



**AGENDA
AUDIT COMMITTEE MEETING
OF THE BOARD OF DIRECTORS
INLAND EMPIRE UTILITIES AGENCY*
AGENCY HEADQUARTERS, CHINO, CA 91708**

**MONDAY, MARCH 9, 2020
9:00 A.M.**

CALL TO ORDER

PUBLIC COMMENT

Members of the public may address the Board on any item that is within the jurisdiction of the Board; however, no action may be taken on any item not appearing on the agenda unless the action is otherwise authorized by Subdivision (b) of Section 54954.2 of the Government Code. Those persons wishing to address the Board on any matter, whether or not it appears on the agenda, are requested to complete and submit to the Board Secretary a "Request to Speak" form, which is available on the table in the Board Room. Comments will be limited to five minutes per speaker. Thank you.

ADDITIONS TO THE AGENDA

In accordance with Section 54954.2 of the Government Code (Brown Act), additions to the agenda require two-thirds vote of the legislative body, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the agenda being posted.

1. ACTION ITEM

A. MINUTES

The Committee will be asked to approve the Audit Committee meeting minutes of December 9, 2019.

2. INFORMATION ITEMS

**A. HUMAN RESOURCES: GRIEVANCE POLICIES AND PROCEDURES
COMPARABLE SURVEY (WRITTEN)**

**B. GARDEN IN EVERY SCHOOL®: FOLLOW UP AUDIT REPORT
(WRITTEN)**

- C. GATE TRANSMITTERS – RESULTS OF A SIX-MONTH REVIEW (WRITTEN)
- D. INTERNAL AUDIT DEPARTMENT QUARTERLY STATUS REPORT FOR MARCH 2020 (WRITTEN)
- 3. AUDIT COMMITTEE ADVISOR COMMENTS
- 4. COMMITTEE MEMBER COMMENTS
- 5. COMMITTEE MEMBER REQUESTED FUTURE AGENDA ITEMS
- 6. ADJOURN

*A Municipal Water District

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Board Secretary (909-993-1736), 48 hours prior to the scheduled meeting so that the Agency can make reasonable arrangements.

Proofed by: 

DECLARATION OF POSTING

I, Sally H. Lee, Executive Assistant of the Inland Empire Utilities Agency, A Municipal Water District, hereby certify that a copy of this agenda has been posted by 5:30 p.m. in the foyer at the Agency's main office, 6075 Kimball Avenue, Building A, Chino, CA on Thursday, March 5, 2020.



Sally H. Lee

**ACTION
ITEM**

1A



**MINUTES
AUDIT COMMITTEE MEETING
INLAND EMPIRE UTILITIES AGENCY*
AGENCY HEADQUARTERS, CHINO, CA
MONDAY, DECEMBER 9, 2019
9:00 A.M.**

COMMITTEE MEMBERS PRESENT

Steven J. Elie, Chair
Kati Parker

COMMITTEE MEMBERS ABSENT

None

STAFF PRESENT

Shivaji Deshmukh, General Manager
Kathy Besser, Executive Manager of External Affairs & Policy Development/AGM
Christiana Daisy, Executive Manager of Engineering/AGM
Christina Valencia, Executive Manager of Finance & Administration/AGM
Sharon Acosta-Grijalva, Human Resources Analyst II
Blanca Arambula, Deputy Manager of Human Resources
Jason Gu, Manager of Grants
Suresh Malkani, Principal Accountant
Sapna Nangia, Senior Internal Auditor
Peter Soelter, Senior Internal Auditor
Daniel Solorzano, Technology Specialist I
Teresa Velarde, Manager of Internal Audit
Sally Lee, Executive Assistant

OTHERS PRESENT

Travis Hickey, Audit Committee Advisor
Ryan Domino, LSL

The meeting was called to order at 9:05 a.m. There were no public comments received or additions to the agenda.

ACTION ITEMS

The Committee:

- ◆ Approved the Audit Committee meeting minutes of September 9, 2019.
- ◆ Recommended that the Board:
 1. Approve the Single Audit Report for fiscal year ended June 30, 2019;
 2. Approve the Comprehensive Annual Financial Report for fiscal year ended June 30, 2019; and

3. Direct staff to distribute the report, as appropriate, to various federal, state and local agencies, financial institutions, bond rating agencies, and other interested parties;

as a Consent Calendar Item on the December 18, 2019 Board meeting agenda.

◆ Recommended that the Board:

1. Approve the Audit Committee Charter and the Internal Audit Department Charter; and
2. Direct staff to implement the charters;

as a Consent Calendar Item on the December 18, 2019 Board meeting agenda.

INFORMATION ITEMS

The following information items were presented, received, or filed by the Committee:

- ◆ Human Resources Audit: Hiring and Promotions Operations Review
- ◆ Contract Extension for Financial and Single Auditing Services for IEUA and CBRFA
- ◆ Contract Extension for Advisory Services for the Audit Committee's Financial Advisor
- ◆ Internal Audit Department Quarterly Status Report for December 2019

GENERAL MANAGER'S COMMENTS

General Manager Shivaji Deshmukh stated that Rate Study workshop #6 will take place on Monday, December 16 at 2:00 p.m. The workshop topic is to review and discuss the recycled water and recharge rates. General Manager Deshmukh stated that Director Elie served on the Water Industry Trends - New Water Storage Contributions to a More Resilient Water System panel speaking about the Chino Basin Program (CBP) at the ACWA Conference.

AUDIT COMMITTEE ADVISOR COMMENTS

Audit Committee Advisor Travis Hickey recognized the Agency for completing the CAFR along with the Financial Audit and the Single Audit. Mr. Hickey stated that receiving an unmodified opinion on the Agency's financials and not having any significant findings is a testament to the Finance and Internal Audit staff's performance in maintaining good internal controls.

COMMITTEE MEMBER COMMENTS

Director Elie congratulated the team for a successful year. He stated he appreciated the effort and the transparency provided by the Agency's Internal Audit function.

COMMITTEE MEMBER REQUESTED FUTURE AGENDA ITEMS

There were no Committee Member requested future agenda items.

With no further business, the meeting adjourned at 9:53 a.m.

Audit Committee
December 9, 2019
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Respectfully submitted by,

Sally Lee
Executive Assistant

*A Municipal Water District

APPROVED: MARCH 9, 2020

DRAFT

**INFORMATION
ITEM
2A**



Date: March 18, 2020

To: The Honorable Board of Directors

From: Teresa Velarde, Manager of Internal Audit

Committee: Audit

03/09/20

Manager Contact: Teresa Velarde, Manager of Internal Audit

Subject: Human Resources: Grievance Policies and Procedures Comparable Survey

Executive Summary:

Internal Audit (IA) reviewed and analyzed comparable agencies' documented grievance procedures to gather and compare "best practices". IA surveyed 9 comparable agencies. Results of the survey are included with the report. IA makes the following suggestions for consideration:

- Encourage bargaining units to combine into fewer bargaining units,
- Standardize Grievance Procedures across all bargaining units or include Grievance Procedures in a separately referenced "Employee Personnel Manual",
- Include a separate "informal" grievance resolution process prior to the multi-step Grievance Procedures to provide a transparent alternative to a formal grievance,
- Remove the Human Resources Department as a decision-maker in any of the Grievance Procedures for any of the bargaining units, and
- Revise the final step in the Grievance Procedures to replace the Board of Director's Finance and Administration Committee with an independent arbitration process to preserve the Board's role as policy makers.

Overall, HR agrees and stated most items would require meet and confer, and therefore outside their scope and ability to implement IAs recommendations immediately.

IA extends our appreciation to HR Department staff for their cooperation and assistance.

Staff's Recommendation:

This is an information item for the Board of Directors to receive and file.

Budget Impact *Budgeted (Y/N):* N *Amendment (Y/N):* Y *Amount for Requested Approval:*

Account/Project Name:

N/A

Fiscal Impact (explain if not budgeted):

N/A

Full account coding (internal AP purposes only):

- - -
- - -

Project No.:

Prior Board Action:

On December 9, 2019 the Board received and filed the Human Resources Audit: Hiring and Promotions Operations Review audit report dated December 2, 2019.

On June 19, 2019, the Board approved the Fiscal Year 2019/20 Annual Audit Plan.

Environmental Determination:

Not Applicable

Business Goal:


The Human Resources: Grievance Policies and Procedures Comparable Survey is consistent with the Agency's Business Goals of Fiscal Responsibility, Workplace Environment, and Business Practices by providing independent evaluations and audit services of Agency activities and make recommendations to foster a strong ethical and internal control environment, provide efficiencies, safeguard assets and assist management in achieving organizational goals and objectives.

Attachments:

Attachment 1 - Human Resources: Grievance Policies and Procedures Comparable Survey Audit Report



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DATE: February 20, 2020
TO: Shivaji Deshmukh
General Manager
FROM: 
Teresa V. Velarde
Manager of Internal Audit

**SUBJECT: Human Resources:
Grievance Policies and Procedures Comparable Survey**

Audit Authority

The Inland Empire Utilities Agency (IEUA or Agency) Internal Audit Department (IA) performed a survey of the Agency's grievance policies and procedures. The evaluation was performed under the authority given by the IEUA Board of Directors and the Fiscal Year 2019/20 Annual Audit Plan.

Audit Scope

IA reviewed and analyzed comparable agencies' documented grievance procedures to gather information about current trends and "best practices". Information was found in Memorandum's of Understanding (MOUs), Board Resolutions and Employee Manuals. IA surveyed 9 other comparable agencies, both large and small. Attached are the survey results in summary and detail form for reference.

Executive Summary

In addition to the report that follows, the following attachments provide information about IA's findings and observations:

- Exhibit A: Comparable Agency Survey in Summary
- Exhibit B: Comparable Survey of Grievance Policies and Procedures by Agency
- Exhibit C: Comparison of Grievance Procedures between IEUA MOUs

Acknowledgements

IA would like to extend our appreciation to the Human Resources Department staff for their cooperation and assistance during this review.

Discussion with Management

IA provided the results of this review to Lisa Dye, Manager of Human Resources and Blanca Arambula, Deputy Manager of Human Resources on February 19, 2020. Where possible, comments have been incorporated prior to finalizing the report.

If you have any questions or need additional information, please contact me at Extension 1521 or at tvelarde@ieua.org.

Water Smart - Thinking in Terms of Tomorrow

Kati Parker
President

Jasmin A. Hall
Vice President

Steven J. Elle
Secretary/Treasurer

Michael E. Camacho
Director

Paul Hofer
Director

Shivaji Deshmukh
General Manager

Human Resources: Grievance Policies and Procedures Comparable Survey

Background

As part of the second phase of the Human Resources Audit, Internal Audit (IA) and Human Resources (HR) agreed that an evaluation of the Agency’s grievance policies and procedures with a comparison to processes used by other Agencies would provide insights about possible improvements at IEUA. As described by HR a “grievance” is initiated by an employee due to an alleged violation of a negotiated Memorandum of Understanding (MOU) or policy by the Agency. This differs from a “disciplinary action” which is initiated by the Agency for an alleged violation of an MOU or policy by an employee.

In recent years the Agency’s experiences with the Grievance Procedure have varied, the information below was taken from the Agency’s published Budget document:

Description	2013/14	2014/15	2015/16	2016/17	2017/18
Grievances Filed	11	11	22	14	7
Grievances resolved by Board Committee	0	0	1	0	1

Process

IA reviewed the websites of 9 comparable agencies to review their Board Ordinances and Resolutions and their MOUs with their employee groups to determine “best practices” and alternatives for resolving grievances. The review revealed a wide variety of practices and provided insights into potential options for IEUA to consider.

IA provides the following suggestions, most of which would be subject to bargaining and, therefore outside management’s ability to change unilaterally. Additional details are in the report that follows.

- *Encourage bargaining units to combine into fewer bargaining units (perhaps by citing their potential enhanced bargaining ability).*
- *Standardize Grievance Procedures across all bargaining units or include Grievance Procedures in a separately referenced “Employee Personnel Manual”.*
- *Include an “informal” grievance resolution process prior to the multi-step Grievance Procedures to provide an alternative to a formal grievance.*
- *Remove the HR Department as a decision-maker in any of the Grievance Procedures for any of the bargaining units.*
- *Revise the final step in the Grievance Procedures to replace the Board of Director’s Finance and Administration Committee with an independent arbitration process to preserve the Board’s role as policy makers.*

The Agencies reviewed included, with additional details in the attached tables:

AGENCY	# OF MOUs	Documented informal step to resolve a grievance**	# of Grievance Steps	HR is part of the decision process	Final Decision Maker ***
<i>Inland Empire Utilities Agency</i>	7 *	Yes, shown as Step 1 of 5 Step Procedure	4 MOUs have 5 steps; 1 MOU has 3 steps 1 MOU has 4 steps (informal as Step 1)	Yes – General Yes –Operators No - All others	Finance Committee of the Board of Directors
Coachella Valley Water District	3 *	Yes	4	Yes	Arbitration
Eastern Municipal Water District	1	No	4	No But can be on the Grievance Committee	GM or Grievance Committee
Irvine Ranch Water District	2	Yes	2	No	GM
Metropolitan Water District	4	Yes	3	No	Arbitration
Moulton Niguel Water District	2	No	3	No	GM
Orange County Sanitation District	6	Yes	4 or 5	Yes initial informal process	GM or designee
Orange County Water District	1	Yes	4	Yes	GM
Rancho California Water District	2	Yes	4	Yes	GM
Western Municipal Water District	1	No	4	Yes	Board

* Includes 2 groups with their own separate MOU but not subject to bargaining: The Unrepresented and Executive Management groups. The Unrepresentative have a grievance process.

** Contains a documented informal step where the employee can resolve directly with supervisor before entering into the formal "grievance process"

*** See attached, complete survey for details on the process

Summary of Results

As a result of the survey procedures performed, IA found a wide range of practices surrounding grievances. The survey identified trends and areas that the Agency may want to consider to make Agency processes more efficient. NOTE: In most cases the suggestions that result from the observations that follow would be subject to bargaining and, therefore outside management's ability to change unilaterally.

1. MULTIPLE BARGAINING UNITS: IEUA has a total of 7 MOUs which consist of 5 bargaining units, the Unrepresented group and the Executive Management group. The MOU for the Executive Management group does not include a Grievance Procedure, leaving 6 MOUs with Grievance Procedures, this includes the Unrepresented group although they are not subject to bargaining. Of the 9 comparable agencies surveyed:

- One agency has 6 bargaining units.
- One agency (the largest agency reviewed) has 4 bargaining units.

- One agency has 3 units, including the management group (leaving 2 with grievance processes).
- Six agencies surveyed only have 1 or 2 bargaining units.

Multiple bargaining units may require additional staff efforts for negotiation, coordination and administration due to differences and inconsistencies in the processes between employee groups. This may also create misunderstandings between staff in different units. *The Agency may want to consider whether it would be possible to encourage bargaining units to combine into fewer units (perhaps by citing their potential enhanced bargaining ability).*

2. EMPLOYEE PERSONNEL MANUAL: IEUA has 6 MOUs, not including the Executive Management group. Grievance Procedures differ between MOUs:
- Four bargaining units have a fairly similar 5-step grievance processes
 - Two bargaining units (Operators and General) have their own processes that are unique to their unit.

All of IEUA's 5 bargaining units (and the Unrepresented group) have their grievance processes outlined in their respective MOU. Exhibit C documents the different processes.

Of the 9 comparable agencies surveyed:

- Four of the nine agencies include the grievance processes either in an agency Personnel Manual or directly in the Board-approved Ordinance.
- The two largest agencies surveyed had multiple bargaining units, but their MOUs provide similar processes between all units:
 - The largest agency has a 3-step process after an informal step. The 1st step is to file a written grievance with the section or unit manager, the 2nd step is to appeal to the group manager and the final step is an appeal to an arbitration with an independent hearing officer.
 - The second largest agency has a 4 or 5 step process after an informal step about discussing the issue with the Director of Human Resources. The steps depending on bargaining unit are:

STEP	Supervisors & Professional Groups	All Other Groups
1	Supervisor	Supervisor
2	Department Head	Division Manager
3	General Manager	Assistant General Manager
4	n/a	General Manager

- The remaining three agencies also include their grievance processes in their MOUs.

An Agency Personnel Manual provides a means for the various MOUs to reference one standardized approach to grievances that would be consistent for all bargaining units. Such a manual could also include a wide variety of other employee related information.

IEUA may want to consider attempting to standardize Grievance Procedures across all MOUs or consider revising the Agency's documents to create an Agency Personnel Manual that includes Grievance Procedures for the MOUs to reference.

3. **INFORMAL DISPUTE RESOLUTION:** All 6 of the IEUA MOUs include a discussion between the employee and their supervisor as Step 1 of the formal grievance process. This is labeled as "Informal Grievance Procedure". IEUA's process in "Step 1" is similar to 3 of the agencies surveyed, which have very similar language as "Step 1" of their formal grievance processes. The survey noted that the other 6 agencies surveyed have an informal dispute resolution process that is described separately from the grievance process. This informal process has very similar language to the "Step 1" process at IEUA and the 3 other agencies have.

Having a separate informal process not included in the multi-step Grievance Procedure provides a greater clarity about providing a means to resolve conflicts in a less formal and what could be a confrontational manner that is not part of a "formal grievance process".

The Agency may want to consider including an "informal" grievance resolution process separately prior to the multi-step Grievance Procedures to provide a clear description of the alternative to a formal grievance.

4. **HR'S ROLE IN GRIEVANCE PROCESS:** Two of IEUA's bargaining units include a step in the Grievance Procedure that establishes an Administrative Appeals Committee to hear the grievance and render a decision (Step 2 for General Unit and Step 3 for Operators' Unit). The Committee consists of an Agency Executive Manager, a unit representative selected by the employee and the Manager of Human Resources. The survey noted that 5 of the 9 agencies surveyed also have HR involvement in the grievance process.

HR stated that they would prefer to have their role viewed as the impartial steward of the MOUs to ensure that the requirements of the MOU appeals processes are upheld. HR believes their involvement as a decision-maker in the grievance process can be perceived as less than impartial rather than as a steward of upholding the MOU.

The Agency may therefore want to consider removing the HR department as a decision-maker in any of the Grievance Procedures for any of the bargaining units.

5. BOARD OF DIRECTORS' RESPONSIBILITIES: All 6 MOUs include a hearing before the Finance and Administration Committee of the Agency's Board of Directors as the final step in the grievance process. The survey results showed:

- Only 1 of the 9 agencies surveyed includes a role for their Board of Directors in the grievance process,
- In 6 agencies the General Manager has ultimate authority,
- In 2 agencies the final step involves an arbitration option.

The Agency may want to consider revising the final step in the Grievance Procedure to replace the Board of Director's Finance and Administration Committee with an independent arbitration process to preserve the Board's role as policy makers.

Overall Conclusion

Based on the results of surveying other comparable Agencies, there are a variety of options to enhance the grievance resolution process to make the process more efficient.

HR stated that they generally agree with IA's suggestions. Additionally, HR stated that most of the recommendations are subject to bargaining and therefore, is outside the scope of their ability to change the process.

IA is available to discuss or perform additional steps, if requested.

The Human Resources: Grievance Policies and Procedures Comparable Survey is consistent with the Agency's Business Goals of Fiscal Responsibility, Workplace Environment, and Business Practices by providing information for improvements, monitoring the internal control environment of the Agency, and assisting Agency management in achieving organizational goals and objectives.

EXHIBIT A:

Comparable Agency Survey in Summary

QUESTION	IEUA	SURVEY RESULTS	ISSUE	RISK	SUGGESTION
Where is Grievance process described?	MOU approved by Board resolution	Part of MOU at 5 Agencies; Included in a Personnel Manual or directly in Ordinance at 4 Agencies	If an Agency has multiple Bargaining Units there may be multiple Grievance processes.	There are potential fairness issues and confusion among employees – employees may provide misinformation to other employees based on their understanding of their own MOU and lack of awareness of other MOUs.	Consider standardizing Grievance Procedures across all Bargaining Units or having them included in a Personnel Manual that is referred to in the MOU.
Number of Bargaining Units?	5 plus Executive Management Group and Unrepresented Group – 7 total groups/MOUs.	3 Agencies have 1 Bargaining Unit, 3 Agencies have 2 Bargaining Units, 1 Agency each has 3 (including Management Group), 4 or 6 Bargaining Units	Multiple Bargaining Units can result in varying Grievance Processes between Units	There are potential fairness issues and confusion among employees – employees may provide misinformation to other employees based on their understanding of their own MOU and lack of awareness of other MOUs.	Consider whether any Bargaining Units would consider combining, perhaps enhancing their bargaining ability while at the same time simplifying the Agency's coordination.
Is there a clause for informal resolution?	Yes, but shown as Informal Step 1 of 5 Step Formal Grievance Procedure	6 Agencies have a clause for informal dispute resolution that is very similar to the Step 1 process at Agencies without an informal clause.	Including the informal step as part of the 5 Step Grievance Procedure gives appearance of a formal step.	Not separating the informal process from the other steps can lead to employee misunderstanding.	Consider including an informal clause separate from the multiple step Grievance Procedures.
How many levels of dispute resolution are available?	4 MOUs have a 5 Step process; 1 MOU has a 3 Step process & 1 MOU has a 4 Step process.	5 Agencies have a 4 Step process (3 of which also have an informal process); 1 has a 2 Step process; 2 have a 3 Step process & 1 has different numbers of Steps for different Units	A multiple step process can be more time consuming and disruptive to the organization	Multiple steps can distract from other Agency matters and disrupt morale.	By including an informal clause, the number of Grievance Procedures steps can be reduced.
Is the HR Department one of the steps in the decision-making process?	Yes for 2 of the MOUs	5 have HR involvement (1 at the "Informal" Step) as a step in the process; 1 has a "Grievance Committee" with equal representation from both parties, & 3 have no HR component.	HR role is generally to shepherd the grievance process and ensure the requirements of the MOU are upheld. Also being involved in the resolution process can be considered a conflict of interest.	The process can be perceived as unfair and skewed toward the Agency if HR is a decision maker rather than the steward of the MOU.	Consider standardizing the Grievance Procedures across all Bargaining Units and removing HR from the process for any of the Bargaining Units.
Is there an arbitration option?	No	3 Agencies have an arbitration option	Not including arbitration can be perceived as having a process that favors the Agency.	Without arbitration, the process can be seen as skewed toward the Agency and can impact morale.	Consider replacing the final Board Committee step with an arbitration option instead.
Who is the final decision maker?	Finance and Administration Committee of Board	General Manager is final Step for 6 Agencies; Hearing Officer (arbitration) is final Step at 2 Agencies & Board is final Step at 1 Agency.	If Board is part of the process, then the Board becomes involved in management roles rather than policy matters.	Board's role should be limited to policy matters, becoming involved in management issues takes responsibilities away from actual management.	Consider replacing the final Board Committee step with an arbitration option instead.

EXHIBIT B:

Comparable Survey of Grievance Policies and Procedures by Agency

	IEUA	Agency 1	Agency 2	Agency 3	Agency 4	Agency 5	Agency 6	Agency 7	Agency 8	Agency 9
<i>FY 2019 Total Revenues</i>	\$244.9 million	\$305.8 million	\$375.8 million	\$283.5 million	\$1,526 million	\$103.5 million	\$477.1 million	\$245.8 million	\$129.0 million	\$159.1 million
<i>Approximate Number of Employees</i>	290	553.5	636	403	1,877	152	636	220.5	140	148
<i>Number of MOUs</i>	7	3, but one is a management group	1	2	4	2	6	1	2	1
<i>Is there a clause for an informal resolution option? What does it provide?</i>	Yes, however shown as Informal Step 1 of 5 Step Formal Grievance Procedure	Yes, before using the formal process, employee shall discuss with supervisor	No	Yes – provides for a discussion with the employee's immediate supervisor.	Yes, meeting with immediate supervisor.	No	Yes, informal process for all groups describes a discussion with the HR Director	Yes, encourages an informal discussion between employee and employee's immediate supervisor.	Yes – provides for employee to first "take the matter up" with immediate supervisor.	No
<i>Is there an arbitration option or clause?</i>	No	Yes, the final step for the 2 non-management groups.	No	No	Yes, the final step for all Bargaining Units is an appeal to a "Hearing Officer" who is to be selected from a list of names from the State Mediation and Conciliation Service.	No	No	Yes, Step 3 of the process refers to "non-binding mediation to be handled through State Mediation and Conciliation Services".	No	No
<i>Is the HR Department one of the steps or decision makers in the process?</i>	Yes for 2 of the 7 MOUs; Step 2 of 3 for the General Unit; Step 3 of 4 for the Operator's Unit.	Yes, Step 2 provides for the employee to refer the grievance to the HR Director.	No, but there is a "Grievance Committee" formed for Step 3 that includes 2 members chosen by the union board & 2 chosen by the Water District.	No	No	No	Yes, the initial informal process.	Yes, Step 2 provides for the employee to refer the grievance to the HR Director.	Yes – Step 3 provides for Human Resources Department to render a decision.	Yes; Step 3 of the process submits the claim to the Agency's "Employee Relations Officer" to "make a determination".

	IEUA	Agency 1	Agency 2	Agency 3	Agency 4	Agency 5	Agency 6	Agency 7	Agency 8	Agency 9
<i>How many levels of dispute resolution are available?</i>	4 of 6 non-Executive Management MOUs have a 5 Step process, 1 of 6 MOUs has a 3 Step process and 1 of 6 MOUs has a 4 Step process.	4, not including informal.	4	2 levels – Level 1 is with the Department Director & Level 2 is with the General Manager (not including informal).	3, not including informal.	3 levels – Immediate Supervisor, Division Head, GM	Supervisors & Professional groups each have 4 starting with department head and other 4 Units have 5 starting with immediate Supervisor (not including informal).	4, not including informal.	4, not including informal.	4
<i>Who is the final decision maker? (Board, General Manager, Arbitration, Other)</i>	All 6 MOUS have a final Step that ends with the Finance and Administration Committee of the Board of Directors	Arbitration	General Manager, or if the General Manager makes no decision in 30 working days, the decision of the Grievance Committee “shall be deemed final.”	General Manager has final decision in Step 2 of process.	Arbitration. (Group Manager in Step 2 can be appealed depending on the situation to an Appeal Procedure as Step 3 which involves a hearing with an independent hearing officer.)	General Manager has final decision in Step 3 of process.	General Manager or designee	General Manager has final decision-making authority.	Review by the General Manager	Step 4 refers the claim to the Agency’s “full Board” for resolution which can order “any other reasonable dispute resolution procedure” including appointing one Board member to “arbitrate the grievance”.
<i>Where is the Grievance process outlined? (MOU’s, Personnel Manual, Other)</i>	MOU that is an attachment to a Board Resolution adopting the MOU	Each Association’s MOU.	MOU cites Ordinance 53.1 in section VI: Rules and Regulations Covering Employer – Employee Relations “Rule 10”.	MOU – Section XXVIII	Sections of MOU with each employee Bargaining Unit	Resolution #17-05 adopts MOU with Grievance process described in Section 3.08 of MOU.	All 6 bargaining units have the Grievance Procedure included in their MOU under Article 11. All are worded very similarly.	Section 17 of the Personnel Manual – MOU references the Personnel Manual.	Policy 29 of Employee Policy & Procedure Manual. Not referenced in MOU.	The MOU refers to Section 22 of the Employer – Employee Relations Resolution that describes the Grievance process.

EXHIBIT C:

Comparison of Grievance Procedures between IEUA MOUs

ITEM	SUPERVISORS UNIT	LABORATORY UNIT	UNREPRESENTED	OPERATORS' UNIT	GENERAL UNIT	PROFESSIONAL UNIT
Resolution # Article #	Resolution No. 2018-8-3 MOU Article 16	Resolution No. 2018-8-2 MOU Article 15	Resolution No. 2018-8-6 MOU Article 13	Resolution No. 2018-8-9 MOU Article 15	Resolution No. 2018-8-4 MOU Article 16	Resolution No. 2018-8-5 MOU Article 16
Title	Grievance Procedure	Grievance Procedure	Grievance Procedure	Grievance Procedure	Grievance Procedure	Grievance Procedure
Date Adopted	08/01/2018	08/01/2018	08/01/2018	08/15/2018	08/01/2018	08/01/2018
INFORMAL GRIEVANCE PROCEDURE Step 1 (per IEUA MOU's)	The employee having a grievance shall personally discuss the grievance with his/her immediate supervisor. Within 3 workdays, the immediate supervisor shall orally give a decision to the employee. If the employee believes that the grievance has not satisfactorily been resolved, the employee may proceed to Step 2 within 10 workdays after receiving the oral decision of his/her immediate supervisor.	The employee having a grievance shall personally discuss the grievance with his/her immediate supervisor. Within 3 workdays, the immediate supervisor shall orally give a decision to the employee. If the employee believes that the grievance has not satisfactorily been resolved, the employee may proceed to Step 2 within 10 workdays after receiving the oral decision of his/her immediate supervisor.	The employee having the grievance shall personally discuss the grievance with his/her immediate supervisor. Within 5 workdays, the immediate supervisor shall orally give a decision to the employee. If the employee believes that the grievance has not satisfactorily been resolved, the employee may proceed to Step 2 within 5 workdays after receiving the oral decision of his/her immediate supervisor.	The employee having a grievance shall personally discuss the grievance with his/her respective Deputy Manager. Within 7 calendar days, the Deputy Manager shall orally give a decision to the employee. If the employee believes that the grievance has not satisfactorily been resolved, the employee may proceed to Step 2 within 7 calendar days after receiving the oral decision of his/her Deputy Manager.	The employee having a grievance shall personally discuss the grievance with his/her respective Department Manager. Within 5 workdays, the Department Manager shall orally give a decision to the employee. If the employee believes that the grievance has not satisfactorily been resolved, the employee may proceed to Step 2 within 5 workdays after receiving the oral decision of his/her Department Manager.	The employee having a grievance shall personally discuss the grievance with his/her immediate supervisor. Within 3 calendar days, the immediate supervisor shall orally give a decision to the employee. If the employee believes that the grievance has not satisfactorily been resolved, the employee may proceed to Step 2 within 10 calendar days after receiving the oral decision of his/her immediate supervisor.
FORMAL GRIEVANCE PROCEDURES Step 2 (per IEUA MOU's)	The employee shall submit a written statement to his/her Department Manager outlining the grievance, specifying the ordinance, resolution, policy and/or provision of the MOU claimed to be violated, the date of the event, the names of individuals involved, the corrective action requested, and any other pertinent data that may be necessary to fully understand and resolve the grievance. Within 10 working days after receipt of the written statement or rebuttal, the	The employee shall submit a written statement to his/her Department Manager outlining the grievance, specifying the ordinance, resolution, policy and/or provision of the MOU claimed to be violated, the date of the event, the names of individuals involved, the corrective action requested and any other pertinent data that may be necessary to fully understand and resolve the grievance. Within 10 working days after receipt of the written statement or rebuttal, the	The employee shall submit a written statement to his/her Department Manager outlining the grievance, specifying the ordinance, resolution, policy and/or provision of the MOU claimed to be violated, the date of the event, the names of individuals involved, the corrective action requested and any other pertinent data that may be necessary to fully understand and resolve the grievance. Within 5 working days after receipt of the written statement or rebuttal, the	INFORMAL GRIEVANCE PROCEDURE Step 2 (per IEUA MOU) The employee having a grievance shall personally discuss the grievance with his/her respective Department Manager. Within 7 calendar days, the Department Manager shall orally give a decision to the employee. If the employee believes that the grievance has not satisfactorily been resolved, the employee may proceed to Step 3 within 7 calendar days after receiving the oral decision of his/her Department Manager.	<u>GRIEVANCE PROCEDURES</u> <u>Administrative Appeals</u> <u>Committee (Step 2)</u> The employee shall submit a written statement to the Manager of Human Resources outlining the grievance, specifying the ordinance, resolution, written rule, regulation, policy and/or provision of the MOU claimed to be violated, the date of the event, the names of individuals involved, the corrective action requested, and any other pertinent data that may be necessary to fully understand and resolve the grievance.	The employee shall submit a written statement to his/her Department Manager outlining the grievance, specifying the ordinance, resolution, policy and/or provision of the MOU claimed to be violated, the date of the event, the names of individuals involved, the corrective action requested, and any other pertinent data that may be necessary to fully understand and resolve the grievance. Within 5 working days after receipt of the written statement or rebuttal, the

ITEM	SUPERVISORS UNIT	LABORATORY UNIT	UNREPRESENTED	OPERATORS' UNIT	GENERAL UNIT	PROFESSIONAL UNIT
	<p>Department Manager shall meet with the employee to discuss the grievance. The Department Manager shall render a written decision to the employee within 10 workdays after discussion with the employee.</p>	<p>Department Manager shall meet with the employee to discuss the grievance. The Department Manager shall render a written decision to the employee within 10 workdays after discussion with the employee.</p>	<p>Department Manager shall meet with the employee to discuss the grievance. The Department Manager shall render a written decision to the employee within 5 workdays after discussion with the employee.</p>		<p>Within 5 working days after receipt of the written statement or rebuttal, the Manager of Human Resources shall convene a committee made up of one Executive Manager mutually agreed to by the Manager of Human Resources and the employee, one unit representative selected by the employee, and the Manager of Human Resources. Said committee shall meet with the employee to discuss the grievance within 10 working days after receipt of the written statement or rebuttal. The committee shall render a written decision to the employee within 5 workdays after meeting with the employee.</p>	<p>Department Manager shall meet with the employee to discuss the grievance. The Department Manager shall render a written decision to the employee within 5 workdays after discussion with the employee.</p>
<p>Step 3</p>	<p>The employee shall submit a written statement to his/her Executive Manager within 10 workdays after receipt of a written decision of the Department Manager containing at a minimum the information required in Step 2 above. Within 10 workdays after receipt of the written statement of the employee, the Executive Manager shall meet with the employee to discuss the grievance. The Executive Manager shall render a written</p>	<p>The employee shall submit a written statement to his/her Executive Manager within 10 workdays after receipt of a written decision of the Department Manager containing at a minimum the information required in Step 2 above. Within 10 workdays after receipt of the written statement of the employee, the Executive Manager shall meet with the employee to discuss the grievance. The Executive Manager shall render a written</p>	<p>The employee shall submit a written statement to his/her Executive Manager within 5 workdays after receipt of a written decision of the Department Manager containing at a minimum the information required in Step 2 above. Within 5 workdays after receipt of the written statement of the employee, the Executive Manager shall meet with the employee to discuss the grievance. The Executive Manager shall render a written</p>	<p><u>ADMINISTRATIVE APPEALS COMMITTEE GRIEVANCE PROCEDURE (Step 3)</u> The employee shall submit a written statement to the Manager of Human Resources outlining the grievance, specifying the ordinance, resolution, policy and/or provision of the MOU claimed to be violated, the date of the event, the names of individuals involved, the corrective action requested, and any other</p>	<p><u>FORMAL GRIEVANCE PROCEDURES (Step 3)</u> The employee shall file a written request within 10 working days of receipt of the Notice of Decision from the Committee with the Board Secretary, for a hearing before the Finance and Administration Committee of the Board of Directors. Within 30 working days from receiving the request for hearing, the Finance and Administration</p>	<p>The employee shall submit a written statement to his/her Executive Manager within 5 workdays after receipt of a written decision of the Department Manager containing at a minimum the information required in Step 2 above. Within 5 workdays after receipt of the written statement of the employee, the Executive Manager shall meet with the employee to discuss the grievance. The Executive Manager shall render a written</p>

ITEM	SUPERVISORS UNIT	LABORATORY UNIT	UNREPRESENTED	OPERATORS' UNIT	GENERAL UNIT	PROFESSIONAL UNIT
	<p>decision to the employee, within 10 workdays after discussion with the employee.</p>	<p>decision to the employee, within 10 workdays after discussion with the employee.</p>	<p>decision to the employee, within 5 workdays after discussion with the employee.</p>	<p>pertinent data that may be necessary to fully understand and resolve the grievance. Within 7 calendar days after receipt of the written statement or rebuttal, the Manager of Human Resources shall convene a committee made up of one Executive Manager mutually agreed to by the Manager of Human Resources and the employee, one Association representative selected by the employee, and the Manager of Human Resources. Said committee shall meet with the employee to discuss the grievance within 14 calendar days after receipt of the written statement or rebuttal. The scope of the employee's grievance appeal is limited to the written statement /rebuttal. The Committee shall render a written advisory decision to the General Manager within 7 calendar days after meeting with the employee. The Administrative Appeals Committee's decision shall be advisory to the General Manager who may accept or reject the committee's decision</p>	<p>Committee of the Board of Directors shall hear the grievance and render a written decision. All appeals to the Board of Directors shall be heard by the Finance and Administration Committee of the Board of Directors.</p>	<p>decision to the employee, within 5 workdays after discussion with the employee.</p>

ITEM	SUPERVISORS UNIT	LABORATORY UNIT	UNREPRESENTED	OPERATORS' UNIT	GENERAL UNIT	PROFESSIONAL UNIT
				<p>in his/her discretion. The General Manager shall thereafter render a final written Step 3 decision to the employee within 7 calendar days after receiving the committee's decision. If the employee believes that his/her grievance has not satisfactorily been resolved, the employee may proceed to Step 4 within 7 calendar days after receiving the written decision from the General Manager.</p>		
<p>Step 4</p>	<p>The employee shall submit a written statement to the General Manager within 10 workdays after receipt of a written decision of the Executive Manager requesting a meeting with the General Manager and explaining the basis of the request and the corrective action requested. Within 10 workdays after receipt of the written statement of the employee, the General Manager shall meet with the employee to discuss the grievance. The General Manager shall render a written decision to the employee, within 10 workdays after discussion with the employee.</p>	<p>The employee shall submit a written statement to the General Manager within 10 workdays after receipt of a written decision of the Executive Manager requesting a meeting with the General Manager and explaining the basis of the request and the corrective action requested. Within 10 workdays after receipt of the written statement of the employee, the General Manager shall meet with the employee to discuss the grievance. The General Manager shall render a written decision to the employee within 10 workdays after discussion with the employee.</p>	<p>The employee shall submit a written statement to the General Manager within 5 workdays after receipt of a written decision of the Executive Manager requesting a meeting with the General Manager and explaining the basis of the request and the corrective action requested. Within 5 workdays after receipt of the written statement of the employee, the General Manager shall meet with the employee to discuss the grievance. The General Manager shall render a written decision to the employee within 5 workdays after discussion with the employee.</p>	<p><u>FORMAL GRIEVANCE PROCEDURE (Step 4)</u> The employee shall file a written request within 14 calendar days of receipt of the Notice of Decision from the General Manager with the Board Secretary/Office Manager, for a hearing before the Finance and Administration Committee of the Board of Directors. Within 60 calendar days from receiving the request for hearing, the Finance and Administration Committee of the Board of Directors shall hear the grievance and render a written decision. All appeals to the Board of Directors shall be heard by the Finance and Administration</p>	<p>n/a</p>	<p>The employee shall submit a written statement to the General Manager within 5 workdays after receipt of a written decision of the Executive Manager requesting a meeting with the General Manager and explaining the basis of the request and the corrective action requested. Within 5 workdays after receipt of the written statement of the employee, the General Manager shall meet with the employee to discuss the grievance. The General Manager shall render a written decision to the employee, within 5 workdays after discussion with the employee.</p>

ITEM	SUPERVISORS UNIT	LABORATORY UNIT	UNREPRESENTED	OPERATORS' UNIT	GENERAL UNIT	PROFESSIONAL UNIT
				Committee of the Board of Directors.		
Step 5	<p>The employee shall file a written request within 10 working days of receipt of the Notice of Decision from the General Manager with the Board Secretary/Office Manager, for a hearing before the Finance and Administration Committee of the Board of Directors. Within 60 calendar days from receiving the request for hearing, the Finance and Administration Committee of the Board of Directors shall hear the grievance and render a written decision. All appeals to the Board of Directors shall be heard by the Finance and Administration Committee of the Board of Directors and shall be final and the employee will have exhausted all of his/her administrative remedies.</p>	<p>The employee shall file a written request within 10 working days of receipt of the notice of decision from the General Manager with the Board Secretary/Office Manager, for a hearing before the Finance and Administration Committee of the Board of Directors. Within 60 calendar days from receiving the request for hearing, the Finance and Administration Committee of the Board of Directors shall hear the grievance and render a written decision. All appeals to the Board of Directors shall be heard by the Finance and Administration Committee of the Board of Directors and their decision shall be final and the employee will have exhausted all of his/her administrative remedies.</p>	<p>The employee shall file a written request within 5 working days of receipt of the notice of decision from the General Manager with the Board Secretary/Office Manager, for a hearing before the Finance and Administration Committee of the Board of Directors. Within 60 working days from receiving the request for hearing, the Finance and Administration Committee of the Board of Directors shall hear the grievance and render a written decision. All appeals to the Board of Directors shall be heard by the Finance and Administration Committee of the Board of Directors and their decision shall be final and the employee shall have exhausted all of his/her administrative remedies.</p>	n/a	n/a	<p>The employee shall file a written request within 5 working days of receipt of the Notice of Decision from the General Manager with the Board Secretary/Office Manager, for a hearing before the Finance and Administration Committee of the Board of Directors. Within 60 working days from receiving the request for hearing, the Finance and Administration Committee of the Board of Directors shall hear the grievance and render a written decision. All appeals to the Board of Directors shall be heard by the Finance and Administration Committee of the Board of Directors and shall be final and the employee shall have exhausted all of his/her administrative remedies..</p>

**INFORMATION
ITEM
2B**



Date: March 18, 2020

To: The Honorable Board of Directors

From: Teresa Velarde, Manager of Internal Audit

Committee: Audit

03/09/20

Manager Contact: Teresa Velarde, Manager of Internal Audit

Subject: Garden In Every School®: Follow-Up Audit Report

Executive Summary:

Internal Audit (IA) performed a follow-up review to evaluate the implementation status of the seven recommendations reported in the original May 2018 audit report of the Garden In Every School® Program (GIES). As a result, 4 recommendations are now considered implemented, 1 recommendation is in process and 2 are no longer applicable.

The GIES program is funded in part from Meter Equivalent Unit (MEU) Charges to the Member Agencies. Planning & Environmental Resources (Planning) staff and water conservation program representatives from the Member Agencies meet regularly to decide on the best conservation programs to implement with the funding from the revenue received. The GIES Program is a very small portion of that spending. The Agency is not reimbursed from the MEU Charges for the amounts spent for any indirect costs, including External Affairs (EA) staffing and this year for garden signs. EA discussed the additional staffing that would be necessary to provide greater oversight and monitoring of the gardens already installed at schools. IA suggests Planning and EA consider discussing current and future goals of all Water Conservation Programs with Executive Management and/or the Board to update and/or reestablish program goals. IA extends our appreciation to EA Department staff for their cooperation and assistance.

Staff's Recommendation:

This is an information item for the Board of Directors to receive and file.

Budget Impact Budgeted (Y/N): N Amendment (Y/N): Y Amount for Requested Approval:

Account/Project Name:

N/A

Fiscal Impact (explain if not budgeted):

N/A

Full account coding (internal AP purposes only):

- - -
- - -

Project No.:

Prior Board Action:

On June 10, 2019 the Board received and filed the Garden In Every School® audit report dated May 31, 2018 , 2019.

On June 19, 2019, the Board approved the Fiscal Year 2019/20 Annual Audit Plan.

Environmental Determination:

Not Applicable

Business Goal:


The Garden In Every School®: Follow-Up Audit is consistent with the Agency's Business Goals of Fiscal Responsibility, Workplace Environment, and Business Practices by providing independent evaluations and audit services of Agency activities and make recommendations to foster a strong ethical and internal control environment, provide efficiencies, safeguard assets and assist management in achieving organizational goals and objectives.

Attachments:

Attachment 1 - Garden In Every School®: Follow-Up Audit Report



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TEL (909) 993-1600 • FAX (909) 993-1985
www.ieua.org

DATE: January 30, 2020
TO: Shivaji Deshmukh
General Manager
FROM: 
Teresa V. Velarde
Manager of Internal Audit

SUBJECT: GARDEN IN EVERY SCHOOL®: FOLLOW-UP AUDIT

Audit Authority

The Inland Empire Utilities Agency (IEUA or Agency) Internal Audit Department (IA) performed a follow-up audit of the Garden in Every School® (GIES) Program. The follow-up evaluation was performed under the authority given by the IEUA Board of Directors and the Fiscal Year 2019/20 Annual Audit Plan. As required by the Internal Audit (IA) Department's Charter and the Annual Audit Plan, IA must follow-up on the status of open audit recommendations to determine whether corrective actions have been taken.

Audit Scope

The purpose of this review was limited to evaluating whether the seven recommendations from the May 31, 2018 GIES Audit Report had been implemented. IA's procedures included:

- Reviewing responses received from External Affairs staff
- Discussions with staff
- Evaluating additional documentation

The original audit report is available on the Agency intranet website or by contacting IA.

Acknowledgements

Internal Audit would like to extend our appreciation to the External Affairs Department staff for their cooperation and assistance during this review.

Discussion with Management

IA provided the results of this review to Kathy Besser, Executive Manager of External Affairs and Policy Development/AGM and Andrea Carruthers, Manager of External Affairs on January 23, 2020. Where possible, comments have been incorporated.

If you have any questions or need additional information, please contact me at Extension 1521 or at tvelarde@ieua.org.

TV:ps

Water Smart - Thinking in Terms of Tomorrow

Kati Parker
President

Jasmin A. Hall
Vice President

Steven J. Elie
Secretary/Treasurer

Michael E. Camacho
Director

Paul Hofer
Director

Shivaji Deshmukh
General Manager

Garden in Every School® Program: Follow-Up Audit

Background

In the Spring of 2018, at the request of the Audit Committee Chair and with direction from the General Manager, the Internal Audit Department (IA) collaborated with the External Affairs Department (EA) and the Planning and Environmental Resources Department (Planning) to perform an evaluation of the Garden in Every School® (GIES) program.

In the Fall of 2019, EA provided IA responses to the original audit recommendations and asked for a follow-up review to determine their implementation status.

The GIES program is operated by EA, which is responsible for the Agency's community relations, public outreach and education programs. EA performs outreach, works closely with schools and provides information and an educational seminar and is responsible for monitoring the application and selection process for new gardens and mini - grants and working closely with the Chino Basin Water Conservation District (CBWCD). Planning is responsible for determining available funding, monitoring expenses of the program and securing the contract. CBWCD is contracted by IEUA for the design and installation of the school gardens, including building the planting beds, installing the irrigation system and controllers, planning the selected plants and trees and providing advice on the garden needs to the school. CBWCD bills IEUA for labor for installation of the gardens. The individual schools are responsible for the on-going success of their garden and using it for hands-on student educational activities.

The GIES program is funded in part from Meter Equivalent Unit (MEU) Charges to the Member Agencies. The Agency's Board established the MEU Charge that provides funding for the direct costs of the GIES Program on June 15, 2016 with Board Ordinance No. 104. According to the Ordinance, the MEU is intended to fund regional water conservation efforts and is determined by multiplying the number of active water accounts of each water meter size by the MEU ratio associated with that meter size, with an assigned base meter size of 5/8 inch. The MEU charge is intended to be established at a level that yields enough revenues to recover the Program Charge, costs incurred by the Water Conservation Program which also includes the Conservation and Drought Charges and could include a portion for the Net Readiness-to-Serve (RTS) charge by MWD.

To implement the Ordinance, the Agency's Board also passed Resolution No. 2016-6-7 which provided a 4-year phase-in period for the charges to the Local Agencies effective October 1, 2016:

October 1, 2016 to June 30, 2017:	\$0.90 per MEU per month
July 1, 2017 to June 30, 2018:	\$0.95 per MEU per month
July 1, 2018 to June 30, 2019:	\$0.99 per MEU per month
July 1, 2019 to June 30, 2020:	\$1.04 per MEU per month

The MEU charge has provided an ongoing and increasing stream of revenues to support Water Conservation Program efforts. MEU Charge Revenues by fiscal year have been:

Garden in Every School® Program: Follow-Up Audit
 January 30, 2020
 Page 3 of 15

October 1, 2016 to June 30, 2017: \$2,961,976
 July 1, 2017 to June 30, 2018: \$4,417,489
 July 1, 2018 to June 30, 2019: \$4,920,078

Planning staff and water conservation program representatives from the Member Agencies meet regularly to decide on the best conservation programs to implement with the funding from the revenue received. The GIES Program is a very small portion of that spending. The total spent to install gardens in each of the 4 most recent years is:

Fiscal Year	Activity	Grant Monies Given to Schools	CBWCD (Costs for Design & Installation Labor)	Total Direct Costs	Additional Indirect Costs not calculated or included as part of Total Direct Costs
2016/17	4 new garden installations \$4,500/each	\$18,000	\$27,470	\$45,470	IEUA staff time: Supervise CBWCD contract, school application/selection process, dedication ceremony, Project WET implementation, etc.
2017/18	12 Mini - grants \$1,000/each	\$12,000	\$0	\$12,000	IERCF staff time for evaluation of mini-grant school sites. IEUA staff time: School mini-grant application/selection process, dedication ceremony, Project WET implementation, etc.
2018/19	4 new garden installations \$4,500/each	\$18,000	\$33,000	\$51,000	IEUA staff time: Supervise CBWCD contract, school application/selection process, dedication ceremony, Project WET implementation, etc.
2019/2020 (estimates)	3 new garden installations at \$4,500 each	\$13,500 + \$841 for signage	\$32,000	\$46,341	IEUA staff time: Supervise CBWCD contract, school application/selection process, dedication ceremony, Project WET implementation, arrange for permanent signage etc.

Although these dollar-amounts may not appear to be material or significant when compared to the overall revenues generated from the MEU Charges or the Agency's overall budget, the question remains whether the funds and staff time are being utilized in the most effective ways to meet the intended overall Agency goals and the intent of the program. *In addition, the Agency is not reimbursed from the MEU Charges for the amounts spent for any indirect costs and this year for signage.*

Status of Recommendations from the 2018 Audit Report:

The original audit report provided 7 recommendations.

Recommendation #1

The goals and objectives for the GIES program should be reevaluated, updated and documented to ensure that the program aligns with the Agency's overall vision, mission, goals and objectives and/or the program's original purpose. Goals should be measurable and a formal evaluation of the program and whether the goals were achieved should be performed. The Agency should consider if the GIES program is the most effective means to meet those goals.

Status: Implemented

Based on the response received from EA and the follow-up steps performed by IA, this recommendation is considered implemented, since the Agency defers to the Member Agencies to establish the funding goals for the MEU charges.

External Affairs Response:

External Affairs has evaluated the goals of the GIES program. [According to staff] The standing goal remains the same:

The purpose of the GIES program is to educate school-age children and their families, school staff, and other community members about the efficient use of water through the establishment of thematic school gardens that feature climate appropriate plants and water-efficient irrigation methods that are coordinated with provision state-aligned curriculum materials. Building this relationship with the schools is significantly important to IEUA and its partners. Through GIES, participating schools, school boards/administration, school maintenance teams, and community members are introduced to water-use efficiency opportunities through new irrigation techniques, low water use plants, and curriculum.

This program correlates with the Agency's Business Goals, which include but are not limited to:

- Regional Leadership and Community Relations (Agency Management; Planning; Engineering)
 - Objective: To cultivate a positive and transparent relationship with stakeholders to enhance quality of life, preserve heritage, and protect the environment.
- Water Use Efficiency and Education (Planning; Engineering; Public Information)
 - Objective: To promote water-use efficiency through public education to enhance water supplies within the region and exceed state goals for reduction in per capita water use within the Agency's service area.
- Environmental Responsibility (Agency Management; Planning; Engineering)
 - Objective: To strive to implement actions that enhances or promotes environmental sustainability and preservation of the region's heritage.

Quantifying a goal for this program is slightly difficult due to the nature and elements that this program incorporates. Based on budget, we have a goal to secure three schools per year to participate in the GIES Program.

Internal Audit Department Follow-up Procedures

Since the GIES program began the Agency has established a wide variety of other Water Conservation Programs emphasizing drought tolerance and the GIES Program's role in those efforts is unclear. During the original audit IA did not find measurable goals and objectives for the GIES Program to define success, although the Program did have goals as to the number of gardens to install annually. The GIES Program began in 2004 and of the 62 gardens installed (at the time of the audit), 15 had been removed, 6 consisted of drought tolerant landscaping features and 11 received only minimal use, leaving only 30 (48%) still in existence and being actively used for educational purposes.

For the follow-up review, IA discussed with staff steps taken by EA to reevaluate, update and document the goals and objectives of the GIES program. The GIES program is funded in part from Meter Equivalent Unit (MEU) fees charged to the Member Agencies, as well as administrative and indirect funding from IEUA's own budget. According to EA, the Planning Department discusses the intended uses for MEU revenues with the Member Agencies annually and they have indicated that they are comfortable with the current level of funding for the GIES Program and are not interested in expanding it. For instance, they were unwilling to invest additional resources to install signs at preexisting school gardens or to increase the amounts budgeted for each new school garden, but they also did not express any interest in ending the program. This has resulted in higher administrative expenses to IEUA to implement the program, including having EA bear the cost of purchasing signage for the gardens.

IEUAs Planning and water conservation program representatives from the Member Agencies meet regularly to decide on the conservation programs to spend the revenues.

NOTE: IA describes the importance of establishing goals and objectives (Performance Workload Indicators) for the GIES Program in Recommendation #3 that follows. To provide an annual evaluation that measures the results of all Water Conservation Programs, goals and objectives are necessary to measure against; preferably outlined in the budget process that authorizes the expenditures. Given the amount of funding generated by the MEU, IA suggests Planning and EA discuss current and future goals of all Water Conservation Programs with Executive Management and/or the Board.

Recommendation #2

The Agency should evaluate and consider the various responsibilities for the GIES program. Currently two different Agency departments are responsible for different functions to manage the program, one (Planning) manages the contract with Chino Basin Water Conservation District and the related fund and budget for the program. The other (EA) manages the program implementation. Additionally, CBWCD acts as the outside contractor and completes the garden installations. The Agency should consider what efficiencies would be achieved through consolidation of responsibilities or at a minimum scheduling on-going meetings or workshops and ensure all team members share ideas and discuss the program goals, achievement of those goals, lessons learned, and how best to provide greater oversight and accountability to effectively manage all aspects of the GIES program.

Status: Implemented

Since EA has evaluated and enhanced the coordination between all departments, and according to EA this arrangement appears to work effectively for EA, this recommendation is considered implemented. IA suggests this be an on-going effort to continuously evaluate tasks and coordination to ensure the program runs effectively.

External Affairs Response:

There have been communication changes implemented since program year 18/19, which include External Affairs scheduling progress meetings with IEUA’s Planning representative and a CBWCD representative. The ongoing update meetings are sufficient in keeping everyone in communication. An end of the year program meeting is also being scheduled after each program year during the summer for External Affairs, Planning and CBWCD to discuss lessons learned, goals, etc.

External Affairs currently manages the contract with CBWCD.

Internal Audit Department Follow-up Procedures

During the original audit IA found the division of responsibilities was:

IEUA External Affairs Department	IEUA Planning & Environmental Resources Department	Chino Basin Water Conservation District	Schools
<ul style="list-style-type: none"> • Handle day-to-day operations of the GIES program, including: <ul style="list-style-type: none"> ○ Liaison for the GIES program ○ Responsible for all GIES outreach and administrative activities ○ Selection of recipients to receive a new garden or mini grant ○ Coordinates and attends initial site evaluations with the school and CBWCD ○ Review the supporting documentation and approve payment to grant recipients ○ Purchase all materials needed for the garden (No longer applicable after 2016/2017) ○ Coordination of the dedication ceremony • Provide additional curriculum and resources when available • Host the annual Project WET and GIES Workshop for new grants or mini - grants • Reports on the GIES program through the Community and Legislative Affairs Committee • Coordinate with Planning, schools and CBWCD 	<ul style="list-style-type: none"> • Manages funds for the Water Conservation Fund and GIES program • Handles contractual agreements with CBWCD • Approves invoices and payments to CBWCD • Reports on the GIES program in the Regional Water Use Efficiency Programs Report • Review grant applications with External Affairs • Coordinates with External Affairs and CBWCD 	<ul style="list-style-type: none"> • Design and construct school gardens, including: <ul style="list-style-type: none"> ○ Site visits and evaluations ○ Landscape design plans ○ Site and raised bed construction ○ Installation of controller and irrigation system ○ Planting Support ○ Troubleshooting ○ Equipment Rental, if needed (effective 2018/2019) • Evaluate initial sites for the upcoming school year with External Affairs (if applicable) • Coordinate with schools and IEUA • Procurement of all necessary materials and provide receipts, invoices, and any purchase documentation as required (effective 2018/2019) 	<ul style="list-style-type: none"> • Responsible for Site prep, including: <ul style="list-style-type: none"> ○ Clean-up ○ Grading ○ Electrical and water connections • Effective 2018/2019: <ul style="list-style-type: none"> ○ Turf or other plant removal ○ Any issues pertaining to master irrigation valves ○ Underground utilities in the project area have been located and marked prior to any construction ○ Coordinate with CBWCD that site preparation has been completed • Responsible for on-going maintenance of the garden • Utilize the garden for on-going learning activities

As the GIES Program is currently structured, Planning has responsibility for overseeing water conservation program funds and for consultation with the Member Agencies, whereas EA has responsibility for the implementation of the GIES Program with area schools. Based on the conversations with EA staff, IA revised and updated the distribution of responsibilities. The division of responsibilities is now:

GIES Program Distribution of Responsibilities and Oversight

IEUA External Affairs (EA)	NEW COLUMN DESCRIBING: Coordinated Responsibilities (EA & Planning)	IEUA Planning & Environmental Resources (Planning)	Chino Basin Water Conservation District	Schools
<p>Handle day-to-day operations of the GIES program, including: Liaison for the GIES program Responsible for all GIES outreach and administration Selection of recipients to receive new garden or mini - grant Coordinate and attend initial site evaluations with the school and CBWCD Review and approve the supporting documentation for payments to grant recipients Coordination of the dedication ceremony</p> <p>Provide additional curriculum and resources when available</p> <p>Host the annual Project WET and GIES Workshop for new grants or mini - grants</p> <p>Reports on the GIES program through the Community and Legislative Affairs Committee</p> <p>Coordinate with Planning, schools and CBWCD</p>	<p>Handle contractual agreements with CBWCD</p> <p>Approve invoices and payments to CBWCD</p> <p>Review grant applications</p> <p>Coordination</p>	<p>Manage funds for the Water Conservation Fund and GIES program</p> <p>Report on the GIES program in the Regional Water Use Efficiency Programs Report</p>	<p>Design and construct school gardens, including: Site visits and evaluations Landscape design plans Site and raised bed construction Installation of controller and irrigation system Planting Support Troubleshooting Equipment Rental, if needed</p> <p>Evaluate initial sites for the upcoming school year with External Affairs</p> <p>Coordinate with schools and IEUA</p> <p>Procurement of all necessary materials and provide receipts, invoices, and purchase documentation as required</p>	<p>Responsible for Site prep, including: Clean-up Grading Electrical and water connections Turf or other plant removal Any issues pertaining to master irrigation valves Underground utilities in the project area have been located and marked prior to any construction Coordinate with CBWCD that site preparation has been completed</p> <p>Responsible for on-going maintenance of the garden</p> <p>Utilize the garden for on-going learning activities</p>

Recommendation #3

Staff should provide an annual written and oral report to the Board of Directors about the GIES program, that includes:

- *The program's goals and objectives and how those align with Agency goals*
- *How the program addressed and met those goals*
- *Funding, costs/expenses, and resources*
- *Participating school information*
- *Schools selection process*
- *Number of students who potentially benefit and/or participate in the program*
- *Updated pictures of garden conditions*
- *Program participant survey results*
- *Program assessment and recommendations*

Status: Implemented

Based on the response received from EA and the follow-up steps performed by IA, this recommendation is considered complete in anticipation of a final annual report this summer.

External Affairs Response:

EA will provide an annual update to the Community and Legislative Affairs Committee during the summer following the program year which will address the recommended topics. Regular updates are also currently provided in the Public Outreach and Communication Board letter when appropriate. In addition, EA will work on incorporating the GIES goals into the Agency's budget book.

Internal Audit Department Follow-up Procedures

The original audit found that there is no regular documented reporting on the results of the GIES program and communications to the Board are piece-meal since they are generally included with overall EA progress reports. An annual documented report can communicate the goals and objectives of the program, provide documented information on the progress or status of the gardens and evaluate how the program goals were achieved/measured. It also can provide a way to ensure that the program is administered consistently from year to year, and ensure updates are made to the program.

During the current follow-up review, IA and EA discussed the types of information provided to the Board. IA suggested including the GIES Program in the goals and objectives of EA that are developed in the budgeting process and then following that with a report to the Board at the end of the school year measuring the success of the GIES program against those goals. Although EA has ultimate responsibility for establishing the goals that they would like to measure, some metrics/statistics could include: Square feet of garden established, linear feet of drip irrigation installed, number of children served, number of contacts with school representatives established or maintained, etc. EA agreed that current communications to the Board are piece-meal since they are included with overall EA progress reports and believe that an annual evaluation of the GIES Program is appropriate.

NOTE: In order to provide an annual evaluation that measures the results of all Water Conservation Programs, goals and objectives are necessary to measure against; preferably outlined in the budgeting process that authorizes the expenditures. Given the amount of funding being generated by the MEU charge, IA suggests Planning and EA consider discussing current and future goals of all Water Conservation Programs with Executive Management and/or the Board.

Recommendation #4

Staff should continue to oversee and monitor gardens at schools, including:

- conducting periodic follow-up site-visits and evaluations to ensure that both, the Agency's and the GIES program, goals and objectives are carried out,*
- providing school administrators with additional, well-defined guidelines, requirements and expectations,*

- *ensuring gardens are used as intended and students participate in hands-on learning activities.*

Status: No Longer Applicable

Since the risks from not implementing this recommendation are limited to a school garden being abandoned and the risks do not affect the Agency directly, this recommendation is considered not implemented and no longer applicable.

External Affairs Response:

External Affairs completed an evaluation/update this past year as well as updated the GIS map on the website, which lists all past and current participating GIES schools (still in existence/effectively managed).

External Affairs staff has added additional requirements in the grant application that involve the school inviting IEUA staff to a minimum of two education programs held in the garden annually and also requires progress photos each year as well.

Additional staff is needed in order to carry-out this recommendation. Currently, there have been no approvals for a dedicated GIES Intern and/or an additional External Affairs Intern. If/when an additional staff member is secured, they will schedule evaluation plans for a ¼ of the participants each year for evaluations (per Audit recommendations). Additional communication is sent to GIES schools with grant opportunities, planting tips, etc. through the Agency newsletter and education blog.

***Verbiage regarding the accountability for sustaining the school garden is found in the GIES application packet: Minimum of four years (sustaining and utilizing curriculum in the school garden).

Internal Audit Department Follow-up Procedures

The original audit found that there is no contractual obligation that a school has with IEUA for executing the goals of the program. The original application signed by the school includes a list of “qualifications” to be awarded funding for the garden; however, these are not considered “contractual requirements” that IEUA can enforce to ensure the gardens are maintained and utilized as intended by the program.

IA and EA discussed the additional staffing that would be necessary to provide greater oversight and monitoring. Given that this would require additional Agency resources and that EA has made that request without success, this recommendation does not appear to be a priority, since the current program appears to meet current goals.

Recommendation #5

Agency staff should employ a proactive method to remaining in close contact and communication with the schools that have installed gardens, including:

- *Ensuring adequate professional staffing for this function,*
- *Obtaining up-to-date contact information each fall for each school that has participated in the GIES program, including verifying the current Principal from a*

review of School District information and the school's website and confirming by making in-person, e-mail and/or telephonic contact with appropriate school personnel to ensure contact information is up to date,

- *Providing and regularly updating a blog, newsletter or other on-going correspondence to ensure continuous and consistent communication with schools throughout the school year.*
- *Creating and providing to all participating schools an up-to-date directory of past and current GIES school participants so that schools can network with one another and share resources and information.*

Status: No Longer Applicable

EA staff prepare an annual mailing at the start of each school year that provides information about Project WET and that year's Garden application process, however school staff changes can affect the effectiveness of that communication. Since the risks from not implementing this recommendation are limited to a school garden being abandoned and the risks do not affect the Agency directly, this recommendation is considered not implemented and no longer applicable.

External Affairs Response:

External Affairs has continued to update school principal information at the start of each new school year. The Agency's Project WET Workshop took place on February 26, 2019, and educators from previous school gardens were invited to network and provide garden updates as well as receive Project WET certification. These workshops are scheduled annually. In addition, information on composting, efficient irrigation methods and smart planting are discussed during these workshops. IEUA invites CBWCD to present on planting and irrigation efficiencies and also discuss their educational program opportunities (i.e. landscape workshops, etc.). External Affairs staff reaches out to all schools that have participated and prepares communication for grant opportunities, free education programs and maintenance tips.

***Verbiage has been added to the GIES application packet stating that if the lead teacher for the program leaves the school, IEUA must be notified within 30 days and be provided with the new lead teacher's contact information.

Internal Audit Department Follow-up Procedures

The original audit found that at least six and most likely more schools, had no knowledge of IEUA and no recollection of IEUA's involvement in the initial establishment of their garden. These school representatives also were unaware of the other programs that IEUA offers for schools such as Earth Day, the Water Discovery fieldtrips and Project WET.

IA and EA discussed the additional staffing that would be necessary for IEUA to remain in close contact and communication with schools that have installed gardens. Given that this would require additional Agency resources and that EA has made that request without success, this recommendation does not appear to be a priority.

Recommendation #6

IA recommends that the Agency provide each school with permanent identifying information to post in the garden such as a sign or plaque that includes information about the garden's sponsors (IEUA, member agency and other) including the Agency's website and contact information so that future school administrators and garden visitors are aware of IEUA, including who and where to contact if the garden requires attention.

Status: Implemented

Based on the response received from EA and the follow-up steps performed by IA, this recommendation is considered implemented.

External Affairs Response:

External Affairs staff has developed/designed permanent signage for program year 2018/2019. All three signs have been installed at the participating schools. These costs were incurred by External Affairs as part of their outreach funds. An explanation of signage and specs has been implemented into the GIES application packet.

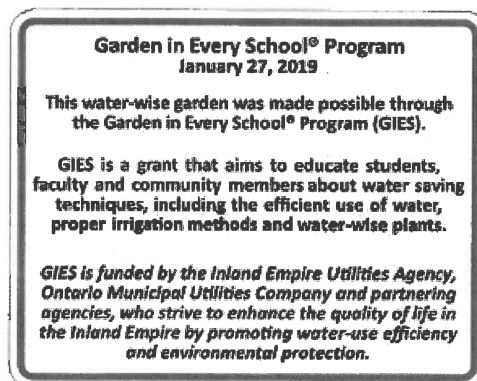
Due to cost and size and specifications limitations, the signage does not allot room for logo/website space.

The contract with CBWCD for school year 2019/2020 has been amended to include permanent signage installation in the garden.

Internal Audit Department Follow-up Procedures

The original audit found that due to high turnover, changes in staff and changes in school administration, teachers and principals; awareness of IEUA's programs is sometimes lost. If the Agency would like to see that participating schools and teachers remain engaged it would require additional time and resources from Agency staff. IA recommended signage to provide a permanent identification of the school garden with the Agency.

IA and EA discussed the permanent signage that EA has installed at three school sites. IA examined photos, the price quote to verify the signage, and evidence of payment in SAP. The cost per sign was \$310 (including tax) and the overall total for the purchase was \$841 which also included one mounting post. The wording on the signs state:



The installed signs are mounted in a variety of ways:

St. George Parish School: Ontario



Hillside High School: Upland



Valley View High School: Ontario



Recommendation #7

Agency staff should develop a post-implementation evaluation of gardens after they have been in existence for an agreed upon amount of time. The purpose would be to gather feedback and information about the materials and equipment used for installing the garden and ensure these meet the school's needs or if anything needs to change. All parties involved in the installation, including Agency staff and most importantly the contractor, CBWCD should observe and discuss the following:

- *Best materials for garden creation*
- *Irrigation effectiveness and how to best demonstrate water-use efficiency*
- *Timer systems effectiveness and access to electricity*

- *Programmatic implications for the school's curriculum*
- *Proportion of the students with access or involvement with the garden*

Status: In-Process

Based on the response received from EA and the follow-up steps performed by IA, this recommendation is considered in-process.

External Affairs Response:

External Affairs staff already administers Survey Monkey evaluations at the end of each program year to all current and past school participants. External Affairs staff will incorporate audit questions into this year's survey. This communication method has been noted on the GIES application packet. During the end of the year review meeting (that includes Planning, EA and the garden installation contractor), the survey results are discussed.

Internal Audit Department Follow-up Procedures

The original audit found that there is no physical evaluation by EA and the garden installation subcontractor of school gardens after they have been in use for several years. Although EA gets input from online surveys, a regular annual "lessons-learned" ("what went right", "what went wrong") exercise with physical inspections of sites that have been in existence for several years would provide insights that would provide continuous improvement for future gardens.

IA and EA discussed the benefits that might result from longer-term follow-up on-site inspections by the garden installation contractor after one or two years and the impacts that it might have for future garden installations. EA agreed and plans to include long-term inspection and evaluation language ("lessons learned") to the garden contractor's contract to the extent that funding allows. Alternatively, EA may perform their own long-term inspections to obtain information that would improve future garden installations.

Overall Conclusion

As a result of the efforts and accomplishments of EA staff to implement the seven audit recommendations and based on the results of the inquiries and observations performed by IA four recommendations are considered implemented, one is in-process and two are no longer applicable.

IA is available to discuss or perform additional steps, if requested.

The Garden In Every School Program follow-up audit is consistent with the Agency's Business Goals of Fiscal Responsibility, Workplace Environment, and Business Practices by providing an independent evaluation of the Garden In Every School Program, suggesting recommendations for improvements, monitoring the internal control environment of the Agency, and assisting Agency management in achieving organizational goals and objectives.

ATTACHMENT 1
Status of the 2019 Follow-Up Audit Recommendations

#	Recommendation	Implemented or mitigating control established	In Process	Not Implemented or No Longer Applicable
1	The goals and objectives for the GIES program should be reevaluated, updated and documented to ensure that the program aligns with the Agency's overall vision, mission, goals and objectives and/or the program's original purpose. Goals should be measurable and a formal evaluation of the program and whether the goals were achieved should be performed. The Agency should consider if the GIES program is the most effective means to meet those goals.	X		
2	The Agency should evaluate and consider the various responsibilities for the GIES program. Currently two different Agency departments are responsible for different functions to manage the program, one (Planning) manages the contract with Chino Basin Water Conservation District and the related fund and budget for the program. The other (EA) manages the program implementation. Additionally, CBWCD acts as the outside contractor and completes the garden installations. The Agency should consider what efficiencies would be achieved through consolidation of responsibilities or at a minimum scheduling on-going meetings or workshops and ensure all team members share ideas and discuss the program goals, achievement of those goals, lessons learned, and how best to provide greater oversight and accountability to effectively manage all aspects of the GIES program.	X		
3	Staff should provide an annual written and oral report to the Board of Directors about the GIES program, that includes: <ul style="list-style-type: none"> • The program's goals and objectives and how those align with Agency goals • How the program addressed and met those goals • Funding, costs/expenses, and resources • Participating school information • Schools selection process • Number of students who potentially benefit and/or participate in the program • Updated pictures of garden conditions • Program participant survey results • Program assessment and recommendations 	X		
4	Staff should continue to oversee and monitor gardens at schools, including: <ul style="list-style-type: none"> • conducting periodic follow-up site-visits and evaluations to ensure that both, the Agency's and the GIES program, goals and objectives are carried out, • providing school administrators with additional, well-defined guidelines, requirements and expectations, • ensuring gardens are used as intended and students participate in hands-on learning activities. 			X
5	Agency staff should employ a proactive method to remaining in close contact and communication with the schools that have installed gardens, including: <ul style="list-style-type: none"> • Ensuring adequate professional staffing for this function, • Obtaining up-to-date contact information each fall for each school that has participated in the GIES program, including verifying the current Principal from a review of School District information and the school's website and confirming by making in-person, e-mail and/or telephonic contact with appropriate school personnel to ensure contact information is up to date, • Providing and regularly updating a blog, newsletter or other on-going correspondence to ensure continuous and consistent communication with schools throughout the school year. • Creating and providing to all participating schools an up-to-date directory of past and current GIES school participants so that schools can network with one another and share resources and information. 			X

Garden in Every School® Program: Follow-Up Audit
 January 30, 2020
 Page 15 of 15

#	Recommendation	Implemented or mitigating control established	In Process	Not Implemented or No Longer Applicable
6	IA recommends that the Agency provide each school with permanent identifying information to post in the garden such as a sign or plaque that includes information about the garden's sponsors (IEUA, member agency and other) including the Agency's website and contact information so that future school administrators and garden visitors are aware of IEUA, including who and where to contact if the garden requires attention.	X		
7	<p>Agency staff should develop a post-implementation evaluation of gardens after they have been in existence for an agreed upon amount of time. The purpose would be to gather feedback and information about the materials and equipment used for installing the garden and ensure these meet the school's needs or if anything needs to change. All parties involved in the installation, including Agency staff and most importantly the contractor, CBWCD should observe and discuss the following:</p> <ul style="list-style-type: none"> • Best materials for garden creation • Irrigation effectiveness and how to best demonstrate water-use efficiency • Timer systems effectiveness and access to electricity • Programmatic implications for the school's curriculum • Proportion of the students with access or involvement with the garden 		X	
Totals		4	1	2

**INFORMATION
ITEM
2C**



Date: March 18, 2020

To: The Honorable Board of Directors

From: Teresa Velarde, Manager of Internal Audit

Committee: Audit

03/09/20

Manager Contact: Teresa Velarde, Manager of Internal Audit

Subject: Gate Transmitters - Results of Six-Month Review

Executive Summary:

During the September 9, 2019 Audit Committee meeting, Internal Audit (IA) was asked to perform a six-month follow-up review to assess the internal controls over the inventory and accountability for the Agency's gate transmitters. IA had made several recommendations to tighten accountability controls. Gate transmitters provide access to the Agency's facilities, and are assigned to employees, contractors, or specific vehicles/locations. The Contracts and Procurement Department (CAP) is responsible for the accountability of the gate transmitters.

In 2019, IA completed a follow-up audit of the original 2014 recommendations, and found the original recommendations were considered implemented. IA provided an additional suggestion to tighten control and improve accuracy of the record-keeping. As of January 21, 2020, there were a total of 533 gate transmitters. This follow up review noted that CAP has taken steps to improve the accuracy over the record-keeping and accountability over the gate transmitters. The original recommendation continues to be considered implemented. IA continues to encourage CAP staff perform periodic reconciliations, such as this follow up review, to ensure accuracy and accountability.

Staff's Recommendation:

This is an information item.

Budget Impact *Budgeted (Y/N):* Y *Amendment (Y/N):* N *Amount for Requested Approval:*

Account/Project Name:

N/A

Fiscal Impact (explain if not budgeted):

N/A

Full account coding (internal AP purposes only):

- - -
- - -

Project No.:

Prior Board Action:

On September 18, 2019, the Board received and filed the Agency Vehicle Operational Audit: Review of Security Procedures Follow-Up.

On June 19, 2019, the Board approved the Fiscal Year 2019/20 Annual Audit Plan.

Environmental Determination:

Not Applicable

Business Goal:

The Gate Transmitters – Six-Month Review is consistent with the Agency’s Business Goals of Fiscal Responsibility, Workplace Environment, and Business Practices by providing an independent evaluations and audit services of Agency activities, and making recommendations to foster a strong ethical and internal control environment, provide efficiencies, safeguard assets and assist management in achieving organizational goals and objectives.

Attachments:


Attachment 1 - Gate Transmitters - Results of Six-Month Review Report



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DATE: February 13, 2020

TO: Shivaji Deshmukh
General Manager

FROM: 
Teresa V. Velarde
Manager of Internal Audit

SUBJECT: Gate Transmitters – Results of Six-Month review

Audit Authority

This review was performed under the authority provided by the Inland Empire Utilities Agency (IEUA or Agency) Board of Directors. The Internal Audit (IA) Department's Fiscal Year 2019/20 Annual Audit Plan and Charter require that IA perform special projects as requested and/or scheduled through the Board-approved Annual Audit Plan.

Audit Objective and Scope

On September 9, 2019, the Audit Committee requested a six-month follow-up evaluation to assess the status over the inventory and accountability for all gate transmitters. Gate transmitters are devices that provide access to the Agency's facilities, and are assigned to employees, contractors, or specific vehicles/locations. The Contracts and Procurement (CAP) Department is responsible for the accountability of the gate transmitters. IA did not expand the scope of the review to evaluate additional areas, further reviews will be scheduled through the Board-approved Annual Audit Plan.

Acknowledgements

IA would like to extend our appreciation to the CAP Department staff for their cooperation and assistance during this review.

Discussions with Management

Drafts of this audit report were provided to Warren Green, Manager of CAP for his review and input; prior to finalizing, where possible his comments have been incorporated.

Water Smart - Thinking in Terms of Tomorrow

Kati Parker
President

Jasmin A. Hall
Vice President

Steven J. Elie
Secretary/Treasurer

Michael E. Camacho
Director

Paul Hofer
Director

Shivaji Deshmukh
General Manager

Background

In August 2019, Internal Audit (IA) completed a follow-up audit to determine the status of recommendations about gate transmitters that are the responsibility of the CAP Department. The recommendations were considered implemented, but tighter controls were suggested to ensure the information is current and accurate in the database and ensure on-going accountability over all gate transmitters. Based on IA's suggestions for tighter controls, the Audit Committee expressed concerns over record-keeping and the types of exceptions identified by IA and requested this 6-month follow-up evaluation.

This follow-up review noted that internal controls over gate transmitters have remained the same since IA's review in 2019. The Agency Vehicle Operational audit and follow-up reports are available on the Agency's Intranet and/or can be requested from the Manager of Internal Audit. The respective reports are:

- Review of Vehicle Security Procedures, dated March 3, 2014,
- Automobile Insurance Requirements and Review of Vehicle Security Procedures, dated August 30, 2018, and
- Review of Vehicle Security Procedures Follow-Up, dated August 29, 2019.

The CAP Department is responsible for the acquisition, inventory, issuance, deactivation, and/or disposal of all Agency gate transmitters. A gate transmitter is a remote control that is issued to an employee, contractor, Agency location and/or vehicle, and when requested by staff more than one gate transmitter can be assigned. Gate transmitters are used to open the gate that provides entrance into the Agency's treatment plants, facilities and parking lots.

Agency Policy A-24, *Issuance and Inventory of Gate Transmitters and Keys* (effective: July 24, 2015), governs the activities for gate transmitters. As of January 21, 2020, CAP accounts for a total of 533 gate transmitters as follows:

- 510 are assigned to employees, contractors, or Agency locations and/or vehicles.
 - 109 (approximately 20%) are assigned to an Agency vehicle and/or heavy-duty equipment.
- 23 are "Not assigned" and kept in a secured location in the CAP Department.

Internal Audit's Follow-Up Procedures

The original 2019 follow-up evaluation found that CAP maintains a database, which is one Excel workbook with two spreadsheets to inventory and account for the Agency's gate transmitters. One spreadsheet is used to record the assigned and unassigned gate transmitters, while the other spreadsheet is used to record gate transmitters that have been deactivated, lost or disposed of.

During IA's review of the excel spreadsheets in August 2019, the following observations were noted:

- Unable to reconcile the exact number of gate transmitters. The records totaled 552, but there were only 551 unique numbers; therefore, 1 transmitter was unaccounted for.
- 7 duplicate gate transmitter numbers. An example of this duplication, a gate transmitter number was assigned to both a vehicle and an employee at the same time in the spreadsheet.
- 3 gate transmitters numbers were found on both the active and deactivated lists. For instance, a gate transmitter was reported lost and recorded on the deactivated list. Then, staff found the transmitter and the active list was updated, but not the deactivated list, which resulted in the gate transmitter information being listed on both spreadsheets (active and deactivated) at the same time.

The original recommendations were considered implemented during the 2019 follow-up review because the actions taken by the CAP department met the intent of the original recommendations. IA suggested tighter controls for the database to ensure the information is kept current and accurate, and to account for all the gate transmitters. This report provides a follow-up review of the following recommendation:

Original Recommendation #1:

CAP should take the lead to properly inventory and account for all assigned and unassigned gate transmitters. CAP should continuously work with department managers who request gate transmitters to monitor and revise access based on staff duties and responsibilities. CAP should promptly deactivate any improperly assigned/unassigned gate transmitters or for those employees and contractors that separate employment from the Agency.

The 2020 follow-up review noted the following (as of January 21, 2020):

- Database continues to be an Excel workbook with the same two spreadsheets that currently shows:
 - 527 records and/or line items in the spreadsheet with 533 gate transmitter numbers, a difference of 6 gate transmitters. The reason for the difference is six individual records have two gate transmitter numbers listed, but are counted as one line item in the spreadsheet.

Having more than one gate transmitter number listed on a record can skew the total count of gate transmitters. This does not allow sorting and itemizing on the spreadsheet. *As a result of IA's review, CAP stated they will update the spreadsheet to reflect that only one gate transmitter number will be listed on each line to facilitate reconciliation, sorting, and identifying of each separate gate transmitter.*

- No duplicate numbers were identified, as noted during the 2019 review.
- No gate transmitters were shown as both active and deactivated as noted during the 2019 review.

Based on the results of the 2020 follow-up evaluation, CAP has taken steps to ensure the accountability for all gate transmitters. Additionally, CAP has improved the accuracy of record-keeping. The original recommendation continues to be considered implemented.

IA continues to suggest that CAP staff periodically perform reconciliations of the gate transmitter records to continuously ensure accountability and accuracy. No additional audits are planned, unless specifically requested and/or scheduled through the Board-approved Annual Audit Plan.

The Gate Transmitters – Results of Six-Month Review is consistent with the Agency's Business Goals of Fiscal Responsibility, Workplace Environment, and Business Practices by providing an independent evaluations and audit services of Agency activities, and making recommendations to foster a strong ethical and internal control environment, provide efficiencies, safeguard assets and assist management in achieving organizational goals and objectives.

Audit Committee

INFORMATION
ITEM
2D



Date: March 18, 2020

To: The Honorable Board of Directors

From: Teresa Velarde, Manager of Internal Audit

Committee: Audit

03/09/20

Manager Contact: Teresa Velarde, Manager of Internal Audit

Subject: Internal Audit Department Quarterly Status Report for March 2020

Executive Summary:

The Audit Committee Charter requires that a written status report be prepared and submitted each quarter. The Internal Audit Department Quarterly Status Report includes a summary of significant internal and external audit activities for the reporting period.

During this quarter, Internal Audit (IA) staff worked primarily on the Human Resources (HR) Grievances Policies and Procedures Comparable Survey and follow-up reviews related to Garden In Every School®, Gate Transmitters, and other outstanding recommendations. IA continues to work on another review related to HR's Workload Indicators. Lastly, IA worked on various on-going and required administrative items such as the budget process tasks and completed training as required by the IA Department's Charter, among other duties and responsibilities, as specified in the Annual Audit Plan.

IA continues to assist with any requests for audit work, review of Agency policies, and provide recommendations to improve internal controls.

The attached report provides details and information of the audit projects.

Staff's Recommendation:

This is an information item.

Budget Impact Budgeted (Y/N): Y Amendment (Y/N): N Amount for Requested Approval:

Account/Project Name:

N/A

Fiscal Impact (explain if not budgeted):

N/A

Prior Board Action:

On September 18, 2019, the Board of Directors approved the amended FY 2019/20 Annual Audit Plan. The original FY 2019/20 Annual Audit Plan was approved on June 19, 2019. The plan was in accordance with auditing standards and the Charter requirements.

On December 18, 2019, the Board of Directors approved the Audit Committee and the Internal Audit Department Charters.

Environmental Determination:

Not Applicable

Business Goal:

The IA Status Report is consistent with the Agency's Business Goals of Fiscal Responsibility, Workplace Environment, and Business Practices by describing IA's progress in providing independent evaluations and audit services of Agency financial and operational activities and making recommendations for improvement, to promote a strong ethical and internal control environment, safeguarding assets and fiscal health, providing recommendations to improve efficiencies and to assist management in achieving organizational goals and objectives.

Attachments:

Attachment 1 - Internal Audit Department Quarterly Status Report for March 2020

Internal Audit Department Quarterly Status Report for March 2020

Projects Completed This Period

Project: Human Resources Audit: Grievance Policies and Procedures Comparable Survey

Scope:

Internal Audit (IA) reviewed and analyzed comparable agencies' documented grievance procedures to gather information about current trends and "best practices". Information was found in Memorandum's of Understanding, Board Resolutions and Employee Manuals. IA surveyed 9 other comparable agencies, both large and small.

Status: Complete

IA makes the following suggestions:

- *Encourage bargaining units to combine into fewer bargaining units (perhaps by citing their potential enhanced bargaining ability).*
- *Standardize Grievance Procedures across all bargaining units or include Grievance Procedures in a separately referenced "Employee Personnel Manual".*
- *Include a separate "informal" grievance resolution process prior to the multi-step Grievance Procedures to provide a transparent alternative to a formal grievance.*
- *Remove the HR Department as a decision-maker in any of the Grievance Procedures for any of the bargaining units.*
- *Revise the final step in the Grievance Procedures to replace the Board of Director's Finance and Administration Committee with an independent arbitration process to preserve the Board's role as policy makers.*

In addition to the report about IA's findings and observations, IA included attachments that provide the following information:

- Exhibit A: Comparable Agency Survey in Summary
- Exhibit B: Comparable Survey of Grievance Policies and Procedures by Agency
- Exhibit C: Comparison of Grievance Procedures between IEUA Bargaining Units

IA extends our appreciation to HR Department staff for their cooperation and assistance.

Project: Garden in Every School®: Follow-Up Audit

Scope:

The purpose of this review was limited to evaluating whether the seven recommendations from the May 31, 2018 GIES audit report had been implemented. IA's procedures included:

- Reviewing responses received from External Affairs staff
- Discussions with staff
- Evaluating additional documentation

The original audit report is available on the Agency intranet website or by contacting IA.

Status: Complete

Internal Audit performed a follow-up review to evaluate the implementation status of seven recommendations related to the original May 2018 audit of the Garden in Every School® Program. As a result, four recommendations are now considered implemented, one recommendation is in process and two are no longer applicable.

The GIES program is funded in part from Meter Equivalent Unit (MEU) Charges to the Member Agencies. Planning staff and water conservation program representatives from the Member Agencies meet regularly to decide on the best conservation programs to implement with the funding from the revenue received. The GIES Program is a very small portion of that spending. The Agency is not reimbursed from the MEU Charges for the amounts spent for any indirect costs (including External Affairs staffing) and this year for signage. IA

Internal Audit Department Quarterly Status Report for March 2020

and EA discussed the additional staffing that would be necessary to provide greater oversight and monitoring. Given that this would require additional Agency resources, this is not a priority for the Agency. IA suggests Planning and EA consider discussing current and future goals of all Water Conservation Programs with Executive Management and/or the Board.

IA extends our appreciation to EA Department staff for their cooperation and assistance.

Project: Gate Transmitters – Results of Six-Month Review

Scope:

On September 9, 2019, the Audit Committee requested a six-month follow-up evaluation to assess the status over the inventory and accountability for the Agency's gate transmitters. The Contracts and Procurement Department (CAP) is responsible for the record-keeping and accountability of the gate transmitters. The Agency has a total of 533 gate transmitters (510 assigned and 23 assigned) as of January 21, 2020.

Status: Complete

IA completed a follow-up audit of the original recommendations in 2019, which were both considered implemented. Tighter controls were suggested in the follow-up audit to ensure the information retained is current and accurate in the database, and to ensure accountability over all the gate transmitters.

The six-month follow-up review found that CAP has taken steps to improve the record-keeping and accountability over the gate transmitters. The original recommendations continued to be implemented and no new recommendations were provided.

IA's review is included in the attached report, which is presented under a separate cover.

Project: Human Resources Audit: Performance Measures and Workload Indicators Review

Scope:

The purpose of this review is to evaluate the published business goals, performance measures and workload indicators to determine whether those are met, adequate documentation is retained to support the information reported, and to compare those with other similar agencies.

Status: In Progress - Anticipated Completion Date June 2020

IA plans to perform a review of the Human Resources Department's (HR) Performance Measures and Workload Indicators as reported in the Agency's Budget document (Operating and Capital Program Budget) for the last five fiscal years. HR currently reports 13 Workload indicators, and IA plans to select at least three indicators for review, testing and analysis. HR has provided the preliminary information that has been requested, such as excel spreadsheets, which are used as a basis for reporting the actual results for the Workload Indicators. IA plans to connect with HR on any follow-up questions and/or additional information that may be needed.

Additionally, IA will survey other public agencies to determine what type of performance measures and/or indicators they assess, measure, and report, which could possibly be considered by the Agency's HR Department.

Once all the fieldwork and analysis are complete, a report will be documented and submitted through the Audit Committee under separate cover.

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Project: Follow-Up IT Equipment Audit – Integrated Systems Services

Scope: In Progress – Anticipated Completion Date: FY 2020/21

Status:

To evaluate the status of the two open recommendations from the original Information Technology (IT) Equipment audit completed in 2012. The recommendations are:

- Original Recommendation # 3 (dated August 2012): ISS implement appropriate tracking systems that include relevant information on IT purchases (i.e., serial numbers, etc.), are updated timely and are complete and accurate. ISS should establish procedures to enter, modify, and delete information in the tracking systems that address areas such as timeliness for updates, responsibilities for maintaining the systems, and the types of items included in the tracking system.
- Original Recommendation # 1 (dated November 2012): ISS should ensure that any services procured with P-Cards are expressly authorized by the Manager of CAP, CFO, AGM or GM prior to committing to services.

IA has completed a preliminary assessment and determines that it would be beneficial to expand the scope of the audit and evaluate new areas along with the outstanding recommendations after the new manager of the ISS Department is on board, as requested by Executive Management.

Project: Report on Open Recommendations as of March 2020*

Scope:

The IAD Charter requires IA to follow-up on the status of outstanding recommendations to determine if corrective actions have been implemented. Follow-up reviews are scheduled through the Board-approved Annual Audit Plan. Executive Management supports the implementation efforts of the recommendations previously provided and/or the development of alternative controls to address the original risks identified.

Status: Complete & On-going- Status of outstanding recommendations as of March 2020.

The table below provides the number of recommendations outstanding as of this Status Report. Additional details about each of the outstanding recommendations is submitted with the Annual Audit Plan each June. This summary provides an updated count of the outstanding recommendations. This summary includes new recommendations provided during this fiscal year as well as considers any recommendations cleared during the year (up to the prior quarter). A follow up review is typically scheduled between 12–24 months from the date of the original audit, to allow time for full implementation. If a recommendation is deemed not implemented, the recommendation remains outstanding or alternate controls to mitigate any risks are evaluated to determine if the risk has been addressed and the recommendation is no longer applicable. A follow up review is also scheduled sooner, if requested by the Audit Committee or Executive Management. The audited business units are encouraged to submit additional information for IA review if they determine the recommendation has been satisfied.

As shown on the following table, of the 85 recommendations:

- 19 recommendations are planned to be reviewed in the current fiscal year (approximately 22%)
- 20 recommendations are expected to be reviewed in the following fiscal year (approximately 24%)
- 46 recommendations that are highlighted in gray do not require follow-up as the issuance date is within the last 18 months (approximately 54%).

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Area Audited	Report Issued Date	No. of Recs. Remaining to be Verified by IA*	Planned Follow-Up
Accounts Payable Follow-Up (Deferred Recommendations related to Agency Policies)	August 29, 2013	2	FY 2020
Follow-Up – IT Equipment Audit – ISS	February 29, 2016	2	FY 2021
Master Trade Contracts	September 1, 2016	6	FY 2020
Follow-Up – IT Equipment Audit – FAD	December 5, 2016	6	FY 2020
Audit of Master Services Contracts	December 5, 2016	3	FY 2020
2017 Petty Cash Audit & Follow-Up Review	June 5, 2017	7	FY 2021
Water Use Efficiency Programs Audit	June 5, 2017	6	FY 2021
Contracts and Procurement Follow-Up Audit	August 30, 2017	1	FY 2021
Payroll Operations Audit	August 30, 2017	6	FY 2021
Procurement Card Audit	March 1, 2018	7	FY 2022
Wire Transfers Audit	March 1, 2018	5	FY 2022
Garden in Every School	May 31, 2018	7	FY 2022
Inter-fund Transactions Audit	August 30, 2018	3	FY 2022
Agency Vehicle Operational Follow-up audit: Review of Vehicle Inventory Procedures	November 29, 2018	3	FY 2022
Water Connection Fees Audit	February 25, 2019	5	FY 2023
Accounts Payable Follow-Up Audit	May 30, 2019	5	FY 2023
Voyager Fuel Card Audit	May 30, 2019	4	FY 2023
Human Resources Audit: Hiring and Promotions Operations Review	December 2, 2019	2	FY 2023
Total Outstanding Audit Recommendations		85	

Recommendations related to the Regional Contract Review (these recommendations are planned for full implementation with the renegotiation of the Regional Contract IA will not follow up on these items until the renegotiation has been finalized)			
Regional Contract Review – Final Audit Report	December 16, 2015	31	Pending – Renegotiation of the Regional Contract

**The Outstanding Recommendations Table does not update the status of recommendations resolved by follow-up audits during the current quarter or add any new recommendations resulting from the projects completed during this quarter (as noted in this Status Report). The table is revised for those changes once all items have been received by the Audit Committee and the Board of Directors which is when items are determined to be final.*

Projects in Process

Project: Human Resources Audit – additional areas

Scope:

IA is performing an operational audit of the HR Department that will be completed in phases. An audit report will be provided after the completion of each area reviewed. To-date, IA has completed the first and second reviews which evaluated the Agency's Hiring and Promotions processes and provided a comparative survey of grievance procedures, respectively. Reports will be submitted under separate cover. Other planned areas of review include:

- Goals and Objectives
- Performance Workload Indicators
- Policies, Processes and SOPs
- Other requested areas of review
- Effectiveness and Efficiencies
- Training & Education Programs
- Personal Computer Loan Program

Status: On-going - IA continues to work with HR through this audit.

Internal Audit Department Quarterly Status Report for March 2020

Planned/Future/Additional Projects

Project: **Recycled Water Program Revenue Audit**

Scope:

In FY 2018/19 recycled water revenue was approximately \$13.9 million, and in FY 2017/18 it was almost \$16.9 million. IA is beginning to evaluate whether the internal controls over revenue recognition comply with Agency policies and legal and regulatory requirements, revenues are recorded accurately in the Agency's accounting records and financial statements and identify any potential additional revenue due the Agency. The Planning & Environmental Resources and Finance and Accounting departments are the primary contact departments. This was a request by the Audit Committee to move this audit up in priority.

Status: **Initial Research in Progress**

A final report is anticipated to be completed by June 2020.

Project: **FY 2019/20 Financial Audit by External Auditors LSL**

Scope:

IEUA's Fiscal Ordinance requires that a financial audit be completed by a CPA Firm by December 31st. LSL will begin interim work in the fall. LSL will attend the June Audit Committee Meeting to discuss the scope of the financial audit and providing an opportunity to meet and discuss the audit.

This is the fifth and final year that LSL will be performing the required financial audit. State law requires that the engagement partner be rotated. This will require that the Agency advertise through a Request for Proposal beginning in January 2021. IA takes the lead on evaluating potential audit firms. IA will continue to keep the Audit Committee informed of the process.

Project: **Management Requests**

Scope:

Assist Agency Management with requests for analysis, evaluations and verification of information, assist with the interpretation of policies and procedures, and/or provide review and feedback on new policies or procedures. These services are provided according to the IAD Charter, the Annual Audit Plan, and best practices. The management request projects are short-term projects, typically lasting no more than 60–75 hours where IA determines it has the necessary staff, skills and resources to provide the requested assistance without having to delay/defer scheduled audits and priority projects. The scope of each review is agreed upon between the department manager requesting the evaluation, review, analysis or assistance, the Manager of IA and when deemed appropriate by Executive Management.

During this quarter, IA was working on the following "Management Requests":

- Continued to assist with policy language interpretation and review of Agency policies.
 - Participated in Safety Committee and IT Security Committee
-

Internal Audit Department Quarterly Status Report for March 2020

Project: *Special Projects*

Scope:

Perform special reviews and projects including analyzing transactions, evaluating documents and policies, verifying information, assisting with interpretation of Agency Policies or other required procedures, and providing recommendations and feedback on results of the analysis, engaging necessary assistance if and/or when necessary, reporting to the General Manager and the Audit Committee. These services are provided according to the IA and Audit Committee Charters, the Annual Audit Plan, and/or best practices.

Special Projects can be short or long-term projects, typically requiring more than 80 hours of staff time and requiring setting aside or delaying work on scheduled audit projects. The scope of the review is not generally known, and the work must be handled with the highest degree of confidentiality and care, as with all audit projects. Special Projects are usually considered highly confidential.

Internal Audit Department Staffing

The Internal Audit Department is staffed as follows:

- 1 Full-time Manager of Internal Audit
- 2 Full-time Senior Internal Auditors

Internal Audit Staff Professional Development Activities:

As required by the *International Standards for the Professional Practice of Internal Auditing*, and the IA Charter, auditors must regularly enhance their knowledge, skills, and other competencies through continuing professional development. During the past quarter, IA staff has continued to stay abreast of industry developments through review of industry literature and participation in on-line webinars.

On March 3 – 5, 2020 the Inland Empire Chapter of the Institute of Internal Auditors (IIA) sponsored a 3-day seminar on the Reid Technique – an interview methodology used in fraud investigations. Training was hosted at IEUA, about 20 participants attended, including IA staff.

The Internal Audit Manager is a member of the governing board of the Inland Empire Chapter of the IIA. The governing board sets direction for the chapter. One Senior Auditor serves in the same Chapter and holds an officer position, Chapter Secretary.

Two IA members are preparing for the 3-part Certified Internal Auditor (CIA) examination and certification. The CIA is the only globally recognized certification for internal audit professionals and is the highest certification that can be attained by an internal auditor.

The Manager of IA has a Master's degree in Public Administration. The Manager of IA and One Senior Auditor are Certified Government Audit Professionals (CGAP®). The CGAP® certification program is designed for auditors working in the public sector and demonstrates government knowledge and expertise. One Senior Auditor is a Certified Public Accountant (CPA) and Certified Internal Auditor (CIA).

Future Audit Committee Meetings:

- *Monday, June 8, 2020 – Regularly Scheduled Audit Committee Meeting*
- **September 2020 - Special Audit Committee Meeting (Date to be finalized)**
(this year, the regularly scheduled date falls on a Holiday)
- *Monday, December 7, 2020 - Regularly Scheduled Audit Committee Meeting*
- *Monday, March 8, 2021 – Regularly Scheduled Audit Committee Meeting*