



DC Water and Sewer Authority Board of Directors

Audit Committee

*Wednesday, June 18, 2008
9:30 a.m.*

Meeting Minutes

COMMITTEE MEMBERS PRESENT

Timothy Firestine, Chairman
Robin B. Martin

OTHER BOARD MEMBER PRESENT

David J. Bardin

WASA STAFF PRESENT

Jerry Johnson, General Manager
Avis Russell, General Counsel
Michael Hunter, Director, Internal Audit
Linda R. Manley, Secretary to the Board

Call to Order

Mr. Firestine called the meeting to order at 9:30 am.

Internal Auditor's Report

The Internal Auditor presented his report and reviewed the following:

- Internal Audit Activity Highlights:
 - Discussed the items listed, including Staffing.
 - *Internal Audit Office still has one vacant position and will utilize Contractors to assist in completing the workload*
 - *Contractor, selection, projects and hours allocated*
- Status of Audit Engagements – In Progress
 - Discussions were held and explanations provided on.
 - *Why the construction billings and the procurement cards were separate audits as opposed to being included in the A/P audit*
 - *Concerns that the audits may be at a narrow focus and not at a high enough level to examine the larger issues*
 - *The scope of the Local and Small Business Enterprise Site Visits audit, including a policy review audit that was completed a few years ago*
 - *Internal Audit Office to review CAP (Customer Assistance Program) and to give some thought as to how the program works*
- Status of Audit Engagements – Remaining (*Please see the response to “In Progress” above.*)

- Recommendations Follow-up Report
 - *Discussed the content of the columns and determined that more detail is needed on the last four columns to provide the information requested by the Committee*

Chairman Firestone asked the status of the DC OIG audit scope, a follow-up from the last meeting. Mr. Hunter stated that WASA provided the requested information and DC OIG was satisfied. In addition, Mr. Hunter noted that he sent an email about three weeks ago and has not had any contact since that time.

Emerging Issues -Statement on Auditing Standard 112 (SAS 112)

- A. Agency-wide implementation of OMB Circular A-123
 - The General Manager noted that this project needs an internal assessment. The Committee requested a time frame for this assessment at the next Committee Meeting.*
- B. Internal Audit Resource Proposal –
 - *Discussed in conjunction with the Internal Audit Activity Highlights above, primarily relates to the Contractor resource.*
 - *Additionally, there was discussion regarding the Audit Committee reviewing the Internal Audit resource recommendations for FY09 before it goes to the Board of Directors. This resulted in conversations regarding the Governance Committee's recommendation that the Internal Audit Department should report to the Board of Directors versus the General Manager. This recommendation to date has not been resolved and there was a consensus from the General Manager and the Committee that a decision needs to be made.*
- C. District of Columbia Yellow Book Report
 - *Internal Audit reviewed and had several conversations with Management.*
 - *As a result, after the review of the Tax and Revenue Issue the General Manager recommended that Internal Audit perform a review of WASA's revenue refund process which was done in the November/December timeframe.*
 - *With regards to the remainder of the report, Internal Audit deemed it more appropriate to determine Best Practice(s) and include when reviewing risk assessments.*

Executive Session

An Executive session was held with Committee members and non-Committee member David J. Bardin.

Adjournment

The meeting was adjourned at approximately 11:45 am.