

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.

Audit Committee

M. Ramos, Chair
R. Crane, Vice Chair
D. De Jesus
L. Fong-Sakai
G. Gray, Emeritus
C. Kurtz

Special Audit Committee - Final

Meeting with Board of Directors *

May 11, 2026

1:30 p.m.

Monday, May 11, 2026 Meeting Schedule

09:00 a.m. EOT
11:30 a.m. LEG
01:00 p.m. BREAK
01:30 p.m. AUDIT
02:30 p.m. CWC
03:30 p.m. OWA
05:30 p.m. SP BOD

Written public comments received by 3:00 p.m. the business day before the meeting is scheduled will be posted under the Submitted Items and Responses tab available here:

<https://mwdh2o.legistar.com/Legislation.aspx>.

Members of the public may present their comments to the Board on matters within their jurisdiction as listed on the agenda via teleconference and in-person. To provide public comment by teleconference dial 1-877-853-5257 and enter meeting ID: 862 4397 5848 or to join by computer [click here](#).

Disclaimer: Written and oral public comments are received in compliance with the Ralph M. Brown Act. Please note that Metropolitan does not endorse or ensure the accuracy or reliability of the information provided as public comment or by third parties.

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

Teleconference Locations:

3008 W. 82nd Place • Inglewood, CA 90305

Long Beach Utilities Office • 1800 E Wardlow Road • Long Beach, CA 90807

Cedars-Sinai Imaging Medical Group • 8700 Beverly Blvd., Suite M 313 • Los Angeles, CA 90048

* 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 on matters within the committee's jurisdiction (As required by Gov. Code Section 54954.3(a))**

**** CONSENT CALENDAR ****

2. **MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS**

- A. General Auditor's summary of activities [21-5787](#)

NONE

3. **COMMITTEE ACTION (ONLY)**

- A. Approval of the Minutes of the Audit Committee of March 9, 2026 [21-5586](#)

Attachments: [05112026 AUDIT 3A \(03092026\) Minutes](#)

4. **COMMITTEE ITEMS (FOR BOARD CONSIDERATION)**

NONE

**** END OF CONSENT CALENDAR ****

5. **COMMITTEE ITEMS (ACTION FOR BOARD CONSIDERATION)**

NONE

6. **COMMITTEE ITEMS (INFORMATIONAL FOR BOARD CONSIDERATION)**

NONE

7. **COMMITTEE ITEMS (INFORMATIONAL)**

- a. Discussion of department head performance and goal setting [Public employee performance evaluation—General Auditor; to be heard in closed session pursuant to Government Code Section 54957] [21-5736](#)

Attachments: [05112026 AUDIT 7a Business Plan](#)

8. **FOLLOW-UP ITEMS**

NONE

9. **FUTURE AGENDA ITEMS**

10. 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

MINUTES

Audit Committee

March 9, 2026

Chair Ramos called the meeting to order at 2:15 p.m.

Members present: Directors Crane, De Jesus, Fong-Sakai, and Ramos.

Members absent: Director Gray.

Other Board Members present: Directors Ackerman, Bryant, Cordero, Erdman, Faessel, Fellow, Garza, Jay, Kurtz, McCoy, Ortega, Paule, Seckel, and Shepherd Romey.

Committee Staff present: Andrus, Deshmukh, Elias, Parsons, Rubin, and Suzuki.

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

NONE

2. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

A. Subject: General Auditor's Quarterly Report

Presented by: Scott Suzuki, General Auditor

Mr. Suzuki reported on the General Auditor's activities for the quarter ended December 31, 2025.

There were no questions or comments from the Directors.

CONSENT CALENDAR

3. COMMITTEE ACTION (ONLY)

A. Subject: Approval of the Minutes of the Audit Committee for December 8, 2025

4. COMMITTEE ITEMS (FOR BOARD CONSIDERATION)

NONE

Director Fong-Sakai made a motion, seconded by Director De Jesus, to approve the consent calendar consisting of item 3A.

The vote was:

Ayes: Directors De Jesus, Fong-Sakai, and Ramos

Noes: None

Abstentions: Director Crane

Absent: Director Gray

The motion for item 3A passed by a vote of 3 ayes, 0 noes, 1 abstention, and 1 absent.

****END OF CONSENT CALENDAR ITEMS****

5. COMMITTEE ITEMS (ACTION FOR BOARD CONSIDERATION)

NONE

6. COMMITTEE ITEMS (INFORMATIONAL FOR BOARD CONSIDERATION)

NONE

7. COMMITTEE ITEMS

- a. Subject: Discussion on Cybersecurity Audit: Inventory and Control of Operational Technology Assets [Any discussion of threats to public services or facilities to be heard in closed session; conference with Keith Nobriga, Group Manager, Integrated Operations Planning & Support Services, Tae Yun, Section Manager, Water Operations & Planning, and Scott Suzuki, General Auditor - may be heard in closed session pursuant to Gov. Code Section 54957(a)]

Presented by: Scott Suzuki, General Auditor

There were no questions or comments in the open session on Cybersecurity Audit: Inventory and Control of Operational Technology Assets.

No directors requested a closed session discussion on Cybersecurity Audit: Inventory and Control of Operational Technology Assets.

- b. Subject: Independent Auditor Macias Gini & O’Connell, LLP’s Report on the Single Audit

Presented by: David Bullock, Partner at Macias Gini & O’Connell, LLP

Ms. Andrus introduced Mr. David Bullock, Partner at Macias Gini & O’Connell, LLP, who provided a report on the Single Audit.

The following Director provided a comment:

1. Ramos

- c. Subject: Discussion on amendments to the Metropolitan Water District Administrative Code Section 6451 regarding the Audit Department Charter

Presented by: Scott Suzuki, General Auditor

Mr. Suzuki presented on proposed amendments to the Metropolitan Water District Administrative Code Section 6451 regarding the Audit Department Charter.

The following Directors asked questions and provided comments:

1. De Jesus
2. Fong-Sakai
3. Ramos

Staff responded to the Directors’ questions and comments.

- d. Subject: Discussion on the results of the Audit Department’s internal Quality Assurance & Improvement Program for Fiscal Year 2024/25

Presented by: Kathryn Andrus, Assistant General Auditor

Ms. Andrus presented the results of the Audit Department’s internal Quality Assurance & Improvement Program for Fiscal Year 2024/25.

The following Directors asked questions and provided comments:

1. De Jesus
2. Ortega

Staff responded to the Directors’ questions and comments.

e. Subject: Overview of the Institute of Internal Auditors' Three Lines Model

Presented by: Andrew Lin, Principal Auditor

Mr. Suzuki introduced Principal Auditor Andrew Lin, who presented on the Institute of Internal Auditors' Three Lines Model.

f. Subject: Annual Internal Audit Plan and Risk & Control Discussion

Presented by: Araceli Muñoz, Senior Audit Manager
Lina Tan, Principal Auditor
Sherman Hung, Principal Auditor

Ms. Andrus introduced Senior Auditor Manager Araceli Muñoz, who presented on creating the risk-based internal audit plan. Ms. Muñoz introduced Principal Auditors Lina Tan and Sherman Hung, who presented on internal control and risk, respectively.

The following Directors asked questions and provided comments:

1. Ortega
2. Erdman
3. Ramos

Staff responded to the Directors' questions and comments.

g. Subject: Study, advise, or recommend on Board member/Board committee audit assignment requests

Presented by: Scott Suzuki, General Auditor

Mr. Suzuki introduced the item to study, advise, or recommend on Board member/Board committee audit assignment requests.

The following Directors asked questions and provided comments:

1. Ortega
2. De Jesus
3. Garza

Staff responded to the Directors' questions and comments.

8. FOLLOW-UP ITEMS

NONE

9. FUTURE AGENDA ITEMS

NONE

10. ADJOURNMENT

Meeting adjourned at 3:41 p.m.

Marsha Ramos
Chair



OFFICE OF THE GENERAL AUDITOR

General Auditor's Business Plan

FISCAL YEAR 2026/27

May 11, 2026

EXECUTIVE SUMMARY

The Office of the General Auditor has prepared its department business plan as part of the annual department head performance and goal-setting process. The plan presents key accomplishments related to our fiscal year 2025/26 business plan goals of service, collaboration, continuous improvement, quality, and capability. Notable accomplishments include completing three (3) final audit reports, which included nine (9) recommendations; three (3) follow-up reviews; and one (1) Rapid Review. Additional collaboration draft reports are expected by fiscal year-end.

Our five goals/priorities continue into fiscal year 2026/27 and will be integrated into the unified Metropolitan Business Plan, including the Department Head Operations Plan. Some important tactics to be completed next fiscal year include continuing Rapid Reviews, developing a department strategic plan, advancing the use of technology, driving towards professional standards conformance, and exemplifying Metropolitan's START (Safety, Trust, Accountability, Respect, Teamwork) values.

BACKGROUND

Internal auditing strengthens the organization's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The General Auditor's Internal Audit Plan, which covers the internal audit risk assessment and resultant audit and advisory projects planned for fiscal year 2026/27, is pending Audit Committee and Board of Directors approval in June and is separate from this document.

A list of key accomplishments aligned with the goals we established at the onset of fiscal year 2025/26 follows in the next section.

In fiscal year 2026/27, we will continue our goals/priorities in service, collaboration, continuous improvement, quality, and capability. We refreshed our tactics in line with professional internal audit standards, the Metropolitan Mission Statement, and industry best practices. Once the General Manager's strategic priorities are finalized, we will align our priorities and tactics to ensure our work supports those objectives while maintaining our independence and focus on governance, risk, and internal control.

A unified business plan that includes the four Board direct reports will include a Department Head Operating Plan with Direct Report Team roles and responsibilities. This will ensure cohesion across departments, clarity on District priorities, efficient execution across the District to optimize resources, and transparent, honest communication that exemplifies the District's values of safety, trust, accountability, respect, and teamwork.

The Office of the General Auditor looks forward to serving Metropolitan's internal audit needs and contributing to Metropolitan's 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.

FISCAL YEAR 2025/26 ACCOMPLISHMENTS

The goals for the internal audit function focus on service, collaboration, continuous improvement, quality, and capability. Below are the fiscal year 2025/26 accomplishments for these goals, as of May 7, 2026.

GOAL 1: Service. Support Metropolitan's mission, governance, risk management, and control by executing risk-based audits and advisory services.

- Issued a collaboration draft report on one of the seven initial carryforward projects with five other collaboration draft reports on target to be issued by fiscal year-end.
- Issued three (3) final audit reports with nine (9) recommendations and three (3) follow-up review reports. Additionally, two (2) collaboration draft reports with 20 recommendations have been issued. Eight (8) audit collaboration draft reports, five (5) follow-up review collaboration draft reports, and one (1) advisory memo are on target to be issued by fiscal year-end.
- Completed one (1) targeted Rapid Review to provide swift analysis to the Board and management.
- Provided ongoing advice for the General Manager's Process Matters initiative and new system applications.
- Completed a specialty audit services RFQ (request for qualifications) and established a bench of firms to provide services in highly technical areas.
- Continued to support the Committee of Sponsoring Organizations of the Treadway Commission (COSO) internal control framework via inclusion in entrance conference meetings. Shared information on the COSO Guiding Principles for Board Oversight and the COSO internal controls framework for generative AI.

GOAL 2: Collaboration. Promote positive change by continuing Board and management collaboration.

- Met regularly with other Direct Report Team members in support of the Direct Report Team Operating Agreement. Legal and Ethics are involved in the planning phase of every engagement.
- Facilitated the Combined Assurance Model by collaborating with the Ethics Office and providing support to the external auditor.
- Presented four Board education items at Audit Committee meetings; met with five Board members to provide orientation to internal audit.
- Met with Fleet management at Weymouth Water Treatment Plant regarding their role in the zero emissions initiative.

GOAL 3: Continuous Improvement. Seek continuous improvement by pursuing innovative audit means and methods.

- Development of key performance indicators is in process and will be rolled out next fiscal year.
- Approved artificial intelligence application was implemented to assist with report writing.
- Incorporated Arbutus, our data analytics tool, into the department's data analytics workflow and applied it to two audit projects during the year, enhancing the depth of our analyses.
- Implemented several enhancements to our audit project management system.
- Met with the internal audit functions from the Los Angeles County Sanitation Districts and Inland Empire Utilities Agency to share information on special district audit practices, project management systems, and reporting.

GOAL 4: Quality. Ensure quality work and service delivery by conforming to professional internal audit standards.

- ◆ Revised the audit charter, including purpose statement, in response to updated Global Internal Audit Standards from The Institute of Internal Auditors. Our proposed revisions were presented as an Information Item at the March Audit Committee meeting and will be presented for Board/committee approval in June.
- ◆ Continued progress towards achieving conformance with the Institute of Internal Auditors' Global Internal Audit Standards.
- ◆ Completed an internal quality assessment. Gathered anonymous feedback from staff, management, and Board members, and reported the results at the March Audit Committee meeting. The results reflected positive performance and opportunities for continued improvement.
- ◆ Issued customer service surveys for original audit reports.

GOAL 5: Capability. Expand internal audit capabilities by deploying people-focused and culture-changing initiatives.

- ◆ Continued to support Metropolitan's core values and communicated organizational changes to the team in a timely manner.
- ◆ All eight professional audit team members and both executive managers have completed or are on target to complete at least 40 hours of professional training.
- ◆ Staff were assigned Metropolitan risk areas and have expanded their knowledge of those areas.
- ◆ Revision of the audit manager job description was submitted to Human Resources and, upon approval, will complete the internal career ladder.
- ◆ Staff continue to pursue professional certifications.

Additional Accomplishments:

- ◆ Completed the annual Audit Risk Assessment & Internal Audit Plan, including 25 meetings with Metropolitan department heads and senior management.
- ◆ Collaborated with Accounting and Contracting Services to draft an RFP for external audit services for the annual financial audit and the single audit. Expect release of the RFP by fiscal year-end.

PROPOSED FISCAL YEAR 2026/27 PRIORITIES

Five priorities focused on service, collaboration, continuous improvement, quality, and capability, along with refreshed tactics, will position us to fulfill our mandate and achieve long-term success.

PRIORITY 1: Support the District mission and strengthen governance, risk management, and internal control by executing risk-based audits and advisory services.**TACTICS:**

- A. Complete audit and advisory engagements with innovative recommendations and solutions.
- B. Utilize contracted audits to provide assurance and advisory services in highly technical areas.
- C. Perform targeted Rapid Reviews to provide swift analysis to the Board and management.
- D. Support and facilitate enterprise risk management initiatives and internal control frameworks.

PRIORITY 2: Promote positive change by continuing Board and management collaboration.**TACTICS:**

- A. Support the Department Head Operating Plan and other department head initiatives.
- B. Continue Board education on emerging governance, risk, and internal control topics via information items and providing Board member orientation to internal audit.
- C. Provide District employee training on governance, risk, and internal control topics.
- D. Participate in key District functional area forums and management meetings.

PRIORITY 3: Seek continuous improvement by pursuing innovative audit means and methods.**TACTICS:**

- A. Establish key performance indicators and add these to quarterly dashboard reporting.
- B. Expand use of technological advances, including AI, data analytics, automated dashboards, and reporting tools.
- C. Investigate new risk assessment and audit plan methodologies.
- D. Identify and map the District's second-line activities and compile external audits/reviews.

PRIORITY 4: Ensure quality work and service delivery by conforming to professional internal audit standards.**TACTICS:**

- A. Drive progress towards achieving conformance with the Global Internal Audit Standards.
- B. Finalize a vision statement and strategic plan that supports the strategic objectives and success of Metropolitan.
- C. Continue internal quality assessments, execute improvement strategies, and report results to the Board.
- D. Issue customer service surveys, analyze results, and develop action plans to address themes.

PRIORITY 5: Expand internal audit capabilities by deploying people-focused and culture-changing initiatives.**TACTICS:**

- A. Continue to exemplify Metropolitan's five core values of safety, trust, accountability, respect, and teamwork.
- B. Recruit/fill the audit manager position(s).
- C. Develop individualized training plans for staff.
- D. Encourage staff to earn professional certification.

OFFICE OF THE GENERAL AUDITOR COMMUNICATIONS

This business plan was prepared by the Office of the General Auditor, the 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 Assistant General Auditor Kathryn Andrus at 213.217.7213.