



AUDIT COMMITTEE

April 27, 2011

Minutes

CALL TO ORDER / ROLL CALL

Chair Price called the Audit Committee meeting to order at 2:30 p.m. Committee members present were Chair Price, Vice Chair K. Williams, Directors McIntosh, H. Williams and Wilson. At that time, there was a full quorum of the Committee. Staff present was Deputy General Manager Kerl, Deputy General Counsel Gallien, Director of Finance Sandler, Controller Greek, and Accounting Supervisors Cerezo and Ziomek, and Senior Accountant Matsuo.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no members of the public who wished to address the committee.

CHAIR'S REPORT

There was no Chair Report.

APPROVE AUDIT COMMITTEE MINUTES

Director McIntosh moved the motion; Vice Chair K. Williams seconded the motion, and the April 27, 2011 meeting minutes were approved.

ACTION/DISCUSSION

1. Discussion of 2011 Work plan and Audit Committee calendar.

Controller Greek reviewed the calendar and pointed out key dates to the Audit Committee for future meetings.

2. Presentation and Discussion of Audit Process from Lance, Soll and Lunghard.

Rich Kikucki and Kelly Culver from Lance, Soll and Lunghard gave a presentation on the Fiscal Year 2011 Audit by explaining the roles and responsibilities, scope of the audit, and the audit timeline. They also reviewed key reports and documents that are prepared by the Water Authority and key documents prepared by LSL.

After questions and answers, Chair Price suggested a sub-committee be formed to review the audit plan and requested Vice Chair K. Williams and Director Wilson to be on the Committee. Chair Price also requested for Mr. Sandler and Mr. Greek attend the



discussion, and for Ms. Culver to design the audit plan and distribute for review by the end of June. They all agreed to meet on Thursday, July 21st.

Director McIntosh moved the motion, seconded by Vice Chair K. Williams, and the motion passed unanimously to approve forming a sub-committee.

3. Discussion on future audit items

Chair Price announced the next item was a staff recommendation to the Audit Committee for staff to re-issue the Request for Proposal (RFP) for audit services for a five year term and that the RFP process actively seek the participation of all qualified firms, including the current auditors.

Controller Greek expressed a desire to separate the RFP into two separate contracts. One contract for Independent Audit Services, and a separate contract for Agreed-Upon Procedures, Contract Compliance and Internal Control services. Controller Greek stated that discussions are currently underway in the State regarding implementation of best practices requiring the rotation of Independent Auditor firms every five years. For services outside the annual financial statement audit, the Water Authority could benefit by the retention of an experienced firm beyond five years that is familiar with programs and charges such as the Local Water Resources Development, Infrastructure Access and Capacity charges as well as contract compliance issues.

After questions and answers, Director Wilson moved the motion, seconded by Vice Chair K. Williams, and the motion passed unanimously to reissue the RFP for audit services.

ADJOURNMENT

There being no further business to come before the Audit Committee, Chair Price adjourned the meeting at 3:40 p.m.