



**“RE-BUILDING THE CITY’S WATER SYSTEMS FOR THE 21<sup>ST</sup> CENTURY”**

# **EMPLOYEES’ RETIREMENT SYSTEM OF THE Sewerage & Water Board OF NEW ORLEANS**

*LaToya Cantrell, President*

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November 12, 2019

The Audit Committee met on Tuesday, November 12, 2019 in the Board Room, 625 St. Joseph Street, New Orleans, LA. The meeting convened at approximately 10:00 A.M.

## **Present:**

Director Tamika Duplessis  
Director Joseph Peychaud  
Director Alejandra Guzman  
Director Maurice Sholas  
Director Robin Barnes

## **Other Board Members Present:**

none

## **Absent:**

none

Also, in attendance: Executive Director Ghassan Korban, Special Counsel Yolanda Grinstead; Mrs. Yvette Downs, CFO; Ms. Louise Henry and Ms. Laura Soileau of Postlethwaite & Netterville (P&N)

## **ACTION ITEMS**

- Resolution (R-172-2019): 2019 Independent Financial Auditing Contract Renewal
  - Director Sholas moved to approve the 2019 Independent Financial Auditing Contract Renewal with Postlethwaite & Netterville (P&N) as described in resolution R-172-2019. Director Guzman seconded the motion. The motion carried.
- Resolution (173-2019): Audit Committee Charter Approval
  - Director Guzman moved to approve the Audit Committee Charter Approval as described in resolution R-173-2019. Director Sholas seconded the motion. The motion carried.

- Resolution (R-174-2019): Internal Audit Charter Approval
  - Director Sholas moved to defer the approval of the Internal Audit Charter Approval as described in resolution R-174-2019. Director Guzman seconded the motion. The motion carried.
- Resolution (R-167-2019): MWPP Audit for East Bank Sewer Treatment Plant
  - Director Barnes moved to approve the newly modified language as described in resolution R-167-2019. Director Guzman seconded the motion. The motion carried.
- Resolution (R-177-2019): MWPP Audit for West Bank Sewer Treatment Plant
  - Director Barnes moved to approve the newly modified language as described in resolution R-177-2019. Director Guzman seconded the motion. The motion carried.

## **PRESENTATION ITEMS**

### **Overview of a Risk Assessment- Postlethwaite & Netterville (P&N)**

Mrs. Yvette Downs introduced, Ms. Laura Soileau of Postlethwaite & Netterville (P&N), to discuss a risk assessment and audit charters. Ms. Laura Soileau provided background information of the firm and her professional resume, stating that her office is based in Baton Rouge, LA and she is a Director in P&N's Consulting Services Group. Ms. Laura started her presentation by stating the agenda: Internal Audit Overview, Internal Audit and Audit Committee Charters, Internal Audit Risk Assessment, and the Risk Based Internal Audit Plan. Ms. Laura briefly discussed the Institute of Internal Auditors (IIA) Governance model, the Audit Committee's Role in Governance, Effective Risk Management and Control, and the Foundation Requirements for a Quality Internal Audit Function. Ms. Laura went on to discuss the Internal Audit Charters and Audit Committee Charters. She highlighted that the Audit Committee Charter is a formal document that defines the audit committee's purpose authority, and responsibility; the Internal Audit Charter is a formal document that defines the internal audit activity's purpose, authority, and responsibility establishing the internal audit activity's position within the organization. Ms. Laura moved on to discuss an Internal Audit Risk Assessment stating that management and internal auditors should focus their attention on high-risked areas within the organization due to budgeting and timing constraints. Ms. Laura stated that the Risk Assessment should be done at least annually according to the IIA Standards and that areas of high risk should be included in the Risk Based Internal Audit Plan. Ms. Laura mentioned that the Internal Audit department can offer assurance (audit) and consulting services throughout various areas of the organization to assist the organization in meeting its objectives.

The following questions were asked during the presentation.

- Director Sholas asked if an organization should have separate goals such as financial, safety, or strategic planning goals when organizing priorities.

- Director Barnes asked how reputational risk should be assessed and its effect on public perception and the ability to obtain financial resources.
- Director Barnes asked about whether the organization has a Chief Audit Executive.
- Director Sholas asked whether the Audit Committee will be involved with Civil Service to assist with restructuring the Internal Audit function and other areas of the organization.
- Director Guzman asked how the duties of the Internal Audit function has been fulfilled thus far.
- Ghassan Korban asked about the effects of strengthening the Internal Audit function and if it will decrease the number of external audits.
- Director Barnes asked about the Audit Committee's role as it relates to the oversight of contracts.

Notes:

Ghassan Korban stated the management has been working diligently with Civil Service to allocate an unclassified Chief Audit Executive and will conduct a national search.

Director Duplessis mentioned that the Internal Audit function has been engrossed in several external audits being conducted by various entities for the past year and a half.

Yvette Downs expressed the need for new version of a Request for Proposal (RFP) to find a firm that will assist with conducting a risk assessment.

Ghassan Korban mentioned that the Internal Audit function will be looking at the organization from a Utility perspective (Ratepayers, Customer Service, etc.)

Director Sholas expressed his excitement of what the Internal Audit function will be and the types of audits that will be conducted.

Director Guzman stated that she is excited to get a better understanding of the processes within the organization and how everything functions.

Director Barnes noted that the presentation was very helpful and insightful.

Director Duplessis introduced members of the Internal Audit team to the Audit Committee.

Mr. Scott Finney from the SWBNO's Environmental Affairs department provided a brief overview of the need to approve Resolution (R-167-2019) and Resolution (R-177-2019) for the Municipal Water Pollution Prevention (MWPP) audit with no cost to the SWBNO.

**INFORMATION ITEMS**

The information items were received.

**EXECUTIVE SESSION** - None

**PUBLIC COMMENT** – None

**ADJOURNMENT:**

There being no further business to come before the Audit Committee, Director Sholas made a motion to adjourn. Director Barnes seconded. The motion carried. The meeting adjourned at approximately 11:11 A.M.

Respectfully submitted,

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Dr. Tamika Duplessis, Chairwoman