



**Committee**

M. Ramos, Chair  
T. McCoy, Vice Chair  
L. Ackerman  
S. Blois  
J. Butkiewicz  
B. Dennstedt  
P. Hawkins  
F. Jung  
C. Kurtz  
R. Record  
T. Smith

**Audit and Ethics Committee**

Meeting with Board of Directors \*

**November 23, 2021**

**9:00 a.m.**

Teleconference meetings will continue through the end of the year. Live streaming is available for all board and committee meetings on [mwdh2o.com](http://mwdh2o.com) ([Click Here](#))

A listen only phone line is also available at 1-800-603-9516; enter code: 2176868#. Members of the public may present their comments to the Board on matters within their jurisdiction as listed on the agenda via teleconference only. To participate call (404) 400-0335 and enter Code: 9601962.

**Tuesday, November 23, 2021  
Meeting Schedule**

09:00 a.m. - A&E  
10:00 a.m. - IRP  
11:30 a.m. - Break  
12:00 p.m. - Exec  
12:30 p.m. - Bay-Delta  
02:00 p.m. - Special  
BOD Mtg

---

\* 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 OTHER ITEMS -- ACTION \*\***

**2. CONSENT CALENDAR OTHER ITEMS - ACTION**

- A. Approval of the Minutes of the Meeting of the Audit and Ethics Committee held October 26, 2021 [21-667](#)

**Attachments:** [11232021 AE 2A Minutes](#)

**3. CONSENT CALENDAR ITEMS - ACTION**

None

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

**4. OTHER BOARD ITEMS - ACTION**

None

**5. BOARD INFORMATION ITEMS**

None

**6. COMMITTEE ITEMS**

- a. Discussion of Department Head Performance and Goal Setting [Public employees' performance evaluations – General Auditor; to be heard in closed session pursuant to Gov. Code Section 54957] [21-680](#)
- b. Discussion of Department Head Performance and Goal Setting [Public employees' performance evaluations – Ethics Officer; to be heard in closed session pursuant to Gov. Code Section 54957] [21-679](#)

**7. MANAGEMENT REPORTS**

- a. General Auditor's Report [21-681](#)
- b. Ethics Officer's Report [21-682](#)

**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. Agendas for the meeting of the Board of Directors may be obtained from the Board Executive Secretary. 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 <http://www.mwdh2o.com>.

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 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>
--

**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**

- |     |               |  |
|-----|---------------|--|
| 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>
--------------------------------------

#### **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