

**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**  
**MINUTES**

**AUDIT AND ETHICS COMMITTEE**

**October 26, 2021**

Chair Ramos called the teleconference meeting to order at 1:18 p.m.

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

Members absent: Directors Hogan and Record.

Other Board Members present: Directors Abdo, Dick, Erdman, Fellow, Goldberg, Lefevre, Luna, Morris, Ortega, Peterson, and Tamaribuchi.

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

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

None

<b>CONSENT CALENDAR OTHER ITEMS — ACTION</b>
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**2. CONSENT CALENDAR OTHER ITEMS – ACTION**

- A. Approval of the Minutes of the meeting of the Audit and Ethics Committee held July 27, 2021

**3. CONSENT CALENDAR ITEMS – ACTION**

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|-----|---------------|--|
| 7-1 | Subject:      | Recommend that the Board approve proposed ethics-related amendments to the Administrative Code; the General Manager has determined that the proposed action is not subject to CEQA |
|     | Motion:       | Approve recommended ethics-related amendments to the Administrative Code.  |
|     | Presented by: | Abel Salinas, Assistant General Auditor<br>Lance Olson, Olson Remcho, LLC  |

Mr. Salinas presented the timeline, scope and minor modifications of the proposed Code changes and provided his recommendations. Mr. Olson explained the collaborative effort over the last three years, crafting the proposed rules presented today while working closely with the Ethics Office staff, General Counsel's Office and Human Resources. Mr. Olson encouraged the committee to adopt the rules presented today.

After completion of the presentation, Director Kurtz made a motion, seconded by Director McCoy to approve the consent calendar consisting of items 2A and 7-1:

Ayes: Directors Ackerman, Blois, Butkiewicz, Dennstedt, Hogan, Kurtz, McCoy, Ramos and Smith  
Noes: None  
Abstentions: Director Dennstedt item 2A only  
Not Voting: Director Jung  
Absent: Directors Hogan and Record

The motion for item 2A passed by a vote of 9 ayes, 0 noes, 1 abstain, 1 not voting and 2 absent.  
The motion for item 7-1 passed by a vote of 10 ayes, 0 noes, 0 abstain, 1 not voting and 2 absent.

The following Directors provided comments or asked questions:

1. Kurtz
2. Butkiewicz
3. Goldberg
4. Ortega
5. Smith

Staff responded to the Directors' questions and comments.

<b>END OF CONSENT CALENDAR ITEMS</b>
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#### **4. OTHER BOARD ITEMS – ACTION**

None

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

None

#### **6. COMMITTEE ITEMS**

- a.       Subject:       Discussion of Independent Auditor’s Report from KPMG, LLP for fiscal year 2020/21

Presented by:   Chris Ray, Partner at KPMG

Mr. Ray gave a presentation on the fiscal year 2020/21 Audit Plan and strategy and highlighted the following areas:

- Summary of audit results
- Uncorrected audit misstatements
- Corrected audit misstatements
- Non-GAAP policies and practices
- Auditors’ report
- Significant accounting policies and practices
- Significant accounting estimates
- Inquiries

The following Director provided comments or asked questions:

1.   Dennstedt
2.   Ramos

Staff responded to the Directors’ questions and comments.

#### **7. MANAGEMENT REPORTS**

- a.       Subject:       General Auditor’s report

Presented by:   Gerald Riss, General Auditor

Mr. Riss reported that the Audit Department's work includes projects requested by members of the Board, including a review of activities of the Colorado River Users Association. You will see that report in the monthly report.

- b. Subject: Ethics Officer's report

Presented by: Abel Salinas, Ethics Officer

Mr. Salinas reported that since his last update to the committee back in July, the Ethics Office has not initiated any new investigations. The Ethics Office now has a total of two pending investigations. The first investigation involves an allegation that an employee conducted outside employment activities during hours they were being compensated by Metropolitan, in violation of the Ethics operating policy. The second investigation involves a manager who allegedly misused their authority to advantage one employee during a recruitment process.

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

None

## **9. FUTURE AGENDA ITEMS**

Chair Ramos requested a presentation from Audit on an overview of consulting services.

## **10. ADJOURNMENT**

Next meeting will be held on November 23, 2021.

Meeting adjourned at 2:17 pm

Marsha Ramos  
Chair