

MINUTE ITEM

This Calendar Item No. 18
was approved as Minute Item
No. 18 by the State Lands
Commission by a vote of 2
0 at its 4-29-81
meeting.

MINUTE ITEM

4/29/81
Maulorico
W 40207

18. OPERATIONAL AUDIT OF THE LONG BEACH TIDELAND OIL
OPERATIONS - THUMS

During consideration of Calendar Item 18 attached, Mr. Paul
Stevens, representing Deloitte, Haskins & Sells, appeared to
respond to any questions posed by the Commission.

Upon motion duly made and carried, the resolution as
presented in Calendar Item 18 was approved by a vote of
2-0.

Attachment:
Calendar Item 18

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CALENDAR ITEM

18

4/81
W 40207
Maulorico

OPERATIONAL AUDIT OF THE LONG BEACH
TIDELAND OIL OPERATIONS - THUMS

At its meeting of September 24, 1980, the State Lands Commission selected the Certified Public Accounting Firm of Deloitte, Haskins and Sells (Consultant) to conduct an operational audit of the Long Beach Unit oil operations (THUMS), previously requested and authorized at its meetings of April 24, 1980, and May 29, 1980, respectively.

The objectives of the operational audit, initiated by the Consultant on October 31, 1980, were five-fold:

1. Determine if the interests of the State of California in the Wilmington Oil Field (Long Beach Unit) were being adequately protected by effective programs, procedures and internal controls.
2. Determine if the City of Long Beach (Unit Operator), Field Contractor (THUMS) and other parties to the Unit Agreement, Unit Operating Agreement and Contractor's Agreement were complying with the appropriate provisions of the contracts.
3. Determine how the systems, controls, procedures and practices compared with those generally followed in the petroleum industry.
4. Identify deficiencies in the internal controls or failures to meet the objectives noted above.
5. Provide recommendations for correcting deficiencies and for establishing or improving policies, procedures or internal controls where appropriate.

The operational audit has been completed at the contract price of \$168,855 and representatives of Deloitte, Haskins and Sells will be present to convey to the Commission the major findings, conclusions and recommendations of their effort.

Staff will review the report and present detailed findings and recommendations for Commission consideration at subsequent meetings.

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CALENDAR ITEM NO. 18 (CONTD)

IT IS RECOMMENDED THAT THE COMMISSION:

1. ACCEPT FOR REVIEW THE REPORT ON THE OPERATIONAL AUDIT OF THE LONG BEACH UNIT PREPARED BY THE CONSULTING FIRM OF DELOITTE, HASKINS AND SELLS.

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