These servers utilize Microsoft Windows 2003 Server Standard Edition and Microsoft Internet Information Services (IIS) 6.0 software. Windows Server 2003 is an infrastructure platform for powering connected applications, networks, and Web services from the workgroup to the data center. The Internet Information Services (IIS) 6.0 software provides a reliable, manageable, and scalable Web application infrastructure for all versions of Windows Server 2003. IIS helps increase Web site and application availability while lowering system administration costs. Two of the five servers are production servers and are accessible to the public via the Internet. The remaining three servers are internal servers accessible only to MWD employees. One of these servers is used to host Metropolitan's Internal Website (Intramet) and two servers are used for website development.

Opinion
In our opinion, the administrative procedures over Metropolitan's Web Platform/Infrastructure include those practices usually necessary to provide for a satisfactory internal control structure. The degree of compliance with such procedures provided effective control as of September 22, 2005.

Comments and Recommendations
Minor comments were noted in the areas of lack of Web Enterprise Architecture for a Multi Tier application environment; incomplete policies and procedures documentation for Web Servers; undocumented "update" user permission exceptions; and lack of encryption for confidential documents on Directors' Website. IT management agreed with our comments and recommendations and has initiated action plans for improvements.