



**DC WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS
AUDIT COMMITTEE**

Thursday, May 26, 2011

Meeting Minutes

Committee Members

Timothy Firestine, Chairman
David J. Bardin

Other Board Member

Dr. Joseph Cotruvo

DC Water Staff

Christopher Carew, Chief of Staff
Linda R. Manley, Secretary to the Board
John Madrid, Controller
Bernetta Vaughan, Security Specialist
Charles Kiely, AGM Consumer Services
Meena Gowda, Acting General Counsel

Internal Auditor

Joseph Freiburger, SC&H Group, LLC

Call to Order [\(Item 1\)](#)

The Audit Committee meeting began at 9:30 a.m. The meeting was called to order by Mr. Firestine.

Follow UP Items From Prior Committee Meeting [\(Item 2\)](#)

John Madrid walked through a presentation of controls implemented within the Purchasing Card (P-Card) process. Mr. Madrid explained that there are currently 70 individuals at DC Water who possess a P-Card. Mr. Madrid walked through controls in the areas of training, issuance, purchase transactions, reconciliations, and review.

He indicated all of the appropriate controls have been implemented with the exception of the purchase code controls in which staff is working with the applicable vendor, Citibank, to strengthen. Mr. Madrid explained that the purchasing control enhancements would be completed by August 2011. A committee member proposed that DC Water investigate and ensure that all vendor rebates and incentives for using P-Cards be identified and utilized.

Ms. Bernetta Vaughan explained the actions that have been taken to address opportunities for improvement identified in the previous Security internal audit.

All of the recommendations were either identified as being completed or would be completed as part of the full vulnerability and risk assessment process being performed by an outside firm. A contract was recently awarded for the project.

Mr. Kiely discussed the items in question that were identified within the internal audit of Water Leakage. A committee member requested that a follow up list of actions taken to prevent leaks be presented at a future meeting. Additionally, a committee member requested additional information regarding the volume of gallons processed for WMATA for which DC Water is not reimbursed.

Summary of Internal Audit Activity (Item 3)

Mr. Freiburger walked through the Internal Audit Status Report. He explained that since the previous Committee meeting, there was one audit which had been finalized, four audits which were in the reporting stage, and one audit which has just commenced. Mr. Freiburger provided an analysis of hours used to-date in comparison to the budgeted hours for 2011. Mr. Freiburger stated that of the 13 audits planned for 2011 three had been completed, five were in process, and five had not been started. Mr. Freiburger explained that the audit staff will continue to strive to complete all 13 audits, however at the current rate of progress he anticipated having 11 completed and two in progress at the end of the fiscal year.

Mr. Freiburger walked through the completed audit of Fire Hydrant Maintenance. Management agreed with all noted observations with the exception of the final observation concerning board reporting of out of service meters. The committee members agreed with management and stated that they feel they receive sufficient information currently and that further data is not required.

Adjournment (Item 4)

Chairman Firestine elected to forego the Executive Session and adjourned the meeting at 10:50 a.m.