



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Board Report

Office of the General Auditor

• General Auditor's Report for March 2026

Summary

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

Purpose

Informational

Attachments

None.

Detailed Report

Audit & Advisory Projects

One final Advisory Brief was issued, see Report Details below.

Twenty-one projects are in progress:

- Six audit projects are in the report preparation phase.
 - One collaboration draft report was issued:
 - Operational Audit: Project Controls and Reporting System; draft report issuance expected in May. (FY 2025/26 Business Plan 1.D)
- Fifteen projects are in the execution phase, including six audits and nine advisories.
- Work continues on the remaining six carry-forward projects (down one from last month); two collaboration draft reports are expected in April. (FY 2025/26 Business Plan 1.A)

Follow-up Reviews

Fourteen projects are in the follow-up phase:

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

One follow-up review form is greater than 30 days past due: Travel & Employee Expense Reports (was due 2/06/26).

Report Details

1. Advisory Brief: Deepfakes Rapid Review

- Rapid Review covered vulnerability assessment, detection tools, and education/training as of November 30, 2025.

Date of Report: April 14, 2026

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Other General Auditor Activities

1. Internal Quality Assessment

Completed. We presented the results of the annual internal quality assessment at the March meeting of the Audit Committee. (FY 2025/26 Business Plan 4.D)

2. Global Internal Audit Standards

Evaluation and adoption of the updated standards issued by the Institute of Internal Auditors, effective January 9, 2025, are in progress. Charter revisions necessitated by the updated standards were presented as an Information Item at the March Audit Committee meeting. The revisions will be presented for approval at the June meetings of the Audit Committee and the Board of Directors. (FY 2025/26 Business Plan 4.B)

3. Annual Risk Assessment

The General Auditor's risk assessment methodology was refreshed and presented at the March Audit Committee meeting, along with a risk and internal control discussion and solicitation of Board input on risk areas and internal control concerns. Consistent with current practice, Board input on risk areas and internal control concerns will be solicited at every Audit Committee meeting. (FY 2025/26 Business Plan 1.E)

4. Annual Audit Plan

Planning is underway for next fiscal year's audit plan, which includes meetings with Metropolitan senior management. The FY 2026/27 audit plan will be presented for approval at the June meetings of the Audit Committee and Board of Directors.

5. External Audit RFP

Collaboration with Accounting and Contracting Services to draft and issue an RFP for external audit services for the annual financial audit, and the single audit is underway. The RFP will be for the fiscal years ending June 30, 2027, 2028, 2029, and 2030.

6. Annual External Audit Fiscal Year 2025/26

Engagement letter review and approval process for the Fiscal Year 2025/26 annual financial audit and single audit is in progress.

7. Board Member Orientation to Audit Committee

Met with new committee member to provide on-boarding information. (FY 2025/26 Business Plan, 2.C)

8. Employee Inspection Trips

Staff participated in a tour of the Colorado River Aqueduct.

9. Training

Department staff attended training on professional skepticism. (FY 2025/26 Business Plan 5.B)

10. Internal Audit Function Site Visits

Met with the Los Angeles County Sanitation District's internal audit function (see picture below) at Union Station to share information on department processes, and data analytic tools. (FY 2025/26 Business Plan 3.E)

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