



**DISTRICT OF COLUMBIA
Water and Sewer Authority**

Board of Directors

Audit Committee

**Thursday, September 22, 2011
9:30 a.m.**

Meeting Minutes

Committee Member Present

Timothy Firestine, Interim Chair

SC& H Group, LLC

Joseph Freiburger

TCB&A

Uzma Malik-Dorman

Staff Present

Christopher Carew, Chief of Staff
Randy Hayman, General Counsel
Rosalind Inge, Procurement Director
Yvonne Reid, Grants Manager
Debra L. Mathis, Executive Assistant to the
Board Secretary

Call to Order (Item 1)

Mr. Firestine called the meeting to order at approximately 9:35 a.m. He then turned the meeting over to Ms. Uzma Malik-Dorman.

External Auditor Communication (Item 2)

Ms. Malik-Dorman walked through a letter provided to committee members discussing the planning and timing of the audit of the financial statements and federal award programs. She introduced Charlton Sampson who discussed IT related procedures which would be performed during the current year audit in relation to an alleged fraud concerning customer receipts.

Summary of Internal Audit Activity – Internal Audit Status (Item 3)

Mr. Freiburger walked through the Internal Update document and provided explanations to the stage of all active audits, analysis of key milestone dates, status of 2011 budgeted hours, and the status of the 2011 audit plan. He explained that three of the remaining open projects (Grant Operations, Human Resources, IT Vendor and Contractor Management) were in the Draft reporting stage and would be closed by the end of the current fiscal year.

Mr. Freiburger explained the actions that were undertaken to follow-up on previous reported audit issues and explained the chart which showed the status of all audit findings. Mr. Carew provided an update on the open items under the General Manager's purview. Mr. Carew reported that the position of Compliance Officer has been posted and that recruitment of this position is active. Mr. Carew also noted that an Internal Communications Coordinator has been hired and will be working to ensuring that all of DC Water policies and procedures are adequate and standardized for all functions of the organization. He noted that a nine step action plan has been established and that all existing policies and procedures are expected to be updated by April 2012. With regards to succession planning, Mr. Carew explained that an organizational development team and Human Capital Management staff have been charged with developing a plan to address the organization's training needs. This will require revamping the current training and development program and ensuring that all positions are structured and that individuals are trained to ensure continuity of operations. Included in the training program will be leadership training and safety training for all supervisors. Lastly, Mr. Carew noted that the organization is taking a look at career paths and the probability of creating opportunities for upward mobility.

Presentation of FY2012 Internal Audit Plan (Item 4)

Mr. Freiburger walked through the document showing the results of the FY 2012 Risk Assessment and proposed Internal Audit plan. He explained that the areas in the audit universe were changed slightly to coincide with the organizational changes of DC Water. He also explained that there were several changes in the ratings to several areas as a result of previous audit work, changes in the processing in these areas, or through discussions with Management. In response to Mr. Firestine's question Mr. Freiburger confirmed that the Capital Projects audit proposed in the 2012 audit plan would include Engineering – Contractor Management which was an audit project postponed during the 2011 audit plan as a result of a review being performed by an outside consultant.

Contract Renewal (Item 5)

Ms. Rosalind Inge presented an action item to the Committee recommending that the contract with SC& Consulting to perform internal audit work for DC Water be renewed for FY2012. The Committee accepted the recommendation and will forward the item to the full board for approval.

Executive Session (Item 6)

Mr. Firestine called the meeting into Executive Session at 10:35 a.m.

Adjournment (Item 7)

Hearing no further business, Mr. Firestine adjourned the meeting 10:45 a.m.