



Executive Committee

General Auditor's Internal Audit Plan Fiscal Year 2024/25

Item 7-1

May 28, 2024

Item # 7-1
General
Auditor fiscal
year 2024/25
Audit Plan

Subject

Approve General Auditor's Internal Audit Plan for fiscal year 2024/25

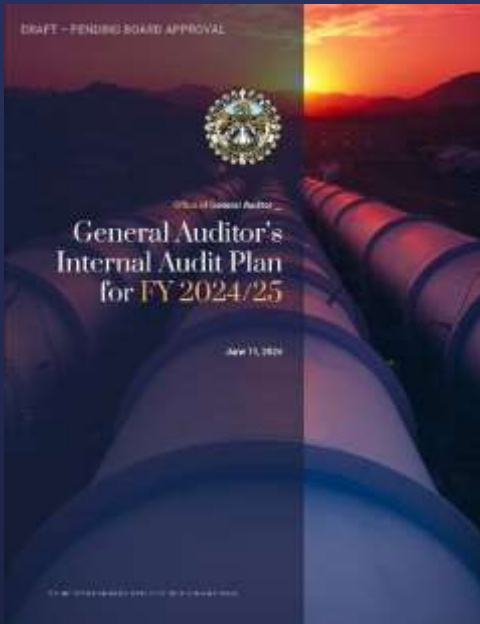
Purpose

Provide an overview of the department, the audit risk assessment process, and the Internal Audit Plan for fiscal year 2024/25

Next Steps

Submit the Internal Audit Plan for approval by the Board

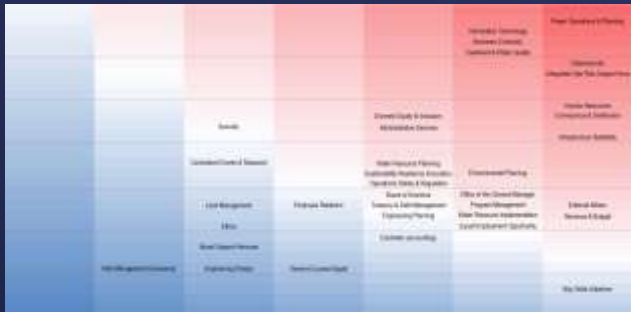
Business Plan



Department Overview

- Provide independent, professional, and objective advice to the Board and Metropolitan management in accordance with professional standards issued by The Institute of Internal Auditors
- 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 Metropolitan Administrative Code Section 6451

Audit Risk Assessment



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 assurance providers
4. Estimate resources
5. Propose the audit plan and solicit feedback
6. Finalize and communicate the audit plan
7. Assess risks continuously
8. Update the audit plan and communicate changes

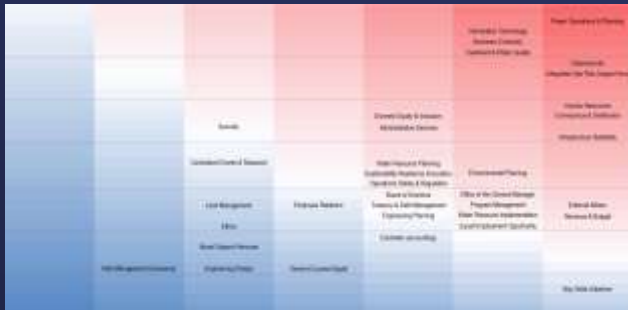
Audit Risk Assessment Summary

Higher Audit Risk Areas

- Business Continuity
- Conveyance & Distribution
- Cybersecurity
- Human Resources
- Information Technology
- Integrated Operations Planning & Support Services
- Power Operations & Planning
- Treatment & Water Quality

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



Audit Plan



Service Portfolio

1. Operational & Compliance Audits

2. Information Technology Audits

3. Advisory Services

4. Follow-Up Reviews

5. Administration & Other Activities

Audit Plan



New Engagements

Operational & Compliance Audits

1. CRA Reliability
2. Total Asset Management
3. Chemical Safety
4. Recruiting Process
5. Business Continuity Program
6. Small/Disadvantaged Business Enterprise Program

Information Technology Audit

18. IT Governance

Recurring Board Request

7. Colorado River Water User Association Review

Audit Plan



Audit Plan



Carryforward Engagements

Operational & Compliance Audits

8. Sole Source Contracts
9. Power Market Operations
10. State Audit Monitoring
11. Bay Delta Disaster Preparedness
12. CRA Maintenance
13. California Landscape Contractors Association Contract Compliance
14. Pure Water State Funding Audit
15. Reserves/Rate Stabilization Fund
16. Real Property Business Management System
17. CRA Discharge Line Isolation Couplings Rehabilitation Project

Audit Plan



Carryforward Engagements (con't)

Information Technology Audit

19. Cybersecurity: Software Asset Inventory & Control
20. Oracle Enterprise Business Suite Security

Audit Plan



Advisory Engagements

21. Grants
22. Buy v. Lease
23. Progressive Design-Build
24. Corporate Climate Assessments
25. Risk Oversight Committee (Power Operations)
26. METCON (*carryforward*)
27. WINS (*carryforward*)
28. PeopleSoft Time & Labor (*carryforward*)
29. Enterprise Content Management (*carryforward*)

Audit Plan



Administration & Other Activities

- External Audit Support
- Annual Audit Risk Assessment & Internal Audit Plan
- TeamMate+ Training & Functional Utilization
- Quality Assessment & Improvement Program (QAIP)
- On-Demand Advisory Services

Assurance Coverage

Specific risk areas covered by planned engagements:

RISK	AUDITABLE AREA	ENGAGEMENT
Asset management	Infrastructure Reliability	Total Asset Management (2)
Business continuity	Business Continuity	Business Continuity Program (5)
Chemical safety	Treatment & Water Quality	Chemical Safety (3)
Competitive contracting	Administrative Services	Sole Source Contracts (8)
Construction	Engineering Design	Progressive Design-Build (Advisory)(23)
Culture	DEI EEO Ethics Human Resources	Corporate Climate Assessments (Advisory)(24)

Additional
Information



Assurance Coverage (con't)

RISK	AUDITABLE AREA	ENGAGEMENT
Cybersecurity	Cybersecurity	Cybersecurity: Software Asset Inventory & Control (19)
Data governance	Administrative Services	Enterprise Content Management (Advisory)(29)
Delta failure/earthquake	Bay Delta Initiatives	Bay Delta Disaster Preparedness (11)
Fleet vehicles	Integrated Operations Planning & Support Services	Buy v. Lease (Advisory)(22)
Grant compliance	Centralized Grants & Research	Grants (Advisory)(21) Pure Water State Funding Audit (14)
IT Governance	Information Technology	IT Governance (18)

Additional Information



Assurance Coverage (con't)

RISK	AUDITABLE AREA	ENGAGEMENT
New Applications	Controller Conveyance & Distribution	Peoplesoft Time & Labor (Advisory)(28) WINS (Advisory)(27) METCON (Advisory)(26)
Power costs/operations	Power Operations & Planning	Power Market Operations (9) Risk Oversight Committee (Advisory)(25)
Recruiting	Human Resources	Recruiting Process (4)
SBA/DBE contracting	Diversity Equity Inclusion	SBA/DBE Program (6)
State Audit	Human Resources	State Audit Monitoring (10)
Third-party compliance	Water Resource Implementation	CLCA Contract Compliance (13)
Water system maintenance	Conveyance & Distribution	CRA Reliability (1) CRA Maintenance (12)

Additional Information



Deferred Projects

Added to audit plan as resources/time become available:

RISK	AUDITABLE AREA
California Air Resources Board (CARB) regulations/fleet exemptions	Integrated Operations Planning & Support Services Sustainability Resiliency Innovation
Community Outreach	External Affairs
Conservation funding	Water Resource Implementation
Contract administration (post-award)	Program Management
Contract selection/award	Administrative Services Engineering External Affairs
Cybersecurity program	Information Technology
Desert housing	Integrated Operations Planning & Support Services

Additional Information



Deferred Projects (con't)

RISK	AUDITABLE AREA
District temporary/annuitant usage	Human Resources
Electrical equipment supply chain	Integrated Operations Planning & Support Services
Enterprise risk management	Office of the General Manager
Investigative process	Multiple
Reserves/cost of service	Revenue & Budget
Revenue-generating lease/license contracts	Sustainability Resiliency & Innovation

Additional Information



Other Risk Areas

- Bonding capacity
- RFP development

Additional
Information



Additional Information



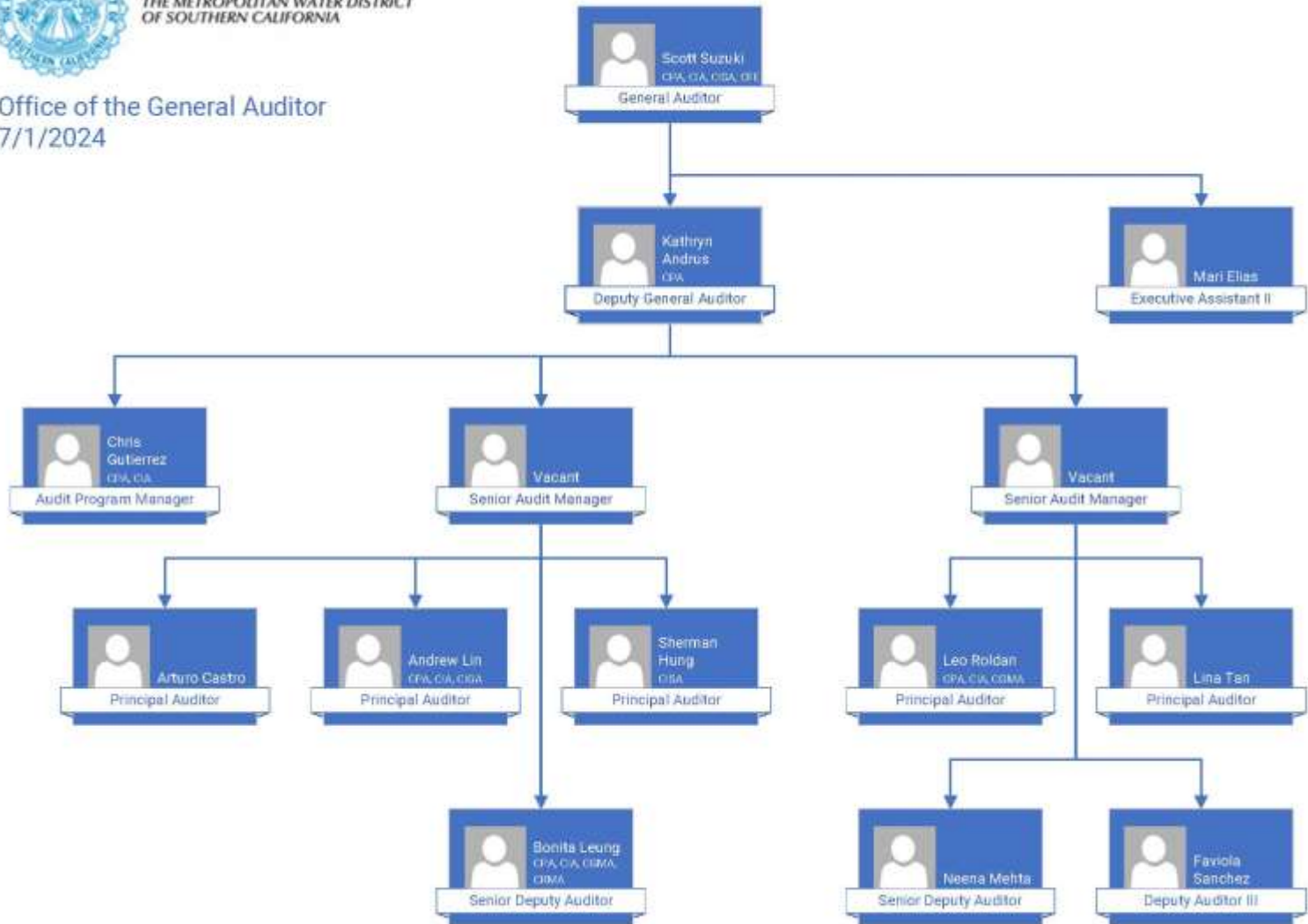
Resource Plan

- Eleven professional audit team members and one administrative professional
- Audit experience includes financial, performance, fraud, compliance, and information technology
- Six licensed Certified Public Accountants (CPA)
- Five Certified Internal Auditors (CIA) and two Certified Information Systems Auditors (CISA)
- 12,884 productive hours of which 8,564 are net project hours
- All eight higher-risk auditable areas will be covered



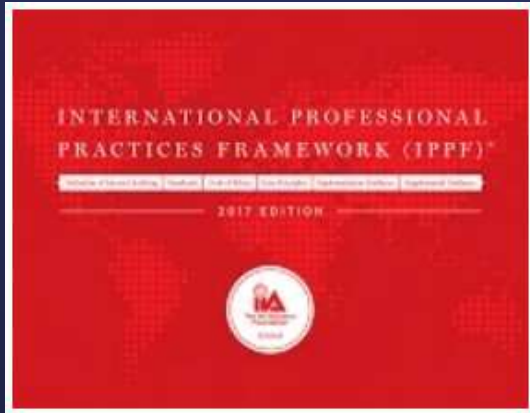
THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Office of the General Auditor
7/1/2024



Organization Chart

Additional Information



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

Note: The IIA issued the Global Internal Audit Standards in January 2024 as an update to its standards, which will take effect in January 2025.

