

**CENTRAL BASIN MUNICIPAL WATER DISTRICT**

**AUGUST 16, 2006 - Finance/Administration**  
Hawkins, Apodaca

**AUGUST 28, 2006 - Board Meeting**

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Submitted by: Aileen Hermoso

Approved by: Art Aguilar

ACTION 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. An excerpt from the Code 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.”

The last audit of the Code was for the fiscal year 2003-04. To comply with the provisions of the Code, audits for fiscal years 2004-05 and 2005-06 need to be performed.

In November 2003, the Board approved a three-year contract with Vasquez & Company, LLP to perform the regular audit, quarterly compilations, and A-133 Single Audit. The audit identified within the Code is outside the scope of this existing contract. The regular audit does not generally opine on specific transaction testing, which the Code is requiring.

FISCAL IMPACTS:

Costs for agreed-upon procedures for the auditors to review the Code of Conduct have not been budgeted.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Finance Committee on August 16, 2006 and was recommended for approval at the August 28, 2006 Board meeting.

RECOMMENDED MOTION:

That the Board approves an amendment to the contract with Vasquez & Company, LLP to include the additional “Scope of Work” for an amount of \$5,000, plus 10% for contingencies for a total not-to-exceed amount of \$5,500.