

CENTRAL BASIN MUNICIPAL WATER DISTRICT

JULY 14, 2004 - Finance

Hawkins, Cole

JULY 26, 2004 - Board Meeting

Prepared by: Margaret Moggia

Submitted by: Margaret Moggia

Approved by: Art Aguilar/Richard Nagel

INFORMATION CALENDAR

AUDIT OF CODE OF CONDUCT

SUMMARY:

In April 2004, the Board approved the Code of Conduct (Code) which addresses travel and expense reimbursements for employees and Directors. The Code indicates that an annual audit will be conducted to verify compliance with the Code.

Excerpt from the Code of Conduct is listed below:

OVERSIGHT

“The District’s outside auditor, as part of its annual audit will review selected travel expense reimbursement and meeting compensation (per diem) to verify compliance with the Code of Conduct and applicable state laws. The District auditor will include this review in its annual published audit report, which will be made available by the District for public review.

The auditor shall promptly notify the California Controller’s Office of any instances of non-compliance with the requirements of this Code of Conduct.”

In November 2003, the Board approved a three-year contract with Vasquez & Company to perform their regular audit, quarterly compilations, and A-133 Single Audits. The audit identified within the Code is outside the scope approved by the Board. The annual audited financial statements do not generally opine on specific transaction testing that the Code is requiring.

Staff will contact Vasquez & Company to assess the costs involved in performing the necessary step to review the Code, test the transactions, and prepare a separate report that addresses the work completed. The costs to perform this separate and distinct audit may range from \$2,000-\$5,000 based on the level of detail the Board requires and timing (performed at the same time of regular audit or a separate time).

FISCAL IMPACTS:

Costs for agreed-upon procedures for the auditors to review the Code of Conduct have not been budgeted and are outside the scope of their existing contract.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Finance Committee on July 14, 2004 and agendaed to the July 26, 2004 Board meeting as information for discussion. Director Hawkins requested this item be brought back to Committee if the Audit of selected expense reimbursements exceeds \$5,000.

RECOMMENDED MOTION:

This item is for information only.

LIST OF EXHIBITS:

None.

G:\directors\cbmwd\04jul010