

**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**MINUTES**

**AUDIT AND ETHICS COMMITTEE**

**April 28, 2015**

Chair Friedman called the meeting to order at 9:03 a.m. in Committee Room 2-145 at Metropolitan's Headquarters.

Members present: Chair Friedman, Vice Chair Dear, Directors Ballin, Barbre, Dick, Hogan, Quiñonez (arrived at 9:22 a.m.), and Wunderlich.

Members absent: None.

Other Board Members present: Directors Ackerman, Beard, Blois, Kurtz, Lefevre, McKenney, Morris, Murray, Peterson, Record, and Steiner, and Tu.

Staff present: Borrego, Breaux, Ghaly, C. Gutierrez, Jankovic, T. Lee, D. Phan, G. Riss, Schomaker, Torres Jr., Von Haam, E. Yamasaki, and E. Young.

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

No members responded.

**2. APPROVAL OF THE MINUTES OF THE MEETING OF THE MEETING OF THE AUDIT AND ETHICS COMMITTEE HELD OCTOBER 28, 2014**

Motion Carried

Moved: Director Ballin                      Seconded: Director Wunderlich

Ayes: Chair Friedman, Vice Chair Dear, Directors Ballin, Barbre, Dick, Hogan, and Wunderlich.

Noes: None

Abstentions: None

Absent: Director Quiñonez.

The motion passed by a vote of 7 ayes, 0 no, 0 abstained, and 1 absent.

Director Quiñonez entered the meeting at 9:22 a.m.

### 3. COMMITTEE ITEMS

- a. Subject: General Auditor's summary of activities for the Audit Department

Presented by: General Auditor Gerald Riss

General Auditor Riss reported that from October 2014 through March 2015, the Audit Department issued 12 audit reports, 6 reviews, 4 comfort letters, and the Single Audit Report for Year Ending June 30, 2014. He added that 11 audit reports were issued with generally satisfactory opinions, one audit report was issued with a satisfactory opinion, and that concerns noted were addressed by management.

- b. Subject: Ethics Officer's summary of activities for the Ethics Department

Presented by: Ethics Officer Deena Ghaly

Ethics Officer Deena Ghaly reported that the Ethics Office provides education, advice, compliance, investigations, and policy making work. For this period, the focus has been primarily on the education and compliance functions. Live AB 1234 ethics training was held in November 2014. The Ethics Department coordinates with the Legal Department and sends conflicts bulletins to directors prior to the board meetings. An article on a discrete area that we think may be of interest is written each month for the monthly report. The Ethics Office provides targeted issue-specific trainings for groups within Metropolitan. The Ethics Officer is the Filing Officer for economic disclosure statements and one of the projects entails the bi-annual review of the conflicts code as well as processing the economic disclosure statements for directors and designated employees. Further, the Ethics Officer meets with all new directors to familiarize them with Metropolitan's internal ethics rules, what the Ethics Office does, and what is required to fulfil ethics education requirements. The Ethics Officer or staff also meets with all new Metropolitan employees to give them an overview of the Ethics Office, what the Ethics Office does, and when and how they should contact the Ethics Office.

It was requested that the Ethics Office provide a presentation at the next Audit & Ethics Committee meeting regarding an Ethics Office survey for benchmarking how people view the Ethics Office.

- c. Subject: Oral report on E-Disclosure

Presented by: Ethics Officer Deena Ghaly

Ethics Officer Deena Ghaly reported that an application to keep track of gifts and one to keep track of stock transactions was not compatible with the E-Disclosure system which caused frustration for many economic disclosure filers. The software developer is in the process of making both applications compatible with the E-Disclosure system.

Further, filers who had multiple filings were forced to enter their information multiple times in order to file electronically with different agencies. This also caused frustration for the filers. The Committee requested that the Ethics Officer write to the Fair Political Practices Commission (FPPC) and request that the FPPC reconsider how they administer the statement of economic interests filing program.

- d. Home committee discussion of Department Head Performance and Board Expectations

In closed session there was a discussion regarding the General Auditor's performance and Board expectations. No action was taken.

- e. Home committee discussion of Department Head Performance and Board Expectations

In closed session there was a discussion regarding the Ethics Officer's performance and Board expectations. No action was taken.

#### **4. ADJOURNMENT**

Meeting adjourned at 10:30 a.m.

Laura Friedman  
Chair