



**Great Lakes Water Authority  
Audit Committee**

**Meeting Agenda**

**Friday, February 6, 2015 at 9 a.m.**

5th Floor Board Room, Water Board Building  
735 Randolph Street, Detroit, Michigan 48226  
*GLWater.org*

**AGENDA**

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF MINUTES
  - A. None
5. PUBLIC PARTICIPATION
6. OLD BUSINESS
7. NEW BUSINESS
  - A. Audit Committee Scope
    - i. GLWA Articles of Incorporation Definition
    - ii. GLWA Direction for Committee Structure
  - B. Liaison to Board of Water Commissioners
  - C. Work Plan and Priorities - February 2015 through June 2015
    - i. Policies
    - ii. Procurements
8. REPORTS
  - A. Status Report: Board of Water Commissioners Financial Activities
  - B. Status Report: Great Lakes Water Financial Activities in Process
9. OTHER MATTERS
10. ADJOURNMENT



# Great Lakes Water Authority Audit Committee Report February 6, 2015

## **REPORT: Audit Committee Scope**

**Background:** February 6, 2015 is the first Audit Committee meeting for the Great Lakes Water Authority (GLWA). Accordingly, it is recommended to define the scope of the Committee's role and expectations. Attached are excerpts from the Articles of Incorporation of the GLWA that address the duties of the Audit Committee. Reviewing these duties helps to define expectations for staff and to establish the Committee's work plan.

**Analysis:** Summary of key duties includes the following.

1. Meet not less than 4 times each year
2. Once every 3 years, recommend 3 independent certified public accounting firms to the GLWA Board that, in the judgment of the audit committee, possess sufficient resources and qualifications to conduct annual financial audits of the accounts of the Authority
3. Meet with Authority's independent public auditors
4. Review the reports related to
  - a. Financial condition,
  - b. Operations,
  - c. Performance, and
  - d. Management of the Authority including contractors and subcontractors
5. Order special investigations or audits
6. Review the activities and reports of the internal auditor
7. Provide for a system of accounts to conform to a uniform system required by law
8. Obtain an annual audit of the Authority

**Recommendation:** None.

Respectfully submitted,

Nicolette Bateson, CFO  
Detroit Water & Sewerage Department

**Excerpt from  
ARTICLES OF INCORPORATION OF GREAT LAKES WATER AUTHORITY**

Below are excerpts from the Articles of Incorporation which establish the framework for the Audit Committee's work plan (emphasis added).

J. The Board shall appoint an audit committee consisting of 3 members of the Board. The audit committee shall hold its first meeting within 60 days after the effective date of the Authority. A majority of members appointed and designated as audit committee members by the Board under this paragraph may conduct the business of the committee. The audit committee shall meet not less than 4 times each year with the chief financial officer and the chief executive officer of the Authority, and the Authority's independent public auditors to review the reports related to the financial condition, operations, performance, and management of the Authority including, but not limited to, all contractors and subcontractors, and may also order special investigations or audits, the cost of which shall be paid by the Authority. The audit committee shall also review the activities and reports of the internal auditor of the Authority who shall be appointed by the chief executive officer of the Authority. The audit committee shall, once every 3 years, recommend 3 independent certified public accounting firms that, in the judgment of the audit committee, possess sufficient resources and qualifications to conduct annual financial audits of the accounts of the Authority. From the 3 recommendations of the audit committee, the Board may select, not more than 30 days after receipt of the recommendations of the audit committee, the independent certified public accounting firm with whom the Authority shall execute an agreement to conduct annual financial audits for the succeeding 3 fiscal years of the accounts of the Authority. If the Board does not select 1 of the recommended independent certified public accounting firms to conduct annual financial audits for the next 3 fiscal years of the Authority within 30 days after receipt of the recommendations of the audit committee, the audit committee shall have the sole power to select the independent certified public accounting firm with whom the Authority shall execute an agreement to conduct annual financial audits of the accounts of the Authority for the next 3 fiscal years. A person may not prevent or prohibit the internal auditor or the audit committee from carrying out or completing any audit or investigation. The internal auditor and members of the audit committee shall be protected under the whistleblowers' protection act, 1980 PA 469, MCL 15.361to15.369

....

G. The Board shall provide for a system of accounts for the Authority to conform to a uniform system required by law and for the auditing of the accounts of an authority. The Board shall obtain an annual audit of the Authority by an independent certified public accountant and report on the audit and auditing procedures in the manner provided by sections 6 to 13 of the uniform budgeting and accounting act, 1968 PA 2, MCL 141.426 to 141.433. The audit also shall be in accordance with generally accepted government auditing standards and shall satisfy federal regulations relating to federal grant compliance audit requirements.

....

## ARTICLE 15 - AUDIT

The Board shall cause an annual audit to be made of its financial statements, including such federal and state audits as may be required relating to grants and awards, by a certified public accountant, and shall furnish at least two copies to each Incorporating Municipality. The books and records of the Authority shall be open for inspection by any Incorporating Municipality at all reasonable times upon reasonable notice.



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**REPORT: Liaison to Board of Water Commissioners**

**Background:** On Friday, January 9, 2015 the Board of the Great Lake Water Authority (GLWA) and the City of Detroit Board of Water Commissioners (BOWC) held a joint meeting to discuss a range of matters related to the governance of a water and sewer system.

**Analysis:** Those present discussed the merit of appointing liaisons between comparable committees to foster communication and coordination. The BOWC has a Finance Committee whose role is similar to the GLWA Audit Committee.

**Recommendation:** None.

Respectfully submitted,

Nicolette Bateson, CFO

Detroit Water & Sewerage Department



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**REPORT: Work Plan and Priorities - February 2015 through June 2015**

**Background:** The Great Lakes Water Authority (GLWA) Audit Committee has very specific tasks which need to be addressed to stand-up the GLWA.

**Analysis:** Establishing a work plan leading up to the presumed operational date of July 1, 2015 for GLWA will ensure compliance with statutory requirements and organizational effectiveness. Accordingly, a work plan is attached for the Committee's review.

**Recommendation:** None.

Respectfully submitted,

Nicolette Bateson, CFO  
Detroit Water & Sewerage Department

**GLWA Work Plan**  
**February 2015 through June 2015**  
**Draft 2.6.2015**

<b>Task/Timeline</b>	<b>Coordination with BOWC</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>Post July 1</b>
<b>Policies</b>							
Investment Policy							
Revenue Policy							
Non-contract customer Policy							
Budget Policy							
Capital Improvement Plan Policy							
Debt Management Policy							
Purchasing Credit Card Policy							
Bond Ordinance							
<b>Procurements</b>							
External Auditor Selection							
Bond Counsel							
Financial Advisor							
Pension Counsel							
Property & Casualty Broker	√						
HRIS/Payroll/Timekeeping Selection	√						
Enterprise Resource Planning (ERP) Strategy	√						