

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

AUDIT AND ETHICS COMMITTEE

February 22, 2022

Chair Ramos called the teleconference meeting to order at 9:30 a.m.

Members present: Chair Ramos, Vice Chair McCoy, Directors Ackerman, Blois, Dennstedt, Kurtz, Record and Smith.

Members absent: Directors Hawkins and Jung.

Other Board Members present: Directors Abdo, Atwater, Cordero, Erdman, Faessel, Fellow, Fong-Sakai, Goldberg, Gray, Lefevre, Miller, Morris, Peterson, Sutley and Tamaribuchi.

Committee Staff present: Beatty, Hagekhalil, Salinas, Scully, Shope, Riss, Rodriguez, Tonsick and Von Haam.

1. OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE COMMITTEE ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION

1. Conner Everts, Private Citizen - requesting that Metropolitan release the sexual harassment reports to the Board and to the public.
2. Ellen Mackey, as a member of the public- Requesting the Shaw Law Group reports be released unredacted.

CONSENT CALENDAR ITEMS — ACTION

2. CONSENT CALENDAR OTHER ITEMS – ACTION

- A. Approval of the Minutes of the meeting of the Audit and Ethics Committee held November 23, 2021

Director Record made a motion, seconded by Director McCoy to approve the consent calendar consisting of item 2A:

Ayes: Chair Ramos, Directors Ackerman, Blois, Dennstedt, Kurtz, McCoy, Record and Smith

Noes: None

Abstentions: None

Absent: Directors Hawkins and Jung

The motion for item 2A passed by a vote of 8 ayes, 0 noes, 0 abstain, and 2 absent.

For roll call purposes, it was advertently stated that minute's date for approval was October 26, 2021. Correct date is as noted on agenda for November 23, 2021.

3. CONSENT CALENDAR ITEMS – ACTION

None

END OF CONSENT CALENDAR ITEMS

4. OTHER BOARD ITEMS – ACTION

None

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. Subject: Discussion of Audit Planning and field work process

Presented by: Gerald Riss, General Auditor, John Tonsick, Assistant General Auditor and Kathryn Andrus, Deputy General Auditor

Ms. Andrus gave a presentation on the Audit Planning and field work process highlighted the following areas:

- Internal Audit's Roles
- Audit Planning Process
- Audit Plan Development
- Governance and Control Framework
- Audit Execution

The following Director asked questions or provided comments:

1. Ramos

b. Subject: Ethics Office Staffing Needs

Presented by: Abel Salinas, Ethics Officer

Mr. Salinas gave a presentation on the Ethics Office Staffing Needs highlighted the following areas:

- Ethics Office works on limited resources to meet demands of core responsibilities, is understaffed and has not added staff in 6 years
- Requesting 4 full time positions to assist meet in core responsibilities, expanded mandates and demands.
- The Ethics Office is not a single function office, it has 5 core functions: Advice, Compliance, Policy making, Education and Investigations. This does not include office management, administration, board requests or special projects.
- The Board approved the new Administrative Code mandates: which added new functions Education Mandates, Lobbyist Registrations, Compliance Mandates, Contractors Code of Conduct administer new rules and more.
- Currently, each staff works on 3 of the core functions; the budget of the Ethics Office is 0.4% of the overall budget.

The following Directors asked questions or provided comments:

1. Smith
2. Peterson
3. Dick
4. Ramos
5. Kurtz

Staff responded to Directors' comments or questions

7. MANAGEMENT REPORTS

a. Subject: General Auditor's report

Presented by: Gerald Riss, General Auditor

Mr. Riss thanked Ms. Andrus for the presentation and offered to expand on the explanation of the detailed audit process at a future date.

- b. Subject: Ethics Officer's report

Presented by: Abel Salinas, Ethics Officer

The Ethics Officer reported there are three new investigations and anticipates completion of these investigations in the next six months.

We currently have a total of four pending investigations:

- 1) The first new investigation opened in December involves misuse of authority and conflict-of-interest allegations against a supervisor;
- 2) The second new investigation, opened in January, involves misuse-of-authority allegations against a supervisor;
- 3) The third new investigation, also opened in January, involves allegations that a manager missed their authority for personal gain; and
- 4) The fourth pending investigation opened in November of 2021 and involves a supervisor who allegedly misused their authority to disadvantage an employee for personal reasons. The investigation is complete, and Mr. Salinas expects to issue his initial determination of findings in this matter within the next two weeks.

8. FOLLOW-UP ITEMS

The following Directors asked questions or provided comments:

1. Smith

Staff responded to Directors' comments or questions

9. FUTURE AGENDA ITEMS

None

10. ADJOURNMENT

Meeting adjourned at 10:21 am

Marsha Ramos
Chair