

# Metropolitan Water District of Southern California

## June 30, 2019 Audit

### Audit Plan and Strategy

#### **Engagement Team**

- Chris Ray, Engagement Partner
- Mark Thomas, Engagement Quality Control Reviewing Partner
- Brianne Wiese, Engagement Managing Director
- Liezl Sangalang, Engagement Senior Manager

#### **Scope of June 30, 2019 Audits**

- MWD financial statements
- MWD Comprehensive Annual Financial Report
- Six Agency Committee financial statements
- Colorado River Joint Powers Authority financial statements
- MWD Asset Financing Corporation financial statements, as necessary
- Single Audit internal control and compliance report, as necessary

#### **Areas of Audit Focus for Financial Statements**

- Cash and investments
- Capital assets, including participation rights in State Water Project (GASB 83 Implementation)

#### **Areas of Audit Focus for Financial Statements (Continued)**

- Derivatives
- Long-term debt
- Other post-employment benefits
- Pensions
- Water sales
- Power and water costs
- Operation and maintenance expenses

#### **Risk Assessment**

- Significant risk: management override of controls (susceptibility to fraud)
- No other significant risks noted

#### **Materiality in the Context of an Audit**

- Professional standards and judgments

#### **Involvement of Others**

- Internal audit assistance

#### **Timing of Audit**

- April/May- Planning meetings with management
- June - Interim testwork
  - Perform entity level and understanding of the process
  - Completion of certain substantive procedures at interim date
- August-September- Final testwork
  - Substantive procedures
- October- Finalization of audit reports
  - Drafting audit opinions based on the results of audit testwork
  - Presenting results to management and the Audit and Ethics Committee
- December – MWD Comprehensive Annual Financial Report

#### **Responsibilities**

- Management and the Audit and Ethics Committee
- KPMG

#### **Questions?**