THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Board Report

Office of the General Auditor

- **General Auditor's Report for May 2026**

Summary

This report highlights significant activities of the Office of the General Auditor for the month ended May 31, 2026.

Purpose

Informational

Attachments

None

Detailed Report

Audit & Advisory Projects

Twenty-one projects are in progress:

- Eight audit projects are in the report preparation phase.
  - Two collaboration draft reports were issued:
    - Contract Audit: ResourceXperts Inc., LLC; draft report issuance expected in June.
    - Cybersecurity Audit: Inventory & Control of OT Software Assets; draft report issuance expected in June.
  - Two draft reports were issued:
    - Contract Audit: PlanNet Consulting, LLC; final report issuance expected in June.
    - Process Matters; final report issuance expected in June.
  - Operational Audit: Project Controls and Reporting System: collaboration draft report issued in April; collaboration with management in progress; draft report issuance expected in June.
- Thirteen projects are in the execution phase, including five audits and eight advisories.
- Work continues on the remaining four carryforward projects (down one from last month); three collaboration draft reports are expected in June. (FY 2025/26 Business Plan 1.A)

Follow-up Reviews

Fourteen projects are in the follow-up phase:

- Eight follow-up reviews are in progress.
- Six follow-up reviews have not been started.

One follow-up review form is greater than 30 days past due:

- Inventory & Control of IT Software Assets (was due April 1, 2026)

<u>Other General Auditor Activities & Outlook</u>

1. **Global Internal Audit Standards**
   Audit Charter (Administrative Code Section 6451) revisions necessitated by updates to professional internal auditing standards in 2025, were presented as an Information Item at the March Audit Committee meeting. The revisions will be presented to the Audit Committee and Board for approval in June. (FY 2025/26 Business Plan 4.B)

2. **Annual Audit Plan**
   The FY 2026/27 audit plan will be presented to the Audit Committee and Board for approval in June.

3. **FY 2026/27 Business Plan**
   The draft General Auditor’s Business Plan, including FY 2025/26 accomplishments and FY 2026/27 goals, was presented at the May Special Audit Committee meeting. Coordination with the other Board direct reports is ongoing, and Business Plans will be submitted to the Audit Committee and Board for approval in July.

4. **External Audit RFP**
   Collaboration with Accounting and Contracting Services is in progress to issue an RFP for external audit services that includes the annual financial audit and the single audit. The RFP will be for the fiscal years ending June 30, 2027, 2028, 2029, and 2030.

5. **Audit Manager Position**
   Collaboration continues with Human Resources to revise the audit manager job description to complete the department’s career ladder. (FY 2025/26 Business Plan 5.D)

6. **Training**
   Staff attended Metropolitan Management University and training on AI. (FY 2025/26 Business Plan 5.B)