

**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**MINUTES**

**AUDIT AND ETHICS COMMITTEE**

May 24, 2022

Chair Ramos called the teleconference meeting to order at 11:00 a.m.

Members present: Chair Ramos, Vice Chair McCoy, Directors Ackerman, Blois, Dennstedt, Hawkins, Jung (entered after rollcall), Kurtz, Record and Smith.

Members absent: None

Other Board Members present: Directors Abdo, Atwater, Camacho, Cordero, De Jesus, Erdman, Faessel, Fellow, Goldberg, Gray, Luna, Miller, Morris, Ortega, Peterson, Pressman, Tamaribuchi and Williams.

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

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

- 1). Ellen Mackey, as a member of the public. Spoke in support of State Audit findings and implementation of ethics-related reforms.
- 2). Alan Shanahan, as a member of the public. Spoke in support of public disclosure of Shaw Law Group investigation reports.
- 3). Katie Wagner, member of the public. Spoke in support of State Audit findings and implementation of ethics-related reforms.

## **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 February 22, 2022.

Director Jung entered the meeting.

### **3. CONSENT CALENDAR ITEMS – ACTION**

- 7-2      Subject:      Approve the job description for the General Auditor and approve the hiring process for the General Auditor; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Presented by:    Diane Pitman, Human Resources

Motion:          Approve the job description for the General Auditor, and approve the hiring process for the General Auditor

Ms. Pitman gave a presentation on the General Auditor job description and listed the details of the current job duties.

The following Directors asked questions or provided comments:

1. Smith
2. Kurtz
3. Ortega
4. Dennstedt

Director Smith provide modifications to the job description for the General Auditor to: (1) make Certified Public Accountant (CPA) or Certified Internal Auditor (CIA) certification a mandatory qualification in the job description; (2) to add at the end of the third job duty bullet the phrase “while meeting these standards”; and, (3) under required knowledge add “principles and practices of public sector auditing” and “generally accepted government auditing standards.”

Staff responded to Directors’ comments or questions

After completion of the presentation, Director Smith made a motion, seconded by Director Blois to approve the consent calendar consisting of item 2A and 7-2 with modifications made.

The vote was:

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

Noes: None

Abstentions: None

Absent: None

The motion for item 2A and 7-2 passed by a vote of 10 ayes, 0 noes, 0 abstain, and 0 absent.

## **END OF CONSENT CALENDAR ITEMS**

### **4. OTHER BOARD ITEMS – ACTION**

None

### **5. BOARD INFORMATION ITEMS**

None

### **6. COMMITTEE ITEMS**

- a. Subject: Discussion of the Fuel Management Audit Report and Management's Response

Presented by: Gerald Riss, General Auditor  
John Tonsick, Assistant General Auditor  
Sergio Escalante, Assistant Group Manager, WSO  
Victor Erikson, Interim Section Manager Operations Support, WSO

Ms. Tonsick gave a presentation on the Fuel Management and audit findings highlighted the following areas:

- Fuel Disbursements
- Control Design
- Control Malfunctions
- Circumvented Procedures

- Inadequate Monitoring/Follow-up
- Equipment Malfunctions
- Invoice Review and Approval
- Mis-recorded and Underutilized Assets

Sergio Escalante, introduced Mr. Erikson who presented on the response to the Audit findings. Mr. Erikson highlighted the following areas:

- Audit of Fuel Management
- Fuel System Controls
- Controls and Data
- Fuel Transaction Findings
- Telematics
- Findings Implementations

The following Director asked questions or provided comments:

1. Smith
2. Morris
3. Peterson

b.           Subject:           Response to State Audit Findings Regarding the Ethics Office

Presented by:   Abel Salinas, Ethics Officer

Mr. Salinas gave a presentation on the State Audit findings regarding the Ethics Office and highlighted the following areas:

- Audit Findings Relating to the Ethics Office
- State Auditors Recommendations
- Ethics Officers Response
- Implementation Plan

The following Directors asked questions or provided comments:

1. Smith
2. Goldberg
3. Record
4. Ackerman
5. Cordero
6. Fellow
7. Gray

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 the Board members, Executive Management, and staff for the support over the 20 years.

- b. Subject: Ethics Officer's report

Presented by: Abel Salinas, Ethics Officer

Mr. Salinas reported that since February, the Ethics Office has initiated one new investigation. The Ethics Office currently has a total of four pending formal investigations, expected to be completed within next six months.

Mr. Salinas gave an update on the status of ad hoc subcommittees investigating Equal Employment Opportunity (EEO) allegations concerning directors or department heads.

At this time, there are four ad hoc subcommittees established since February 22, 2022, each assigned to a single case with support from an outside law firm. The Ethics Officer recommends this ad hoc subcommittee process continue for the existing cases to achieve prompt resolution of them, and that the Executive Committee consider revising the process for future cases.

The following Directors asked questions or provided comments:

1. Ortega
2. Smith
3. Kurtz

Staff responded to Directors' comments or questions.

## **8. FOLLOW-UP ITEMS**

None

## **9. FUTURE AGENDA ITEMS**

- 1) Code of conduct or ethics for Board members.

- 2) Review of ad hoc subcommittee process for EEO investigations of directors and department heads.
- 3) Review alternative organization structure models for independent internal oversight and review, including consideration of independence between audit and ethics functions.

## **10. ADJOURNMENT**

Meeting adjourned at 12:53 pm

Marsha Ramos  
Chair