



Audit Committee

6/8/2026 Committee Meeting

2A

Subject

General Auditor's Quarterly Report

Executive Summary

This item presents Audit Department activities during the past quarter, including progress on the Internal Audit Plan and copies of the final reports issued.

Applicable Policy

Metropolitan Water District Administrative Code Section 6451(d)(2): Audit Department Charter

Details and Background

General Auditor's Quarterly Report

The first part of the report (**Attachment 1**) is provided in dashboard format and comprises these elements:

1. Status of audit plan projects
2. Audit plan hours, planned and actual
3. Audit plan project count, including additions and deletions
4. Areas current audits are covering
5. Internal audit resource statistics, including use of contractors and professional licensing and certification
6. Status of internal audit recommendations
7. External quality assessment status
8. Independence and objectivity impairments
9. Current fiscal year department budget performance
10. Key message points of interest

The second part of the report (**Attachment 2**) breaks down the Audit Plan by project type (audit, advisory, board request) and by project status (planned, in progress, completed), and includes the project title.

Final Reports Issued From January 1, 2026, to March 31, 2026

- 1. Contract Audit: California Landscape Contractors Association (CLCA) issued February 26, 2026 (Attachment 3)**
 - Audit scope included Professional Services Agreement No. 201209 for the Qualified Water Efficient Landscaper and Water Manager Certifications Class with the CLCA for the year ended December 31, 2023.
 - Audit objectives were to determine whether certain work was performed by the contractor in accordance with the contract, whether payments were appropriately issued to the contractor, and to ensure Statements of Economic Interests were properly filed by applicable Metropolitan employees.
 - Three (3) recommendations with the following ratings: three **Priority 3**.
- 2. Advisory Brief – Rapid Review: Deepfakes issued March 30, 2026 (Confidential Report – not attached)**
 - Rapid Review covered vulnerability assessment, detection tools, and education/training as of November 30, 2025.

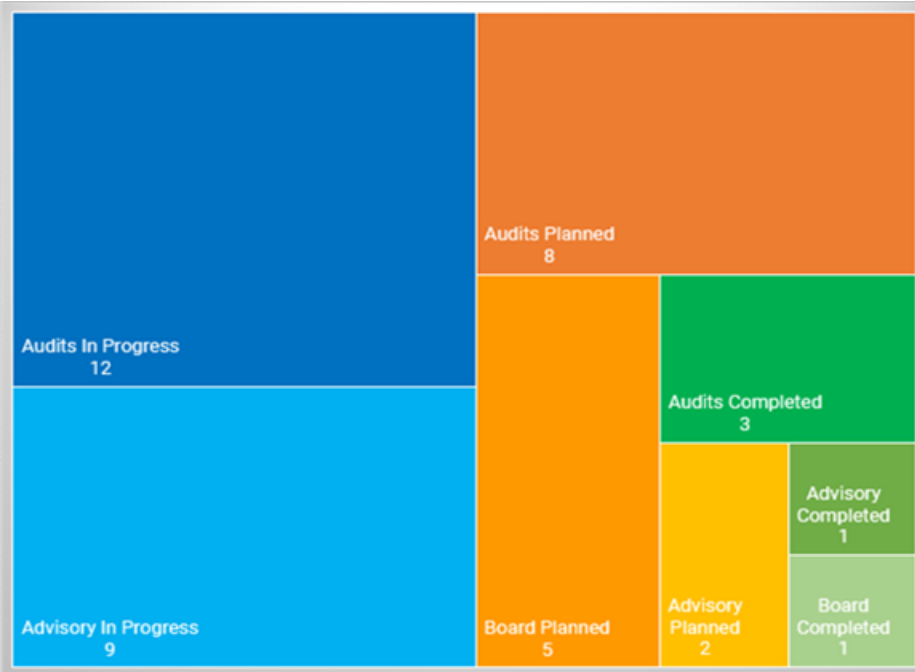
Attachment 1 – General Auditor’s Quarterly Report FY 2025/26 Q3

Attachment 2 – Audit Plan Status as of 2026-03-31

Attachment 3 – Contract Audit: California Landscape Contractors Association (23-21) Final Report 2026-02-26

**METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
OFFICE OF THE GENERAL AUDITOR
DASHBOARD AS OF MARCH 31, 2026**

1 AUDIT PLAN STATUS - PROJECTS



2 AUDIT PLAN STATUS - HOURS

7/01/25 AUDIT PLAN	11,817
ADJUSTMENTS	440
ROLLING PLAN	12,257
ACTUAL HOURS	9,312
ESTIMATE TO COMPLETE	3,200
REQUIRED HOURS	12,512
HOURS AVAILABLE/(OVER)	(255)

3 AUDIT PLAN CHANGES

AUDIT PLAN PROJECTS - 1/01/26	41
ADDED Q3	
See key message points	-
DELETED Q3	
None	-
TOTAL	41

4 CURRENT ASSURANCE COVERAGE/WORK IN PROGRESS

Administrative Services	Cybersecurity
Bay Delta	IT
Centralized Grants & Research	Program Management (engineering)
Conveyance & Distribution	

5 INTERNAL AUDIT RESOURCES

POSITIONS AUTHORIZED	14
VACANT	3
CONTRACTORS (INTERNAL AUDIT)	-
CERTIFIED PUBLIC ACCOUNTANTS	5
CERTIFIED INTERNAL AUDITORS	6
RESOURCE ADEQUACY	NO

6 OPEN RECOMMENDATIONS

	P1	P2	P3	OTHER	TOTAL
PRIOR FY	7	18	17	64	106
NEW	0	4	5	NA	9
RESOLVED	0	0	0	(4)	(4)
CURRENT	7	22	22	60	111

7 QUALITY ASSURANCE & IMPROVEMENT

EXTERNAL QUALITY ASSESSMENT	DUE 2028
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8 IMPAIRMENTS

INDEPENDENCE	NONE
OBJECTIVITY	NONE

9 FISCAL BUDGET

	BUDGET	ACTUAL	FY BUDGET	VARIANCE	%
\$	4,157,744	3,256,864	5,421,600	900,880	22%

10 KEY MESSAGE POINTS

Resource adequacy is RE vacant audit manager positions; collaborating w HRS to fill
Follow-up reviews will confirm the status of open recommendations; management reports 81 of 111 have been implemented/closed

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
OFFICE OF THE GENERAL AUDITOR
AUDIT PLAN STATUS AS OF MARCH 31, 2026

AUDITS	STATUS	TITLE
23	PLANNED 8	Contract Administration Program (4) Enterprise Risk Management (2) IT Governance (17) P-Card Program (3) Power Market Operations (7) Recruiting Process (5) Security Contract (1) State Audit Monitoring (8)
	IN PROGRESS 12	1CSR Bay Delta Disaster Preparedness (9) CRA Discharge Line Isolation Couplings Rehabilitation Project (15) CRA Maintenance (10) Inventory & Control of Operational Technology Software Assets (16) Oracle Enterprise Business Suite Security (20) PlanNet Consulting Project Controls & Reporting System (PCRS) Pure Water State Funding Audit (12) Real Property Business Management System (14) Resource Experts Sole Source Contracts (6)
	COMPLETED 3	California Landscape Contractors Association (11) Inventory & Control of IT Software Assets (19) Inventory & Control of Operational Technology Assets (18)
ADVISORY	STATUS	TITLE
12	PLANNED 2	Governance Risk Compliance (GRC) Platform (22) Safety Equipment Purchase Process (21)
	IN PROGRESS 9	Board Expense Policy Enterprise Content Management System (26) Grants (23) METCON (24) Oracle Services Procurement (30) PeopleSoft Time & Labor Power Operations Risk Oversight Committee (29) Process Matters Efficiency Initiative (27) WINS (25)
	COMPLETED 1	Deepfakes
BOARD REQUESTS	STATUS	TITLE
6	PLANNED 5	Affordability Conjunctive Use Knowledge Transfer MOUs - Third Parties Real Estate - Qualifications
	COMPLETED 1	Colorado River Water Users Association Review (28)



Office of the General Auditor __

Contract Audit: California Landscape Contractors Association

Project Number: 23-21
February 26, 2026



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Executive Summary

BACKGROUND

Metropolitan received an anonymous complaint in November 2023 regarding its contract with the California Landscape Contractors Association (CLCA). The allegations were reviewed, and the Office of the General Auditor declined further action based on the authority granted by the office's charter (Administrative Code Section 6451). However, we determined a contract audit of CLCA should be performed to review ancillary issues not related to the complaint.

Since February 2020, Metropolitan has partnered with the CLCA to offer the Water Efficient Landscape Dual Certification Program (WELDCP), which integrates the Qualified Water Efficient Landscaper (QWEL) certification with the CLCA's Water Management Certification Program (WMCP). The objective of the combined curriculum is to accelerate water-efficient landscape training for landscape professionals by focusing on topics such as water budgeting, sustainable landscaping, and irrigation systems. Under this partnership, CLCA provides curriculum and instruction for both components, as well as all aspects of program administration, implementation, and marketing. A total of 29 classes have been conducted through this partnership, with cumulative expenditures totaling \$598,450 from the program's inception through December 2025.

WHAT WE DID

The audit scope included Professional Services Agreement No. 201209 for the Qualified Water Efficient Landscaper and Water Manager Certifications Class with the CLCA for the year ended December 31, 2023.

Our audit objectives were to:

- (1) Determine if certain work was performed by the contractor in accordance with the contract.
- (2) Determine if payments were appropriately issued to the contractor.
- (3) Ensure Statements of Economic Interests were properly filed by applicable Metropolitan employees.

WHAT WE CONCLUDED

- (1) Work was performed by the contractor in accordance with the scope of services; however, it was performed without a task order. Additionally, improvements to contractor monitoring and contract administration should be implemented.
- (2) Payments were issued to the contractor for work defined in the scope of work; however, improvements to fee schedules, from which payments are based, should be implemented.
- (3) Statements of Economic Interests were properly filed by applicable Metropolitan employees.

WHAT WE RECOMMEND

We recommend management ensure: (1) the intended service delivery method is correctly specified in the contract and all services are ordered through task orders for task order contracts, (2) fee schedules include all components of the scope of work and be broken down into discrete parts, and (3) contractor monitoring activities are documented, approvals for permissible scope of work variances are documented, and contractor identification and retention of submittal means are included in deliverables.

Management agreed with our observations and recommendations.

NUMBER OF RECOMMENDATIONS



PRIORITY 1
Response time:
Immediate



PRIORITY 2
Response time:
Within 90 days



PRIORITY 3
Response time:
Within 180 days



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: February 26, 2026
To: Audit Committee
From: Scott Suzuki, CPA, CIA, CISA, CFE, General Auditor
Subject: Contract Audit: California Landscape Contractors Association
(Project Number 23-21)

This report presents the results of our contract audit of the California Landscape Contractors Association.

Results, including our observations and recommendations, follow this letter. Supplemental information, including our scope and objectives, is included in Appendix A. Appendix B includes a description of our recommendation priority rating system. Finally, management's response to our audit is included in Appendix C.

We appreciate the courtesies and cooperation provided by the Water Resource Management Group.

The results in this report will be summarized for inclusion in a status report to the Board. If you have any questions regarding our audit, please do not hesitate to contact me directly at 213.217.6528 or Assistant General Auditor Kathryn Andrus at 213.217.7213.

Attachments

cc: Board of Directors
General Manager
General Counsel
Ethics Officer
Office of the General Manager Distribution
Assistant General Managers
Water Resource Management Distribution
External Auditor

RESULTS

RECOGNITION

Positive aspects observed during our audit include:

- ◆ Applicable Metropolitan employees properly filed their Statements of Economic Interests with the Office of Ethics to ensure transparency and accountability.
- ◆ The US Environmental Protection Agency presented the WaterSense Excellence Award to Metropolitan for its partnership with the California Landscape Contractors Association (CLCA) in both 2023 and 2024.

RESULTS OVERVIEW

	OBSERVATION	RISK	RECOMMENDATION	MANAGEMENT AGREEMENT
PRIORITY 1				
	None			
PRIORITY 2				
	None			
PRIORITY 3				
1	Work was completed and contractor payments were issued without approved task orders.	Non-performance of desired work Financial/legal disputes Damage to the business relationship	Ensure intended service delivery method is correctly specified in the contract. Order all services through task orders for task order contracts.	Agree
2	Fee schedule did not cover the full scope of work.	Non-performance of desired work Inability to reduce payments for work not performed Financial disputes	Include all components of the scope of work in fee schedule. Break down fee schedule into discrete parts.	Agree
3	Documentation of certain contractor monitoring and contract administration activities was not prepared.	Inadequate contractor oversight Lack of accountability Service/invoicing disputes	Document contractor monitoring activities. Document approvals for permissible scope of work variances. Require contractor identification on submittals and retention of submittal means.	Agree



OBSERVATIONS & RECOMMENDATIONS

1 Task Orders

Work was completed and contractor payments were issued without approved task orders.

The contractor completed six Water Efficient Landscape Dual Certification Program (WELDCP) courses in 2023 and \$120,000 in payments were issued without approved task orders.

Agreement No. 201209 between Metropolitan and the CLCA was a task order type contract and required "All services related to the scope of work will be ordered, and as necessarily further defined, through the issuance of a written Task Order." While the services performed were defined in the contract scope of work, no task orders were issued during the contract period.

Additionally, the contract required task orders to compensate the contractor for courses with more than 40 members. Four of five (80%) invoices in 2023 were for classes with more than 40 members. Separately, the scope of work required each course to have a minimum of 40 participants. While the contractor was paid for providing instruction in accordance with the fee schedule, the agreement was unclear on whether the contractor was entitled to additional compensation for 41 or more participants per course.

Priority 3

Issuing authorized task orders reduces the risk of the contractor not performing desired work in accordance with the contract, financial/legal disputes, and/or damage to the business relationship.

Recommendation 1

We recommend management ensure:

- (1) The intended service delivery method (i.e., task order) is correctly specified during contract preparation.
- (2) For task order type contracts, all services are ordered through task orders in accordance with the contract terms

Management Response Agree.

(1) In the current contract that supersedes this contract, the delivery method was changed. Contract deliverables are clearly defined, and the fee schedule was standardized, so the deliverable is the same each time. It was determined that there is no need to issue task orders to specify the work, therefore a task order type contract was not the best way to administer this work, and therefore the language was removed. WRM staff will ensure that the intended service delivery method is properly specified in future contracts (2) The current contract is no longer a task order type contract. All services and deliverables are clearly described in the fee schedule and are conducted within the contract terms. WRM staff will ensure that services in future contracts that specify task orders will be ordered via task order.

The implementation date was April 1, 2024.



2 Contractor Compensation

The fee schedule did not cover the full scope of work.

The fee schedule to compensate the contractor for the work performed did not cover all portions of the scope of work.

The fee schedule covered travel expenses, speaker fees, contractor staff labor, print materials, provision of breakfast at training meetings, and marketing. Other portions of the scope of work, including administering and grading examinations, tracking and notifying participants of their certification status, and updating the Certified Professional Lists on the Qualified Water Efficient Landscaper (QWEL) and California Landscape Contractors Association (CLCA) organizations' websites, were not included in the fee schedule.

Additionally, the fee schedule included single, fully loaded amounts to compensate the contractor for each course conducted. There were no provisions to allow for partial compensation should the contractor not complete all elements of the scope of work, which included 17 items for in-person instruction and eight deliverables.

Priority 3

A complete fee schedule covering the scope of work reduces the risk of desired work not being performed, inability to reduce payments for work not performed, and/or financial disputes.

Recommendation 2

We recommend management ensure the fee schedule for compensating the contractor for similar contract types:

- (1) Includes all components of the scope of work.
- (2) Is broken down into discrete parts, such as by phase (e.g., course preparation, course execution, post-course).

Management Response Agree.

(1) The fee schedule for the current contract includes all components of the scope of work. (2) The fee schedule covers all administrative activities listed in the scope of work, including course preparation, coordination, and post-course activities. No additional work is being performed that is not listed in the agreement's scope of work and accounted for in the fee schedule. WRM staff will ensure that fee schedules in future contracts include all components of the scope of work and are broken down as applicable.

The implementation date was April 1, 2024.



3 Contractor Monitoring

Documentation of certain contractor monitoring and contract administration activities was not prepared.

There was no documentation showing monitoring of contractor deliverables or authorization of a variance to the scope of work.

With respect to contract monitoring and administration activities:

- Water Resources Management (WRM) staff indicated they attended the contractor's courses; however, there were no internal written reports, memos, or log entries to document this contractor oversight.
- One course was held with fewer than the minimum requirement of 40 participants. Approval for the variance was provided verbally because the contract did not require written authorization.
- An annual report prepared by the contractor did not include contractor references (e.g., company name, preparer), and the means of submittal (e.g., email) was not retained by WRM.

Priority 3

Documenting monitoring and contract administration activities reduces the risk of inadequate contractor oversight, lack of accountability, and/or service/invoicing disputes.

Recommendation 3

We recommend management:

- (1) Document contractor monitoring activities completed (e.g., courses attended to observe contractor compliance).
- (2) Document approvals for permissible variances from the scope of work.
- (3) Require contractor deliverables to include contractor identification (e.g., company name) and retention of submittal means.

Management Response Agree.

(1) MWD staff has revised tracking to include written documentation of contractor monitoring and (2) permissible variances from the scope of work. (3) CLCA has implemented document changes to include contractor identification. MWD staff will retain documentation of means of submittal by contractor.

The implementation date was October 31, 2025.



EVALUATION OF MANAGEMENT'S RESPONSE

Internal Audit considers management's response appropriate to the recommendations and their corrective actions should resolve the conditions identified in the report.

AUDIT TEAM

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



APPENDIX A: SUPPLEMENTAL INFORMATION

ADDITIONAL INFORMATION

The Water Efficient Landscape Dual Certification Program (WELDCP) combines the California Landscape Contractors Association's (CLCA) Water Management Certification Program (WMCP) with the Qualified Water Efficient Landscaper (QWEL) program, providing landscape professionals the opportunity to earn two nationally recognized US Environmental Protection Agency (EPA) WaterSense Professional Certifications through a single course and examination.

The program emphasizes core principles of sustainable landscaping and covers the following topics:

- Where Our Water Comes From
- Sustainable Landscaping
- Landscape Water
- Soils
- Irrigation Systems
- Irrigation Maintenance and Troubleshooting
- Irrigation System Auditing
- Irrigation Scheduling
- Irrigation Controllers
- Landscape Water Management
- Landscape Water Budgeting

The curriculum also includes an overview of Metropolitan's Turf Replacement Program guidelines to help participants better assist residential and commercial customers. The WELDCP is offered through three six-hour sessions and is provided at no cost to participants within Metropolitan's service area.

SCOPE & OBJECTIVES

The audit scope included Professional Services Agreement No. 201209 for the Qualified Water Efficient Landscaper and Water Manager Certifications Class with the CLCA for the year ended December 31, 2023.

Our audit objectives were to:

- (1) Determine if certain work was performed by the contractor in accordance with the contract.
- (2) Determine if payments were appropriately issued to the contractor.
- (3) Ensure Statements of Economic Interests were properly filed by applicable Metropolitan employees.

EXCLUSIONS

Our audit scope did not include: (1) CLCA contracts other than the Water Management Certification Program (WMCP), (2) performance evaluation of services provided by CLCA, nor (3) scope of work items not covered by the fee schedule.



PRIOR AUDIT COVERAGE

We have not completed any audits with similar objectives and scope within the last five years.

AUTHORITY

We performed this audit in accordance with the General Auditor's Internal Audit Plan for FY 2025/26 approved by the Board.

PROFESSIONAL INTERNAL AUDIT STANDARDS

Our audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing issued by the International Internal Audit Standards Board.

FOLLOW-UP REVIEWS

The Office of the General Auditor has implemented a follow-up process to ensure management has effectively implemented corrective action related to our recommendations. Management is required to report on the implementation status of the recommendations to our office within six months of the issuance of this report, and a first follow-up review will occur shortly thereafter. All audit recommendations are expected to be implemented within a year of this report, and if necessary, a second follow-up review will occur approximately six months after issuance of the first follow-up review report. Any audit recommendations not implemented after the second follow-up review will be shared with the Board/Audit Committee at its next scheduled meeting.

INTERNAL CONTROL SYSTEM

An internal control system is a continuously operating and integrated component of Metropolitan's operations. Internal controls are implemented by the Metropolitan management and seek to provide reasonable (not absolute) assurance that Metropolitan's business objectives will be achieved. However, limitations are inherent in any internal control system, no matter how well designed, implemented, or operated. Because of these limitations, errors or irregularities may occur and may not be detected.

Specific examples of limitations include, but are not limited to, poor judgment, carelessness, management override, or collusion. Accordingly, our audit would not necessarily identify all internal control weaknesses or resultant conditions affecting operations, reporting, or compliance. Additionally, our audit covers a point in time and may not be representative of a future period due to changes within Metropolitan and/or external changes impacting Metropolitan.

METROPOLITAN'S RESPONSIBILITY FOR INTERNAL CONTROL

It is important to note that Metropolitan management is responsible for designing, implementing, and operating a system of internal control. The objectives of internal controls are to provide reasonable assurance as to the reliability and integrity of information; compliance with policies, plans, procedures, laws, and regulations; the safeguarding of assets; the economic and efficient use of resources; and the accomplishment of established goals and objectives. In fulfilling this responsibility, management judgment is required to assess the expected benefits and related costs of internal control policy and procedures and to assess whether those policies and procedures can be expected to achieve Metropolitan's operational, reporting, and compliance objectives.



APPENDIX B: PRIORITY RATING DEFINITIONS

The Office of the General Auditor utilizes a priority rating system to provide management a measure of urgency in addressing the identified conditions and associated risks. We assess the significance of each observation identified during the audit using professional judgment and assign priority ratings to each recommendation using the criteria listed below. Factors taken into consideration in assessing the priority include the likelihood of a negative impact if not addressed, the significance of the potential impact, and how quickly a negative impact could occur.

PRIORITY			
Definition	Observation is <i>serious</i> enough to warrant <i>immediate</i> corrective action. The condition may represent a <i>serious</i> financial, operational, or compliance risk. A priority 1 recommendation may result from a <i>key</i> control(s) being absent, not adequately designed, or not operating effectively.	Observation is of a <i>significant</i> nature and warrants <i>prompt</i> corrective action. It may represent a moderate <i>financial</i> , operational, or compliance risk. A priority 2 recommendation may result from a <i>process</i> or less critical control(s) not being adequate in design and/or not operating effectively on a consistent basis.	Observation involves an internal control issue or compliance lapse that can be corrected in the <i>timely</i> course of <i>normal</i> business. A priority 3 recommendation may result from a <i>process</i> or control that <i>requires</i> enhancement to better support Metropolitan's objectives and manage risk.
Response Time	Immediate	Within 90 Days of report issuance	Within 180 Days of report issuance



APPENDIX C: MANAGEMENT'S RESPONSE



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: February 5, 2026

To: Scott Suzuki, General Auditor

From: Brandon Goshi, Manager, Water Resources Management Group

cc: Shivaji Deshmukh, General Manager
John Bednarski, Assistant General Manager

Subject: Management Response to Audit Number 23-21

The General Manager has reviewed and concurs with the following response.

A handwritten signature in cursive script, appearing to read "Shivaji Deshmukh".

Please find below the management response to the California Landscape Contractors Association Audit. Thank you for your recommendations to improve the oversight of the referenced agreement. Your partnership will continue to be important as we implement the recommendations. Please do not hesitate to contact me if you would like to discuss the response or any other matters related to this audit.





OFFICE OF THE GENERAL AUDITOR

TITLE	MANAGEMENT RESPONSE FORM
PURPOSE	To provide a management response to each audit recommendation.
REQUIRED	<ol style="list-style-type: none"> 1. For each recommendation, check the applicable agreement box. 2. If there is agreement with the recommendation describe management's action plan and the estimated date when the recommendation will be completely implemented. 3. If there is a partially agree or a do not agree with the recommendation explain management's position. 4. Prepare an e-mail memo using the standard Metropolitan letterhead from the General Manager to the General Auditor. 5. Attach this form to the email and return to the OfficeoftheGeneralAuditor@mwdh2o.com by February 20, 2026. Questions may also be submitted to this e-mail address.



Contract Audit: California Landscape Contractors Association (CLCA)
Project Number 23-21
Management Response

OBSERVATION 1	<p>Task Orders</p> <p>The contractor completed six Water Efficient Landscape Dual Certification Program (WELDCP) courses in 2023 and payments of \$120,000 were issued without approved task orders.</p> <p>Agreement No. 201209 between Metropolitan and the CLCA was a task order type contract and required that "All services related to the scope of work will be ordered, and as necessarily further defined, through the issuance of a written Task Order." While the services performed were defined in the contract scope of work, no task orders were issued during the contract period.</p> <p>Additionally, the contract required task orders to compensate the contractor for classes with more than 40 members per series. Four of five (80%) invoices in 2023 were for classes with more than 40 members per course. Separately, the scope of work required each course to have a minimum of 40 participants. While the contractor was paid for providing instruction according to the fee schedule, it was unclear in the agreement if the contractor was entitled to additional compensation for 41 or more participants per course.</p>
RECOMMENDATION 1	We recommend management ensure:
PRIORITY 3	<ul style="list-style-type: none"> (1) The intended service delivery method (i.e., task order) is correctly specified during contract preparation. (2) For task order type contracts, all services are ordered through task orders in accordance with the contract terms.
MANAGEMENT ACTION PLAN	<ul style="list-style-type: none"> (1) In the current contract that supersedes this contract, the delivery method was changed. Contract deliverables are clearly defined, and the fee schedule was standardized, so the deliverable is the same each time. It was determined that there is no need to issue task orders to specify the work, therefore a task order type contract was not the best way to administer this work, and therefore the language was removed. WRM staff will ensure that the intended service delivery method is properly specified in future contracts (2) The current contract is no longer a task order type contract. All services and deliverables are clearly described in the fee schedule and are conducted within the contract terms. WRM staff will ensure that services in future contracts that specify task orders will be ordered via task order.
X AGREE	



	ESTIMATED IMPLEMENTATION	4/1/24
<input type="checkbox"/>	PARTIALLY AGREE	EXPLANATION [insert]
<input type="checkbox"/>	DO NOT AGREE	

OBSERVATION 2	Contractor Compensation
	<p>The fee schedule to compensate the contractor for the work performed did not cover all portions of the scope of work.</p> <p>The fee schedule covered travel expenses, speaker fees, contractor staff labor, print materials, provision of breakfast at training meetings, and marketing. Other portions of the scope of work, including administering and grading examinations, tracking and notifying participants of their certification status, and updating the Certified Professional Lists on the Qualified Water Efficient Landscaper (QWEL) and California Landscape Contractors Association (CLCA) organizations' websites, were not included in the fee schedule.</p> <p>Additionally, the fee schedule included single, fully loaded amounts to compensate the contractor for each course conducted. There were no provisions to allow for partial compensation should the contractor not complete all elements of the scope of work, which included 17 items for in-person instruction and eight deliverables.</p>

RECOMMENDATION 2	We recommend management ensure the fee schedule for compensating the contractor for similar contract types:
PRIORITY 3	
	<ul style="list-style-type: none"> (1) Includes all components of the scope of work. (2) Is broken down into discrete parts, such as by phase (e.g., course preparation, course execution, post-course).

<input checked="" type="checkbox"/>	MANAGEMENT ACTION PLAN	(1) The fee schedule for the current contract includes all components of the scope of work. (2) The fee schedule covers all administrative activities listed in the scope of work, including course preparation, coordination, and post-course activities. No additional work is being performed that is not listed in the agreement's scope of work and accounted for in the fee schedule. WRM staff will ensure that fee schedules in future contracts include all components of the scope of work and are broken down as applicable.
	AGREE	

	ESTIMATED IMPLEMENTATION	4/1/24
<input type="checkbox"/>	PARTIALLY AGREE	EXPLANATION [insert]
<input type="checkbox"/>	DO NOT AGREE	



OBSERVATION 3	Contractor Monitoring	
	<p>There was no documentation showing monitoring of contractor deliverables or authorization of a variance to the scope of work.</p> <p>With respect to contract monitoring and administration activities:</p> <ul style="list-style-type: none"> • Water Resources Management (WRM) staff indicated they attended the contractor’s courses; however, there were no internal written reports, memos, or log entries to document this contractor oversight. • One course was held with fewer than the minimum requirement of 40 participants. Approval for the variance was provided verbally because the contract did not require written authorization. • An annual report prepared by the contractor did not include contractor references (e.g., company name, preparer), and the means of submittal (e.g., email) was not retained by WRM. 	
RECOMMENDATION 3	We recommend management:	
PRIORITY 3	<p>(1) Document contractor monitoring activities completed, e.g., courses attended to observe contractor compliance.</p> <p>(2) Document approvals for permissible variances from the scope of work.</p> <p>(3) Require contractor deliverables to include contractor identification (e.g., company name) and retention of submittal means.</p>	
MANAGEMENT ACTION PLAN	(1) MWD staff has revised tracking to include written documentation of contractor monitoring and (2) permissible variances from the scope of work. (3) CLCA has implemented document changes to include contractor identification. MWD staff will retain documentation of means of submittal by contractor.	
X AGREE	ESTIMATED IMPLEMENTATION	10/31/25
PARTIALLY AGREE	EXPLANATION	[insert]
DO NOT AGREE		

