

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

AUDIT AND ETHICS COMMITTEE

July 24, 2012

Chair Friedman called the meeting to order at 9:33 a.m. in Committee Room 1-102 at Metropolitan's Headquarters.

Members present: Chair Friedman, Directors Barbre, Blake, Dick, Edwards, Grandsen, Wright, and Wunderlich.

Members absent: Vice Chair Quiñonez, Director Ballen.

Other Board Members present: Directors Brown, Hawkins, Lewinger, Little, Morris, Peterson, and Wilson

Staff present: Bennion, Borrego, Breaux, DeBacker, C. Gutierrez, Pellegrini, D. Phan, Riss, Soper, Scully, Sotoodeh, and Waade.

1. OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE COMMITTEE ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION

No members of the public responded.

2. COMMITTEE ITEMS

a. Subject: Discussion of KPMG fiscal year 2011/12 Audit Plan

Presented by: General Auditor Gerald C. Riss

General Auditor Riss introduced Chris Ray, KPMG Engagement Partner, to present the fiscal year 2011/12 External Audit Plan.

Mr. Ray described the scope and major audit areas of Metropolitan's financial statements, such as cash and investments, prepaid State Water Project costs, derivatives, capital assets, long-term obligations, post-employment benefits other than pensions, water sales, power and water costs, and operations and maintenance costs. Mr. Ray also discussed the timing of the audit and planned issuance of reports:

- October 9, 2012 - Metropolitan's Financial Statements; Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with Government Auditing Standards; and the Audit of the Trustee Agency Financial Statements (Colorado River Authority and Six Agency Committee).
- November 16, 2012 - The Single Audit.
- December 6, 2012 - The Comprehensive Annual Financial Report and Annual Letter of Recommendation to Management (if applicable).

Chair Friedman then conducted a discussion on matters related to cash and investment, State Water Project, and modified accrual accounting.

Meeting adjourned at 9:42 a.m.

Laura Friedman
Chair