

# The Metropolitan Water District of Southern California

# Agenda

The mission of the Metropolitan Water District of Southern California is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

## Sp.Exec Committee

A. Ortega, Chair  
J. Abdo, Board Vice Chair  
M. Camacho, Board Vice Chair  
S. Goldberg, Board Vice Chair  
N. Sutley, Board Vice Chair  
L. Fong-Sakai, Board Secretary  
J. Armstrong  
G. Cordero  
D. De Jesus  
D. Erdman  
J. Garza  
G. Gray  
F. Jung  
M. Luna  
T. McCoy  
B. Pressman  
T. Quinn  
T. Smith

## **Special Executive Committee**

Meeting with Board of Directors \*

**July 9, 2024**

**2:30 p.m.**

**Tuesday, July 9, 2024  
Meeting Schedule**

**08:30 a.m. FAM  
10:30 a.m. EIA  
11:30 a.m. Break  
12:00 p.m. EOP  
01:30 p.m. BOD  
02:30 p.m. Sp Exec**

**Agendas, live streaming, meeting schedules, and other board materials are available here:**

**<https://mwdh2o.legistar.com/Calendar.aspx>. Written public comments received by 5:00 p.m. (business days) before the meeting is scheduled will be posted under the Submitted Items and Responses tab available here:  
<https://mwdh2o.legistar.com/Legislation.aspx>.**

**If you have technical difficulties with the live streaming page, a listen-only phone line is available at 1-877-853-5257; enter meeting ID: 891 1613 4145.**

**Members of the public may present their comments to the Board on matters within their jurisdiction as listed on the agenda via in-person or teleconference. To participate via teleconference 1-833-548-0276 and enter meeting ID: 815 2066 4276 or click <https://us06web.zoom.us/j/81520664276pwd=a1RTQWh6V3h3ckFhNmDsUWpKR1c2Zz09>**

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**MWD Headquarters Building • 700 N. Alameda Street • Los Angeles, CA 90012**

**Teleconference Locations:**

**3008 W. 82nd Place • Inglewood, CA 90305**

**City Hall • 303 W. Commonwealth Avenue • Fullerton, CA 92832**

**Conference Room • 1545 Victory Blvd. 2nd Floor • Glendale, CA 91201**

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\* The Metropolitan Water District's meeting of this Committee is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to this Committee may participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to this Committee will not vote on matters before this Committee.

**1. Opportunity for members of the public to address the Committee limited to the items listed on agenda. (As required by Gov. Code §54954.3(a))**

**2. COMMITTEE ITEMS**

- a. General Auditor's Business Plan for fiscal year 2024-2025 [21-3592](#)

**Attachments:** [07092024 Exec 2a General Auditor Business Plan FY 24-25](#)  
[07092024 Exec 2a Presentation](#)

- b. Discussion of Department Head Performance and Goal Setting [21-3506](#)  
[Public employee performance evaluation – General Auditor; to be heard in closed session pursuant to Gov. Code Section 54957]

**3. FOLLOW-UP ITEMS**

NONE

**4. FUTURE AGENDA ITEMS**

**5. ADJOURNMENT**

**NOTE:** This committee reviews items and makes a recommendation for final action to the full Board of Directors. Final action will be taken by the Board of Directors. Committee agendas may be obtained on Metropolitan's Web site <https://mwdh2o.legistar.com/Calendar.aspx>. This committee will not take any final action that is binding on the Board, even when a quorum of the Board is present.

Writings relating to open session agenda items distributed to Directors less than 72 hours prior to a regular meeting are available for public inspection at Metropolitan's Headquarters Building and on Metropolitan's Web site <https://mwdh2o.legistar.com/Calendar.aspx>.

Requests for a disability-related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Board Executive Secretary in advance of the meeting to ensure availability of the requested service or accommodation.



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

## Committee Item INFORMATION

### ***Executive Committee***

7/9/2024 Committee Meeting

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2a

#### **Subject**

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General Auditor's Business Plan for Fiscal Year 2024/2025

#### **Executive Summary**

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The General Auditor's Business Plan for fiscal year 2024/25 presents key accomplishments of the Office of the General Auditor during fiscal year 2023/24 and goals for fiscal year 2024/25. The General Auditor's Internal Audit Plan, which covers the internal audit risk assessment and resultant audit and advisory projects we will work on during fiscal year 2024/25, was approved by the Board on June 11, 2024 and is separate from this item.

#### **Fiscal Impact**

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Not applicable

#### **Applicable Policy**

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Metropolitan Water District Administrative Code Section 2703: General Auditor's Report  
Metropolitan Water District Administrative Code Section 6451: Audit Department Charter  
Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

#### **Related Board Action(s)/Future Action(s)**

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July 11, 2023, Item 7-8, Approve General Auditor's Business Plan for fiscal year 2023/24

June 11, 2024, Item 7-1, Approve General Auditor's Audit Plan for fiscal year 2024/25

#### **Details and Background**

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##### **Background**

The mission of the Office of the General Auditor is to provide independent, professional, objective assurance and consulting services designed to add value and improve Metropolitan's operations. Metropolitan's internal audit function helps Metropolitan accomplish its objectives by using a proactive, systematic approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The proposed Business Plan (Attachment 1) includes a list of key accomplishments aligned with goals established at the onset of fiscal year 2023/24. Using information obtained from the Department Head 360° evaluation process and applying requirements from professional internal auditing standards, the Metropolitan Mission Statement, and the strategic priorities of the General Manager, a set of planned goals and strategies was developed for fiscal year 2024/25 for Board consideration.



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Scott Suzuki  
General Auditor

7/3/2024

Date

**Attachment 1 – General Auditor’s Business Plan: Fiscal Year 2024/25**

Ref# a12704359



## OFFICE OF THE GENERAL AUDITOR

# General Auditor's Business Plan

**FISCAL YEAR 2024/25**

July 9, 2024

### INTRODUCTION

Pursuant to Item 7-4 from the May 14, 2024 Ethics, Organization, and Personnel Committee meeting, this business plan presents key accomplishments of the Office of the General Auditor during fiscal year 2023/24 and goals for fiscal year 2024/25. The General Auditor's Internal Audit Plan, which covers the internal audit risk assessment and resultant audit and advisory projects we will work on during fiscal year 2024/25, was approved by the Board on June 11, 2024 and is separate from this document.

The Office of the General Auditor looks forward to serving Metropolitan's internal audit needs and contributing to its mission of providing its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

### BACKGROUND

The mission of the Office of the General Auditor is to provide independent, professional, and objective assurance and consulting services designed to add value and improve Metropolitan's operations. We help Metropolitan accomplish its objectives by using a proactive and systematic approach to evaluate and recommend improvements to the effectiveness of risk management, internal control, and governance processes.

We compiled a list of key accomplishments aligned with goals established at the onset of fiscal year 2023/24. Using information obtained from the Department Head 360° evaluation process and applying requirements from professional internal auditing standards, the Metropolitan Mission Statement, and the strategic priorities of the General Manager, we developed a set of planned goals and strategies for fiscal year 2024/25 for Board consideration.

### FY 2023/24 ACCOMPLISHMENTS

1. **Board Relations.** Build and strengthen relationships with the General Auditor's home committee and the 38-member Board of Directors by developing trust and establishing credibility and reliability.
  - Developed new report format to provide the Board with an executive summary, recognize positive performance, document management's response, and provide assistance to management with new priority ratings; issued three audit reports
  - Crafted a new dashboard to succinctly report quarterly internal audit activity to the Board; completed four quarterly reports
  - Collaborated with General Counsel to develop a new dual-report format for sharing confidential audit communications
  - Created orientation materials to introduce Metropolitan's internal audit function to new Board members
  - Maintained periodic meetings with the Board Chair and audit subcommittee chair to discuss internal audit activities, Metropolitan current events, and contemporary internal audit topics
  - Introduced review of the Audit Department Charter (Administrative Code Section 6451) with the audit subcommittee to reaffirm mission and scope of work, applicable professional standards, internal audit responsibilities, and authority
  - Implemented process for handling individual Board Member audit requests outside the planning cycle

2. **Enterprise Risk.** Initiate robust risk conversations with the Subcommittee on Audits and the Board.
  - Facilitated the annual audit risk assessment discussion with the Board to identify concern areas; incorporated Board feedback into the audit plan
  - Revised audit risk assessment methodology by utilizing auditable areas aligned with the organizational structure, formalizing risk scoring, and adding risk velocity; assigned engagements to areas of risk identified in the audit risk assessment with consideration of the General Manager's strategic priorities
  - Updated audit plan periodically based upon evolving risk landscape
3. **Audit Plan.** Develop and execute an annual audit plan that is bold, strategic, and addresses any outstanding audit recommendations, along with timelines for implementation.
  - Facilitated meetings with Metropolitan department heads and senior management to identify risk areas
  - Added advisory services to provide consulting to management; initiated three advisory projects for mission-critical applications being replaced/upgraded
  - Created new advisory memo to swiftly communicate with the Board and management; issued one memo
  - Revised follow-up process to ensure implementation of all audit recommendations and facilitate management reporting/timelines; created new follow-up forms
  - Completed ransomware assessment to address IT risk area
  - Provided annual support to external auditor Macias Gini & O'Connell LLP and periodically met as part of application of the combined assurance model
  - Performed review for Colorado River Water User's Association in support of Colorado River relations.
4. **Professional Standards.** Strengthen the operations of the organization by providing independent and objective advice in accordance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.
  - Contracted completion of an external quality assessment of the internal audit function by The Institute of Internal Auditors to evaluate conformance with professional internal auditing standards; received a recognition plaque acknowledging our conformance
  - Attended training on revised professional standards (Global Internal Audit Standards) to gain an understanding of the new model and changes to be implemented
  - Implemented engagement and reporting quality control checklists to ensure adherence to professional standards
  - Integrated Ethics and General Counsel into engagement planning procedures to coordinate work effort and encourage collaboration
5. **General Auditor Team.** Take steps toward creating a high-performing, inclusive, and innovative team of audit professionals noted for valuing diversity, workplace equity, shared vision, and mission.
  - Upgraded our project management application (TeamMate+) to take advantage of the latest web-based solution functionality
  - Revised practices for audits, advisories, follow-up reviews, and staff scheduling to increase effectiveness (e.g., conformance to standards, cross-training) and efficiency (e.g., reduce turnaround timeframes)
  - Implemented monthly staff meetings and off-site lunches to enhance team building and communications
  - Provided opportunities for audit department staff to participate in department initiatives (e.g., audit plan development, new report format) and present at committee meetings to foster professional growth and inclusion opportunities
  - Audit management attended fraud training covering artificial intelligence, fraud risk management, fraud trends, and the role of the auditor and fraud
  - Principal Auditors attended training to enhance project lead skills; audit department staff attended training provided by Human Resources to learn about communication styles and help build cohesion within the department and foster effective communication
  - Audit management attended the SoCal Ethics Symposium, which focused on sharing insights, challenges, and solutions in the field of government ethics and compliance; audit department staff attended Ethics training covering Metropolitan's gift rules

**FY 2024/25 GOALS**

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**GOAL 1: People**

People are the organization's most valuable asset. This goal sets out to increase knowledge, skills, and abilities of individual team members and develop the internal relationships amongst the internal audit team.

Strategies:

- Upskill internal audit resources with customized courses in technical competencies and interpersonal skills; ensure completion of 40 minimum training hours
- Recruit and fill critical senior audit manager position to assist with day-to-day operations
- Encourage pursuit of professional certifications related to internal audit

**GOAL 2: Quality**

Quality is a critical component of internal audit work and is governed by professional internal audit standards. This goal seeks to ensure internal audit meets or exceeds quality standards for assurance and advisory work.

Strategies:

- Complete readiness assessment to prepare for conformance with the new 2024 Global Internal Audit Standards; implement required changes
- Train staff on new requirements; monitor for conformance
- Implement recommendations from the 2023 external quality assessment
- Restart annual internal quality assessment process

**GOAL 3: Innovation**

Innovation is a cornerstone to ensuring Metropolitan's resources are utilized in an efficient and economical manner. This goal looks to continuously improve internal audit means and methods in support of Metropolitan's mission.

Strategies:

- Formalize an internal audit strategy that supports the strategic objectives and success of Metropolitan
- Investigate application of artificial intelligence
- Increase application of data analytics
- Leverage project management system features
- Execute rapid reviews

**GOAL 4: Risk**

Risk is anything that can interfere with Metropolitan achieving its mission and objectives. This goal pursues risk identification, evaluation, and assistance with mitigation.

Strategies:

- Support enterprise risk management initiatives
- Stay abreast of and communicate emerging risk topics
- Explore adoption and implementation of frameworks for internal control, fraud risk management, and information technology

**GOAL 5: Collaboration**

Collaboration with the Board, management, and other department heads is integral to internal audit's effectiveness. This goal endeavors to enhance interaction between internal audit and the Board, management, General Counsel and Ethics.

Strategies:

- Share new audit plan process and project methodologies with stakeholders; solicit feedback
- Identify internal control training opportunities to offer within Metropolitan
- Investigate ways to coordinate strategy and enhance collaboration with other departments
- Implement customer service surveys at engagement conclusion to solicit feedback and improvement opportunities
- Facilitate combined assurance model

**OFFICE OF THE GENERAL AUDITOR COMMUNICATIONS**

This business plan was prepared by the Office of the General Auditor, an internal audit function of the Metropolitan Water District of Southern California serving the Board of Directors and management. Questions regarding this communication may be directed to General Auditor Scott Suzuki at 213.217.6528 or Deputy General Auditor Kathryn Andrus at 213.217.7213.





Special Executive Committee

# General Auditor's Business Plan Fiscal Year 2024/25

Item 2a

July 9, 2024

## Item 2a General Auditor's Business Plan

### Subject

General Auditor's Business Plan for Fiscal Year 2024/25

### Purpose

The General Auditor's Business Plan for FY 2024/25 includes key accomplishments from FY 2023/24 and establishes goals for Metropolitan's internal audit function for FY 2024/25.

# Office of the General Auditor

## FY 2023/24 Accomplishments

1. Board Relations
2. Enterprise Risk
3. Audit Plan
4. Professional Standards
5. General Auditor Team

# Office of the General Auditor

## FY 2023/24 Accomplishments

### 1. Board Relations

- New audit report
- New dashboard report
- New confidential communications
- New director orientation
- Board/committee chair meetings
- Audit charter review
- New board request protocol

# Office of the General Auditor

## FY 2023/24 Accomplishments

### 2. Enterprise Risk

- Board audit risk assessment discussion
- New audit risk assessment
- Audit plan updates

# Office of the General Auditor

## FY 2023/24 Accomplishments

### 3. Audit Plan

- Management input
- Advisory services
- Advisory reporting
- Follow-up reviews
- IT risk
- External auditor
- CRWUA

# Office of the General Auditor

## FY 2023/24 Accomplishments

### 4. Professional Standards

- External quality assessment
- New Global Internal Audit Standards
- Quality control checklists
- Ethics & General Counsel planning

## Office of the General Auditor

### FY 2023/24 Accomplishments

#### 5. General Auditor Team

- Project management system upgrade
- Revised department practices
- Staff meetings/off-sites
- Staff growth/inclusion opportunities
- Technical training
- Soft-skills training
- Ethics training



# Office of the General Auditor

## FY 2024/25 Goals

1. People
2. Quality
3. Innovation
4. Risk
5. Collaboration

# Office of the General Auditor

## FY 2024/25 Goals

1. People
  - Upskill/training
  - Staffing/management
  - Professional certifications

# Office of the General Auditor

## FY 2024/25 Goals

### 2. Quality

- New professional internal auditing standards
- Training on new standards
- External quality assessment recommendations
- Internal quality assessment

# Office of the General Auditor

## FY 2024/25 Goals

### 3. Innovation

- Internal audit strategy
- Artificial intelligence
- Data analytics
- Project management system features
- Rapid reviews

# Office of the General Auditor

## FY 2024/25 Goals

### 4. Risk

- Enterprise risk management
- Emerging risks
- Frameworks

# Office of the General Auditor

## FY 2024/25 Goals

### 5. Collaboration

- Outreach
- Internal control training
- Cross-department strategy
- Customer service survey
- Combined assurance model





General Auditor's Business Plan  
FY 2024/25

**Thank You**

Scott Suzuki, CPA, CIA, CISA, CFE  
General Auditor



