



Audit & Ethics Committee

Annual Audit Plan Governance & Audit Independence

Item 6b

August 16, 2022

2022/23 Annual Audit Plan

Mission Statement



To provide independent, professional, objective assurance and consulting services designed to add value and improve Metropolitan's operations.

To help Metropolitan accomplish its objectives by using a proactive, systematic approach to evaluate and improve effectiveness of risk management, control and governance.

2022/23 Objectives

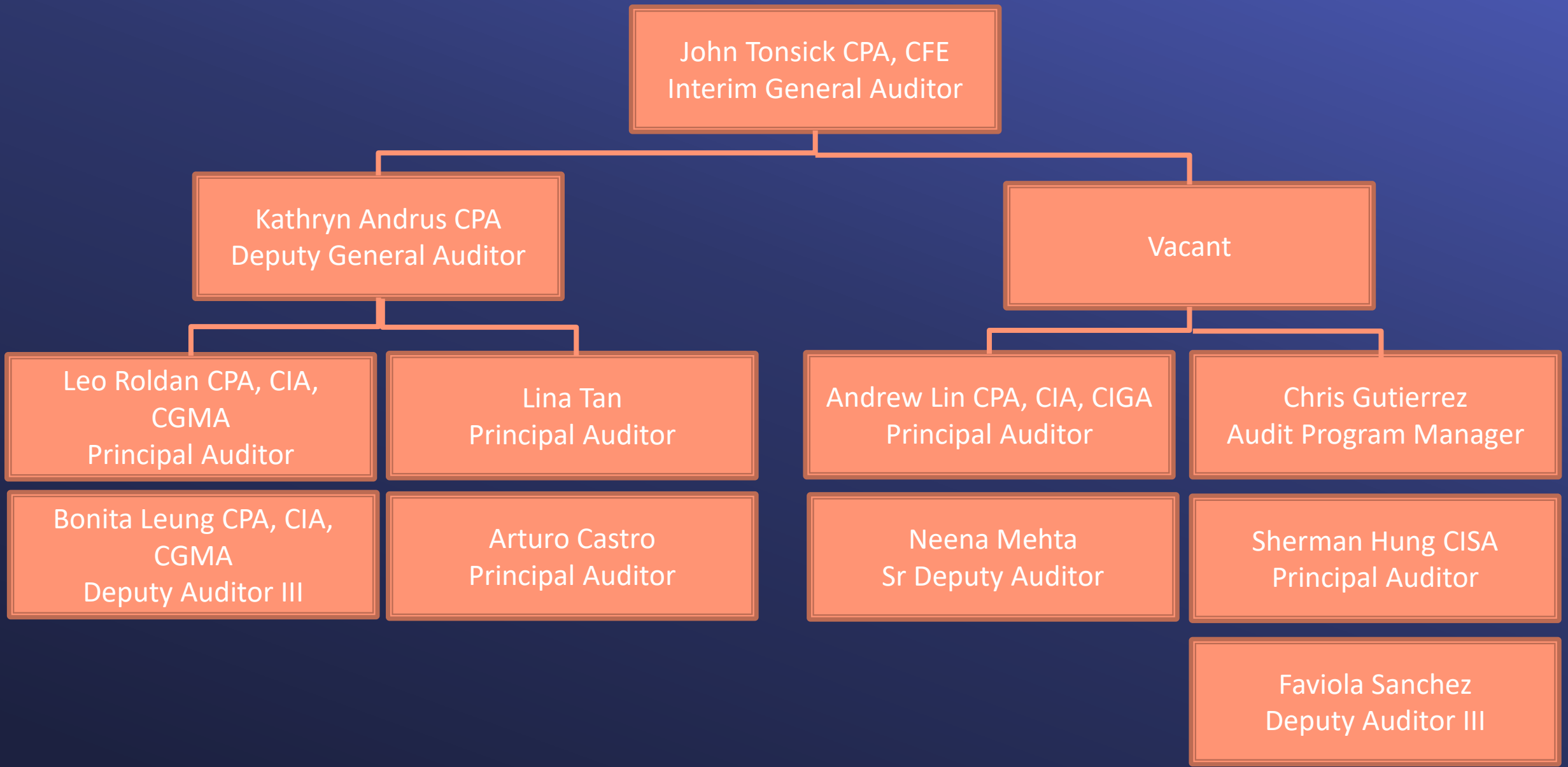
Uphold the mission, roles, and responsibilities of the Internal Audit Department

Focus audit efforts on issues of strategic and operational importance

Produce audit reports that provide timely, actionable advice

Effectively communicate audit results to the Board and Management







Consistently and promptly follow-up and report on management's responses to audit findings



COSO Framework



Risk Assessment: Likelihood, Impact and Velocity

Impact		
Likelihood	Moderate	Major
Almost Certain		Water Resources  Cyber Threats 
Likely		Power Operations 
Moderate	Contracting  Asset Management 	
Unlikely	Grants 	
Remote		

Audits Planned & Underway

Cyber Threats

- Cyber Security/Ransomware Prevention (underway)
- Oracle User Profiles (underway)

Power Operations

- Quarterly Risk Oversight Committee (underway)

Water Resources

- Conservation
- Storage Programs/Forbearance Agreements

Contracting

- District Housing (underway)

Asset Management

- Surplus Property (underway)
- IT Asset Management

Audits In Progress

Follow-up Audits

Other Audits In Progress

- Project Cost Reporting System
- Tuition Reimbursement
- MWD Website Design and Implementation
- Fuel Regulations Compliance
- Real Property Business Management System

Follow-up Audits

- California State Audit
- Travel Expense Reports
- Check With Order
- Fuel

Governance & Audit Independence

Governance

Strong governance requires appropriate structures and processes that enable it

- The Board should be accountable to their stakeholders
- Demands integrity, leadership, and transparency
- Risk-based decision making and application of resources
- Assurance and advice by an independent internal audit function

MWD Internal Audit

Adherence to IIA Standards

- Internal Audit Charter
- California Code, Government Code

IIA Standards

- Internal Audit should encompass every part of the organization's operations
- The CAE and Internal Audit should have the requisite status within the organization and report directly to the board

