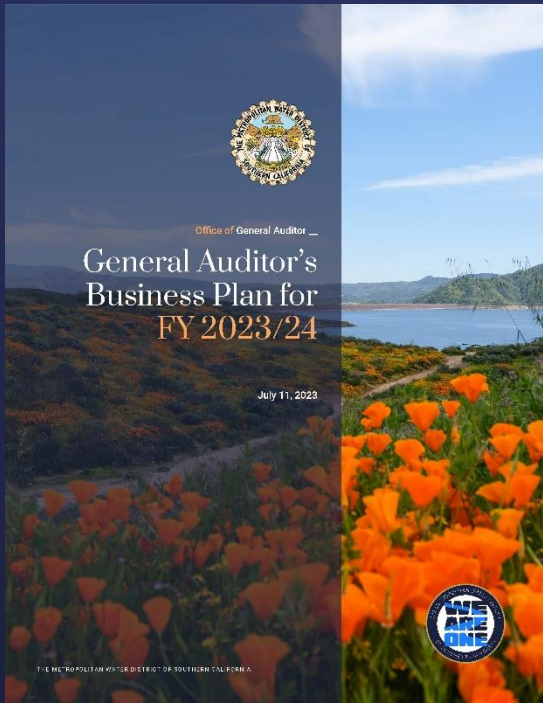Finance, Audit, Insurance, and Real Property Committee

General Auditor Business Plan Fiscal Year 2023/24

Item 7-8

July 11, 2023

Department Overview

Business Plan

- Provide independent, professional, and objective advice to the Board and Metropolitan management in accordance with professional internal audit standards

- Assist Metropolitan's Board and management in improving business and financial practices

- Proactively address issues, focusing on risk management, internal control, and governance processes

- Carry out responsibilities in accordance with the Audit Department Charter specified in the Metropolitan Administrative Code Section 6451
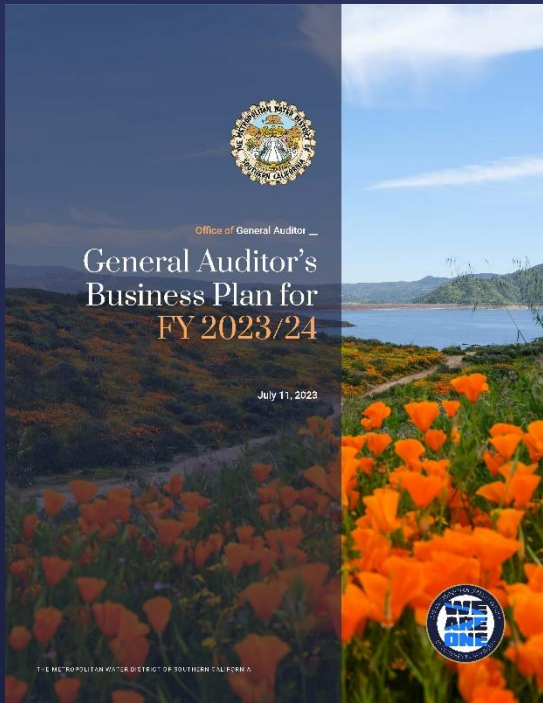
Strategic Goals

Business Plan

- Build and strengthen relationships with Board
- Develop trust
- Establish credibility and reliability
- Conduct robust risk conversations with the Board
- Develop and execute bold and strategic Audit Plan
- Address outstanding audit recommendations
- Provide independent and objective advice
- Conform to professional audit standards
- Create high-performing, inclusive, and innovative audit team
- Value diversity, equity, vision, and mission

Office of General Auditor
General Auditor's Business Plan for FY 2023/24
July 11, 2023
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Audit Risk Assessment Process

The chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization's goals – International Professional Practices Framework (IPPF) Standard 2010

1. Understand the organization
2. Identify, assess, and prioritize risks
3. Coordinate with other providers
4. Estimate resources
5. Propose plan and solicit feedback
6. Finalize and communicate plan
7. Assess risks continuously
8. Update plan and communicate updates

Audit Risk Assessment
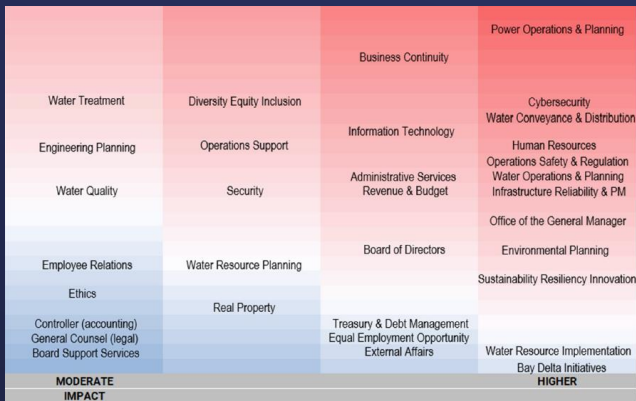
Audit Risk Assessment Summary

Higher Audit Risk Areas

- Business Continuity

- Cybersecurity

- Human Resources

- Power Operations & Planning

- Water Conveyance & Distribution

NOTE: A higher audit risk score DOES NOT mean that a business area/process is being managed ineffectively or that internal control is not adequate.

Audit Risk Assessment

Service Portfolio

Audit Plan

1. Operational & Compliance Audits

2. Information Technology Audits

3. Advisory Services

4. Follow-Up Reviews

5. Administration & Other Activities

Planned Engagements

Operational & Compliance Audits

1. Power Purchasing
2. State Audit Monitoring
3. Recruiting
4. Water Supply Disaster Preparedness & Business Continuity
5. CRA Maintenance
6. Data Governance

Information Technology Audit

7. Cybersecurity: Inventory & Control of Enterprise Assets

Audit Plan

Carryforward Engagements

Operational & Compliance Audits

8. Reserves/Rate Stabilization Fund

9. Fallowed Land

10. Project Controls & Reporting System (PCRS)

11. Real Property Business Management System

12. Fuel Regulations Compliance

13. Surplus Personal Property – Equipment

14. Employee Tuition Reimbursement Program

15. CRA Discharge Line Isolation Couplings

16. IBI Group

17. Kennedy/Jenks Consultants, Inc.

18. PlanNet Consulting, LLC

Audit Plan

Carryforward Engagements (con't)

19. 1Cyber Security Resources (CSR), Inc.

20. ResourceXperts

21. Website Design & Implementation

22. Oracle Application Security

Information Technology Audit

23. Cybersecurity: Ransomware

Audit Plan

Advisory Engagements

24. Risk Oversight Committee (Power Operations & Planning)
25. Grants
26. Board Expense Policy
27. WINS (Water Information Network System)
28. SCADA (Supervisory Control & Data Acquisition)
29. PeopleSoft Time & Labor

Audit Plan

Administration & Other Activities

- External Audit Support

- Annual Audit Risk Assessment & Audit Plan

- Quality Assessment & Improvement Program

- TeamMate+ Training & Implementation

- On-Demand Advisory Services

- Annual Report

Audit Plan

Assurance Coverage

Specific risks covered by planned engagements:

RISK	ENGAGEMENT
Power costs	Power Purchasing Risk Oversight Committee (advisory)
State Audit status	State Audit Monitoring
Recruiting	Recruiting
Cybersecurity	Inventory & Control of Enterprise Assets
Earthquake, Delta failure	Water Supply Disaster Preparedness & Business Continuity
Water system maintenance	CRA Maintenance
Data classification	Data Governance

Additional Information

Assurance Coverage (con't)

RISK	ENGAGEMENT
Grant compliance	Grants (advisory)
Board governance	Board Expense Policy (advisory)
Reserves	Reserves/Rate Stabilization Fund
Cost savings/culture	Efficiency/Economy Project Objectives

Additional Information

Assurance Coverage (con't)

Specific risks NOT covered at this time:

RISK	AUDITABLE AREA
Chemical Safety	Water Treatment
CARB regulation compliance/ readiness	Operations Support (WSO)
Asset management	Infrastructure Reliability & Program Management
Enterprise Risk Management	Office of the General Manager
Property protection, trespassing	Security
Desert housing, leases/revenue, permits	Real Property

Additional Information

Additional Information

Assurance Coverage (con't)

Specific cybersecurity risks NOT covered at this time:

- Software asset inventory and control
- Enterprise asset and software configuration
- Account management
- Access control management
- Continuous vulnerability management
- Audit log management
- E-mail and web browsing protection
- Malware defense
- Network infrastructure
- Security awareness
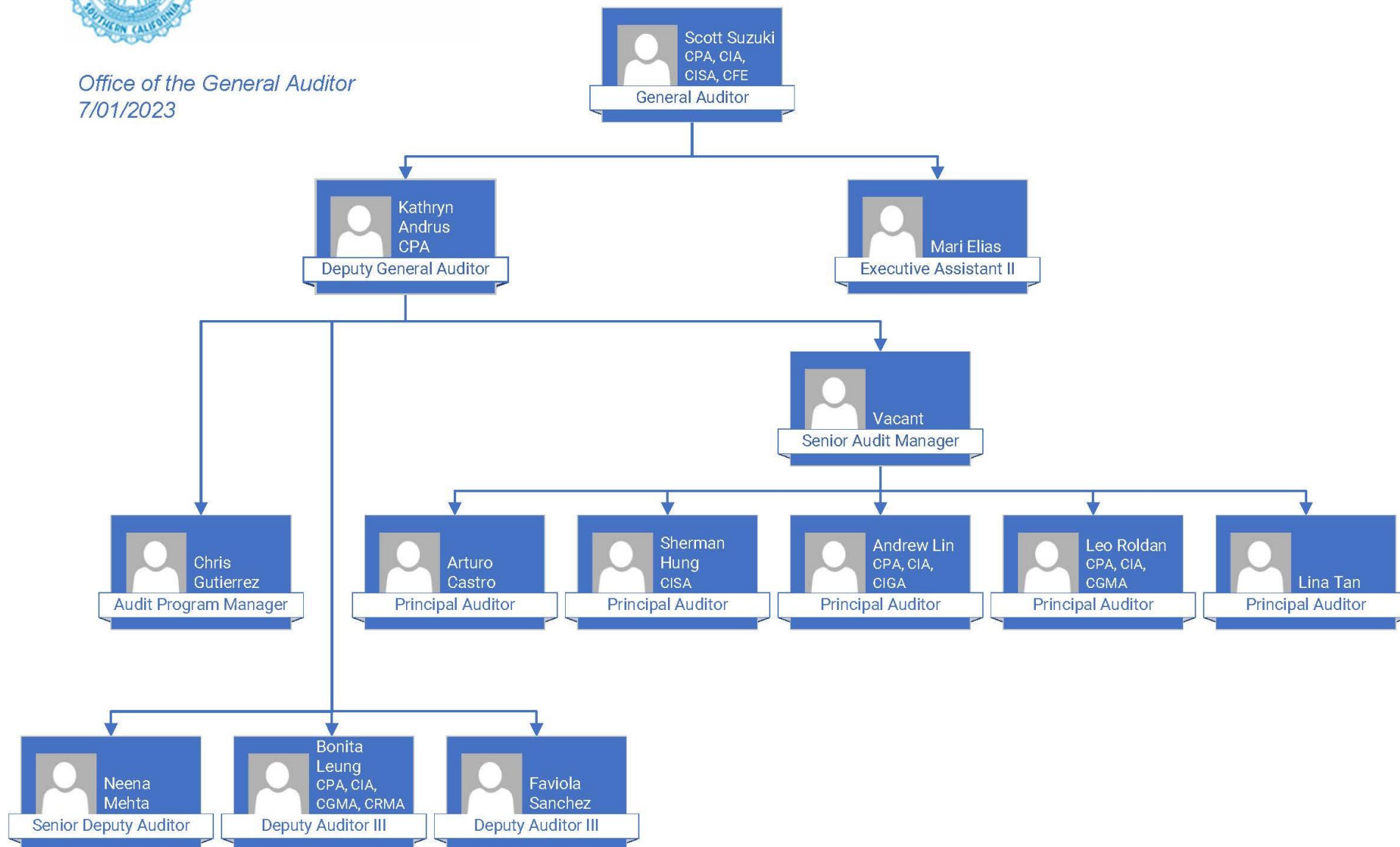- Service provider management
- Incident response management

Resource Plan

- Eleven professional audit team members and one administrative professional

- Audit experience includes financial, operational, compliance, performance, fraud, and information technology

- Five licensed CPAs

- Four Certified Internal Auditors (CIA) and two Certified Information Systems Auditors (CISA)

- 12,698 productive hours of which 7,718 are net project hours

- All five higher-risk auditable areas will be covered

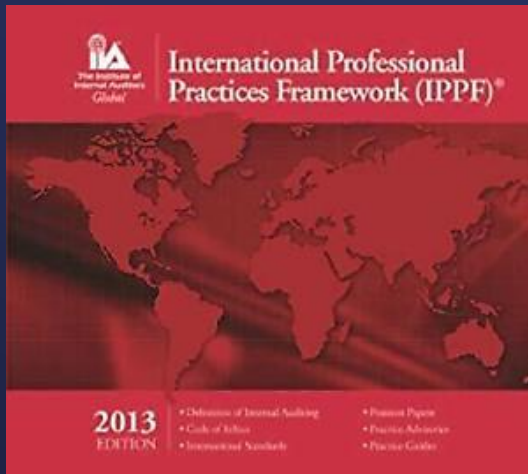- 12 cybersecurity areas WILL NOT be covered

Organization Chart

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Office of the General Auditor
7/01/2023

Scott Suzuki
CPA, CIA, CISA, CFE
General Auditor

Kathryn Andrus
CPA
Deputy General Auditor

Mari Elias
Executive Assistant II

Vacant
Senior Audit Manager

Chris Gutierrez
Audit Program Manager

Arturo Castro
Principal Auditor

Sherman Hung
CISA
Principal Auditor

Andrew Lin
CPA, CIA, CIGA
Principal Auditor

Leo Roldan
CPA, CIA, CGMA
Principal Auditor

Lina Tan
Principal Auditor

Neena Mehta
Senior Deputy Auditor

Bonita Leung
CPA, CIA, CGMA, CRMA
Deputy Auditor III

Faviola Sanchez
Deputy Auditor III

Standards

International Professional Practices Framework (IPPF) standards applicable to this project:

- 2010 Planning
- 2020 Communication & Approval
- 2100 Nature of Work
- 2110 Governance
- 2120 Risk Management
- 2130 Control

Additional Information

Board Options

Option 1:

- Approve General Auditor's Business Plan for fiscal year 2023/24

Option 2:

- Do not approve the General Auditor's Business Plan for fiscal year 2023/24

Board Options

Staff Recommendations

- Option 1

Finance, Audit, Insurance, and Real Property Committee