

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

AUDIT AND ETHICS COMMITTEE

February 23, 2016

Committee Vice Chair Dear called the meeting to order at 12:30 p.m. in Committee Room 2-145 at Metropolitan's Headquarters.

Members present: Committee Vice Chair Dear, Directors Ballin, Barbre, Dick, Galleano, Hogan, Quiñonez, and Wunderlich.

Members absent: Committee Chair Friedman

Other Board Members present: Chairman Record, Directors Ackerman, Atwater, Beard, Blois, Dake, Faessel, Kurtz, Lewinger, McKenney, Morris, Murray, Peterson, Ramos, Record, and Steiner.

Staff present: Beatty, Berbeo, Borrego, Breaux, L. Carrillo, D. Ghaly, Hasencamp, Jankovic, Kightlinger, Patterson, Mares, Phan, Pitman, Randolph, Riss, Scully, Sims, Soper, Torres Jr., Von Haam, Upadhyay, and Zinke.

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 MEETINGS OF THE AUDIT AND ETHICS COMMITTEE HELD OCTOBER 27, 2015

Moved: Director Barbre Seconded: Director Dick

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

Noes: None

The motion passed unanimously.

3. COMMITTEE ITEMS

a. Subject: General Auditor's report of monthly activities

Presented by: General Auditor Gerald Riss

General Auditor Riss provided a report of activities since October 2015, regarding several audit reports and bond comfort letters.

- b. Subject: Discussion of Information Technology Business System Data Backup and Recovery Audit Report

Presented by: General Auditor Gerald Riss

General Auditor Riss provided a detailed report on the Department's review of the IT Business Systems Backup and Recovery program, background and purpose of the program, the structure of the audit, and a summary of its findings. Mr. Riss reported that the report was issued with an opinion that the controls and procedures over IT Backup and Recovery practices provide for a less than satisfactory internal control structure. He stated that this opinion is the result of differences between BIA and IT Business System Disaster Recovery Technical Recovery (BSDR) Procedures in identifying critical systems, and defining Recovery Time Objectives (RTOs). He added that management has initiated remedial actions in response to the audit concerns.

Program Manager Jose Sanchez provided a detailed report about management's responses to the findings and corrective actions.

The presentation was followed by comments and questions from directors.

- c. Subject: Ethics Officer's report of monthly activities, discussion of staffing additions, and budget

Presented by: Ethics Officer Deena Ghaly

Ethics Officer Ghaly provided an update of recent activities concerning: (1) the Ethics Department's proposed budget and reorganization; and (2) implementation of an electronic matter management and reporting system. The presentation was followed by comments and questions from directors.

Committee Vice Chair Dear exited the meeting at 1:55 p.m.; Chairman Record chaired the remainder of the meeting.

- d. General Auditor Evaluation Progress Check [**Public employee's performance evaluations – General Auditor; to be heard in closed session pursuant to Gov. Code Section 54957**]

Discussion in closed session; no action taken.

- e. Ethics Officer Evaluation Progress Check [**Public employee's performance evaluations – Ethics Officer; to be heard in closed session pursuant to Gov.**]

Code Section 54957]

Discussion in closed session; no action taken.

Meeting adjourned at 3:05 p.m.