



**DISTRICT OF COLUMBIA
Water and Sewer Authority
Board of Directors**

Audit Committee

**Thursday, September 27, 2012
9:30 a.m.**

Meeting Minutes

COMMITTEE MEMBERS PRESENT

Bradford Seamon, Chair
Timothy Firestine
Dawn Hawkins-Nixon

Bazilio Cobb Associates

Uzma-Malik Dorman

STAFF PRESENT

Chris Carew, Chief of Staff
Linda R. Manley, Board Secretary

SC&H Group LLC

Joseph Freiburger

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

Mr. Seamon called the Audit Committee meeting to order at 9:30 a.m. He then turned the meeting over to Ms. Uzma-Malik Dorman, Partner, Bazilio Cobb Associates.

External Auditor Communication with the Committee [\(Item 2\)](#)

Ms. Dorman discussed that her firm will be performing the financial statement audit (as of September 30, 2012) as well as the compliance audit of Federal awards which is required as DC Water is a recipient of federal funds. The entrance conference for this year's audit has been conducted and interim procedures are currently in process. Ms. Dorman stated that the report for this year's audit would be delivered by the middle of December 2012.

Review of Internal Audit Plans for FY2013 [\(Item 3\)](#)

Mr. Freiburger walked through the risk assessment utilized to develop the FY 2013 audit plan. He explained that this year the control environment was considered in rating the areas within the universe since SC&H has now reviewed many of the processes within DC Water and has a good understanding of the operations and the condition of the related controls. A committee member suggested he would prefer a review of the procurement operations if additional hours became available in the proposed plan. Mr. Freiburger explained that the audit plan is a dynamic document which will be reviewed throughout the year, and should extra hours be available the committee would be advised for input in modifying additions to the plan.

Mr. Freiburger requested that the committee move the plan to the board for approval of the FY 2013 audit plan which the committee agreed to do.

Review of Internal Audit Status (Item 4)

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 2012 budgeted hours, and the status of the 2012 audit plan as a whole. Mr. Freiburger explained that all 2012 audits had been completed, and that the hours utilized were below the proposed budget. A committee member questioned whether the internal audit contract was a fixed price contract to which Mr. Freiburger explained that SC&H only bills for hours used.

Mr. Freiburger then asked if anyone had any questions relative to the two projects which were finalized this period (Permit Operations, Capital Projects). Mr. Freiburger explained that the other two completed projects (IT – Help Desk and Computer Operations, Biosolids) were in the draft reporting stage and the final reports would be presented in the next committee package. Mr. Freiburger discussed the status of observations from previously conducted audits, and Mr. Carew provided insight to the actions being taken by the management team to address the observations.

Update on Establishing Fraud Hotline (Item 5)

Mr. Freiburger expressed that progress has been made in the implementation of a fraud hotline. An RFP has been issued to vendors seeking a proposal to provide hotline services. The required response to the RFP is due by October 15, 2012. Upon receipt of the proposals and selection of a vendor, Internal Audit will move forward with the implementation of the fraud hotline program.

Action Item (Item 6)

Contract No. WAS-09-038-AA-MB for SC&H Group to provide Internal Audit Services to DC Water was presented to committee members for recommendation to the full board. A committee member requested that the language within the contract be edited to reflect a fixed labor hour contract as opposed to a fixed rate contract. All committee members agreed to forward the contract to the full board to include the revised language.

At 10:30 a.m. the meeting was called into executive session.

The meeting was called back into public session and adjourned at 10:40 a.m.