



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Board Report

Office of the General Auditor

• General Auditor's Report for January 2026

Summary

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

Purpose

Informational

Attachments

None

Detailed Report

Audit & Advisory Projects

Twenty-three projects are in progress:

- Eight audit projects are in the report preparation phase.
 - One draft report was issued: Contract Audit: California Landscape Contractors Association; management response is due February 20, 2026.
 - One collaboration draft report was issued: Advisory Brief – Rapid Review: Deepfake Awareness; management review requested by February 20, 2026. (FY 2025/26 Business Plan 1.D)
- Fourteen projects are in the execution phase, including five audits and nine advisories.
- One project is in the planning phase.
- Work continues on the remaining carryforward projects; one collaboration draft report is expected in February. (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.

No follow-up review forms are overdue.

Date of Report: February 10, 2026

Board Report (General Auditor's Report for January 2026)

Other General Auditor Activities

1. New Board Member Orientation

Met with new board members and the new Audit Committee Chair to provide information regarding the internal audit profession and purpose, board and internal audit relations, Audit Committee, internal audit at Metropolitan, and applicable Administrative Code. (FY 2025/26 Business Plan 2.C)

2. Internal Quality Assessment

Preparation for the annual internal quality assessment, as required by professional internal auditing standards, is in progress. Surveys sent to the Board, management, and department staff were received, and we are evaluating and summarizing the results, which will be presented at the March meeting of the Audit Committee. (FY 2025/26 Business Plan 4.D)

3. 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 will be presented for approval at the March meetings of the Audit Committee and Board of Directors. (FY 2025/26 Business Plan 4.B)

4. Audit Manager Position

Collaboration with Human Resources to revise the audit manager job description to complete the department's career ladder is in progress. (FY 2025/26 Business Plan 5.D)

5. Annual Risk Assessment

The General Auditor's risk assessment methodology is being refreshed and will be 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)

6. Audit Project Management System Enhancements

Enabled AI tool and SharePoint functionality within the audit project management system. (FY 2025/26 Business Plan 3.B, 3.D)

7. 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.

8. Training

Staff attended training on AB339 implementation, Legislative Strategy, and the Member Agency Cybersecurity Summit.