

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

AUDIT AND ETHICS COMMITTEE

July 23, 2019

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

Members present: Chair Ramos, Directors Ackerman, Ballin, Butkiewicz, Kurtz, McKenney, and Smith.

Members absent: Vice Chair Paskett, Directors Barbre, Hogan and Quiñonez.

Other Board Members present: Chairwoman Gray, Directors Atwater, Blois, Faessel, Goldberg, Hall, Morris, Record and Peterson.

Staff present: Beatty, Riss, Rodriguez, Salinas, Scully and Tonsick

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

None

2. APPROVAL OF THE MINUTES OF THE AUDIT AND ETHICS COMMITTEE MEETING HELD ON JUNE 25, 2019

Motion: Carried

Moved: Director Ballin Seconded: Director Kurtz

Ayes: Directors Butkiewicz, Kurtz, McKenney, Ramos and Smith

Noes: None

Abstentions: None

Not Voting: Directors Ackerman and Ballin

Absent: Directors Barbre, Paskett, Hogan and Quiñonez

The motion passed by a vote of 5 ayes, 0 noes, 0 abstain, 2 not voting, and 4 absent

3. MANAGEMENT REPORTS

- a. Subject: Ethics Officer's report

Presented by: Ethics Officer Abel Salinas

Mr. Salinas highlighted that since starting at Metropolitan the previous week, he met individually with senior executives to introduce himself and begin dialogue about the ethics program and directions. He also reported that he has been reviewing the documents in the Administrative Code review project and plans to discuss the issues with staff and with the outside consultant.

- b. Subject: General Auditor's report

Presented by: General Auditor Gerald Riss

Mr. Riss announced that he has nothing to add to his written report.

4. COMMITTEE ITEMS

- a. Subject: Discussion on KPMG External Auditor Fiscal Year 2018/19 Audit Plan

Presented by: Chris Ray, KPMG's Engagement Partner

Mr. Ray gave a presentation on the 2018/19 Audit Plan and strategy and highlighted the following areas:

- 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

The following Directors asked questions or provided comments:

- McKenney
- Peterson
- Chair Ramos

b. Subject: General Auditor's Business Plan for Fiscal Year 2019/20

Presented by: General Auditor Gerald Riss

Mr. Riss presented the General Auditor's Business Plan for Fiscal Year 2019/20. Mr. Riss began by summarizing the Department's Board-adopted Mission Statement and Charter. He then provided detailed comments about:

- The audit process, how it works, and how it protects the district.
- The Department's strategic objectives.
- Personnel and operational objectives.
- Proposed audits for the upcoming year.
- The role of directors and management in guiding audit topics.

Per the request of the General Auditor, the committee took a vote on the General Auditor's Business Plan. The committee unanimously approved the General Auditor's Business Plan.

The following Directors asked questions or provided comments:

1. Smith
2. Ballin

Chair Ramos requested that the Ethics Officer present a business plan at the Committee's October meeting.

5. CONSENT CALENDAR ITEMS – ACTION

None

6. OTHER BOARD ITEMS – ACTION

None

7. BOARD INFORMATION ITEMS

None

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

Meeting adjourned at 1:08 p.m.

Next meeting will be held on September 24, 2019

Marsha Ramos
Chair