

**AUDIT COMMITTEE MEETING OF THE BOARD OF ADMINISTRATION
RETIREMENT BOARD
WATER AND POWER EMPLOYEES' RETIREMENT PLAN**

MEETING – January 16, 2008

Present:

Mike Moore	Audit Committee Member
Ron Vazquez	Audit Committee Member

Absent:

Eugene K. Canzano

Others Present:

Sangeeta Bhatia	Retirement Plan Manager
Monette Carranceja	Assistant Retirement Plan Manager
Michael R. Wilkinson	Deputy City Attorney
Irene Colón Gonzalez	Recording Secretary

Chairman Moore called the Audit Committee Meeting to order at 8:40 a.m.

Ms. Bhatia indicated a quorum of the Audit Committee was present.

There were no public comments

1. Presentation and Discussion of Communications required under Statement of Auditing Standards (SAS) Nos. 61 and 112, by Macias, Gini & O'Connell

Mr. David Livingston, Senior Manager and Mr. James Godsey, Partner, of Macias Gini & O'Connell (Macias) approached the Board table. Chairman Moore recognized the Macias representatives.

Mr. Godsey reminded the Board that at the last meeting in December, Macias presented the final draft of the financial statements. At that meeting, they also indicated Macias owed the Committee two items, the SAS 61 (auditing standards) and a report on internal controls.

The Macias representatives provided the Committee members with a presentation of their auditing standards and responsibilities and internal controls.

Ms. Carranceja informed the Committee members that staff prepared notes based on a guideline provided by Macias. She identified two problems in the letter, wherein it reads,

“The Retirement Plan relies, to a significant degree, on the auditor’s guidance” and a sentence that reads, “Management reviews and accepts the financial statements on an undue level of reliance as placed on the auditors. “ Ms. Carranceja clarified that staff utilizes the auditors to provide guidance, but prepares all the notes on their own.

The Audit Committee adjourned at 9:02 am.


MICHAEL MOORE
Chairperson


SANGEETA BHATIA
Retirement Plan Manager


IRENE COLÓN-GONZALEZ
Recording Secretary