



Santa Clara Valley Water District Board Audit Committee Meeting

Headquarters Building Conference Room A-124
5700 Almaden Expressway
San Jose, CA 95118

2:00 PM REGULAR MEETING AGENDA

Tuesday, January 22, 2019
2:00 PM

District Mission: Provide Silicon Valley safe, clean water for a healthy life, environment and economy.

BOARD AUDIT COMMITTEE

Barbara Keegan, Chair, District 2
Nai Hsueh, Vice Chair, District 5
Gary Kremen, District 7

All public records relating to an item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at the Office of the Clerk of the Board at the Santa Clara Valley Water District Headquarters Building, 5700 Almaden Expressway, San Jose, CA 95118, at the same time that the public records are distributed or made available to the legislative body. Santa Clara Valley Water District will make reasonable efforts to accommodate persons with disabilities wishing to attend Board of Directors' meeting. Please advise the Clerk of the Board Office of any special needs by calling (408) 265-2600.

DARIN TAYLOR
Committee Liaison

MAX OVERLAND
Assistant Deputy Clerk II
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Note: The finalized Board Agenda, exception items and supplemental items will be posted prior to the meeting in accordance with the Brown Act.

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**Santa Clara Valley Water District
Board Audit Committee
2:00 PM REGULAR MEETING
AGENDA**

Tuesday, January 22, 2019

2:00 PM

Headquarters Building Conference Room A-124

1. CALL TO ORDER:

1.1. Roll Call.

1.2. Time Open for Public Comment on any Item not on the Agenda.

Notice to the public: This item is reserved for persons desiring to address the Committee on any matter not on this agenda. Members of the public who wish to address the Committee on any item not listed on the agenda should complete a Speaker Card and present it to the Committee Clerk. The Committee Chair will call individuals in turn. Speakers comments should be limited to three minutes or as set by the Chair. The law does not permit Committee action on, or extended discussion of, any item not on the agenda except under special circumstances. If Committee action is requested, the matter may be placed on a future agenda. All comments that require a response will be referred to staff for a reply in writing. The Committee may take action on any item of business appearing on the posted agenda.

2. APPROVAL OF MINUTES:

2.1. Approval of Minutes.

[19-0079](#)

Recommendation: Approve the minutes.

Manager: Michele King, 408-630-2711

Attachments: [Attachment 1: 120318 BAC Minutes](#)

Est. Staff Time: 5 Minutes

3. ACTION ITEMS:

3.1. Board Independent Auditor Report Update - TAP International, Inc. [19-0050](#)

- Recommendation:
- A. Discuss the status of the Draft Audit Work Plan, Draft Audit Charter, and potential audits with the Board's Independent Auditor, TAP International, Inc.;
 - B. Receive and discuss draft task orders for audits #1, 5, and 6;
 - C. Receive copies of TAP International, Inc. task orders and invoice tracking sheet; and
 - D. Direct TAP to present task orders for audits #1, 5, and 6 to the full Board for approval to initiate.

Manager: Darin Taylor, 408-630-3068

Attachments: [Attachment 1: Draft Audit Work Plan](#)
[Attachment 2: Draft BAC Charter](#)
[Attachment 3: Proposed Task Orders](#)
[Attachment 4: TAP Invoice Tracking and Task Orders](#)

Est. Staff Time: 10 Minutes

3.2. Final Draft Audit Report and Final Draft Management Response for the Performance Audit of Lower Silver Creek Flood Protection Project, Agreement No. A3277G. [19-0049](#)

- Recommendation:
- A. Discuss the Final Draft Audit Report from PMA Consultants on the status of the Performance Audit of Lower Silver Creek Flood Protection Project, Agreement No. A3277G;
 - B. Discuss the Final Draft Management Response for the Performance Audit of Lower Silver Creek Flood Protection Project, Agreement No. A3277G; and
 - C. Direct staff to have PMA Consultants present the final draft audit report and management response to the Board of Directors.

Manager: Darin Taylor, 408-630-3068

Attachments: [Attachment 1: Final Draft Audit Report](#)
[Attachment 2: Final Draft Management Response](#)

Est. Staff Time: 10 Minutes

- 3.3. District Internal Audit Schedule and Board Audit Committee Review. [19-0061](#)

Recommendation: Discuss methods of Board Audit Committee monitoring of District Internal Audits.

Manager: Darin Taylor, 408-630-3068

Attachments: [Attachment 1: Example Audit Calendar](#)

Est. Staff Time: 10 Minutes

- 3.4. Review 2019 Committee Work Plan. [19-0100](#)

Recommendation: Review and make necessary adjustments to the 2019 Work Plan, and confirm regular meeting schedule for 2019.

Manager: Michele King, 408-630-2711

Attachments: [Attachment 1: 2019 Work Plan Single Page](#)
[Attachment 2: 2018 BAC Work Plan](#)

Est. Staff Time: 5 Minutes

4. INFORMATION ITEMS:

- 4.1. Quality Environmental Management System (QEMS) Compliance Update. [19-0051](#)

Recommendation: Receive information regarding the Quality and Environmental Management System.

Manager: Darin Taylor, 408-630-3068

Attachments: [Attachment 1: April 2018 Internal Audit Report](#)
[Attachment 2: Brief History of QEMS](#)

Est. Staff Time: 10 Minutes

5. ADJOURN:

- 5.1. Clerk Review and Clarification of Committee Requests.

This is an opportunity for the Clerk to review and obtain clarification on any formally moved, seconded, and approved requests and recommendations made by the Committee during the meeting.

- 5.2. Adjourn to Regular Meeting as set by the Committee.

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File No.: 19-0079

Agenda Date: 1/22/2019
Item No.: 2.1.

COMMITTEE AGENDA MEMORANDUM

Board Audit Committee

SUBJECT:

Approval of Minutes.

RECOMMENDATION:

Approve the minutes.

SUMMARY:

In accordance with the Ralph M. Brown Act, a summary of Committee discussions, and details of all actions taken by the Board Audit Committee, during all open and public Committee meetings, is transcribed and submitted to the Committee for review and approval.

Upon Committee approval, minutes transcripts are finalized and entered into the Committee's historical records archives and serve as historical records of the Committee's meetings.

ATTACHMENTS:

Attachment 1: 120318 BAC Minutes

UNCLASSIFIED MANAGER:

Michele King, 408-630-2711



BOARD AUDIT COMMITTEE MEETING

MINUTES

**MONDAY, DECEMBER 3, 2018
3:30 P.M.**

(Paragraph numbers coincide with agenda item numbers)

A regular meeting of the Santa Clara Valley Water District (District) Board Audit Committee (Committee) was called to order in the District Headquarters Conference Room A-124, 5700 Almaden Expressway, San Jose, California, at 3:30 p.m.

1. CALL TO ORDER:

1.1. Roll Call.

Committee members in attendance were District 5 Director N. Hsueh, District 7 Director G. Kremen, and District 2 Director B. Keegan, Chairperson presiding, constituting a quorum of the Committee.

Staff members in attendance were N. Dominguez, M. Heller, F. Hernandez, B. Hopper, N. Nguyen, A. Noriega, D. Taylor, S. Tippetts, and T. Yoke.

1.2. Time Open for Public Comment on Any Item Not on The Agenda.

Chairperson Keegan declared time open for public comment on any item not on the agenda. There was no one present who wished to speak.

2. APPROVAL OF MINUTES

2.1. Approval of Minutes.

The Committee considered the attached minutes of the September 26, 2018 meeting.

It was moved by Director Kremen, seconded by Director Hsueh, and unanimously carried that the minutes be approved as presented.

3. ACTION ITEMS

3.1 Draft Audit Report for the Performance Audit of Lower Silver Creek Flood Protection Project, Agreement No. A3277G.

Mr. Mike Brown, Mr. John Mahoney, and Mr. John Olenberger, PMA Consultants,

reviewed the information on the item per the attached Committee Agenda Memo, and per the information contained in Attachment 1.

The Committee made the following requests:

- Staff to advise the Board Members as soon as possible when any conflicts of interest arise;
- The Committee requests that staff come back with an update on Quality and Environmental Management System compliance; and
- Board Audit Committee members are to review Handouts 3.1-A and 3.1-B and forward any comments to the Committee Clerk to be incorporated by staff.

4. INFORMATION ITEMS

4.1 Board Independent Auditor Report Update – TAP International, Inc.

Ms. Denise Callahan, TAP International, Inc., reviewed the information on this item per the attached Committee Agenda Memo, and per the information contained in Attachment 1.

The Committee requested that staff coordinate agenda planning meetings with the Committee Chair at least two weeks prior to the Committee meeting to review the agenda, content, and recommendations.

4.2 Review 2018 Committee Work Plan.

Ms. Natalie Dominguez, Assistant Deputy Clerk II, reviewed the information on this item per the attached Committee Agenda Memo, and per the information contained in Attachment 1.

The Committee made the following requests:

- In addition to the current Work Plan, staff to revise the Work Plan to develop a single page one-year outlook.
- Add the following items to the next agenda:
 - Review and discuss the draft Audit Charter;
 - Review and discuss the Lower Silver Creek Final Audit Report and Draft Management Reponse; and
 - Review and discuss task orders – Item 4.1, Nos. 1, 5, 6, and 17.

5. ADJOURN

5.1 Clerk Review and Clarification of Committee Requests.

Ms. Dominguez read the new Committee requests into the record.

5.2 Adjourn to Regular Meeting as set by the Committee Chair.

Chairperson Keegan adjourned the meeting at 5:00 p.m. to the 2:00 p.m. Regular Committee Meeting on January 22, 2019, in the Santa Clara Valley Water District Headquarters Building Board Conference Room A-124, 5700 Almaden Expressway, San Jose, California.

Natalie Dominguez
Assistant Deputy Clerk II

Approved:

Date: 01/22/2019

File No.: 19-0050

Agenda Date: 1/22/2019

Item No.: 3.1.

COMMITTEE AGENDA MEMORANDUM

Board Audit Committee

SUBJECT:

Board Independent Auditor Report Update - TAP International, Inc.

RECOMMENDATION:

- A. Discuss the status of the Draft Audit Work Plan, Draft Audit Charter, and potential audits with the Board's Independent Auditor, TAP International, Inc.;
- B. Receive and discuss draft task orders for audits #1, 5, and 6;
- C. Receive copies of TAP International, Inc. task orders and invoice tracking sheet; and
- D. Direct TAP to present task orders for audits #1, 5, and 6 to the full Board for approval to initiate.

SUMMARY:

Board Audit Committee was established to assist the Board of Directors (Board), consistent with direction from the full Board, to identify potential areas for audit and audit priorities, and to review, update, plan, and coordinate execution of Board audits.

On May 23, 2017, the Board, approved an on-call consultant agreement with TAP International, Inc. for Board Independent Auditing Services.

On September 26, 2018, the Board Audit Committee received and discussed a presentation from TAP International, Inc., on the final draft Risk Assessment Report and the draft Audit Work Plan. The Board Audit Committee directed the following:

- Director Keegan to meet with TAP, Brian Hopper, and Michele King to develop a Draft Board Audit Committee Charter to bring to the full Board for discussion.
- Director Keegan to meet with Michele King and TAP regarding the development of the Annual Board Performance Report to reflect the measurement of critical performance measures.

On October 3, 2018, a meeting was held to discuss the Board Performance Report, which was attended by the Clerk of the Board, the independent auditor, and the Audit Committee Chair.

The Clerk of the Board discussed the current performance report and TAP International discussed

leading practices for performance-based management models. The Audit Committee Chair asked the Clerk of the Board to review the current report and make suggestions on the performance measures that could streamline existing measures and then to add a few key overarching measures that could summarize all of the measures tracked. All of the activity measures would be used to support the overarching key measures.

Also, on October 3, 2018, a meeting was held to discuss an Audit Committee Charter that was attended by the Clerk of the Board, District Counsel staff, Independent Auditor, and the Audit Committee Chair.

TAP International discussed leading practices in Audit Charter development, such as roles and responsibilities of the Audit Committee and the Independent Auditor, communication protocols, audit processes, and audit committee authority. District Counsel staff discussed actual implementation practices and the Audit Committee Chair provided guidance and direction. District Counsel staff agreed to develop an initial working draft of the Audit Committee Charter.

At the December 3, 2018, Board Audit Committee meeting, the BAC selected four audits from the Draft Audit Work Plan to potentially initiate (Audits #1, 5, 6 and 17). The Committee directed staff and TAP International to return to the Committee to further discuss the draft Audit Charter, draft Audit Work Plan, and Task Orders for the four potential audits. Subsequently, the Board Audit Committee Chair directed staff to remove audit #17 (CAS system) from the initial list of potential audits.

ATTACHMENTS:

Attachment 1: Draft Audit Work Plan

Attachment 2: Draft Audit Charter

Attachment 3: Draft Task Orders for Audits #1, 5, and 6

Attachment 4: TAP Invoice Tracking and Task Orders

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068



SANTA CLARA VALLEY WATER DISTRICT

DRAFT AUDIT WORK PLAN

SUGGESTIONS

PURPOSE: TO PRIORITIZE AND SELECT
POTENTIAL AUDITS TO BE INCLUDED IN THE
FINAL AUDIT WORK PLAN

11/15/2018

Contents

Annual Audit Work Plan-Executive
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Appendix B: Audits by Topic Area

DRAFT

Santa Clara Valley Water District

Annual Audit Work Plan - Executive Summary

The Audit Work Plan serves as a tool for communicating audit priorities as determined by the Santa Clara Valley Water District's Board Audit Committee (BAC) and Board of Directors. It describes 41 audits to be considered for inclusion in the final audit work plan based on the results of the risk assessment previously conducted by the District's Independent Auditor, Board of Directors, District management and staff, as summarized in Figure 1 below.

Figure 1: Number of Suggested Audits to Consider for Inclusion in Final Audit Work Plan

Audit Area	Number of Suggested Audits	Minimum Audit hours	Maximum Audit Hours	% Total Min. Audit Hours
Ad-Hoc Audits	TBD	889	889	8%
Best Practices	4	154	236	2%
Business Continuity	1	229	286	2%
Capital Project Management	2	571	685	5%
Contract Change Order Management	2	543	658	5%
Continuous Process Improvement	1	57	86	1%
Financial Management	9	1,682	2,586	16%
Follow up Audits	TBD	500	500	5%
Human Resources	1	120	257	1%
Information Technology	5	2,000	2,486	19%
Operations	13	3,239	4,405	31%
Oversight	2	115	171	1%
Succession Planning	1	457	686	4%
Total	41	10,556	13,931	100%

An audit can serve many purposes. For example, audits can:

- Verify that programs, services, and operations are working based on your understanding.
- Assess efficiency and effectiveness.
- Identify the root cause or problems.
- Assess future risks.
- Assess the progress of prior audit recommendations.
- Identify the impact that changes in District operations have had on financial performance and service delivery.

- Identify leading practices.
- Assess regulatory compliance.
- Develop policy options.
- Assess the accuracy of financial information reported.

Audits are an important oversight tool because they provide independent and fact-based information to management and elected officials. Those charged with governance and oversight can use the information to improve program performance and operations, reduce costs, facilitate decision making.

The types of audits that can be conducted include:

Financial audits: The Santa Clara Valley Water District hires an outside independent audit firm to perform the District’s financial statement audit.

Internal audits: Internal audits review the environment, information, and activities that are designed to provide proper accountability over District operations.

Compliance audits: Compliance audits review adherence to District policies and procedures, state regulatory requirements, and/or federal regulatory requirements.

Performance audits (impact or prospective audits): Performance audits review the economy, efficiency, and effectiveness of the District’s programs, services and operations. They can evaluate current impact or assess operations prospectively.

Desk reviews: Small and quick audits.

Follow up audits: To what extent have prior audit recommendation been implemented? Follow up audits can also assess other actions taken to respond to or prevent the occurrence of problems.

Best practices reviews: Compares current operations to best practices.

Each audit conducted requires the development of audit objectives, which are questions posed by management or elected officials about the specific nature of the issue/concern that requires an audit. The type and nature of the audit objective (s) may vary widely.

Examples of audit objectives are:

- Are the District’s information technology systems adequately protected?
- To what extent does the District comply with Brown Act requirements?
- How can District Divisions be structured to provide cost-effective services?

Basis of Audit Plan

The Annual Work Plan is (1) based on the results of the District-wide audit risk assessment that was conducted in Fiscal Year 2017-18, and (2) input from the District’s Board of Directors, and from District staff. The audit plan is ranked by ranked by priority order (based on auditor’s professional judgement).

The Annual Work Plan can be dynamic, subject to modification throughout the year to address emerging and critical issues that may evolve throughout the upcoming year.

Appendix A, Suggested Audit Topics, shows the nature of the audits to be conducted, potential auditable areas, and estimates on the time required to conduct the audit. The BAC, in coordination with the Board of Directors, has final authority on the nature and timing of the audits.

Appendix B, Suggest Audits by Topic Area, organizes the potential audits by topic area.

Appendix C, Summary of Auditable Areas, summarizes key auditable areas based on the prior District wide risk assessment and other stakeholder input.

Audit Process

Auditors are required to implement audit activities required by generally accepted government auditing standards. Generally, audits undergo audit planning, data collection and analysis, and report preparation processes that require time and resources. The duration of each audit is driven by the number of audit objectives included in the audit. Generally, one audit objective, or question, generally requires about six to ten weeks to complete, except under certain circumstances. Table 2 below describes key activities of the audit process.

Table 2: Description of the Audit Process

Phase 1 - Planning	Phase 2 - Data Collection and Analysis	Phase 3 - Report Preparation
<ul style="list-style-type: none"> ▪ Meet with the audit committee and executives to agree on project objectives and scope ▪ Perform risk assessment by researching and evaluating prior reports, board action, and speaking to key stakeholders ▪ Develop project implementation plan ▪ Coordinate and conduct opening conference ▪ Discuss with audit committee, the Implementation Plan and incorporate any changes 	<ul style="list-style-type: none"> ▪ Coordinate the collection of all required information ▪ Collect data ▪ Develop and execute data analysis ▪ Perform analysis to identify any key factors driving the results ▪ Assess agency impacts ▪ Working paper documentation ▪ Quality assurance review of results 	<ul style="list-style-type: none"> ▪ Summarize relevant and key results ▪ Meet with the client to discuss facts and drivers ▪ Prepare the draft product ▪ Quality assurance review ▪ Receive agency comments ▪ Prepare the final product ▪ QA review ▪ Issue the final product to the client ▪ Provide presentations to as requested.

Appendix A: Suggested Audit Topics

*Source – RA: Risk Assessment

BD: Board Director

DS: District Staff

No.	Source *	Area	Goal Alignment	Suggested Audit Objective	Estimated Hours	Potential Outcome
	BD	TBD		Ad-hoc audits through the Year	889	Provide ability to respond to new issues and concerns
		TBD		Follow up audits as requested	500	Provide ability to monitor District progress
1	RA BD (3) DS (4)	Operations	Operational effectiveness	Are their structural, organizational, and process improvement opportunities for the District Counsel’s Office?	514-685	Provide solutions to enhance current operating effectiveness.
2	RA BD (2)	IT	Operational effectiveness	Does the District Supervisory Control and Data Acquisition (SCADA) systems meet established SCADA security frameworks?	714-857	Protect against disruption in operations. Identify IT security risks.
3	RA BD (2)	Financial Management	Operational effectiveness	Are there opportunities to enhance the District water billing and collection processes?	343-429	Identify cost savings. Identify potential for added revenue and potential increase in service delivery effectiveness.

4	RA DS (2) BD (2)	Financial management	Operational effectiveness Service Delivery	Can business processes be implemented more cost effectively? (i.e. capital project management, contract claims, small claims, workers compensation claims, payroll, invoice payments, employee reimbursements.)	143-200	Identify cost savings. Improves timeliness. Improves service delivery.
5	RA BD (2)	Contract change order management	Operational effectiveness	What types of business process improvements are necessary for contract change order processing?	343-429	Increase accountability. Contain cost. Prevent potential workarounds.
6	BD (2)	Operations	Operational effectiveness	How can the Real Estate improve its financial and service delivery performance?	514-685	Provide solutions to enhance current operating effectiveness.
7	RA BD (1)	Operations	Project Delivery	How does the District's permitting process compare with other agencies? Can alternative permit processing activities benefit the District?	171-229	Could enhance project delivery, timeliness, cost savings.
8	BD (1)	Operations	Operational effectiveness	To what extent does the District Counsel's office appropriately classify confidential information?	143-200	Increase or decrease public transparency.
9	RA BD (2)	IT	Operational effectiveness	How can the District best address IT and other physical security gaps?	371-429	Identifies IT security risks.
10	RA BD	IT	Operational effectiveness	Are the District's IT network management, and operations, and staffing consistent with best practices?	400-457	Identify operational opportunities for improvement. Identifies IT security risks.
11	BD	Oversight	Service delivery	Are there opportunities to enhance safe clean water audits?	115-171	Enhance oversight.
12	RA	Business continuity	Operational effectiveness	To what extent does the District's draft business continuity plan and plan management compare with best practices?	229-286	Identify gaps. Reduce risk of untimely response.

13	RA	Capital project management	Operational effectiveness	What areas of the District's capital project budgeting practices can benefit from adopting best practices?	314-371	Improves financial performance.
14	BD (1)	Best Practices	Operational effectiveness	What is the best practice governing external financial auditor rotation?	10-20	Increases accountability. Potentially identifies other financial risks.
15	BD (1)	Practices	Operational effectiveness	What are the best practices for procuring and overseeing regulatory and other internal financial audits?	24-36	Increases accountability.
16	RA	Best Practices	Operational effectiveness	What best practices in purchase order processing could benefit the District?	60-90	Streamline purchase order processing. Increase accountability.
17	DS (2) BD (1) RA	Information technology Procurement	Operational effectiveness	To what extent is the CAS system used by internal and external users? Are there better IT alternatives to the CAS system?	286-429	Improve timeliness. Improves service delivery.
18	RA BD (1)	Operations	Operational effectiveness	Are there opportunities to better track and allocate staff work time across projects?	229-343	Improve service deliver. Improve project management. Enhance financial management.
19	RA	Information technology	Operational effectiveness Service delivery	How can the District ensure a cost effective and timely implementation of its financial system upgrade?	229-314	Prevents cost overruns. Improves timeliness.
20	DS (1) RA	Financial management	Financial	How can the District enhance its homelessness encampment clean-up activities that protect the health and safety of District employees?	290-371	Prevents potential financial liability.
21	BD (1)	Operations	Operational effectiveness	Can the District benefit from updating its purchasing practices for multi-media, advertising, and other community engagement vendor related activities?	371-457	Enhances service delivery. Improves accountability.

22	BD (2)	Operations	Service delivery	Can the District improve its processing for applying for and receiving permits for community engagement events?	257-371	Streamlines business businesses. Improves project timeliness. Potential for cost savings.
23	RA BD (1)	Succession planning	Service delivery Operational effectiveness	How can the District best structure and implement succession planning strategies? How can workforce planning activities be improved?	457-686	Institutionalizes efforts. Enhances HR management.
24	BD (1) DS (1)	Operations	Operational effectiveness	Are there alternative approaches for measuring Board performance?	57-86	Enhances reporting and transparency.
25	RA	Capital project management	Project delivery	Can alternative strategies for fiscal forecasting enhance capital project management?	257-314	Enhance effectiveness of project delivery. Improves District's financial management activities.
26	BD (1)	Contracts	Project Delivery	What are the financial and service delivery disadvantages and advantages of RFPs that require preferences for local workforce hiring?	200-229	Enhance local economic impact.
27	BD (1)	Operations	Operational effectiveness	Is the District's budget adequately meeting the needs of equipment maintenance?	143-229	Identifies potential warning signs.
28	BD (1)	Financial	Operational effectiveness	Are health and pension liabilities being funded?	86-143	Identifies financial risks.
29	BD (1)	Best Practices	Operational effectiveness	What are the best practices in physical security for Board rooms?	60-90	Identifies security risks.
30	BD (2)	Operations	Operational effectiveness	What are best practices in planning and facilitating community engagement?	46-86	Enhances communication.
31	BD (1)	Operations	Operational effectiveness	How can the District better assess the performance of external governmental relations consultants?	120-160	Enhances oversight.

32	RA	Financial management	Operational effectiveness	Has the District accurately and timely submitted payroll tax liability without penalty?	171-257	Provides assurance of regulatory compliance without financial penalty. Assesses effectiveness of payroll processes.
33	BD (2)	Financial	Financial	What potential financial risks could occur on the California Fix project?	160-286	Risk monitoring. Improves budget planning.
34	BD (1)	Financial	Project delivery	What are the final obligations to the District for one or all three capital projects estimated at \$1B? What can help offset the costs? How much money is the District at risk of losing? Can revenue be generated without increasing water rates?	200-514	Identifies future financial risk. Revenue enhancement.
35	BD (1)	Operations	Operational effectiveness	What is the extent of and nature of outsourcing across all district divisions and offices?	229-343	Enhances oversight. Identify potential for cost savings.
36	BD (1)	Financial	Financial	How can the District better leverage its existing budget allocation for promoting diversity and inclusion?	60-100	Improves performance.
37	BD (1)	Continuous process improvement	Operational effectiveness	How does the District plan to use the RMC audit to implement District changes?	57-86	Operational improvement. Increased accountability.
38	BD (2)	Operations	Service delivery	How can the District move forward with the City of San Jose in negotiations with flood protection and water purification issues? To what extent does the District have jurisdictional authority over the facility?	371-457	Enhances problem resolution.
39	DS (1)	Financial management	Financial	What is the financial accuracy rate for employee benefit payments? What improvements can be made to reduce payment errors?	229-286	Assess overall effectiveness of benefit processing.

40	DS (4)	Human resources management	Financial	What are the strengths and weaknesses of the District's recent job classification study?	120-257	Builds trust among District employees. Identifies strategies to address gaps.
41	DS (1)	Operations	Operational Effectiveness	Is record retention activities effectively implemented throughout the District?	120-160	Address gaps in record retention activities

Appendix B: Suggested Audits by Topic Area

Best Practices

No.	Source	Area	Goal Alignment	Suggested Audit Objective	Estimated Hours	Potential Outcome
16	RA	Best Practices	Operational effectiveness	What best practices in purchase order processing could benefit the District?	160-90	Streamline purchase order processing. Increase accountability.
29	BD (1)	Best Practices	Operational effectiveness	What are the best practices in physical security for Board rooms?	60-90	Identifies security risks.
14	BD (1)	Best Practices	Operational effectiveness	What is the best practice governing external financial auditor rotation?	10-20	Increases accountability. Potentially identifies other financial risks.
15	BD (1)	Best Practices	Operational effectiveness	What are the best practices for procuring and overseeing regulatory and other internal financial audits?	24-36	Increases accountability.

Business Continuity

No.	Source	Area	Goal Alignment	Suggested Audit Objective	Estimated Hours	Potential Outcome
12	RA	Business continuity	Operational effectiveness	To what extent does the District’s draft business continuity plan and plan management compare with best practices?	229-286	Identify gaps. Reduce risk of untimely response.
30	BD (2)	Operations	Operational effectiveness	What are best practices in planning and facilitating community engagement?	60-90	Enhances communication.

Capital Project Management

No.	Source	Area	Goal Alignment	Suggested Audit Objective	Estimated Hours	Potential Outcome
13	RA	Capital project management	Operational effectiveness	What areas of the District’s capital project budgeting practices can benefit from adopting best practices?	314-371	Improves financial performance.
25	RA	Capital project management	Project delivery	Can alternative strategies for fiscal forecasting enhance capital project management?	257-314	Enhance effectiveness of project delivery. Improves District’s financial management activities.

Continuous Process Improvement

No.	Source	Area	Goal Alignment	Suggested Audit Objective	Estimated Hours	Potential Outcome
37	BD (1)	Continuous process improvement	Operational effectiveness	How does the District plan to use the RMC audit to implement District changes?	57-86	Operational improvement. Increased accountability.

Contract Change Order Management

No.	Source	Area	Goal Alignment	Suggested Audit Objective	Estimated Hours	Potential Outcome
5	RA BD (2)	Contract change order management	Operational effectiveness	What types of business process improvements are necessary for contract change order processing?	343-429	Increase accountability. Contain cost. Prevent potential workarounds.
26	BD (1)	Contracts	Project Delivery	What are the financial and service delivery disadvantages and advantages of RFPs that require preferences for local workforce hiring?	200-229	Enhance local economic impact.

Financial Management / Financial

No.	Source	Area	Goal Alignment	Suggested Audit Objective	Estimated Hours	Potential Outcome
3	RA BD (2)	Financial Management	Operational effectiveness	Are there opportunities to enhance the District water billing and collection processes?	343-429	Identify cost savings. Identify potential for added revenue and potential increase in service delivery effectiveness.
4	RA DS (2) BD (2)	Financial management	Operational effectiveness Service Delivery	Can business processes be implemented more cost effectively? (i.e. capital project management, contract claims, small claims, workers compensation claims, payroll, invoice payments, employee reimbursements.)	143-200	Identify cost savings. Improves timeliness. Improves service delivery.
20	DS (1) RA	Financial management	Financial	How can the District enhance its homelessness encampment clean-up activities that protect the health and safety of District employees?	290-371	Prevents potential financial liability.
32	RA	Financial management	Operational effectiveness	Has the District accurately and timely submitted payroll tax liability without penalty?	171-257	Provides assurance of regulatory compliance without financial penalty. Assesses effectiveness of payroll processes.
39	DS (1)	Financial management	Financial	What is the financial accuracy rate for employee benefit payments? What improvements can be made to reduce payment errors?	229-286	Assess overall effectiveness of benefit processing.
28	BD (1)	Financial	Operational effectiveness	Are health and pension liabilities being funded?	86-143	Identifies financial risks.
33	BD (2)	Financial	Financial	What potential financial risks could occur on the California Fix project?	160-286	Risk monitoring. Improves budget planning.

34	BD (1)	Financial	Project delivery	What are the final obligations to the District for one or all three capital projects estimated at \$1B? What can help offset the costs? How much money is the District at risk of losing? Can revenue be generated without increasing water rates?	200-514	Identifies future financial risk. Revenue enhancement.
36	BD (1)	Financial	Financial	How can the District better leverage its existing budget allocation for promoting diversity and inclusion?	60-100	Improves performance.

Human Resources

No.	Source	Area	Goal Alignment	Suggested Audit Objective	Estimated Hours	Potential Outcome
40	DS (4)	Human resources management	Financial	What are the strengths and weaknesses of the District's recent job classification study?	120-257	Builds trust among District employees. Identifies strategies to address gaps.

Information Technology

No.	Source	Area	Goal Alignment	Suggested Audit Objective	Estimated Hours	Potential Outcome
2	RA BD (2)	IT	Operational effectiveness	Does the District Supervisory Control and Data Acquisition (SCADA) systems meet established SCADA security frameworks?	714-857	Protect against disruption in operations. Identify IT security risks.
9	RA BD (2)	IT	Operational effectiveness	How can the District best address IT and other physical security gaps?	371-429	Identifies IT security risks.
10	RA BD	IT	Operational effectiveness	Are the District's IT network management, and operations, and staffing consistent with best practices?	400-457	Identify operational opportunities for improvement. Identifies IT security risks.
17	DS (2) BD (1) RA	Information technology Procurement	Operational effectiveness	To what extent is the CAS system used by internal and external users? Are there better IT alternatives to the CAS system?	286-429	Improve timeliness. Improves service delivery.
19	RA	Information technology	Operational effectiveness Service delivery	How can the District ensure a cost effective and timely implementation of its financial system upgrade?	229-314	Prevents cost overruns. Improves timeliness.

Operations

No.	Source	Area	Goal Alignment	Suggested Audit Objective	Estimated Hours	Potential Outcome
1	RA BD (3) DS (4)	Operations	Operational effectiveness	Are their structural, organizational, and process improvement opportunities for the District Counsel’s Office?	514-685	Provide solutions to enhance current operating effectiveness.
6	BD (2)	Operations	Operational effectiveness	How can the Real Estate improve its financial and service delivery performance?	514-685	Provide solutions to enhance current operating effectiveness.
7	RA BD (1)	Operations	Project Delivery	How does the District’s permitting process compare with other agencies? Can alternative permit processing activities benefit the District?	171-229	Could enhance project delivery, timeliness, cost savings.
8	BD (1)	Operations	Operational effectiveness	To what extent does the District Counsel’s office appropriately classify confidential information?	143-200	Increase or decrease public transparency.
18	RA BD (1)	Operations	Operational effectiveness	Are there opportunities to better track and allocate staff work time across projects?	229-343	Improve service deliver. Improve project management. Enhance financial management.
21	BD (1)	Operations	Operational effectiveness	Can the District benefit from updating its purchasing practices for multi-media, advertising, and other community engagement vendor related activities?	371-457	Enhances service delivery. Improves accountability.
22	BD (2)	Operations	Service delivery	Can the District improve its processing for applying for and receiving permits for community engagement events?	257-371	Streamlines business businesses. Improves project timeliness. Potential for cost savings.

24	BD (1) DS (1)	Operations	Operational effectiveness	Are there alternative approaches for measuring Board performance?	57-86	Enhances reporting and transparency.
27	BD (1)	Operations	Operational effectiveness	Is the District's budget adequately meeting the needs of equipment maintenance?	143-229	Identifies potential warning signs.
31	BD (1)	Operations	Operational effectiveness	How can the District better assess the performance of external governmental relations consultants?	120-160	Enhances oversight.
35	BD (1)	Operations	Operational effectiveness	What is the extent of and nature of outsourcing across all district divisions and offices?	229-343	Enhances oversight. Identify potential for cost savings.
38	BD (2)	Operations	Service delivery	How can the District move forward with the City of San Jose in negotiations with flood protection and water purification issues? To what extent does the District have jurisdictional authority over the facility?	371-457	Enhances problem resolution.
41	DS (1)	Operations	Operational Effectiveness	Is record retention activities effectively implemented throughout the District?	120-160	Address gaps in record retention activities

Oversight

No.	Source	Area	Goal Alignment	Suggested Audit Objective	Estimated Hours	Potential Outcome
11	BD	Oversight	Service delivery	Are there opportunities to enhance safe clean water audits?	115-171	Enhance oversight.

Succession Planning

No.	Source	Area	Goal Alignment	Suggested Audit Objective	Estimated Hours	Potential Outcome
23	RA BD (1)	Succession planning	Service delivery Operational effectiveness	How can the District best structure and implement succession planning strategies? How can workforce planning activities be improved?	457-686	Institutionalizes efforts. Enhances HR management.

Appendix C: Summary of Potential Auditable Areas Driven by the Risk Assessment and Stakeholder Input

Business Continuity

If the District's day-to-day operations are disrupted by a natural disaster, intentional adverse event, or unanticipated malfunction of equipment and hardware, the District becomes vulnerable in accomplishing its mission of providing safe, clean and reliable water, and disruption of day-to-day operations can result in significant costs. A business continuity plan is essential to continue business and water operations. Development of a business continuity plan that can effectively make incident and disaster response happen involves business impact analysis, plan testing, and recovery strategies. Information technology management is also critical aspect of business continuity planning. The ability to run enterprise software and technology is also critical.

While the District sought involvement of key District stakeholder in its business continuity planning, the District has not yet fully completed business continuity plans because of staff turnover. Thus, the District does not have sufficient assurance that the District can successfully respond to and recover from District-wide and/or regional-wide events. Because the business continuity plan remains under draft development, District staff were mixed on whether they were knowledgeable about business continuity triggers and response actions. Some District staff reported the devices provided to maintain communication were not working properly. In the absence of a centralized plan, the District has identified mission critical information systems. However, there was no available information to determine if recovery and back up procedures are routinely tested, especially for some of the District's legacy systems, or the point in time when a function or process must be recovered before unacceptable consequences could occur.

Examples of Potential Risks

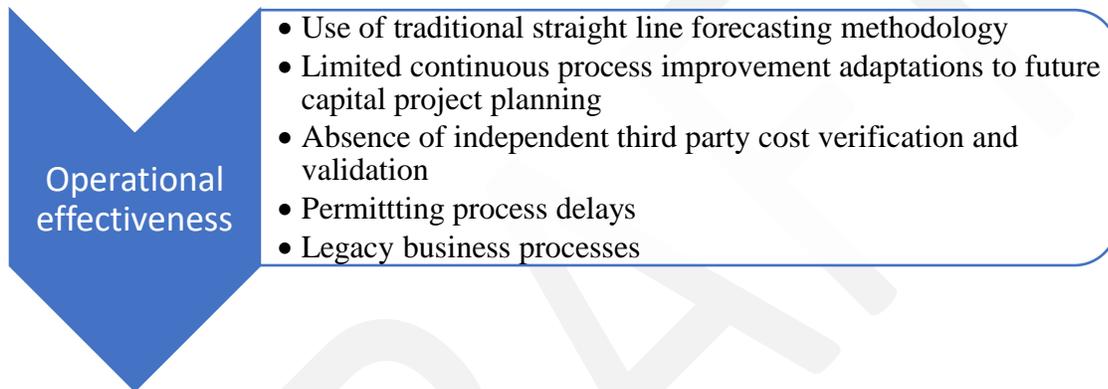


- Absence of a formal business continuity plan
- Absence of response and recovery testing
- Need for assurance over IT security activities

Capital Project Management

The District prepares a capital project budgeting plan to enhance infrastructure and watershed maintenance needs throughout the region. Adhering to key principles of needs definition, cost estimation, timing, and forecasting revenue outlays are essential to ensuring the capital budget is complete, accurate, and meaningful. The District implements a robust set of capital project planning activities that sufficiently describe the current and future project needs of the District, their cost, timing, and relationship to the District's mission and other priorities. The District is continuously hampered by challenges that impact the effectiveness of on-time and on-budget project delivery. While significant challenges are present that are out of the control of the District, such as State permitting process and environmental impact assessments, audits in these areas can identify best practices that could potentially address systemic barriers to project delivery.

Examples of Potential Risks

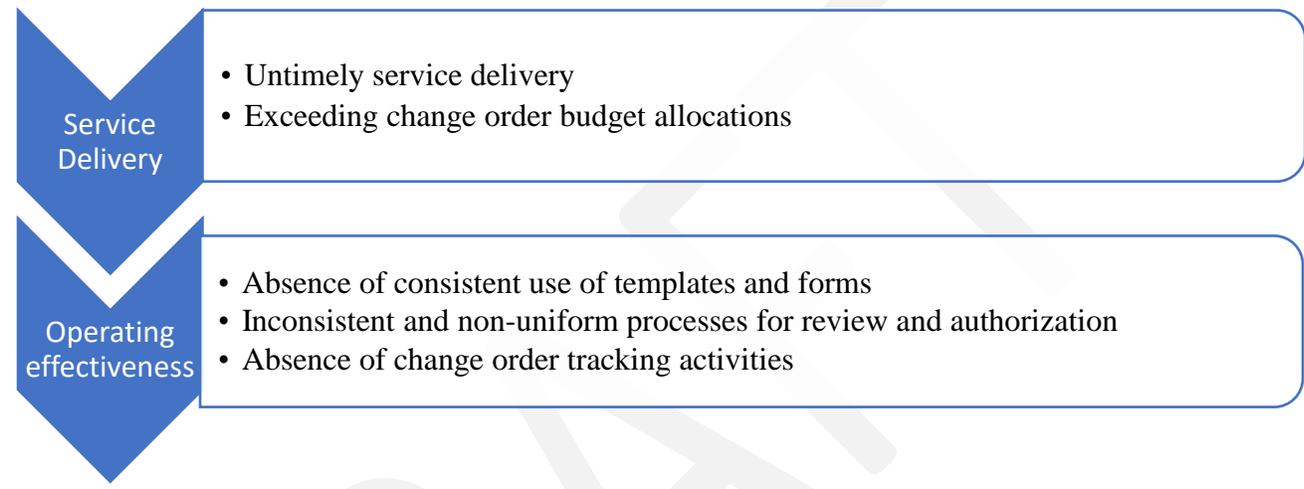


EEO-

Contract Change Order Management

The District's business process for contract change orders varies across the District. Some units coordinate change orders with District Counsel for their review and others primarily coordinate with the Procurement Division. Limited activity of maintaining historical logs of contract changes, limited use of standardized forms and templates, and the inconsistent application of criteria for triggering contract change orders characterize the key issues. Audits in these areas could mitigate high project delivery and financial risks.

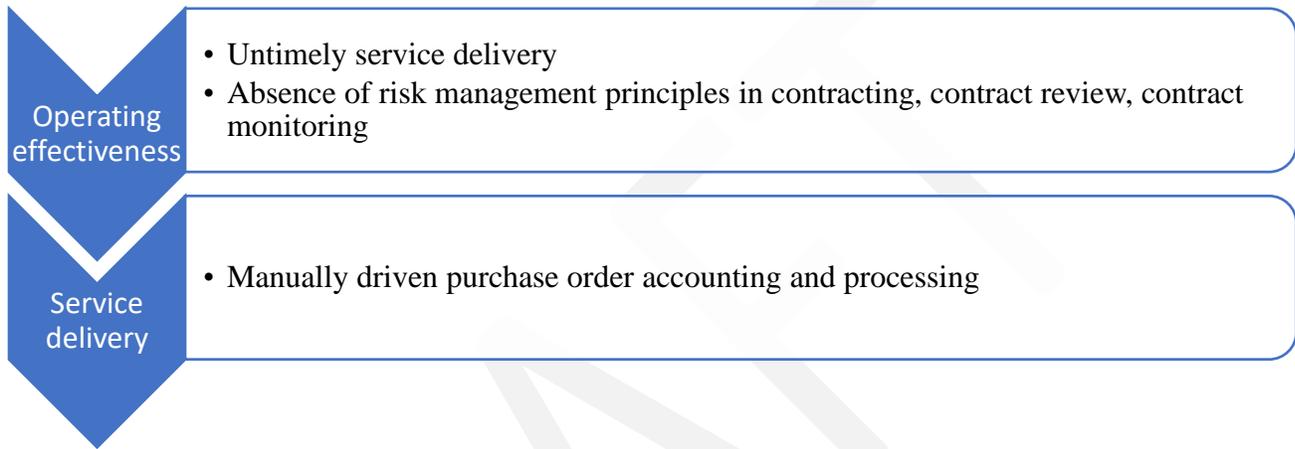
Examples of Potential Risks



Procurement and Contract Management

While the Purchasing Division provides centralized assistance to departments in procuring goods and services, many aspects of the procurement and contract management processes are the responsibility of other District Divisions, such as the legal review of contracts, contract monitoring, and contract close-out activities. The District recently convened an internal working group to enhance and update the District's procurement processes, which is a good first step, but additional audits are needed to support District efforts to improve operations.

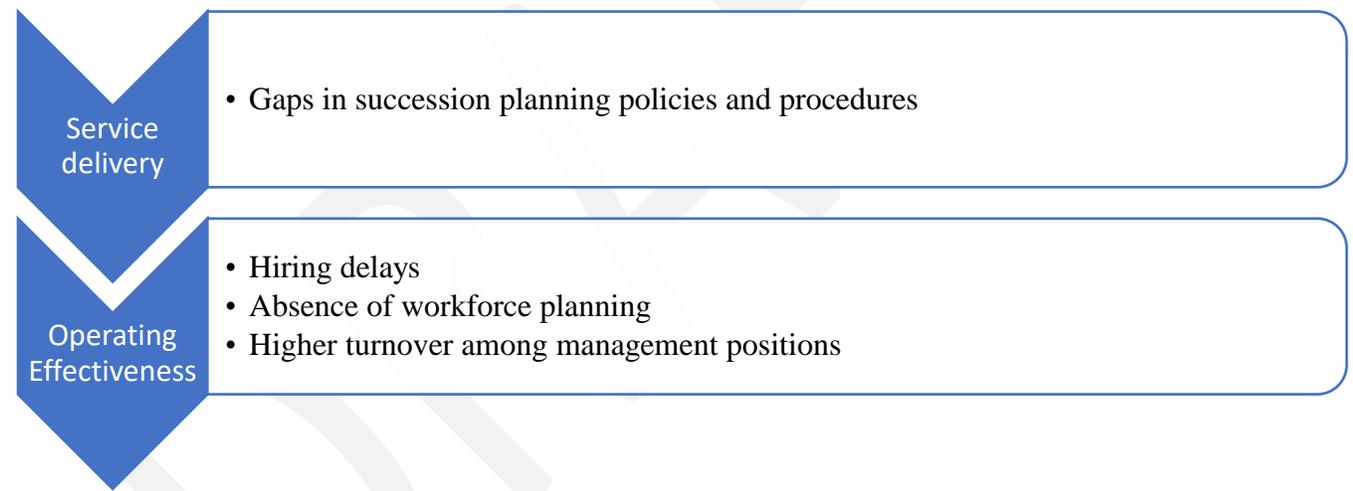
Example of Potential Risks



Succession Planning

Succession planning identifies vacancies that can be expected to occur through retirement or attrition and the strategic consideration of where and how internal candidates might fill those vacancies. Succession planning involves assessing job requirements and skills of existing employees; then seeking to fill the gaps between needs and available skills with targeted training and development activities. Many of the District's entities have relied on the District's Human Resources Division to provide training on how to conduct succession planning, but District efforts in succession planning have varied, with key stakeholders explaining that other major initiatives and changes have become District priorities. Audits are needed to identify gaps in succession planning efforts, assess ownership roles in succession planning, and determine what changes are needed at the District to accomplish effective succession planning efforts. With improved strategies, effective succession planning activities have a positive impact on performance management not only in terms of ensuring that key positions will remain filled with competent performers, but also in terms of saving money on external recruitment and training, which can be significantly more expensive than promoting from within.

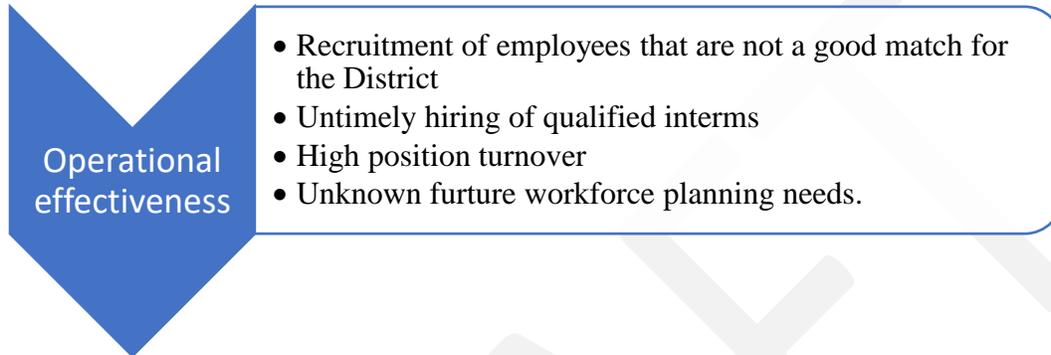
Examples of Potential Risks



Workforce Planning

Workforce planning activities and related hiring practices pose high risk to the District. Divisions may lose younger talent because they are not able to hire interns on a timely basis. Certain executive management positions experience high turnover, and the District does not have information on its future workforce needs. Audits in this area would assess the workforce needs, and the effectiveness of the District's recruitment and applicant screening processes.

Examples of Potential Risks



Other District-Driven Audit Suggestions

District staff and the Clerk of the Board contributed to the development of the Annual Audit Work Plan by providing their own suggestions and input on potential auditable areas. These suggestions were made based on their experience working at the District or on long-standing concerns that employees have had about District operations.

Specific concerns or areas of interest were identified for:

- financial management (payroll processing, manual work processes, capital project forecasting)
- contracting (review process, project management)
- human resources management (classification study, succession planning)
- watershed maintenance (creek clean-up, housing encampments)
- information technology (outdated CAS system, malfunctioning telecommunication equipment)
- performance management (performance measurement)

These concerns were translated to specific audit questions and included on the suggested audit work plan.

Board of Director Audit Suggestions

Input by elected officials into the development of an audit work plan is essential to facilitating their fiduciary and oversight responsibility of the District. Suggestions were made by Board Directors in individual meetings. Specific concerns or areas of interest were identified related to:

- human resources management (hiring of executives, promoting diversity, effectiveness of recruitment)
- succession planning (employee promotions)
- contract change order management (business processes)
- future financial liability (California Water Fix, Pacheco Dam, Andersen Dam)
- diversity and inclusion (effective use of District funding to promote District diversity)
- departmental operations (structural organization, timeliness, use of risk management principles for claims, media engagement, community engagement planning)
- information technology (protection, infrastructure)
- procurement (contract process, local hiring preference, avoidance of conflicts of interest)
- financial management (revenue collection, financial auditor rotation, funding of maintenance needs, pensions)
- real estate estimates (appraisal process, acquisitions)
- job process efficiency (claims processing, permitting processes, document classification)

These concerns were translated to specific audit questions and included on the suggested audit work plan.

DRAFT



**SANTA CLARA VALLEY WATER DISTRICT
BOARD AUDIT COMMITTEE
AUDIT CHARTER**

ARTICLE I - PURPOSE

1. This Charter shall govern the operation of the Santa Clara Valley Water District Board Audit Committee (Committee).
2. Audits constitute an important oversight tool as they provide independent and fact-based information to an agency's elected officials and management. Information derived from audits can be used by those responsible with governance and oversight to use it to improve program performance and operations, confirm regulatory compliance, reduce costs, and facilitate decision making.
3. The Santa Clara Valley Water District's Board of Directors (Board) is responsible for ensuring that the District provides Silicon Valley with safe, clean water for a healthy life, environment, and economy.
4. The Committee was enacted during the September 9, 2004 Board meeting, Agenda Item 3. The Committee was initially established as an ad hoc committee to assist in the preparation for, and performance of, a comprehensive management audit with direction to report back to the Board with recommendations on audit scope and stakeholder participation. The Committee fulfilled this purpose in 2007, was inactive in 2008, and had its purpose redefined at its March 20, 2009 meeting as follows: *The Audit Ad Hoc Committee of the Santa Clara Valley Water District is established to assist the Board of Directors, consistent with direction from the full Board, to develop the Board's pilot Management Audit Plan and Program.*
5. The Committee shall assist the Board, consistent with direction from the full Board, by identifying potential areas for audit and audit priorities, and to review, update, plan and coordinate execution of Board audits.
6. The Committee serves an important role in providing oversight of the District's governance, risk management, ethics program, and internal control practices. This oversight mechanism also serves to provide confidence in the integrity of these practices. It is the Committee's responsibility to provide the Board with independent, objective advice on the adequacy of District management's arrangements with respect to the aspects of the management of the District being evaluated.
7. In carrying out its functions, the Committee shall emphasize: (a) the identification of organizational risk; (b) service delivery; (c) operational efficiency; (d) effectiveness of District programs; (e) project delivery; (f) establishment of an Annual Workplan and an Annual Audit Workplan to guide the Committee's work; and (g) oversight and

monitoring of District operations and compliance with all applicable regulatory requirements.

8. In addition to Board directed audits, the Committee's purpose also includes oversight of audits initiated by District management, review of final audits initiated by third-party governmental or administrative agencies, and the review of any draft District staff responses to any third-party or management initiated audits.
9. The Committee shall serve to reinforce the wholeness of the Board's job and shall never interfere with delegation from the Board to the Board Appointed Officers.
10. In carrying out its oversight and review functions, the Committee shall provide the Board with independent advice and guidance regarding the adequacy and effectiveness of the District's management practices and potential improvements to those practices.

ARTICLE II - COMPOSITION

1. Number of Committee members/Appointment - The Committee shall consist of at least three members of the Board and shall be appointed by the Board in accordance with the Board's Governance Policies. Committee members shall serve one-year terms.
2. Quorum - The quorum for the Committee shall be a majority of the members.
3. Committee Chair - A Committee Chair shall be elected by a majority of the Committee at the first Committee meeting of the calendar year and shall serve for a one-year term. The Committee Chair shall be responsible for approving agendas for Committee meetings, approving the payment of invoices to Auditors, and making all initial efforts to resolve any conflicts that may arise during an audit. To the extent the Chair is unable to resolve conflicts arising during the audit, the matter shall be referred to the Committee for attempted resolution.
4. Committee Vice-Chair - A Committee Vice-Chair shall be elected by a majority of the Committee at the first Committee meeting of the calendar year and shall serve for a one-year term. The Vice-Chair shall assume the duties of the Chair during the Chair's absence.

ARTICLE III – OPERATIONAL PRINCIPLES

1. Committee Values. The Committee shall conduct itself in accordance with the District’s values as set forth in the District’s Governance Policies of the Board of Directors, Governance Process No. GP-7 (Values Statement).
2. Communications – The Committee expects that all communication with management and staff of the District as well as with any external auditors will be direct, open, and complete. The Committee is entitled to receive any explanatory information that it deems necessary to discharge its responsibilities. The Committee will communicate directly with the Board and will not exercise actual authority over District employees.
3. Access to Information - Except where action by the full Board is required (such as for the waiver of a legal privilege), the Committee shall have unrestricted access to records, data, reports, and all other relevant information it consider necessary to discharge its duties. If access to requested documents is denied due to legal or confidentiality reasons, the Committee shall follow any prescribed, Board approved mechanism for resolution of the matter.
4. Authority – This Charter sets out the authority of the Committee to carry out the responsibilities established for it by the Board. In the event of any conflict between this Charter and either the District Act or the Board Governance Policies, the provisions of the District Act and Board Governance Policies shall prevail.
5. Annual Work Plan –
 - 5.1. Under direction of the Clerk of the Board, Work Plans are used by all Board Committees to increase Committee efficiency, provide increased public notice of intended Committee discussions, and enable improved follow-up by District staff. Work Plans are dynamic documents managed by Committee chairs, and are subject to change. Annual Work Plans establish a framework for committee discussion and action during the annual meeting schedule. Committee Work Plans also serve as Annual Committee Accomplishments Reports.
 - 5.2. The Committee shall, in coordination with the District’s Clerk of the Board, develop a proposed Annual Work Plan. Items shall be included in the Annual Work Plan based upon a majority vote of the Committee.

6. Annual Audit Work Plan

6.1. While the Annual Work Plan governs the overall work of the Committee, the Committee shall also develop an “Annual Audit Work Plan” which shall list each of the individual audits to be performed over the course of the year.

6.2. The Committee shall update and seek input from the Board regarding the Committee’s Annual Audit Work Plan. Audits referred to the Committee by the Board shall be included in the Annual Audit Work Plan and any additional audits shall be included based upon a majority vote of the Committee.

6.3. Only audits properly included in an Annual Audit Work Plan approved by the Committee may be undertaken by the Committee. Formal Board approval of the Annual Work Plan is not required. However, formal Board approval of individual audits is required before the Committee proceeds with such audits.

6.4. Risk Assessment – The Committee shall endeavor to complete a District-wide risk assessment, at a minimum, tri-annually and to annually update the District-wide audit risk assessment to include objectively recommended audits ranked based upon the potential level of risk to the District. The results of this District-wide audit risk assessment should be relied upon to develop the Annual Audit Work Plan.

7. District Independent Auditor – Upon approval of the Board following recommendation by the Committee, the District may retain an Independent Auditor to serve as an advisor to the Committee, to recommend audits, and to conduct a broad scope of audits as requested by the Board. The Independent Auditor shall not be an employee of the District. The Independent Auditor must report directly to the Audit Committee and District staff shall not direct or attempt to direct the work of the Independent Auditor. The District’s retention of an Independent Auditor shall not preclude the retention of additional Auditors to perform individual audits.

8. Committee Evaluation of Auditor Performance – The Committee shall evaluate the performance of the Independent Auditor and any other Auditor retained by the Board. The Committee may make a recommendation to the Board to discharge such Independent Auditors or other Auditors where they are not adequately fulfilling their contracted duties.

9. Preparation and Attendance – Committee members are obligated to prepare for and participate in Committee meetings.
10. Conflicts of Interest – It is the responsibility of Committee members to disclose any conflict of interest or appearance of a conflict of interest to the Committee regarding any matters coming before or considered by the Committee.

ARTICLE IV – MEETINGS

1. Meeting Agendas –The Committee Chair will establish agendas for Committee meetings in consultation with Committee members, District Management, and the Clerk of the Board.
2. Meetings – The Committee will conduct its meetings in accordance with the provisions of the Brown Act. The Committee shall meet at least four times per year. Beyond this minimum, there shall be no limit to the number of meetings held over the course of the year.

ARTICLE V – AUDIT PRINCIPLES

1. Audit Purposes – Audits can serve several purposes including, but not limited to:
 - a. Verifying that programs, services, and operations are working based upon the Committee’s understanding;
 - b. Assuring efficiency and effectiveness;
 - c. Identifying the root cause of any problems experienced by the District;
 - d. Assessing future risks facing the District;
 - e. Assessing the progress of prior audit recommendations;
 - f. Identifying any impact that changes in District operations have had on financial performance and service delivery;
 - g. Identifying leading practices;
 - h. Assessing regulatory compliance;
 - i. Developing policy options; and
 - j. Assessing the accuracy of financial information reported by the District.
2. Audit Types – The types of audits that may be conducted on behalf of the District include, but are not limited to, the following:
 - a. Financial audits – The District hires an outside independent audit firm to perform the District’s financial statement audit;

- b. Internal audits – Internal audits review the environment, information, and activities that are designed to provide proper accountability over District operations;
 - c. Compliance audits – Compliance audits review adherence to District policies and procedures, state regulatory requirements, or federal regulatory requirements;
 - d. Performance audits – Performance audits review the economy, efficiency, and effectiveness of the District’s programs, services and operations. Performance audits can evaluate current impact or assess operations prospectively;
 - e. Desk reviews – Small and quick audits of limited size or duration;
 - f. Follow up audits – Audits evaluating to what extent prior audit recommendations have been implemented. Follow up audits may also assess other actions taken to respond to or prevent the occurrence of problems;
 - g. Best practice reviews – Audits which compare current District operations to best practices.
3. Audit Objectives – Audit objectives must be developed for every audit conducted on behalf of the District and approved by the Committee. These audit objectives are questions posed by management, Committee members, or Board members about the specific nature of the issue or concern that is the subject of the audit. Suggested Audit Objectives shall be referenced in the Annual Work Plan for every audit listed therein. The audit objectives may be subject to revision as necessary during the planning phase of the audit.
4. Audit Standards – Audits conducted by or on behalf of the Committee shall conform with the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing (Standards) (RED Book) and the Generally Accepted Government Auditing Standards established by the U.S. Government Accountability Standards (YELLOW Book)
5. Protection of Confidential or Privileged Information – The Committee shall take all necessary steps to prevent the unnecessary disclosure of privileged or confidential information arising in the audit process or in the final reports on the audits.

ARTICLE VI – COMMITTEE OVERSIGHT OF BOARD INITIATED AUDITS

- 1. Committee recommendation of Auditors – The Committee shall make recommendations to the full Board for the selection of all Auditors to perform

Board initiated audits. Following such recommendation, the Board shall make the final decision regarding the selection of such auditors.

2. Board Auditors and District Staff – District staff may assist the Committee in its work and may provide information to, assist, or work with Auditors retained by the Board, as necessary. District staff shall not, however, attempt to direct any Auditors retained by the Board. Auditors retained by the Board shall have a duty to the Board and shall not take direction from District staff.
3. Communications with Auditors – Individual Committee members shall have the right to speak with Auditors directly regarding the Auditor’s assignments. However, direction to Auditors shall come from the Committee as a whole.
4. Completion of Work Plan – The Committee shall ensure that audits on the Annual Audit Work Plan that are approved by the Board are initiated and completed in an accurate and timely manner.
5. Review of Audit Results/Notice to Board – The Committee shall review the observations and conclusions of all Board audits. Upon finalization of the audits and any related reports, the Committee shall periodically provide the Board with timely updates of the results and make any recommendations to the Board regarding improvement of program performance and operations, cost reductions, and best practices.
6. Draft Audit Reports - The Committee may request the opportunity to review and comment on any draft audit reports before such reports are finalized by the Auditor.
7. District Management Response to Audits - District Management must review and respond to any particular audit before they are final. The Committee may request the opportunity to review any draft responses District staff intends to submit. . The Committee may ask questions about or make comments on any such draft responses. However, the Committee shall not attempt to direct District staff in its response to any audit. Where such review is requested, District staff shall provide at least fifteen working days for such review unless the Auditor requires the Management response in a shorter amount of time.
8. Board Monitoring of Committee Performance – The Committee shall provide the Board with timely and periodic reports regarding its activities, its progress on individual audits, its progress on the Annual Work Plan, its progress on the

Annual Audit Work Plan, the results of completed audits, and the Committee's recommendations based upon the audit results. The Committee may also identify any recognizable trends in the audit results as part of its periodic reports. The Committee shall provide such reports to the Board at least four times per calendar year.

ARTICLE VII – THIRD-PARTY AND MANAGEMENT INITIATED AUDITS

1. Third-Party Audits – Third-Party Audits are audits initiated by a separate governmental agency (entities other than the District).
2. Management Initiated Audits – Management Initiated Audits are audits requested by District management as opposed to the Committee or the Board. Nothing in this Charter shall restrict the ability or discretion of District management to undertake any audits it deems required or recommended.
3. Notice to Committee of Third-Party Audits – The Committee shall be promptly notified of the results of any Third-Party audits of the District. Where the District has been given an opportunity to submit a response before the third-party audit is finalized, the Committee shall be notified of the third-party audit in sufficient time to hear a report on the audit and review and comment upon any draft District response. Where the deadline to respond to the Third-Party Audit is prior to the next regularly scheduled Committee meeting, District staff shall advise the Committee Chair of the Third-Party Audit. The Committee shall be provided with copies of any final reports on Third-Party Audits.
4. Notice to Committee of Management Initiated Audits – District management shall notify the Committee of any planned Management Initiated Audits. Where the Management Initiated Audit allows for a response by District staff before it is finalized, the Committee shall be provided the opportunity to review and comment on any draft District response. Where the deadline to respond to the Management Initiated Audit is prior to the next regularly scheduled Committee meeting, District staff shall advise the Committee Chair of the Third-Party Audit. The Committee shall be provided with copies of any final reports on Third-Party Audits.
5. Audit Results – The Committee may request a report by District Staff on any response to Management Initiated or Third-Party Audits and any plans by District staff to implement changes as a result of the audits.

6. Board Report of Audit Results – In its periodic reports to the full Board, the Committee may include information regarding Third-Party Audits or Management Initiated Audits.

ARTICLE VIII – PERFORMANCE MANAGEMENT

1. The Committee shall periodically review the Internal Audit Charter and shall make any recommendations regarding changes to the Board for final approval.
2. The Board may make any changes to the Internal Audit Charter it deems to be appropriate.
3. Education – The Annual Work Plan shall include some component of Committee training on audit principles, practices, or standards. At least annually, the Independent Auditor shall provide Committee training and other knowledge transfer on some component of audit principles, practices, and standards
4. At least annually, the Committee shall conduct an evaluation of its performance to determine whether it is functioning effectively and to discuss with the Independent Auditor any observations related to the effectiveness of the Committee.

Task Order No. 016

Title: Performance Audit of Structural, Organizational, and Business Processes of the District Counsel's Office

Agreement: Standard On-Call Consultant Agreement 04071A ("Agreement") Between the Santa Clara Valley Water District ("District") and TAP International, Inc. ("Consultant"), dated May 23, 2017.

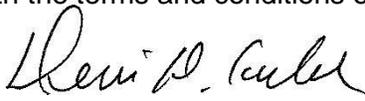
District Supervising Program Administrator: Felicia Hernandez

Consultant Project Manager: Denise Callahan, President

Dollar Amount of Task Order: Fixed Fee \$122,620

1. Upon full execution of this Task Order No. 016, as set forth in the Standard On-Call Consultant Agreement Section Twelve, subsection 13., Task Orders, and the issuance of a notice to proceed by the District Project Manager, the Consultant is hereby authorized to perform the Services described in Attachment A to this Task Order. Any costs incurred, Services performed or expenditures by the Consultant before this Task Order is executed or before the issuance of the notice to proceed will be considered outside the contracted scope of Services and will not be eligible for payment.
2. Both the scope of Services to be performed and the deliverables to be provided in accordance with this Task Order are described in Attachment A, which is attached hereto and incorporated by this reference. Attachment A shall include at a minimum the following:
 - A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
 - B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
 - C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
 - D. Project schedule for completing the scope of Services.
3. The Consultant shall be compensated at fixed fees or at the hourly rates established in the Agreement, Attachment A to the Scope of Services, Fees, and Payments. The Consultant agrees that it will provide all equipment, furnish all materials, except as may be otherwise noted in the Attachment A.
4. This Task Order will become effective on the date of full execution by authorized representatives of the Parties and remain in effect until the earlier of: termination of this Agreement; completion of the tasks set forth in Attachment A.
5. Copies of applicable local, state, and federal permits required to perform the Services described in Attachment A are attached to this Task Order, unless the Consultant previously provided the appropriate permits to the District.

6. The Consultant shall perform all Services described in Attachment A to this Task Order in accordance with the terms and conditions of the Agreement.

7. Signatures: 

TAP INTERNATIONAL INC. 12/17/18
Denise Callahan DATE
President, Lead Auditor

Signature: _____
SANTA CLARA VALLEY WATER DISTRICT DATE
Felicia Hernandez

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Task Order No. 016

Attachment A – TAP International, Inc.

Performance Audit 1: District Counsel’s Office

- A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
- B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
- C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
- D. Project schedule for completing the Scope of Services.

Activity	Assigned Consultant	Hours*	Rate	Sub Total	Project Schedule Completion Date
Opening Conference, Data Request, and Initial Data	Lead Auditor Callahan	8	\$190	\$1,520	5 working days after TO approval
Review (Required Audit Tasks)	Team Auditors: Matayoshi Kousser	8 8	\$175 \$175	\$1,400 \$1,400	
Planning Activities: Performance Audit Guidelines (Required Audit Tasks)	Lead Auditor Callahan	40	\$190	\$7,600	20 working days after TO approval
Data Collection and Analysis The phase will focus on answering the following question: Are their structural, organizational, and process improvement opportunities?	Lead Auditor Callahan Team Auditors: Matayoshi	100 100	\$190 \$175	\$19,000 \$17,500	50 to 75 working days after TO approval
Scope of Work:	Kousser	160	\$175	\$28,000	
Business Process Review: District Counsel Office’s claims, risk management, and contract review.					
Structural and Organizational: Staff roles and responsibilities for all positions & evaluation of functional tasks implemented.					
Methods of Data Collection:					

Interviews, Documentation Review, File Review.

Methods of Data Analysis:

Quantitative Analysis, Performance Measurement, Qualitative Analysis,

Reporting Phase:	Lead Auditor:				90 to 110 working days after TO approval
Results Meeting (District Counsel)	Callahan	80	\$190	\$15,200	
Draft report	Team Auditors:				
Agency comment (District Counsel)	Matayoshi	80	\$175	\$14,000	
Final Report issuance	Kousser	80	\$175	\$14,000	

Travel expense (10 trips) mileage (*depending on meeting coordination, overnight lodging may take place, but expenses will stay within budget)	Mileage/tolls	1	.58	\$3,000	
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Total Fixed Fee Amount **\$122,620**

*Hours may be re-allocated across the tasks.

Task Order No. 018

Title: Performance Audit of Contract Change Order Management

Agreement: Standard On-Call Consultant Agreement 04071A (“Agreement”) Between the Santa Clara Valley Water District (“District”) and TAP International, Inc. (“Consultant”), dated May 23, 2017.

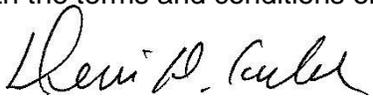
District Supervising Program Administrator: Felicia Hernandez

Consultant Project Manager: Denise Callahan, President

Dollar Amount of Task Order: Fixed Fee \$78,270

1. Upon full execution of this Task Order No. 018, as set forth in the Standard On-Call Consultant Agreement Section Twelve, subsection 13., Task Orders, and the issuance of a notice to proceed by the District Project Manager, the Consultant is hereby authorized to perform the Services described in Attachment A to this Task Order. Any costs incurred, Services performed or expenditures by the Consultant before this Task Order is executed or before the issuance of the notice to proceed will be considered outside the contracted scope of Services and will not be eligible for payment.
2. Both the scope of Services to be performed and the deliverables to be provided in accordance with this Task Order are described in Attachment A, which is attached hereto and incorporated by this reference. Attachment A shall include at a minimum the following:
 - A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
 - B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
 - C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
 - D. Project schedule for completing the scope of Services.
3. The Consultant shall be compensated at fixed fees or at the hourly rates established in the Agreement, Attachment A to the Scope of Services, Fees, and Payments. The Consultant agrees that it will provide all equipment, furnish all materials, except as may be otherwise noted in the Attachment A.
4. This Task Order will become effective on the date of full execution by authorized representatives of the Parties and remain in effect until the earlier of: termination of this Agreement; completion of the tasks set forth in Attachment A.
5. Copies of applicable local, state, and federal permits required to perform the Services described in Attachment A are attached to this Task Order, unless the Consultant previously provided the appropriate permits to the District.

6. The Consultant shall perform all Services described in Attachment A to this Task Order in accordance with the terms and conditions of the Agreement.

7. Signatures: 

TAP INTERNATIONAL INC. 12/17/18
Denise Callahan DATE
President, Lead Auditor

Signature: _____
SANTA CLARA VALLEY WATER DISTRICT DATE
Felicia Hernandez

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Task Order No. 018

Attachment A – TAP International, Inc.

Performance Audit 3: Contract Change Order Management

- A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
- B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
- C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
- D. Project schedule for completing the Scope of Services.

Activity	Assigned Consultant	Hours*	Rate	Sub Total	Project Schedule Completion Date
Opening Conference, Data Request, and Initial Data Review (Required Audit Tasks)	Lead Auditor Callahan	8	\$190	\$1,520	5 working days after TO approval
	Team Auditors: Matayoshi	8	\$175	\$1,400	
	Kousser	8	\$175	\$1,400	
Planning Activities: Performance Audit Guidelines (Required Audit Tasks)	Lead Auditor Callahan	30	\$190	\$5,700	15 working days after TO approval
Data Collection and Analysis: The phase will address the following question: What type of business process improvements are needed to enhance contract change order management?	Lead Auditor Callahan	55	\$190	\$10,450	60 working days after TO approval
	Team Auditors: Matayoshi	100	\$175	\$17,500	
Scope of Work: <ul style="list-style-type: none"> • Procurement Division • Watershed Design & Construction • Water Utility Capital • Permitting process • Capital project estimating process • RFP preparation process 					

Methods of Data Analysis:

Documentation review

Interviews

Business Process Evaluation

Performance Measurement

Reporting Phase:	Lead Auditor:				
Results Meeting (Participating District Offices and Divisions)	Callahan	80	\$190	\$15,200	90 to 100 working days after TO approval
Draft report	Team Auditors:				
Agency comment	Matayoshi	70	\$175	\$12,250	
Final Report issuance	Kousser	70	\$175	\$12,250	

Travel expenses:	Mileage/tolls		.58	\$2,000	
Mileage (*depending on meeting coordination, overnight lodging may take place, but expenses will stay within budget)					

\$78,270

*** Total Fixed Fee Amount**

**Hours may be re-allocated
across the tasks.**

Task Order No. 019

Title: Performance Audit of Real Estate Division

Agreement: Standard On-Call Consultant Agreement 04071A (“Agreement”) Between the Santa Clara Valley Water District (“District”) and TAP International, Inc. (“Consultant”), dated May 23, 2017.

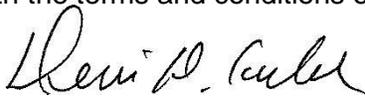
District Supervising Program Administrator: Felicia Hernandez

Consultant Project Manager: Denise Callahan, President

Dollar Amount of Task Order: Fixed Fee \$107,570

1. Upon full execution of this Task Order No. 019, as set forth in the Standard On-Call Consultant Agreement Section Twelve, subsection 13., Task Orders, and the issuance of a notice to proceed by the District Project Manager, the Consultant is hereby authorized to perform the Services described in Attachment A to this Task Order. Any costs incurred, Services performed or expenditures by the Consultant before this Task Order is executed or before the issuance of the notice to proceed will be considered outside the contracted scope of Services and will not be eligible for payment.
2. Both the scope of Services to be performed and the deliverables to be provided in accordance with this Task Order are described in Attachment A, which is attached hereto and incorporated by this reference. Attachment A shall include at a minimum the following:
 - A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
 - B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
 - C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
 - D. Project schedule for completing the scope of Services.
3. The Consultant shall be compensated at fixed fees or at the hourly rates established in the Agreement, Attachment A to the Scope of Services, Fees, and Payments. The Consultant agrees that it will provide all equipment, furnish all materials, except as may be otherwise noted in the Attachment A.
4. This Task Order will become effective on the date of full execution by authorized representatives of the Parties and remain in effect until the earlier of: termination of this Agreement; completion of the tasks set forth in Attachment A.
5. Copies of applicable local, state, and federal permits required to perform the Services described in Attachment A are attached to this Task Order, unless the Consultant previously provided the appropriate permits to the District.

6. The Consultant shall perform all Services described in Attachment A to this Task Order in accordance with the terms and conditions of the Agreement.

7. Signatures: 

TAP INTERNATIONAL INC. 12/17/18
Denise Callahan DATE
President, Lead Auditor

Signature: _____
SANTA CLARA VALLEY WATER DISTRICT DATE
Felicia Hernandez

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Task Order No. 019

Attachment A – TAP International, Inc.

Performance Audit 4: Real Estate Division

- A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
- B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
- C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
- D. Project schedule for completing the Scope of Services.

Activity	Assigned Consultant	Hours*	Rate	Sub Total	Project Schedule Completion Date
Opening Conference, Data Request, and Initial Data Review (Required Audit Tasks)	Lead Auditor Callahan	8	\$190	\$1,520	5 working days after TO approval
	Team Auditors:				
	Matayoshi	8	\$175	\$1,400	
	Kousser	8	\$175	\$1,400	
Planning Activities: Performance Audit Guidelines (Required Audit Tasks)	Lead Auditor Callahan	40	\$190	\$7,600	15 working days after TO approval
Data Collection and Analysis: The phase will address the following question: How can the Real Estate Division improve its financial and service delivery performance?	Lead Auditor Callahan	110	\$190	\$20,900	60 working days after TO approval
	Team Auditors: Hoffman	200	\$175	\$35,000	
Scope of Work:	<ul style="list-style-type: none"> • Real Estate Division • District Counsel’s Office • Property appraisal, property acquisition, property sales, operations reporting 				
Methods of Data Analysis:	Documentation review				

Interviews					
Business process evaluation					
Performance measurement					
Trend analysis					
Reporting Phase:	Lead Auditor:				
Results Meeting (Participating District Offices and Divisions)	Callahan	150	\$190	\$28,500	90 to 100 working days after TO approval
Draft Report	Team Auditors:				
Agency Comment	Kousser	50	\$175	\$8,750	
Final Report Issuance					
Travel Expenses:	Mileage/tolls		.58	\$2,500	
Mileage (*depending on meeting coordination, overnight lodging may take place, but expenses will stay within budget)					

Total Fixed Fee Amount **\$107,570**

*Hours may be re-allocated across the tasks.

BOARD INDEPENDENT AUDITOR - INVOICE TRACKING SHEET AND TASK ORDERS

TASK ORDER #	DESCRIPTION	TASK ORDER BUDGET	TASK ORDER PAYMENTS	TASK ORDER REMAINING TO BE PAID	Task Complete	Previous Invoices	Invoice 575 10/31/18	Invoice 576 10/31/18	Invoice 577 10/31/18	Invoice 580 11/30/18	Invoice 581 11/30/18
1	06/01/17 Board Audit Committee Meeting	\$4,385.00	\$4,369.90	\$15.10	X	\$4,369.90					
2	Develop Draft Risk Assessment Model	\$25,460.00	\$25,460.00	\$0.00	X	\$25,460.00					
3	9/12/17 Board Meeting Presentation	\$3,190.00	\$3,190.00	\$0.00	X	\$3,190.00					
4a	Risk Assessment - Implementation	\$79,625.00	\$79,607.50	\$17.50	X	\$79,607.50					
4b	Risk Assessment - Analysis	\$11,400.00	\$11,400.00	\$0.00	X	\$11,400.00					
4c	Risk Assessment - Expenses	\$4,000.00	\$2,838.14	\$1,161.86	X	\$2,838.14					
5	11/30/17 Board Audit Committee Meeting	\$4,590.00	\$3,736.95	\$853.05	X	\$3,736.95					
6	01/23/18 Board Meeting Presentation	\$4,485.00	\$4,485.00	\$0.00	X	\$4,485.00					
7	02/06/18 Board Audit Committee Meeting	\$6,695.00	\$6,668.61	\$26.39	X	\$6,668.61					
8a	Expanded Risk Assessment - Implementation	\$17,500.00	\$17,500.00	\$0.00	X	\$17,500.00					
8b	Expanded Risk Assessment - Analysis	\$3,800.00	\$3,800.00	\$0.00	X	\$3,800.00					
8c	Expanded Risk Assessment - Report	\$19,000.00	\$19,000.00	\$0.00	X	\$19,000.00					
8d	Expanded Risk Assessment - Expenses	\$1,000.00	\$0.00	\$1,000.00	X						
9	5/3 8/15 Board Audit Committee Meeting	\$7,150.00	\$7,149.97	\$0.03	X	\$7,149.97					
10a	Annual Audit Work Plan - Interviews	\$4,650.00	\$3,515.00	\$1,135.00		\$3,515.00					
10b	Annual Audit Work Plan - Development	\$3,040.00	\$3,040.00	\$0.00		\$1,520.00					\$1,520.00
10c	Annual Audit Work Plan - Expenses	\$1,000.00	\$456.45	\$543.55		\$456.45					
11	9/26/18 Board Audit Committee Meeting	\$4,055.00	\$4,052.15	\$2.85	X	\$4,052.15					
12	Nov 12/3 Board Audit Committee Meeting	\$3,193.00	\$0.00	\$3,193.00							
13a	Board Performance - Research	\$1,900.00	\$1,140.00	\$760.00	X			\$1,140.00			
13b	Board Performance - Meeting	\$1,673.00	\$649.25	\$1,023.75	X			\$649.25			
14	Audit Charter Development Meeting	\$2,433.00	\$1,219.67	\$1,213.33	X			\$1,219.67			
15	Full Board Meeting Attendance x10	\$6,071.50	\$1,160.39	\$4,911.11			\$627.15			\$533.24	
TOTAL		\$220,295.50	\$204,438.98	\$15,856.52			\$627.15	\$1,789.25	\$1,219.67	\$533.24	\$1,520.00
AGREEMENT NOT-TO-EXCEED AMOUNT:		\$405,000.00									
EXCESS BALANCE ON COMPLETED TASK ORDERS:		\$6,073.86									
OVERALL REMAINING BALANCE:		\$190,778.36									

AGREEMENT NUMBER = A4071A
 CONTRACT EXPIRES = May 8, 2020

Task Order No. 001

Title: Board Audit Committee Attendance

Agreement: Standard On-Call Consultant Agreement 04071A ("Agreement") Between the Santa Clara Valley Water District ("District") and TAP International, Inc. ("Consultant"), dated May 23, 2017.

District Project Manager: Mike Heller, Office of CEO & Board Support

Consultant Project Manager: Denise Callahan, President, Lead Auditor

Dollar Amount of Task Order: Fixed Fee \$4,385

1. Upon full execution of this Task Order No. 1, as set forth in the Standard On-Call Consultant Agreement Section Twelve, subsection 13., Task Orders, and the issuance of a notice to proceed by the District Project Manager, the Consultant is hereby authorized to perform the Services described in Attachment A to this Task Order. Any costs incurred, Services performed or expenditures by the Consultant before this Task Order is executed or before the issuance of the notice to proceed will be considered outside the contracted scope of Services and will not be eligible for payment.
2. Both the scope of Services to be performed and the deliverables to be provided in accordance with this Task Order are described in Attachment A which is attached hereto and incorporated by this reference. Attachment A shall include at a minimum the following:
 - A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
 - B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
 - C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
 - D. Project schedule for completing the scope of Services.
3. The Consultant shall be compensated at fixed fees or at the hourly rates established in the Agreement, Attachment One to the Scope of Services, Fees, and Payments. The Consultant agrees that it will provide all equipment, furnish all materials, except as may be otherwise noted in the Attachment A.
4. This Task Order will become effective on the date of full execution by authorized representatives of the Parties and remain in effect until the earlier of: termination of this Agreement; completion of the tasks set forth in Attachment A.
5. Copies of applicable local, state and federal permits required to perform the Services described in Attachment A are attached to this Task Order, unless the Consultant previously provided the appropriate permits to the District.

6. The Consultant shall perform all Services described in Attachment A to this Task Order in accordance with the terms and conditions of the Agreement.

7. Signatures:

5/30/2017

Signature:

TAP INTERNATIONAL INC.
Denise Callahan
President, Lead Auditor

DATE

Signature:



SANTA CLARA VALLEY WATER DISTRICT
Mike Heller
Management Analyst II
Office of CEO & Board Support

5/30/17

DATE

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ATTACHMENT A

Task Order No. 1

Title: Board Audit Committee Attendance

Agreement: Standard On-Call Consultant Agreement 04071A ("Agreement") Between the Santa Clara Valley Water District ("District") and TAP International, Inc. ("Consultant"), dated May 23, 2017.

1. Representatives.

- A. The District Project Manager (DPM) for this task is listed below. Unless otherwise provided, all correspondences to the District shall be addressed to the District Project Manager:

Mike Heller
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3638
Phone: 408-630-2656
E-mail: mheller@valleywater.org

- B. The Consultant's Contact and Principal Officer for this Agreement is as listed below. All District questions pertaining to this Task Order shall be referred to the Consultant's Project Manager. All correspondence to Consultant shall be addressed to the address below:

Denise Callahan, President, Lead Auditor
3436 American River Drive, Suite 9A
Sacramento, CA 95864
Phone: C: (916) 549-0831
O: (916) 333-3401
E-mail: Denise@TAPinternational.org

2. Project Objective

Attend Board Audit Committee Meeting and kick off risk assessment.

3. Tasks

Task 1—Board Audit Committee Meeting Attendance

The purpose of this task is for Consultant to 1) attend the Board Audit Committee meeting on June 1, 2017, and 2) prepare, as needed, the meeting agenda and notes, minutes, and presentation materials and submit them for review by the District.

4. Cost Breakdown

Task	Description	Classification	Estimated Hours	Rate	Fixed Fees	Scheduled Completion Date
1	Development of Meeting Materials and Meeting Preparation	Lead Auditor – Denise Callahan	7	\$190	\$1,330	May 31, 2017
		Team Auditor – Greg Matayoshi	2	\$175	\$350	May 31, 2017
2	June 1 Meeting (travel time, meeting)	Lead Auditor – Denise Callahan	7	\$190	\$1,330	June 1, 2017
		Team Auditor – Greg Matayoshi	7	\$175	\$1,225	June 1, 2017
3	Direct Expenses	Mileage	270 miles plus toll	.535	\$150	June 1, 2017
TOTAL					\$4,385	

Task Order No. 002

Title: Development of Risk Assessment Model

Agreement: Standard On-Call Consultant Agreement 04071A ("Agreement") Between the Santa Clara Valley Water District ("District") and TAP International, Inc. ("Consultant"), dated May 23, 2017.

District Project Manager: Mike Heller, Office of CEO & Board Support

Consultant Project Manager: Denise Callahan, President, Lead Auditor

Dollar Amount of Task Order: Fixed Fee \$21,280 to \$25,460

1. Upon full execution of this Task Order No. 002, as set forth in the Standard On-Call Consultant Agreement Section Twelve, subsection 13., Task Orders, and the issuance of a notice to proceed by the District Project Manager, the Consultant is hereby authorized to perform the Services described in Attachment A to this Task Order. Any costs incurred, Services performed or expenditures by the Consultant before this Task Order is executed or before the issuance of the notice to proceed will be considered outside the contracted scope of Services and will not be eligible for payment.
2. Both the scope of Services to be performed and the deliverables to be provided in accordance with this Task Order are described in Attachment A, which is attached hereto and incorporated by this reference. Attachment A shall include at a minimum the following:
 - A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
 - B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
 - C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
 - D. Project schedule for completing the scope of Services.
3. The Consultant shall be compensated at fixed fees or at the hourly rates established in the Agreement, Attachment One to the Scope of Services, Fees, and Payments. The Consultant agrees that it will provide all equipment, furnish all materials, except as may be otherwise noted in the Attachment A.
4. This Task Order will become effective on the date of full execution by authorized representatives of the Parties and remain in effect until the earlier of: termination of this Agreement; completion of the tasks set forth in Attachment A.
5. Copies of applicable local, state, and federal permits required to perform the Services described in Attachment A are attached to this Task Order, unless the Consultant previously provided the appropriate permits to the District.

6. The Consultant shall perform all Services described in Attachment A to this Task Order in accordance with the terms and conditions of the Agreement.

7. Signatures:

Signature:  6/21/2017

TAP INTERNATIONAL INC. DATE
Denise Callahan
President, Lead Auditor

Signature:  6/21/17

SANTA CLARA VALLEY WATER DISTRICT DATE
Karna DuQuite
Supervising Program Administrator
Continual Improvement Unit

Signature:  6/27/17

SANTA CLARA VALLEY WATER DISTRICT DATE
Mike Heller
Management Analyst II
Continual Improvement Unit

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ATTACHMENT A

Task Order No. 002

Title: Development of Risk Assessment Model

Agreement: Standard On-Call Consultant Agreement 04071A ("Agreement") Between the Santa Clara Valley Water District ("District") and TAP International, Inc. ("Consultant"), dated May 23, 2017.

1. Representatives.

- A. The District Project Manager (DPM) for this task is listed below. Unless otherwise provided, all correspondences to the District shall be addressed to the District Project Manager:

Mike Heller
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3638
Phone: 408-630-2656
E-mail: mheller@valleywater.org

- B. The Consultant's Contact and Principal Officer for this Agreement is as listed below. All District questions pertaining to this Task Order shall be referred to the Consultant's Project Manager. All correspondence to Consultant shall be addressed to the address below:

Denise Callahan, President, Lead Auditor
3436 American River Drive, Suite 9A
Sacramento, CA 95864
Phone: C: (916) 549-0831
O: (916) 333-3401
E-mail: Denise@TAPinternational.org

2. Project Objective

Develop draft Risk Assessment Model and update model per Board input.

3. Tasks

Task 1— Development of Risk Assessment Model

- Identify proposed risk areas for full Board discussion
- Develop proposed criteria for each risk area for full Board discussion
- Develop Draft Risk Assessment Model that includes list of risk areas and criteria for assessment for full Board input and direction

Deliverables:

- Prepare and transmit Draft Risk Assessment Model to District Project Manager
- Develop and transmit presentation materials for Board meeting to Project Manager to meet the District's Board Agenda posting schedule

Task 2— Update Risk Assessment Model Per Board Input

- Receive and incorporate full Board input into Risk Assessment Model

Deliverable: Transmit Final Draft Risk Assessment Model to District Project Manager

4. Cost Breakdown

Task	Deliverables	Classification	Estimated Hours	Rate	Fixed Fees	Scheduled Completion Date
1	<ul style="list-style-type: none"> • Prepare and transmit Draft Risk Assessment Model to District Project Manager • Develop and transmit presentation materials for Board meeting to Project Manager to meet the District's Board Agenda posting schedule 	Lead Auditor – Denise Callahan	110	\$190	\$20,900	07/14/17
2	Transmit Final Draft Risk Assessment Model to District Project Manager	Lead Auditor – Denise Callahan	2-24* *Estimated hours to incorporate full Board input are 2-24 hours, dependent on the level of Board input	\$190	\$380 To \$4,560	09/19/17
TOTAL					\$21,280 To \$25,460	

Task Order No. 003

Title: Board Meeting Attendance

Agreement: Standard On-Call Consultant Agreement 04071A ("Agreement") Between the Santa Clara Valley Water District ("District") and TAP International, Inc. ("Consultant"), dated May 23, 2017.

District Project Manager: Mike Heller, Office of CEO & Board Support

Consultant Project Manager: Denise Callahan, President, Lead Auditor

Dollar Amount of Task Order: Fixed Fee \$3,190

1. Upon full execution of this Task Order No. 003, as set forth in the Standard On-Call Consultant Agreement Section Twelve, subsection 13., Task Orders, and the issuance of a notice to proceed by the District Project Manager, the Consultant is hereby authorized to perform the Services described in Attachment A to this Task Order. Any costs incurred, Services performed or expenditures by the Consultant before this Task Order is executed or before the issuance of the notice to proceed will be considered outside the contracted scope of Services and will not be eligible for payment.
2. Both the scope of Services to be performed and the deliverables to be provided in accordance with this Task Order are described in Attachment A, which is attached hereto and incorporated by this reference. Attachment A shall include at a minimum the following:
 - A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
 - B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
 - C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
 - D. Project schedule for completing the scope of Services.
3. The Consultant shall be compensated at fixed fees or at the hourly rates established in the Agreement, Attachment One to the Scope of Services, Fees, and Payments. The Consultant agrees that it will provide all equipment, furnish all materials, except as may be otherwise noted in the Attachment A.
4. This Task Order will become effective on the date of full execution by authorized representatives of the Parties and remain in effect until the earlier of: termination of this Agreement; completion of the tasks set forth in Attachment A.
5. Copies of applicable local, state, and federal permits required to perform the Services described in Attachment A are attached to this Task Order, unless the Consultant previously provided the appropriate permits to the District.

6. The Consultant shall perform all Services described in Attachment A to this Task Order in accordance with the terms and conditions of the Agreement.

7. Signatures:

Signature:  6/21/2017

TAP INTERNATIONAL INC. DATE
Denise Callahan
President, Lead Auditor

Signature:  6/27/17

SANTA CLARA VALLEY WATER DISTRICT DATE
Karna DuQuite
Supervising Program Administrator
Continual Improvement Unit

Signature:  6/27/17

SANTA CLARA VALLEY WATER DISTRICT DATE
Mike Heller
Management Analyst II
Continual Improvement Unit

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ATTACHMENT A

Task Order No. 003

Title: Attend Board Meeting and Present Draft Risk Assessment Model

Agreement: Standard On-Call Consultant Agreement 04071A ("Agreement") Between the Santa Clara Valley Water District ("District") and TAP International, Inc. ("Consultant"), dated May 23, 2017.

1. Representatives.

- A. The District Project Manager (DPM) for this task is listed below. Unless otherwise provided, all correspondences to the District shall be addressed to the District Project Manager:

Mike Heller
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3638
Phone: 408-630-2656
E-mail: mheller@valleywater.org

- B. The Consultant's Contact and Principal Officer for this Agreement is as listed below. All District questions pertaining to this Task Order shall be referred to the Consultant's Project Manager. All correspondence to Consultant shall be addressed to the address below:

Denise Callahan, President, Lead Auditor
3436 American River Drive, Suite 9A
Sacramento, CA 95864
Phone: C: (916) 549-0831
O: (916) 333-3401
E-mail: Denise@TAPinternational.org

2. Project Objective

Attend Board Meeting, present, and receive input on draft Risk Assessment Model.

3. Tasks

Task 1—Board Meeting Attendance

The purpose of this task is for Consultant to: 1) attend the Board meeting on September 12, 2017, and 2) prepare, as needed, the meeting agenda and notes, minutes, and presentation materials, and submit them for review by the District.

4. Cost Breakdown

Task	Description	Classification	Estimated Hours	Rate	Fixed Fees	Scheduled Completion Date
1	Development of Meeting Materials and Meeting Preparation	Lead Auditor – Denise Callahan	7	\$190	\$1,330	Board Meeting Date: 9/12/17
	Board Meeting (travel time, meeting)	Lead Auditor – Denise Callahan	9	\$190	\$1,710	Board Meeting Date: 9/12/17
	Direct Expenses	Mileage	270 miles plus toll	.535	\$150	Board Meeting Date: 9/12/17
TOTAL					\$3,190	

Task Order No. 004

Title: Risk Assessment Implementation

Agreement: Standard On-Call Consultant Agreement 04071A ("Agreement") Between the Santa Clara Valley Water District ("District") and TAP International, Inc. ("Consultant"), dated May 23, 2017.

District Supervising Program Administrator: Karna DuQuite, Continual Improvement Unit

Consultant Project Manager: Denise Callahan, President

Dollar Amount of Task Order: Fixed Fee \$95,025

1. Upon full execution of this Task Order No. 004, as set forth in the Standard On-Call Consultant Agreement Section Twelve, subsection 13., Task Orders, and the issuance of a notice to proceed by the District Project Manager, the Consultant is hereby authorized to perform the Services described in Attachment A to this Task Order. Any costs incurred, Services performed or expenditures by the Consultant before this Task Order is executed or before the issuance of the notice to proceed will be considered outside the contracted scope of Services and will not be eligible for payment.
2. Both the scope of Services to be performed and the deliverables to be provided in accordance with this Task Order are described in Attachment A, which is attached hereto and incorporated by this reference. Attachment A shall include at a minimum the following:
 - A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
 - B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
 - C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
 - D. Project schedule for completing the scope of Services.
3. The Consultant shall be compensated at fixed fees or at the hourly rates established in the Agreement, Attachment A to the Scope of Services, Fees, and Payments. The Consultant agrees that it will provide all equipment, furnish all materials, except as may be otherwise noted in the Attachment A.
4. This Task Order will become effective on the date of full execution by authorized representatives of the Parties and remain in effect until the earlier of: termination of this Agreement; completion of the tasks set forth in Attachment A.
5. Copies of applicable local, state, and federal permits required to perform the Services described in Attachment A are attached to this Task Order, unless the Consultant previously provided the appropriate permits to the District.

6. The Consultant shall perform all Services described in Attachment A to this Task Order in accordance with the terms and conditions of the Agreement.

7. Signatures:

Signature:  10/5/2017
TAP INTERNATIONAL INC. DATE
Denise Callahan
President, Lead Auditor

Signature:  10/12/17
SANTA CLARA VALLEY WATER DISTRICT DATE
Karna DuQuite
Supervising Program Administrator
Continual Improvement Unit

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Task Order No. 4

Attachment A – TAP International, Inc.

Risk Assessment Implementation

- A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
- B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
- C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
- D. Project schedule for completing the Scope of Services.

Activity	Assigned Consultant	Hours	Rate	Sub Total	Project Schedule Completion Date
Implementation of Risk Assessment Model (10 Operational Activities across 12 District Department/Division) See below for list of departments and activities.	Lead Auditor- Matayoshi	200	175	\$35,000	100 working days after issuance of audit notification letter
	Team Auditors- Hoffman, Kousser,	255	175	\$44,625	
Analysis of Risk Assessment Results	Lead Auditor – Callahan	60	190	\$11,400	Three weeks upon completion of data collection efforts among the 10 departments
Travel expense (20 trips) mileage (*depending on meeting coordination, overnight lodging may take place, but expenses will stay within budget)	Mileage miles plus toll	270	.535	\$4,000*	
Total Fixed Fee Amount				\$95,025	

Scope of Work

District Departments

1. Water Utility Capital Division
2. Water Supply Division
3. Watershed Design & Construction Division
4. Treated Water Operations & Maintenance Division
5. Watershed Operations & Maintenance Division
6. Office of COO Watershed
7. Office of COO Water Utility
8. Information Technology Division
9. General Services Division
10. Financial Planning and Management Division
11. Watershed Stewardship & Planning Division
12. Office of District Counsel

Operational Activities

1. Capital Improvement Planning & Budgeting
2. Performance Base Budgeting
3. Financial Management
4. Internal Controls
5. Strategic Goals & Objectives
6. Fraud Prevention
7. Human Resources Management - EEO
8. Purchasing/Contracting
9. Change Order Applicable to Construction Management
10. Business Continuity Planning
11. Succession Planning
12. Environmental Sustainability

Task Order No. 005

Title: Board Audit Committee Meeting Attendance, November 30, 2017

Agreement: Standard On-Call Consultant Agreement 04071A ("Agreement") Between the Santa Clara Valley Water District ("District") and TAP International, Inc. ("Consultant"), dated May 23, 2017.

District Supervising Program Administrator: Karna DuQuite, Continual Improvement Unit

Consultant Project Manager: Denise Callahan, President

Dollar Amount of Task Order: Fixed Fee \$ 4,590.00

1. Upon full execution of this Task Order No. 005, as set forth in the Standard On-Call Consultant Agreement Section Twelve, subsection 13., Task Orders, and the issuance of a notice to proceed by the District Project Manager, the Consultant is hereby authorized to perform the Services described in Attachment A to this Task Order. Any costs incurred, Services performed or expenditures by the Consultant before this Task Order is executed or before the issuance of the notice to proceed will be considered outside the contracted scope of Services and will not be eligible for payment.
2. Both the scope of Services to be performed and the deliverables to be provided in accordance with this Task Order are described in Attachment A, which is attached hereto and incorporated by this reference. Attachment A shall include at a minimum the following:
 - A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
 - B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
 - C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
 - D. Project schedule for completing the scope of Services.
3. The Consultant shall be compensated at fixed fees or at the hourly rates established in the Agreement, Attachment A to the Scope of Services, Fees, and Payments. The Consultant agrees that it will provide all equipment, furnish all materials, except as may be otherwise noted in the Attachment A.
4. This Task Order will become effective on the date of full execution by authorized representatives of the Parties and remain in effect until the earlier of: termination of this Agreement; completion of the tasks set forth in Attachment A.
5. Copies of applicable local, state, and federal permits required to perform the Services described in Attachment A are attached to this Task Order, unless the Consultant previously provided the appropriate permits to the District.

6. The Consultant shall perform all Services described in Attachment A to this Task Order in accordance with the terms and conditions of the Agreement.

7. Signatures:

Signature: *Denise Callahan* 11/08/2017
TAP INTERNATIONAL, INC. DATE
Denise Callahan
President, Lead Auditor

Signature: *Karna DuQuite* 11/9/17
SANTA CLARA VALLEY WATER DISTRICT DATE
Karna DuQuite
Supervising Program Administrator
Continual Improvement Unit

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Task Order 5

Attachment A – TAP International, Inc.

Board Meeting Attendance

- A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
- B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
- C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
- D. Project schedule for completing the scope of Services.

Activity	Assigned Consultant	Hours	Rate	Sub Total	Project Schedule Completion Date
Development of PowerPoint Presentation discussing risk assessment scope and implementation, discuss execution of audits, costs, feasibility, and timelines; discuss other issues as arise by committee.	Lead Auditor – Callahan	8	\$190	\$1,520	Prior to Nov. 30, 2017
	Lead Auditor – Callahan	8	\$190	\$1,520	Nov. 30, 2017 (Board Audit Committee Meeting Date)
Board Meeting (travel time, meeting)	Team Auditor – Matayoshi	8	\$175	\$1,400	Nov. 30, 2017 (Board Audit Committee Meeting Date)
	Mileage	270 miles plus toll	.535 /mile	\$150	Nov. 30, 2017 (Board Audit Committee Meeting Date)
Total Fixed Fee Amount				\$4,590	

Task Order No. 006

Title: Board Meeting Attendance, January 23, 2018

Agreement: Standard On-Call Consultant Agreement 04071A ("Agreement") Between the Santa Clara Valley Water District ("District") and TAP International, Inc. ("Consultant"), dated May 23, 2017.

District Supervising Program Administrator: Karna DuQuite, Continual Improvement Unit

Consultant Project Manager: Denise Callahan, President

Dollar Amount of Task Order: Fixed Fee \$ 4,485.00

1. Upon full execution of this Task Order No. 006, as set forth in the Standard On-Call Consultant Agreement Section Twelve, subsection 13., Task Orders, and the issuance of a notice to proceed by the District Project Manager, the Consultant is hereby authorized to perform the Services described in Attachment A to this Task Order. Any costs incurred, Services performed or expenditures by the Consultant before this Task Order is executed or before the issuance of the notice to proceed will be considered outside the contracted scope of Services and will not be eligible for payment.
2. Both the scope of Services to be performed and the deliverables to be provided in accordance with this Task Order are described in Attachment A, which is attached hereto and incorporated by this reference. Attachment A shall include at a minimum the following:
 - A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
 - B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
 - C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
 - D. Project schedule for completing the scope of Services.
3. The Consultant shall be compensated at fixed fees or at the hourly rates established in the Agreement, Attachment A to the Scope of Services, Fees, and Payments. The Consultant agrees that it will provide all equipment, furnish all materials, except as may be otherwise noted in the Attachment A.
4. This Task Order will become effective on the date of full execution by authorized representatives of the Parties and remain in effect until the earlier of: termination of this Agreement; completion of the tasks set forth in Attachment A.
5. Copies of applicable local, state, and federal permits required to perform the Services described in Attachment A are attached to this Task Order, unless the Consultant previously provided the appropriate permits to the District.

6. The Consultant shall perform all Services described in Attachment A to this Task Order in accordance with the terms and conditions of the Agreement.

7. Signatures:

Signature: Denise Callahan 1/11/2018
TAP INTERNATIONAL, INC. DATE
Denise Callahan
President, Lead Auditor

Signature: Karna DuQuite 1/9/18
SANTA CLARA VALLEY WATER DISTRICT DATE
Karna DuQuite
Supervising Program Administrator
Continual Improvement Unit

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Task Order 6

Attachment A – TAP International, Inc.

Board Meeting Attendance and Presentation of Risk Assessment Scope

- A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
- B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
- C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
- D. Project schedule for completing the scope of Services.

Activity	Assigned Consultant	Hours	Rate	Sub Total	Project Schedule Completion Date
Development of board meeting presentation materials discussing revised risk assessment scope and implementation, discuss execution of risk assessment, costs, and timelines; discuss other issues such as an audit committee charter and other topics as arise by committee.	Lead Auditor – Callahan	1	\$190	\$190.00	Prior to Jan. 23, 2018
	Team Auditor -- Matayoshi	7	\$175	\$1,225.00	
	Lead Auditor – Callahan	8	\$190	\$1,520.00	
Board Meeting (travel time, meeting)	Team Auditor – Matayoshi	8	\$175	\$1,400.00	Jan. 23, 2018 (Board Meeting Date)
	Mileage	270 miles plus toll	.535 /mile	\$150.00	Jan 23, 2018 (Board Audit Committee Meeting Date)
Total Fixed Fee Amount				\$4,485.00	

Task Order No. 007

Title: Board Audit Committee Meeting Attendance, Feb. 6, 2018

Agreement: Standard On-Call Consultant Agreement 04071A ("Agreement") Between the Santa Clara Valley Water District ("District") and TAP International, Inc. ("Consultant"), dated May 23, 2017.

District Supervising Program Administrator: Karna DuQuite, Continual Improvement Unit

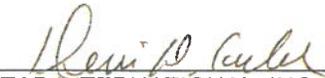
Consultant Project Manager: Denise Callahan, President

Dollar Amount of Task Order: Fixed Fee \$ 6,695.00

1. Upon full execution of this Task Order No. 007, as set forth in the Standard On-Call Consultant Agreement Section Twelve, subsection 13., Task Orders, and the issuance of a notice to proceed by the District Project Manager, the Consultant is hereby authorized to perform the Services described in Attachment A to this Task Order. Any costs incurred, Services performed or expenditures by the Consultant before this Task Order is executed or before the issuance of the notice to proceed will be considered outside the contracted scope of Services and will not be eligible for payment.
2. Both the scope of Services to be performed and the deliverables to be provided in accordance with this Task Order are described in Attachment A, which is attached hereto and incorporated by this reference. Attachment A shall include at a minimum the following:
 - A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
 - B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
 - C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
 - D. Project schedule for completing the scope of Services.
3. The Consultant shall be compensated at fixed fees or at the hourly rates established in the Agreement, Attachment A to the Scope of Services, Fees, and Payments. The Consultant agrees that it will provide all equipment, furnish all materials, except as may be otherwise noted in the Attachment A.
4. This Task Order will become effective on the date of full execution by authorized representatives of the Parties and remain in effect until the earlier of: termination of this Agreement; completion of the tasks set forth in Attachment A.
5. Copies of applicable local, state, and federal permits required to perform the Services described in Attachment A are attached to this Task Order, unless the Consultant previously provided the appropriate permits to the District.

6. The Consultant shall perform all Services described in Attachment A to this Task Order in accordance with the terms and conditions of the Agreement.

7. Signatures:

Signature:  1/24/2018
TAP INTERNATIONAL, INC. DATE
Denise Callahan
President, Lead Auditor

Signature:  1/25/18
SANTA CLARA VALLEY WATER DISTRICT DATE
Karna DuQuite
Supervising Program Administrator
Continual Improvement Unit

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Task Order 7

Attachment A – TAP International, Inc.

Board Meeting Attendance

- A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
- B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
- C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
- D. Project schedule for completing the scope of Services.

Activity	Assigned Consultant	Hours	Rate	Sub Total	Project Schedule Completion Date	
Development of presentation material to aid in the discussion of the District risk assessment: <ul style="list-style-type: none"> • Finalized risk assessment Departments/Divisions and Operating Activities/Areas. • Development of an execution plan to complete the risk assessment. • Recommendations on internal vs. external execution of audits, costs, feasibility, and timelines. • Meeting preparation 	Lead Auditor – Callahan	8	\$190	\$1,520	Jan. 24, 2018	
	Team Auditor – Matayoshi	12	\$175	\$2,100		
	Board Meeting (travel time, meeting)	Lead Auditor – Callahan	8	\$190	\$1,520	Feb. 6, 2018 (Board Audit Committee Meeting Date)
		Team Auditor – Matayoshi	8	\$175	\$1,400	
Direct Expenses	Mileage	270 miles plus toll	.545 /mile	\$155	Feb. 6, 2018 (Board Audit Committee Meeting Date)	
Total Fixed Fee Amount				\$6,695		

Task Order No. 008

Title: Risk Assessment Implementation

Agreement: Standard On-Call Consultant Agreement 04071A ("Agreement") Between the Santa Clara Valley Water District ("District") and TAP International, Inc. ("Consultant"), dated May 23, 2017.

District Supervising Program Administrator: Karna DuQuite, Office of CEO & Board Support

Consultant Project Manager: Denise Callahan, President

Dollar Amount of Task Order: Fixed Fee \$41,300

1. Upon full execution of this Task Order No. 008, as set forth in the Standard On-Call Consultant Agreement Section Twelve, subsection 13., Task Orders, and the issuance of a notice to proceed by the District Project Manager, the Consultant is hereby authorized to perform the Services described in Attachment A to this Task Order. Any costs incurred, Services performed or expenditures by the Consultant before this Task Order is executed or before the issuance of the notice to proceed will be considered outside the contracted scope of Services and will not be eligible for payment.
2. Both the scope of Services to be performed and the deliverables to be provided in accordance with this Task Order are described in Attachment A, which is attached hereto and incorporated by this reference. Attachment A shall include at a minimum the following:
 - A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
 - B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
 - C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
 - D. Project schedule for completing the scope of Services.
3. The Consultant shall be compensated at fixed fees or at the hourly rates established in the Agreement, Attachment A to the Scope of Services, Fees, and Payments. The Consultant agrees that it will provide all equipment, furnish all materials, except as may be otherwise noted in the Attachment A.
4. This Task Order will become effective on the date of full execution by authorized representatives of the Parties and remain in effect until the earlier of: termination of this Agreement; completion of the tasks set forth in Attachment A.
5. Copies of applicable local, state, and federal permits required to perform the Services described in Attachment A are attached to this Task Order, unless the Consultant previously provided the appropriate permits to the District.

6. The Consultant shall perform all Services described in Attachment A to this Task Order in accordance with the terms and conditions of the Agreement.

7. Signatures: *Denise Callahan* 2/16/18
TAP INTERNATIONAL INC. DATE
Denise Callahan
President, Lead Auditor

Signature: *Karna C. DuQuite* 2/23/18
SANTA CLARA VALLEY WATER DISTRICT DATE
Karna DuQuite
Supervising Program Administrator
Continual Improvement Unit

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Task Order No. 8

Attachment A – TAP International, Inc.

Risk Assessment Implementation

- A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
- B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
- C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
- D. Project schedule for completing the Scope of Services.

Activity	Assigned Consultant	Hours	Rate	Sub Total	Project Schedule Completion Date
Implementation of Risk Assessment Model (1 additional department, 2 additional operational activities across 12 other Department/Divisions) See below for list of departments and activities.	Team Auditors- Callahan, Matayoshi Hoffman, Kousser,	100	175	\$17,500	100 working days after issuance of audit notification letter
Analysis of Risk Assessment Results	Lead Auditor – Callahan	20	190	\$3,800	Three weeks upon completion of data collection efforts among 13 departments
Preparation of Draft and Final Results Report	Lead Auditor	100	190	\$19,000	Three weeks upon completion of data collection efforts among 13 departments
		735			
Travel expense (1 trip) mileage (*depending on meeting coordination, overnight lodging may take place, but expenses will stay within budget)	Mileage miles plus toll	270	.545	\$1,000*	
Total Fixed Fee Amount				\$41,300	

Scope of Work

District Departments

1. Human Resources Division

Operational Activities

1. Personnel Safety
2. Transparency

Draft and Final Report (Excludes Board meeting /Audit committee attendance

Task Order No. 9

Title: Board Audit Committee Meeting Attendance, May 3, 2018

Agreement: Standard On-Call Consultant Agreement 04071A ("Agreement") Between the Santa Clara Valley Water District ("District") and TAP International, Inc. ("Consultant"), dated May 23, 2017.

District Supervising Program Administrator: Felicia Hernandez

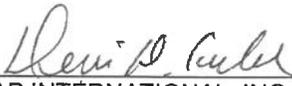
Consultant Project Manager: Denise Callahan, President

Dollar Amount of Task Order: Fixed Fee \$7,150

1. Upon full execution of this Task Order No. 9, as set forth in the Standard On-Call Consultant Agreement Section Twelve, subsection 13., Task Orders, and the issuance of a notice to proceed by the District Project Manager, the Consultant is hereby authorized to perform the Services described in Attachment A to this Task Order. Any costs incurred, Services performed or expenditures by the Consultant before this Task Order is executed or before the issuance of the notice to proceed will be considered outside the contracted scope of Services and will not be eligible for payment.
2. Both the scope of Services to be performed and the deliverables to be provided in accordance with this Task Order are described in Attachment A, which is attached hereto and incorporated by this reference. Attachment A shall include at a minimum the following:
 - A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
 - B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
 - C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
 - D. Project schedule for completing the scope of Services.
3. The Consultant shall be compensated at fixed fees or at the hourly rates established in the Agreement, Attachment A to the Scope of Services, Fees, and Payments. The Consultant agrees that it will provide all equipment, furnish all materials, except as may be otherwise noted in the Attachment A.
4. This Task Order will become effective on the date of full execution by authorized representatives of the Parties and remain in effect until the earlier of: termination of this Agreement; completion of the tasks set forth in Attachment A.
5. Copies of applicable local, state, and federal permits required to perform the Services described in Attachment A are attached to this Task Order, unless the Consultant previously provided the appropriate permits to the District.

6. The Consultant shall perform all Services described in Attachment A to this Task Order in accordance with the terms and conditions of the Agreement.

7. Signatures:

Signature:  4/03/2018
TAP INTERNATIONAL, INC. DATE
Denise Callahan
President, Lead Auditor

Signature:  4/5/18
SANTA CLARA VALLEY WATER DISTRICT DATE
Felicia Hernandez

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Task Order 9

Attachment A – TAP International, Inc.

Board Meeting Attendance

- A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
- B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
- C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
- D. Project schedule for completing the Scope of Services.

Activity	Assigned Consultant	Hours	Rate	Sub Total	Project Schedule Completion Date
Development of presentation material to aid in the discussion on the progress made related to the District-wide risk assessment.	Lead Auditor – Callahan	15	\$190	\$2,850	April 20, 2018
	Team Auditor – Matayoshi	15	\$175	\$2,625	
Board Meeting (travel time, meeting)	Lead Auditor – Callahan	8	\$190	\$1,520	May 3, 2018 (Board Audit Committee Meeting Date)
Direct Expenses	Mileage	270 miles plus tolls	.545 /mile	\$155	May 3, 2018 (Board Audit Committee Meeting Date)
Total Fixed Fee Amount				\$7,150	

Task Order No. 010

Title: Draft and Final ANNUAL AUDIT WORK PLAN

Agreement: Standard On-Call Consultant Agreement 04071A ("Agreement") Between the Santa Clara Valley Water District ("District") and TAP International, Inc. ("Consultant"), dated May 23, 2017.

District Supervising Program Administrator: Felicia Hernandez

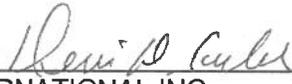
Consultant Project Manager: Denise Callahan, President

Dollar Amount of Task Order: Fixed Fee \$

1. Upon full execution of this Task Order No. 010, as set forth in the Standard On-Call Consultant Agreement Section Twelve, subsection 13., Task Orders, and the issuance of a notice to proceed by the District Project Manager, the Consultant is hereby authorized to perform the Services described in Attachment A to this Task Order. Any costs incurred, Services performed or expenditures by the Consultant before this Task Order is executed or before the issuance of the notice to proceed will be considered outside the contracted scope of Services and will not be eligible for payment.
2. Both the scope of Services to be performed and the deliverables to be provided in accordance with this Task Order are described in Attachment A, which is attached hereto and incorporated by this reference. Attachment A shall include at a minimum the following:
 - A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
 - B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
 - C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
 - D. Project schedule for completing the scope of Services.
3. The Consultant shall be compensated at fixed fees or at the hourly rates established in the Agreement, Attachment A to the Scope of Services, Fees, and Payments. The Consultant agrees that it will provide all equipment, furnish all materials, except as may be otherwise noted in the Attachment A.
4. This Task Order will become effective on the date of full execution by authorized representatives of the Parties and remain in effect until the earlier of: termination of this Agreement; completion of the tasks set forth in Attachment A.
5. Copies of applicable local, state, and federal permits required to perform the Services described in Attachment A are attached to this Task Order, unless the Consultant previously provided the appropriate permits to the District.

6. The Consultant shall perform all Services described in Attachment A to this Task Order in accordance with the terms and conditions of the Agreement.

7. Signatures:

Signature:  8/16/20
TAP INTERNATIONAL INC. DATE
Denise Callahan
President, Lead Auditor

Signature:  8/23/18
SANTA CLARA VALLEY WATER DISTRICT DATE
Felicia Hernandez
Supervising Program Administrator

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Task Order No. 010

Attachment A – TAP International, Inc.

Risk Assessment Implementation

- A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
- B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
- C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
- D. Project schedule for completing the Scope of Services.

Activity	Assigned Consultant	Hours	Rate	Sub Total	Project Schedule Completion Date
Interviews of Clerk of the Board and individual Board Members to discuss auditable areas.	Lead Auditor- Callahan	24	190	\$4,560	Two weeks upon approval of task order dependent on successful Board member scheduling of meetings.
Development of Audit Work Plan	Lead Auditor – Callahan	16	190	\$3,040	Two weeks upon completing individual interviews.
Travel expense (8 trips) mileage (*depending on meeting coordination, overnight lodging may take place, but expenses will stay within budget)	Mileage miles plus tolls and possible lodging	270 miles /trip	.545	\$1,000*	
Total Fixed Fee Amount				\$8,600	

Task Order No. 11

Title: Board Audit Committee Meeting Attendance, Sept. 26, 2018

Agreement: Standard On-Call Consultant Agreement 04071A ("Agreement") Between the Santa Clara Valley Water District ("District") and TAP International, Inc. ("Consultant"), dated May 23, 2017.

District Supervising Program Administrator: Felicia Hernandez

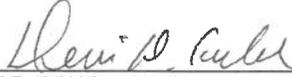
Consultant Project Manager: Denise Callahan, President

Dollar Amount of Task Order: Fixed Fee \$4,055

1. Upon full execution of this Task Order No. 11, as set forth in the Standard On-Call Consultant Agreement Section Twelve, subsection 13., Task Orders, and the issuance of a notice to proceed by the District Project Manager, the Consultant is hereby authorized to perform the Services described in Attachment A to this Task Order. Any costs incurred, Services performed or expenditures by the Consultant before this Task Order is executed or before the issuance of the notice to proceed will be considered outside the contracted scope of Services and will not be eligible for payment.
2. Both the scope of Services to be performed and the deliverables to be provided in accordance with this Task Order are described in Attachment A, which is attached hereto and incorporated by this reference. Attachment A shall include at a minimum the following:
 - A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
 - B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
 - C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
 - D. Project schedule for completing the scope of Services.
3. The Consultant shall be compensated at fixed fees or at the hourly rates established in the Agreement, Attachment A to the Scope of Services, Fees, and Payments. The Consultant agrees that it will provide all equipment, furnish all materials, except as may be otherwise noted in the Attachment A.
4. This Task Order will become effective on the date of full execution by authorized representatives of the Parties and remain in effect until the earlier of: termination of this Agreement; completion of the tasks set forth in Attachment A.
5. Copies of applicable local, state, and federal permits required to perform the Services described in Attachment A are attached to this Task Order, unless the Consultant previously provided the appropriate permits to the District.

6. The Consultant shall perform all Services described in Attachment A to this Task Order in accordance with the terms and conditions of the Agreement.

7. Signatures:

Signature:  8/30/2018
TAP INTERNATIONAL, INC. DATE
Denise Callahan
President, Lead Auditor

Signature:  9/12/18
SANTA CLARA VALLEY WATER DISTRICT DATE
Felicia Hernandez

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Task Order No. 11

Attachment A – TAP International, Inc.

Board Meeting Attendance

- A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
- B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
- C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
- D. Project schedule for completing the Scope of Services.

Activity	Assigned Consultant	Hours	Rate	Sub Total	Project Schedule Completion Date
Development of presentation material for the draft Risk Assessment Report and the development of the audit work plan.	Lead Auditor – Callahan	7	\$190	\$1,330	Sept. 26, 2018
	Team Auditor – Matayoshi	6	\$175	\$1,050	
Board Meeting (travel time, meeting)	Lead Auditor – Callahan	8	\$190	\$1,520	Sept. 26, 2018 (Board Audit Committee Meeting Date)
Direct Expenses	Mileage	270 miles plus tolls	.545 /mile	\$155	Sept. 26, 2018 (Board Audit Committee Meeting Date)
Total Fixed Fee Amount				\$4,055	

Task Order No. 012

Title: BAC Meeting Attendance, November, 2018

Agreement: Standard On-Call Consultant Agreement 04071A ("Agreement") Between the Santa Clara Valley Water District ("District") and TAP International, Inc. ("Consultant"), dated May 23, 2017.

District Supervising Program Administrator: Felicia Hernandez

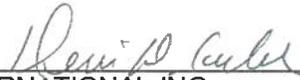
Consultant Project Manager: Denise Callahan, President

Dollar Amount of Task Order: Fixed Fee \$3,193

1. Upon full execution of this Task Order No. 012, as set forth in the Standard On-Call Consultant Agreement Section Twelve, subsection 13., Task Orders, and the issuance of a notice to proceed by the District Project Manager, the Consultant is hereby authorized to perform the Services described in Attachment A to this Task Order. Any costs incurred, Services performed or expenditures by the Consultant before this Task Order is executed or before the issuance of the notice to proceed will be considered outside the contracted scope of Services and will not be eligible for payment.
2. Both the scope of Services to be performed and the deliverables to be provided in accordance with this Task Order are described in Attachment A, which is attached hereto and incorporated by this reference. Attachment A shall include at a minimum the following:
 - A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
 - B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
 - C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
 - D. Project schedule for completing the scope of Services.
3. The Consultant shall be compensated at fixed fees or at the hourly rates established in the Agreement, Attachment A to the Scope of Services, Fees, and Payments. The Consultant agrees that it will provide all equipment, furnish all materials, except as may be otherwise noted in the Attachment A.
4. This Task Order will become effective on the date of full execution by authorized representatives of the Parties and remain in effect until the earlier of: termination of this Agreement; completion of the tasks set forth in Attachment A.
5. Copies of applicable local, state, and federal permits required to perform the Services described in Attachment A are attached to this Task Order, unless the Consultant previously provided the appropriate permits to the District.

6. The Consultant shall perform all Services described in Attachment A to this Task Order in accordance with the terms and conditions of the Agreement.

7. Signatures:

Signature:  9/27/18
TAP INTERNATIONAL INC. DATE
Denise Callahan
President, Lead Auditor

Signature:  10/4/18
SANTA CLARA VALLEY WATER DISTRICT DATE
Felicia Hernandez
Supervising Program Administrator

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Task Order No. 012

Attachment A – TAP International, Inc. Board Audit

Committee, Meeting Attendance, November 2018

- A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
- B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
- C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
- D. Project schedule for completing the Scope of Services.

Activity	Assigned Consultant	Hours	Rate	Sub Total	Project Schedule Completion Date
Material Development for Meeting	Lead Auditor-Callahan	8	190	\$1,520	To be completed 3 days in advance of meeting
Preparation and BAC Committee Attendance	Lead Auditor – Callahan	8	190	\$1,520	November 30, 2018
Travel expense (8 trips) mileage (*depending on meeting coordination, overnight lodging may take place, but expenses will stay within budget)	Mileage miles plus tolls and possible lodging	270 miles /trip	.545	\$153	
Total Fixed Fee Amount				\$3,193	

Task Order No. 013

Title: Board Performance Report Performance Management Research

Agreement: Standard On-Call Consultant Agreement 04071A ("Agreement") Between the Santa Clara Valley Water District ("District") and TAP International, Inc. ("Consultant"), dated May 23, 2017.

District Supervising Program Administrator: Felicia Hernandez

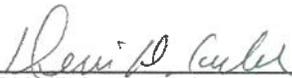
Consultant Project Manager: Denise Callahan, President

Dollar Amount of Task Order: Fixed Fee \$3,573

1. Upon full execution of this Task Order No. 013, as set forth in the Standard On-Call Consultant Agreement Section Twelve, subsection 13., Task Orders, and the issuance of a notice to proceed by the District Project Manager, the Consultant is hereby authorized to perform the Services described in Attachment A to this Task Order. Any costs incurred, Services performed or expenditures by the Consultant before this Task Order is executed or before the issuance of the notice to proceed will be considered outside the contracted scope of Services and will not be eligible for payment.
2. Both the scope of Services to be performed and the deliverables to be provided in accordance with this Task Order are described in Attachment A, which is attached hereto and incorporated by this reference. Attachment A shall include at a minimum the following:
 - A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
 - B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
 - C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
 - D. Project schedule for completing the scope of Services.
3. The Consultant shall be compensated at fixed fees or at the hourly rates established in the Agreement, Attachment A to the Scope of Services, Fees, and Payments. The Consultant agrees that it will provide all equipment, furnish all materials, except as may be otherwise noted in the Attachment A.
4. This Task Order will become effective on the date of full execution by authorized representatives of the Parties and remain in effect until the earlier of: termination of this Agreement; completion of the tasks set forth in Attachment A.
5. Copies of applicable local, state, and federal permits required to perform the Services described in Attachment A are attached to this Task Order, unless the Consultant previously provided the appropriate permits to the District.

6. The Consultant shall perform all Services described in Attachment A to this Task Order in accordance with the terms and conditions of the Agreement.

7. Signatures:

Signature:  9/27/18
TAP INTERNATIONAL INC. DATE
Denise Callahan
President, Lead Auditor

Signature:  10/4/18
SANTA CLARA VALLEY WATER DISTRICT DATE
Felicia Hernandez
Supervising Program Administrator

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Task Order No. 013

Attachment A – TAP International, Inc.

Board Performance Report Performance Management Research

- A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
- B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
- C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
- D. Project schedule for completing the Scope of Services.

Activity	Assigned Consultant	Hours	Rate	Sub Total	Project Schedule Completion Date
Research on Performance Based Management Models and Matrix of Results	Lead Auditor-Callahan	10	190	\$1,900	To be completed by Meeting Date with Board Director Keegan
Preparation and Meeting Attendance with Board Director Keegan	Lead Auditor – Callahan	8	190	\$1,520	TBD
Travel expense (8 trips) mileage (*depending on meeting coordination, overnight lodging may take place, but expenses will stay within budget)	Mileage miles plus tolls and possible lodging	270 miles /trip	.545	\$153	
Total Fixed Fee Amount				\$3,573	

Task Order No. 014

Title: Director Keegan to meet with TAP, Brian Hopper, and Michele King to develop a Draft Board Audit Committee Charter

Agreement: Standard On-Call Consultant Agreement 04071A ("Agreement") Between the Santa Clara Valley Water District ("District") and TAP International, Inc. ("Consultant"), dated May 23, 2017.

District Supervising Program Administrator: Felicia Hernandez

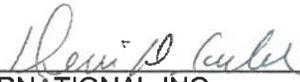
Consultant Project Manager: Denise Callahan, President

Dollar Amount of Task Order: Fixed Fee \$2,433

1. Upon full execution of this Task Order No. 014, as set forth in the Standard On-Call Consultant Agreement Section Twelve, subsection 13., Task Orders, and the issuance of a notice to proceed by the District Project Manager, the Consultant is hereby authorized to perform the Services described in Attachment A to this Task Order. Any costs incurred, Services performed or expenditures by the Consultant before this Task Order is executed or before the issuance of the notice to proceed will be considered outside the contracted scope of Services and will not be eligible for payment.
2. Both the scope of Services to be performed and the deliverables to be provided in accordance with this Task Order are described in Attachment A, which is attached hereto and incorporated by this reference. Attachment A shall include at a minimum the following:
 - A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
 - B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
 - C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
 - D. Project schedule for completing the scope of Services.
3. The Consultant shall be compensated at fixed fees or at the hourly rates established in the Agreement, Attachment A to the Scope of Services, Fees, and Payments. The Consultant agrees that it will provide all equipment, furnish all materials, except as may be otherwise noted in the Attachment A.
4. This Task Order will become effective on the date of full execution by authorized representatives of the Parties and remain in effect until the earlier of: termination of this Agreement; completion of the tasks set forth in Attachment A.
5. Copies of applicable local, state, and federal permits required to perform the Services described in Attachment A are attached to this Task Order, unless the Consultant previously provided the appropriate permits to the District.

6. The Consultant shall perform all Services described in Attachment A to this Task Order in accordance with the terms and conditions of the Agreement.

7. Signatures:

Signature:  10/3/2018
TAP INTERNATIONAL INC. DATE
Denise Callahan
President, Lead Auditor

Signature:  10/4/18
SANTA CLARA VALLEY WATER DISTRICT DATE
Felicia Hernandez
Supervising Program Administrator

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Task Order No. 014

Attachment A – TAP International, Inc.

Director Keegan to meet with TAP, Brian Hopper, and Michele King to develop a Draft Board Audit Committee Charter

- A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
- B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
- C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
- D. Project schedule for completing the Scope of Services.

Activity	Assigned Consultant	Hours	Rate	Sub Total	Project Schedule Completion Date
Preparation and Meeting Attendance to participate Audit Charter Meeting	Lead Auditor-Callahan	12	190	\$2,280	To be completed by Meeting Date with Board Director Keegan
Travel expense (8 trips) mileage (*depending on meeting coordination, overnight lodging may take place, but expenses will stay within budget)	Mileage miles plus tolls and possible lodging	270 miles /trip	.545	\$153	
Total Fixed Fee Amount				\$2,433	

Task Order No. 015

Title: Board Meeting Attendance & Monitoring

Agreement: Standard On-Call Consultant Agreement 04071A ("Agreement") Between the Santa Clara Valley Water District ("District") and TAP International, Inc. ("Consultant"), dated May 23, 2017.

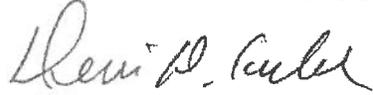
District Supervising Program Administrator: Felicia Hernandez

Consultant Project Manager: Denise Callahan, President

Dollar Amount of Task Order: Fixed Fee \$6,071.50

1. Upon full execution of this Task Order No. 015, as set forth in the Standard On-Call Consultant Agreement Section Twelve, subsection 13., Task Orders, and the issuance of a notice to proceed by the District Project Manager, the Consultant is hereby authorized to perform the Services described in Attachment A to this Task Order. Any costs incurred, Services performed or expenditures by the Consultant before this Task Order is executed or before the issuance of the notice to proceed will be considered outside the contracted scope of Services and will not be eligible for payment.
2. Both the scope of Services to be performed and the deliverables to be provided in accordance with this Task Order are described in Attachment A, which is attached hereto and incorporated by this reference. Attachment A shall include at a minimum the following:
 - A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
 - B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
 - C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
 - D. Project schedule for completing the scope of Services.
3. The Consultant shall be compensated at fixed fees or at the hourly rates established in the Agreement, Attachment A to the Scope of Services, Fees, and Payments. The Consultant agrees that it will provide all equipment, furnish all materials, except as may be otherwise noted in the Attachment A.
4. This Task Order will become effective on the date of full execution by authorized representatives of the Parties and remain in effect until the earlier of: termination of this Agreement; completion of the tasks set forth in Attachment A.
5. Copies of applicable local, state, and federal permits required to perform the Services described in Attachment A are attached to this Task Order, unless the Consultant previously provided the appropriate permits to the District.

6. The Consultant shall perform all Services described in Attachment A to this Task Order in accordance with the terms and conditions of the Agreement.

7. Signatures: 

TAP INTERNATIONAL INC.
Denise Callahan
President, Lead Auditor

10/22/18
DATE

Signature: 

SANTA CLARA VALLEY WATER DISTRICT
Felicia Hernandez

10/23/18
DATE

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Task Order No.015

Attachment A – TAP International, Inc.

Board Meeting Attendance

- A. The Consultant personnel to be assigned to perform the Services, including resumes if not previously provided to the District Project Manager.
- B. The total fixed fee amount for Consultant to complete the Services, including estimated number of hours required to perform the Services assigned to each Consultant classification.
- C. Estimated cost of each other direct cost and reimbursable expense, including any applicable fees.
- D. Project schedule for completing the Scope of Services.

Activity	Assigned Consultant	Hours	Rate	Sub Total	Project Schedule Completion Date
SCVWD Board of Director Meeting Attendance (10 meetings)	Lead Auditor-Callahan	24	190	\$4,560	Board meeting date TBD
Travel expense (10 trips) mileage (*depending on meeting coordination, overnight lodging may take place, but expenses will stay within budget)	Mileage miles plus toll	2700 miles	.545	\$1,511.50	
Total Fixed Fee Amount				\$6,071.50	

File No.: 19-0049

Agenda Date: 1/22/2019

Item No.: 3.2.

COMMITTEE AGENDA MEMORANDUM

Board Audit Committee

SUBJECT:

Final Draft Audit Report and Final Draft Management Response for the Performance Audit of Lower Silver Creek Flood Protection Project, Agreement No. A3277G.

RECOMMENDATION:

- A. Discuss the Final Draft Audit Report from PMA Consultants on the status of the Performance Audit of Lower Silver Creek Flood Protection Project, Agreement No. A3277G;
- B. Discuss the Final Draft Management Response for the Performance Audit of Lower Silver Creek Flood Protection Project, Agreement No. A3277G; and
- C. Direct staff to have PMA Consultants present the final draft audit report and management response to the Board of Directors.

SUMMARY:

On January 18, 2017, a notice to proceed was issued to PMA Consultants to conduct a performance audit of the Lower Silver Creek Flood Protection Project, Agreement No. A3277G.

At the February 27, 2018, Board meeting, the Board approved the Board Audit Committee's recommendation to expand the scope of the Lower Silver Creek Flood Protection Performance Audit to include:

- A financial review to ensure that there was no double billing and no billing for work that was not done, including additional analysis on the October 27, 2015, verbal report to the Board that considers whether the invoices followed appropriate financial review and approval processes and followed appropriate preparation and submittal processes; and
- A review of media allegations in newspaper reports and video and ensure that they have been addressed.

On October 30, 2018, PMA presented the Preliminary Draft Audit Report to District management for review and comment.

At the December 3, 2018, Board Audit Committee meeting, PMA presented the Final Draft Audit Report to the Committee. The Board Audit Committee directed staff and PMA to return to the BAC to further discuss the Final Draft Audit Report and the Final Draft Management Response.

ATTACHMENTS:

Attachment 1: Final Draft Audit Report

Attachment 2: Final Draft Management Response

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068

SANTA CLARA VALLEY WATER DISTRICT PERFORMANCE AUDIT (DRAFT REPORT)

PERFORMANCE AUDIT OF THE LOWER SILVER CREEK FLOOD PROTECTION PROJECT CONSULTANT AGREEMENT WITH RMC (A3277G) AND THE AFFILIATED AMENDMENTS 1, 2 AND 3

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EXECUTIVE SUMMARY

PMA Consultants, LLC (PMA) has completed an independent performance audit of the Lower Silver Creek Flood Protection Project Consultant Agreement with RMC (A3277G) and the affiliated amendments 1, 2, and 3. The objectives of the audit were to:

1. Review allegations of Conflict of Interest, Fund Reallocation, and Firewall and determine:
 - a. If a conflict existed between District employees and RMC
 - b. Whether there was a disclosure of conflict
 - c. If firewall processes were effective
2. Review of Financial Allegations and determine if:
 - a. Invoices followed appropriate financial review
 - b. Invoices followed appropriate approval process
 - c. Invoices followed appropriate preparation and submittal processes
 - d. Whether or not reallocation from one of the 20 watershed projects to the RMC contract took place, and if so, if firewall measures were appropriate
 - e. RMC received payment for zero hours of work, or if RMC was directed to execute other work
 - f. The District expended hours to perform work that RMC was paid for
3. Inquire whether the District Attorney (DA) launched an investigation, and if so, review that investigation to determine whether or not there was a bearing on audit scope items
4. Review sole sourcing, including appropriate justification
5. Conduct a Performance Review, to determine
 - a. If the work performed by the consultant or under its direction was sufficient to meet the purposes specified in the agreement and that services were rendered in accordance with the scope of services identified in Appendix One of the Agreement
 - b. If District Staff complied with policies and processes and if activities were conducted appropriately

In addition to the audit objectives noted above, contract scope also included reviewing best practices associated with consultant background checks and firewall processes, and providing recommendations for improvement to the District.

CONCLUSIONS

To complete this independent audit, PMA reviewed Santa Clara Valley Water District's (The District) processes and practices, consultant contract and amendments, and project and organizational documentation in order to develop a framework for objectivity of allegations and performance. Relevant standards and metrics from these documents were distilled into assessable and objective performance criteria. PMA conducted a detailed compliance review of available documentation and interviewed available key stakeholders and project team members in order to assess project team performance and compliance. Summary conclusions of our independent audit are stated below:

CONFLICT OF INTEREST / FIREWALL

- C1. A conflict did exist between District Staff and RMC. The conflict was identified, and disclosed.
- C2. There is no evidence of a firewall violation
- C3. Conflict of interest firewall practices were effective
- C4. Since the time of the RMC agreement, the District has improved its firewall policies and practice related to disclosing conflicts, and firewall. However, PMA has improvement recommendations for consideration

FINANCIAL REVIEW AND FUND REALLOCATION

- C5. There is no evidence of involvement of, or influence by, any District employee with a conflict of interest, with fund reallocations from non-Lower Silver Creek projects to the Lower Silver Creek project.
- C6. Several inter-project fund reallocations (i.e., inter task transfers, or ITT's) occurred during the Lower Silver Creek project. None of the ITT's appeared to be the result of malicious intent, but one ITT did not follow District procedure as no final approval documentation exists in the project file.
- C7. While only 2 invoices were approved by someone (employees without a conflict including a Sr. Project Manager, and a Unit Manager) other than the designated Project Manager, there does not appear to have been an appropriate delegation of authority chain to appoint an alternate RMC invoice approver. Additionally, although the District was able to articulate a generally practiced review procedure, such procedures were not formally documented.
- C8. RMC invoices followed the preparation and submittal requirements as outlined in the contract.
- C9. There is no evidence of double billing by RMC, billing for work not performed, or the District expending hours to perform work that RMC was paid for.

- C10. The audit did reveal some immaterial discrepancies during the review, noted in our detailed findings. Additionally, we have included recommendations for improvement in District billing and invoice review procedures to address these discrepancies.

DISTRICT ATTORNEY (DA) INVESTIGATION

- C11. The DA reviewed the allegations, opened a formal investigation to assess the alleged violations of conflict of interest laws, ultimately decided not to pursue the case, and summarily closed the case without any final documentation. No further action is required.

SOLE SOURCING

- C12. The District sole sourced the RMC agreement, and there was appropriate justification noted for the sole source
- C13. There is no evidence of a District employee with a conflict of interest participating in, or influencing the decision for sole sourcing

PERFORMANCE REVIEW

- C14. Work performed by RMC Water and Environment (RMC) or under its direction was sufficient to meet the purposes specified in agreement A3277G. However, there were areas of nonconformance associated with delivery and as related to the District QEMS, specifically related to project management and execution, and change management.
- C15. Due to time being of the essence, services listed in the contract were purposefully broad to allow for agility associated with potential services needed; in consideration of scope being intentionally wide-ranging, services were rendered in accordance with the scope of services identified in Appendix One of the Agreement and District direction.
- C16. District staff compliance with policy and process was inconsistent. This was predominantly associated with post award contract management, and specifically, change management and project document control. There were areas of nonconformance, and the potential for improvement in the District's Project Document Controls and Change Management practices and implementations. The District's Project Document Control (record keeping) related to this agreement was unorganized and at times ineffectual, particularly in consideration of project management handover. Change Management, though expected and implemented, was poorly documented and an ineffective communication tool. Project Document Control and Change Management are the key knowledge areas associated with noncompliance and potential improvement.

PMA also identified several areas of non-conformance and areas for improvement (relative to industry best practice) in areas such as project management and execution and performance evaluation and has provided recommendations associated with these findings.

INTRODUCTION AND APPROACH

PROJECT BACKGROUND

The Lower Silver Creek Flood Protection Project was identified in the 1986 Benefit Assessment Program and was enabled to protect the surrounding area by removing 3,800 parcels from the 1 percent floodplain and to improve stream habitat values. The Lake Cunningham Project was also necessary to provide 1% flood protection to areas along Lower Silver Creek. The Federal sponsor is the United States Department of Agriculture (USDA), through its Natural Resources Conservation Service (NRCS). The NRCS was the lead agency in the development of the original 1983 Watershed Plan and the 1988 Alternative Analysis Plan Update. In 2000, the Santa Clara Valley Water District (District) initiated the Coyote Watershed Program to accelerate work in the Watershed which included the Lower Silver Creek Project and the Lake Cunningham Project. Improvements for Lower Silver Creek Reaches 1-3 were constructed. Although project designs were nearly completed for Reaches 4-6, improvements to these reaches and to the Lake Cunningham facility were not constructed due to funding limitations, and were consequently deferred.

Due to the completeness of design (ranging from 90-100%), District staff identified Reaches 4-6 (the Project) as a “shovel ready” project eligible for federal funds. On April 16, 2009, the USDA Secretary Vilsack announced that the Lower Silver Creek project would receive \$2 million in federal economic stimulus funds through the NRCS as part of the American Recovery and Reinvestment Act (ARRA) of 2009. The terms and conditions applicable to the District’s award of the federal economic stimulus funds associated with Reaches 4-6 required the District to award the *first* contract for project construction no later than August 2009; a very tight timeline. As the District did not have the management and services staff available to support the Project, and since the short timeline was deemed critical, a sole-source procurement strategy utilizing consultant staffing associated with previous Reaches, was brought to the Board, and unanimously approved. The list of firms approved by the board for sole source consultant agreements (and in particular, RMC) were firms that previously performed all the work on the previous portions of the project so it was logical to ask them back. It was for practical and logical reasons as well as appropriate from an engineering liability standpoint to make sure the same firms stayed with their initial work product designing the projects years before. RMC had the requisite history and background on the LSC project so it was cost-effective to have them resume their role on the project. In June, 2009, RMC Water and Environment (RMC) was contracted and issued a notice-to-proceed for the Project.

To comply with the August 2009 deadline, the first contract awarded (allowing for access to federal stimulus funding) was the construction of Reach 6B Early Grading work, from Moss Point Drive to Cunningham Avenue. As a condition of receiving initial grant funding, SCVWD let a construction contract for the Early Grading work. It was the first phase prior to final design and construction of the preferred channel configuration.

In order to receive an *additional* (roughly) \$16 million of federal stimulus funding for the previously deferred Reaches 4-6A Project, the District was required to award the subsequent professional services contracts for project management, permitting, design and coordination during construction by August, 2010.

RMC WATER AND ENVIRONMENT – SCOPE OF SERVICES

Agreement No. A3277G and amendments between the District and RMC (See Appendix 4a) includes a detailed scope of services, including program management, planning, design management/coordination, environmental documentation, and construction support services that may be required to assist the District’s Project Manager with rapidly finalizing design, obtaining regulatory permits, and constructing the improvements. The Scope of Work was allocated into the following tasks.

- Task 1 – Program Management
- Task 2 - Lower Silver Creek Reach 6B (Early Grading from Moss Point Drive to Cunningham Avenue)
- Task 3 – Lower Silver Creek Reaches 4, 5, and 6A Project (Interstate 680 to Moss Point Drive)
- Task 4 – Lower Silver Creek Reach 6B Project (Final Design from Moss Point Drive to Cunningham Avenue)
- Task 5 – Supplementary Services

AUDIT BACKGROUND

BACKGROUND

In October, 2015 the District Board took an action to refer an audit of the Project to the Board Audit Committee (BAC). During the March, 2016 meeting the BAC requested that staff prepare a scope and schedule for BAC review. Scope and schedule were developed, approved by the BAC and advertised as part of a Request for Proposals (RFP) for Independent Performance Audit Services. The District and the BAC evaluated proposals received, conducted interviews and selected PMA to proceed with the Audit in January, 2017. On 9/28/17 PMA presented its final draft performance audit report to the Board Audit Committee. PMA’s scope of work was subsequently amended by District Board approval on 2/27/18 and expanded to include review of specific allegations and recommendations for District performance needing improvement.

LIMITATIONS

The performance audit focused on compliance with District processes and practices, whether the work performed met the requirements specified in the Lower Silver Creek Flood Protection Project Consultant Agreement with RMC (A3277G) and the affiliated amendments 1, 2 and 3, and Project and Organizational Documentation and interviews. The timeframe of the audit covered 2009 through 2014 which was commensurate with the agreement and three associated Amendments. Additionally, per

District direction the focus of the audit was on the prime consultant (RMC), and not its sub-consultants, as clarified in the correspondence from SCVWD to PMA dated March 2, 2017.

SCHEDULE

Project Start Date: 25JAN2017

Draft Report: 31JUL2017 / 27OCT2018

Project Amended Date: 27FEB2018

Final Report Issued: NOV2018

Project Close Date: DEC2018

ANALYSIS OF POTENTIAL THREAT TO INDEPENDENCE STATEMENT

In accordance with Generally Accepted Government Auditing Standards (GAGAS) requirements, PMA conducted an analysis to identify and ensure there were no threats to maintaining PMA's independence when conducting the Performance Audit. This included evaluating all audit and non-audit services having been or currently being provided to the Client.

Instance 1. PMA previously provided non-audit (advisory) services that suggested modifications to the Client's Division 0 and Division 1 specifications. As part of this audit, PMA was not reviewing the inclusion, implementation or compliance with those suggestions.

In this instance, the Client:

- assumes all management responsibilities;
- oversees the services, by designating an individual, preferably within senior management, who possess suitable skill, knowledge, or experience;
- evaluates the adequacy and results of the services performed; and
- accepts responsibility for the results of the services.

Based on PMA's Professional Judgment and GAGAS guidelines, there is no threat to PMA's ability to maintain its independence as part of this performance audit. The Client's legal counsel has concurred with this determination.

APPROACH

The District outlined several task areas associated with the audit, including:

- Task 1 – Project Management
- Task 2 – Conduct Project Kickoff Meeting
- Task 3 – Conduct Performance Audit
- Task 4 – Produce Preliminary Draft Audit Report
- Task 5 – Produce Final Draft Audit Report
- Task 6 – Produce and Present Final Audit Report
- Task 7 – Supplemental Services

The three primary activities associated with completing audit objectives included developing an objective platform on which to audit performance, reviewing existing documentation (including process and practice information, contract and amendments, and project and organizational documentation), and documenting key personnel testimony through in-person interviews.

SUPERVISION AND QUALITY CONTROL STATEMENT

PMA's assigned resources possess the required technical knowledge, competencies and professional judgment necessary to conduct the independent performance audit in accordance with GAGAS, the Client's operating and regulatory environment, and specialized subject matter, such as Project Controls and Construction Management of Flood Control Improvement programs and projects.

PMA Consultants LLC utilized its quality control policies and procedures and frequently communicated those policies and procedures to its personnel. All work performed for this audit was peer reviewed by staff whom are familiar with the scope of work, GAGAS requirements and whom possesses the technical knowledge, competencies and leadership necessary to ensure the proper resources, independence, professional judgment and product delivered for this audit.

GAGAS COMPLIANCE

PMA conducted this Performance Audit in accordance with generally accepted government auditing standards. These standards require we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis of our findings and conclusion based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusion based on our audit objectives.

PERFORMANCE AUDIT METHODOLOGY

In accordance with audit objectives and prior to field audit field work taking place, PMA first developed a presentation documenting approach and understanding of objectives and work required to complete those objectives.

Upon alignment of objectives and approach, PMA thoroughly reviewed the Consultant Agreement with RMC (A32277G), District process, practice, and procedure documentation provided by the District, and reviewed more than 5,500 items included in the District's project document control repository to gain an accurate understanding of the LSC program's internal control processes, regulatory requirements, funding and contractual compliance and reporting.

Subsequent to completing a review of this documentation, and in order to complete the performance component of the audit, PMA developed audit performance criteria (Appendix C), which served as a representative sample of appropriate practice, process, and contractual requirements. This audit criteria allowed for evaluation of evidence and understanding findings, recommendations, and conclusions included in the report. Elements of criteria and a finding consider condition, cause, and effect. Compliance was noted as 'full, partial, or none' and was summarized by key project management area, including:

- » Project Management and Execution
- » Project Risk Identification and Management
- » Planning and Scheduling
- » Cost Control
- » Change Management
- » Document Management and Control
- » Project Quality
- » Field Services

PERFORMANCE AUDIT PROCESS

To accomplish audit objectives, PMA:

- » Developed a presentation of understanding and overall approach, and presented at a kickoff meeting
- » Obtained and reviewed the consultant agreement and District process and procedure requirements
- » Developed an objective compliance audit checklist predicated on the agreement, processes, and practices
- » Provided a sample of the audit checklist and methodology for District review and approval
- » Obtained and reviewed project specific and organizational documentation
- » Interviewed key district and consultant personnel

Areas of Nonconformance Report (NCR) and Areas for Improvement (AFI) were identified in the criteria matrix based on partial or noncompliance with relevant practices or contractual obligations.

Audit field work including review of project specific documentation and key personnel interviews was conducted for base scope between March 2017 and July 2017, and for amended scope between June 2018 and September 2018. Relevant documents and interviews are summarized in Appendices A and B.

IDENTIFICATION OF SOURCES AND TYPE OF EVIDENCE

Based on the audit objectives, PMA believes that evidence was appropriate to address current audit objectives, but was limited in some areas.

Given the nature of the work performed by RMC and its subconsultants (consulting), as well as the passage of time and retirement of the project manager, we do not believe it would be possible to determine with 100% accuracy whether or not the hours billed by RMC and its sub consultants were reasonable and reflective of actual hours worked. That said, we did not find any evidence of impropriety during our examination and testing, nor did we discover any reason to believe such improprieties exist through our interviews with District and RMC personnel.

Due to a lack of District documentation, caused by internal control deficiencies, areas of nonconformance, and other program weaknesses, there was limited evidence associated with the performance portion of the audit (compliance with policy and process) which also contributed to the basis for audit findings. Evidence was provided and cross-checked with various sources. However, this became limited when reviewing the Client's internal Project Management and Change Control documentation.

PMA obtained Testimonial evidence under confidential conditions in which persons spoke freely; these conditions are generally more reliable than evidence obtained under circumstances in which the persons may be intimidated. PMA used this testimonial evidence to interpret or corroborate documentary or physical information. PMA evaluated the objectivity, credibility, and reliability of the testimonial evidence. The District provided a list of key persons to be interviewed. This included District and RMC staff employed at the time of the contract. Appendix A shows the list of staff and interview date.

PMA used its professional judgment to determine the sufficiency and appropriateness of evidence taken as a whole, and in reporting the results of the audit work.

The criteria developed to evaluate the evidence and its findings consider condition, cause, and effect. PMA also evaluated the evidence for significance, which is defined as the relative importance of a matter within the context in which it is being considered, including quantitative and qualitative factors. Such factors include the magnitude of the matter in relation to the subject matter of the audit, the nature and effect of the matter, the relevance of the matter, the needs and interests of an objective third party with knowledge of the relevant information, and the impact of the matter to the audited program or activity. Professional judgment assists auditors when evaluating the significance of matters within the context of the audit objectives. In the performance audit requirements, the term "significant" is comparable to the term "material" as used in the context of financial statement engagements.

FINDINGS AND RECOMMENDATIONS

PMA believes that the evidence obtained from audit, described in the audit checklist (Appendix C) and below, provides a reasonable basis for the audit findings at this time. The audit was performed with available information provided by both the District and RMC. PMA worked with both entities to seek and collect additional information, primarily in extensive databases and from the project team. All findings are documented herein.

By developing an audit checklist (Appendix C) that serves as a representative cross sampling of district processes, practices, and requirements, and subsequently auditing project documentation and obtaining testimony through interviews, PMA is objectively able to demonstrate our findings associated with the performance portion of the audit.

CONFLICT OF INTEREST / FIREWALL

The Consultant shall resolve allegations regarding potential conflict of interest. This includes reviewing Board of Directors' and Board Audit Committee's meeting minutes and Board of Directors' meeting videos conducted prior to the initial Agreement A3277G to determine if potential conflicts of interests were discussed. Review how this relates to firewall process in place in 2009. The Consultant will research best practices associated with background checks and provide recommendations to the District.

The Consultant shall resolve allegations regarding contract approval within a conflict of interest, and as related to A3277G, the Consultant shall review firewall processes that were in place in DEC2009 and determine if firewall processes were effective (review requirement for signatures in typical process, and absences of signature in firewall period). This includes comparing results to findings from the previous compliance and invoice audit.

AUDIT FINDINGS

- F1. In the absence of documentation being available, PMA could not determine if a firewall policy or process existed in December 2009 (the time of contract award).
- F2. Effective February 22, 2011, Melanie Richardson began serving in the position of the Deputy Operating Officer (DOO), Watershed Capital Division. Recognizing the new position and potential for conflict as disclosed on Form 700, District Counsel, at the request of the Chief Operating Officer (COO), issued a Conflict of Interest Advice memo on April 8, 2011. This memo confirmed that Melanie Richardson, in her new role as DOO, had the opportunity for a conflict of interest. The memo recommended four distinct guidelines to construct an ethical "firewall" to keep Melanie Richardson entirely separate from the business relationship RMC currently has, or may have in the future, with the District.

- F3. Based on consistent testimony from all parties interviewed, the content of the April 8, 2011 memo was shared with certain individuals in District leadership and staff responsible for managing an RMC contract whom acted in accordance with the advice, and whom verbally shared conflict-related processes with employees, on an as-needed basis as advised by District Counsel. The memo does not appear to have been contemporaneously and formally migrated into District procedure (and provided to all employees) at the advice of District Counsel.
- F4. PMA received and reviewed a firewall policy provided by District staff dated 6/5/18 to evaluate the current state of the firewall policy prior to recommending improvements. The firewall policy is more comprehensive and effectively written than previous versions. PMA has suggested a list of recommendations to the District to further improve the effectiveness of the policy.
- F5. In the absence of a formal Conflict of Interest (COI) and Firewall policy, additional information was requested in order to demonstrate when and how the District implemented guidelines suggested in the 4/8/11 memo. Evidence of practice adoption included:
- a. Video testimony of COO, Watersheds Division at the 10/27/15 and 12/8/15 Board Meetings wherein the following was noted:
 - i. Testimonial evidence of formal or informal communications which was corroborated by those interviewed.
 - ii. Melanie Richardson disclosed financial interest in annual Statement of Economic Interest Form 700.
 - iii. While responsible for two (2) Unit Managers working on projects utilizing RMC contracts, other Deputy Operating Officers directly managed and provided performance reviews of these Unit Managers. Melanie Richardson provided performance review information on Unit Managers' mid-year and annual reviews on all other non-RMC matters and was not privy to comments provided by the DOO's. This was confirmed through testimony from District staff.
 - iv. At the 12/8/15 meeting, the District Board was informed by the Chief Operating Officer (Watersheds) that the management of all RMC contracts had been transferred to the District Administrative Operating Officer (AOO), who reports directly to her.
 - b. Completed, and dated Form 700 (2009 through 2015) from Melanie Richardson that verifies disclosure of potential COI.
 - c. Employee evaluations verified Melanie Richardson did not evaluate staff based on their performance on the LSC project.
 - d. Unanimous interview testimony concluding that Melanie Richardson excused herself whenever RMC was brought up during meetings and discussions.
- F6. A previous outside legal fact finding was conducted. This third-party review found no evidence of firewall violation by Melanie Richardson or the District. Based on PMA's independent audit, we concur with its findings.

- F7. Melanie Richardson's Form 700, Calendars Years 2009 through 2015, on file with the District show that the employee disclosed interest in RMC. Those files are available to District Staff, the Board and the public upon request.
- F8. PMA cannot find any evidence of firewall violation by Melanie Richardson or the District, or evidence of bias.
- F9. Because no evidence of violation was found, firewall guidelines were effective. Examples of documentation reviewed include:
- a. The approval signature of all RMC invoices, noting all but two invoices were approved by the District Senior Project Manager. Invoice #12632, dated 6/9/11 for \$21,038.20 was approved by another District Senior Project Manager on behalf of the Engineering Unit Manager (Coyote and Pajaro). Invoice #17363, dated 1/16/14 for \$36,657.47 was approved by an Engineering Unit Manager (the Project Manager assigned to Lower Silver Creek after previous Senior Project Manager's retirement).
 - b. No presence of Melanie Richardson's name was found on any of the Lower Silver Creek documents reviewed in the course of the audit.
 - c. During the 12/8/15 Board Meeting Item 8.1, District Counsel summarized results of Outside-Legal fact finding, stating "No evidence of violation of firewall; no evidence of bias."
- F10. PMA reviewed the Board meeting minutes and videos for the 4/28/09 Board meeting. There was no mention of Melanie Richardson, which seems appropriate, as she was the DAO at the time, and was not responsible for overseeing/managing this project or staff assigned to manage Agreement A3277G.
- F11. Per the District Counsel memo dated 6/5/18, and subsequent testimony from multiple interviews, the firewall was put into place in Feb 2011 and has remained in full effect, as of the date of this report.
- F12. Though not a common occurrence, review of recorded Board meetings and testimony provided by those interviewed corroborated that Melanie Richardson's conflict was discussed with the Board and was not kept from the Board. Amongst staff interviewed, the conflict was well understood.

AUDIT RECOMMENDATIONS

Defining and maintaining COI and firewall is a system of policies, procedures, re-occurring training and documentation to allow for effective implementation, advance notification and planning for firewall measures, annual auditing, and annual review for improvements. This is a best management approach using the “Plan-Do-Check-Act” (PDCA) cycle. It was made popular by W. Edwards Deming, who is considered by many to be the father of modern quality control.

There are many resources the District can consult to develop their COI and firewall policies and procedures, such as the California Fair Political Practices Commission; AICPA Audit Committee Toolkit: Government Organizations, 3rd Edition; the Non-Profit Risk Management Center or many other local and national government agencies.

PMA reviewed Conflict of Interest Statements for officials and employees, as well as researched specific language for “firewalls.” We found that many entities had guidance language in their policies regarding conflicts of interest, and many did not publish specific language regarding firewalls as they pertained to a specific instance. Agencies declined providing these documents citing confidentiality policies and attorney-client privilege.

PMA has reviewed the many documents and provides the following list of recommendations:

- R1. COI policy should be included in the District employee handbook issued to and signed by each employee certifying they took the course, understand and agree not to violate the Act, and will report any potential COI’s or violations to the District’s Ethics & Equal Opportunity Program.
- R2. The COI should reference relevant District policies and procedures. The COI policies should concisely reference applicable laws, employees Duty to Act in the Public Interest, acceptance of gifts, and include sections that define a COI, terminology/definitions, confidentiality statement, and procedures.
- R3. The COI policy should provide guidance as to whether an employee can have a secondary job, the reporting requirements if allowed and the limitations.
- R4. District should develop COI procedures that include re-occurring training and documentation to allow for effective implementation, annual auditing, annual review for improvements and reporting protocol to the District’s Ethics & Equal Opportunity Program regarding potential violations.
- R5. The District should leverage the District’s work (counsel memos) to develop a procedure (vs internal memos) that includes guidance on notification, evaluation, testing and formulation firewall measures specific to the situation.
- R6. It should state a procedure for reviewing Board member, committee members, employee and consultants Form 700’s and direct all that may obtain positions where a COI may occur, to

immediately update their Form 700 and notify the District's Ethics & Equal Opportunity Program.

- R7. The District should develop procedures to provide a framework for evaluating potential COI's prior to placing an existing or prospective employee in a position that would create a conflict.
- R8. District should provide annual on-line training which should be conducted prior to having employees update their Form 700.
- R9. Updated Form 700 forms should be submitted when employees are promoted or re-assigned to new positions.

FINANCIAL REVIEW AND FUND REALLOCATION

The Consultant shall review the process for invoice review and oversight and determine if invoices followed the appropriate submittal, review, and approval process. Furthermore, the consultant shall determine whether or not RMC double-billed the District or invoiced the District for work not performed, work performed on other projects, or work performed by District personnel.

The Consultant shall review the process, procedure, and criteria for reducing funds to another contract and determine whether or not reallocation from one of the 20 watershed projects to the RMC contract took place.

AUDIT FINDINGS

- F13. Though District employees follow a consistent process when reviewing invoices, there is no formal guidance on components of an effective review. While each contract will have its unique circumstances, the District should develop general expectations for contract review.
- F14. There does not appear to have been an appropriate delegation of authority chain to appoint an alternate RMC invoice approver. 2 of the 43 invoices (5%) were approved by someone other than the authorized approver as designated in the contract. While it is anticipated that the designated contract approver will not always be available, alternate approvers should be trained in the contract review process. Documentation should be retained to evidence delegation of authority in these cases. Such documentation could consist of either a formal form or informal e-mail.
- F15. While several exceptions were noted through our substantive testing, none were material, and none appeared suspicious/indicative of fraudulent activity. Examples included:
 - a. 75% of District-approved invoices selected for testing contained hourly rates for personnel which did not tie to contract rates. The rates included those for employees holding the same or similar positions to those listed in the contract, employees with titles similar to those

- listed in the contract, and hourly rates that differed from those listed in the contract. It should be noted that not all rate discrepancies were overcharges. There were 9 instances of rate discrepancies noted in the 12 invoices selected for testing, all but one of which were related to sub-consultant charges passed through by RMC. In total, these 9 discrepancies resulted in a net undercharge to the district of \$711.75. Given the immateriality, we do not recommend further testing
- b. One instance where backup documentation was not included for immaterial subcontractor charges (\$62.50). This appeared to be an isolated instance.
 - c. 25% of invoices contained discrepancies between the task invoiced per RMC and the task worked per the sub-contractor (ex. sub-contractor invoice states time was worked on task 1 while RMC bills for task 3). This could be the result of differences in billing systems. As an example, a sub-contractor who is only working on one task may generate invoices to RMC which state "Task 1" referring to the only task assigned to the sub-contractor, even though it is Task 3 of the project. While there is room for improvement in the communication between RMC and their subcontractors, we have no reason to believe RMC misclassified sub-contractor billings into the wrong task.
 - d. Three of the sub-contractors did not specify which task they were billing for.
 - e. None of the RMC or sub-contractor invoices contained support for "other expenses," totaling \$3,140 (out of \$536K; 0.59%). While we generally recommend requiring contractors to provide support for all expenditures, the District may wish to perform a cost/benefit analysis prior to instituting such requirements, especially if out-of-pocket expenses incurred are expected to be minimal.
 - f. Several of the invoices examined (both RMC and sub-contractor invoices) did not specify the date range which the invoice covered, but rather included a "through [date]" format. While a reviewer can determine invoice date ranges based on the "through date" of previous and current invoices, we recommend a more conventional practice of specifying a date range.
- F16. There is no evidence of double billing
- a. Our invoice audit revealed no evidence of double billing
 - b. Those interviewed during the course of the audit, including current and previous project management, provided testimony stating that there was no double billing
 - c. RMC has provided a representation letter attesting to the accuracy of invoices submitted.

- F17. While the District has an established procedure in place for the authorization of funds transfers between projects and between tasks within the same project (both of which require documented project manager approval, the former from both the receiving and relinquishing Project Managers), our examination indicates that the procedure related to transferring funds between tasks within the same project was not consistently followed with respect to finalizing the approval documentation.
- a. A task transfer from tasks 2 and 4 to task 3 followed District procedure, and fit the criteria of District policy.
 - b. A task transfer from task 1 to task 3 did not explicitly follow District procedure
 - i. Inter task funds transfers are required to be approved by the Project Manager or designee. The transfer from task 1 to task 3 was discussed through email (RMC requested the transfer and the District acknowledged the request), but was not accompanied by a signed transfer form.
 - ii. District policy requires that a task be complete prior to transferring funds from that task. When the transfer from task 1 to task 3 took place, task 1 was not complete. While Task 1 was not complete at the time RMC transferred funds, only two invoices were issued subsequent to the transfer totaling \$2,200. Additionally, the remaining budget upon contract termination for Task 1 according to RMC's records was \$10,992. As such, the transfer of these funds between tasks had no project impact.
 - iii. None of the fund transfers examined appeared to be the result of malicious intent.

AUDIT RECOMMENDATIONS

INVOICING

- R10. The District should develop general guidelines for consistent invoice review.
- R11. The District should implement a guideline for Delegation of Authority
- R12. The District should update the master list of employees and labor rates within the contract as this serves as a control against unsupported labor rates and inclusion of costs on a fixed price contract.
- R13. If substitute or additional employees are allowable, then the contract should provide a generic employee title which will tie to the amount being invoiced.
- R14. If rates are expected to change over the life of the contract, the contract should either specify the rate changes, or provide for an escalation clause.

- R15. The District's invoice review process should include a component of correlating invoice rates to contractual rates.
- R16. The District should require support documentation for all labor and materials charges, unless otherwise noted by contract.
- R17. The District should ensure task level billings from subcontractors agree with that of the consolidated invoice from the prime contractor
- R18. Accurate task level reporting should be a component of consistent invoice review.
- R19. Specifying date ranges on invoices should be added to invoicing requirements, and should be a component of consistent invoice review.

SOLE SOURCING

The Consultant shall determine if the District sole-sourced the RMC agreement, and if so, determine if appropriate justification was noted for the sole-source

AUDIT FINDINGS

- F18. The District did sole-source the Consultant Contracts to Complete the Design Documents for Construction of the Lower Silver Creek Flood Protection Project Reaches 4-6, #40264012. The proposed scope of Program Management under the Prime Consultant, RMC, was one of four contracts proposed to be sole sourced on the Lower Silver Creek Flood Protection Project, Reaches 4-6.
- F19. During a 4/28/09 Board Meeting, the Board voted, and approved four sole source professional services contracts, including RMC #40264012.
- F20. There were practical and logical reasons to sole-source the four professional services contracts
 - a. The four firms (including RMC) previously performed all the work on the preceding phases of the project
 - b. The original design firms were asked to continue with the construction phase, to be involved as the Engineer-of-Record, so that they could assist with design revisions during construction
 - c. Sole-sourcing to firms whom had previously worked on the Lower Silver Creek program helped to ensure that the tight deadline associated with ARRA funding was met, allowing for ARRA funding to be secured.
- F21. The Conformed Copy of the Board Agenda Memo demonstrates that the request to sole source satisfied policy requirements, referenced appropriate Executive Limitations related to Procurement, and included justification for sole source.

SANTA CLARA COUNTY DISTRICT ATTORNEY INVESTIGATIONS

The Consultant shall inquire whether or not the District Attorney launched an investigation. If available, the Consultant shall review the investigation findings and determine if they have bearing on audit scope items.

AUDIT FINDINGS

- F22. On 7/2/18, John Chase, Deputy District Attorney, responded confirming that “The District Attorney’s Office did not open a formal investigation in 2015 into RMC Consultants’ alleged billing the Santa Clara Valley Water District (“SCVWD”) for work not performed. In 2013, we investigated alleged violations of conflict of interest laws by employee Melanie Richardson related to her community property interest in RMC Consulting, but ultimately did not file charges.”
- F23. Mr. Chase confirmed that “the civil grand jury operates independently of the District Attorney’s Office, so I am unaware of any investigation they may have conducted in October 2015. Whether they investigated or not, I do not believe they produced a report. The civil grand jury information and past reports may be found at
- http://www.scscourt.org/court_divisions/civil/cgj/grand_jury.shtml.”
- Further, Mr. Chase provided the following weblink to assist with our research:
- http://www.scscourt.org/court_divisions/civil/cgj/grand_jury_archive.shtml.
- F24. PMA called and emailed the Grand Jury department and received no response. PMA checked the subject website and found that the Grand Jury did not file a report, which confirms they opted to not formally pursue and report on the same allegations.

PERFORMANCE REVIEW

Determine if the work performed by the consultant was sufficient to meet the purposes specified in the agreement and that services were rendered in accordance with the scope of services identified in Appendix One of the Agreement.

Determine if District Staff complied with policies and processes and if activities were conducted appropriately.

BACKGROUND

The work performed by RMC Water and Environment (RMC) was sufficient to meet the purposes specified in the agreement, however there were areas of nonconformance associated with delivery and as related to the District QEMS. These areas of nonconformance are detailed in the findings below.

Due to time being of the essence, services listed in the contract were purposefully broad to allow for agility associated with potential services needed; in consideration of scope being intentionally wide-ranging, services were rendered in accordance with the scope of services identified in Appendix One of the Agreement *and* District direction.

As noted in Project Background, the completeness of Reaches 4-6 design (ranging from 90-100%) made Lower Silver Creek “shovel ready” and a viable candidate for federal funding eligibility. On April 16, 2009, the USDA Secretary Vilsack announced that the Lower Silver Creek project would in fact receive \$2 million in federal economic stimulus funds through the NRCS as part of the American Recovery and Reinvestment Act (ARRA) of 2009. The terms and conditions applicable to the District’s award of the federal economic stimulus funds associated with Reaches 4-6 required the District to award the first contract for project construction no later than August 2009.

This already tight four-month duration was exacerbated by the fact that the District did not have the management and services staff available to support the LSC projects. Time was of the essence. In order to minimize risk (associated with obtaining federal funding under the schedule requirements), the District made a decision to use consultant staffing associated with previous LSC Reaches; a known commodity without a learning curve. In June, 2009, RMC Water and Environment (RMC) was contracted and issued a notice-to-proceed for the Project.

With time being of the essence (due to the time requirements associated with obtaining federal stimulus funding) and the uncertainty of the totality of federal funding, two undocumented, but reasonable project objectives that were corroborated during interview testimony include:

- Obtain as much federal funding as possible
- Optimize use of federal funding by executing as much work as possible with the available funds

The uncertainty associated with availability of future funding combined with time being of the essence (in order to obtain funding), necessitated the District’s creation of a wide breadth of scope which would be executed under District direction, allowing for rapid response to changing needs in order to optimize

the use of federal funding. The wide breadth of consultant scope, combined with the uncertainty of funding limits, in turn created the expectation of, and allowance for contractual change i.e., “the parties intend to amend this Agreement to add services for calendar year 2010 to accomplish completion of the Projects.”¹

District staff compliance with policy and process was inconsistent. This was predominantly associated with post award contact management, and specifically, change management and project document control. There were areas of nonconformance, and the potential for improvement in the District’s Project Document Controls and Change Management practices and implementations. The District’s Project Document Control (record keeping) related to this agreement was unorganized and at times ineffectual, particularly in consideration of project management handover. Change Management, though expected and implemented, was poorly documented and an ineffective communication tool. Project Document Control and Change Management are the key knowledge areas associated with noncompliance and potential improvement.

AUDIT FINDINGS

Performance findings by subject area, associated with areas for improvement and nonconformance are detailed below. Findings are commensurate with the scope of work on internal control and any deficiencies in internal control that are significant within the context of the audit objectives are based upon the audit work performed.

CHANGE MANAGEMENT

- F25. Change Management Practice was not followed strictly, and amendments were not documented well.
- a. District QEMS W75101 (Change Management Practice) provides instructions to project team members on how to assess, communicate, and incorporate changes in scope, cost or schedule of a project. The intent of the instructions is to ensure that project staff analyzes and clearly communicates project changes and implications of the changes, appropriately.
 - b. QEMS W75101 requires the project team to “document the issues and decisions.”² Due to the time requirements associated with obtaining federal funding, and uncertainty with the future of the project, change throughout the project was anticipated. The expectation for the occurrence of change was noted in the contract, as evidenced by the initial contract:

¹ A2377G Executed Agreement

² QEMS W75101

Provided Consultant performs the Scope of Services to the satisfaction of the District, the parties intend to amend this Agreement to add services for calendar year 2010 to accomplish completion of the Projects

- c. Despite this anticipation, however, amendments were not well documented. Amendments were submitted and approved but amendments between RMC and the District were submitted at the end of each calendar year, rather than immediately following the identification of change. Further, amendments appear to have been a monetary extension of ongoing, directed services, rather than a realignment of scope.
- d. As an example, and as would be expected in a program management contract, RMC's original contractual scope of work included program management reporting. In January 2011, RMC was directed by the District Project Manager to subsidize program management reporting, in an effort to retain funding for CH2M. Though direction was clearly articulated in an email,³ and the direction was followed (project reports subsidized), subsequent amendments did not reduce the scope commensurate with this direction.
- e. There was an amendment practice in place. Amendments were submitted and approved. Scope-of-work in amendment documentation was not updated commensurate with expectation and understanding of services going forward. Project Work Plans were not updated according to practice
- f. Board Governance policies indicate that the CEO was not entitled to make a single purchase for consultant service contracts in excess of \$100,000 without authorization from the Board. Verification of authorization is documented in the amendments and in the Conformed Copy of Board Agenda Meeting (4-28-09). Because of the ambiguity, the Board Resolution should have clearly identified the CEO's authority to amend the contract, as provided by the Board, with respect to scope, budget and schedule, especially given the circumstances of this specific situation.
- g. Amendments and claims were tracked in a potential change log (provided post interview). However, the amendments were not detailed in accordance with understanding of services going forward (i.e. they seemed to be an extension of services, rather than a clear documentation of the directed scope).
- h. According to the agreement, funding from completed tasks can be moved to future tasks; however, funding associated with incomplete (or future) tasks cannot be transferred to current tasks. Task 4 budget was transferred to task 3 (inter transfer 11/13/12), and from task 1 to task 3 (no documentation backup, and task 1 not complete). The contract, though Not-To-Exceed (NTE) by task, was seemingly treated as Time-and-Material (T&M) holistically.

³ Monthly report email, subject "Monthly report" sent by Senior Project Manager on January 5, 2011

- i. QEMS W75101 requires that the project team “determine Impacts to project scope, schedule, and cost.”⁴
 - i. There is no evidence to support that impacts of all change, or that alternatives to address changes were determined. Using the example (directed change of reporting) above, the impact of reduced visibility into the project, in particular from a documentation standpoint, should have been noted in respective amendments per District practice.
- j. QEMS W75101 requires the project team “Revise [the] Work Plan”⁵
 - i. Because impact and alternatives of change were not assessed, project work plans were not revised to account for risks of alternative plans.
- k. Task inter-transfer contractual practices were not followed appropriately
 - i. A3277G Executed Agreement states that “Unused budget from a completed task may be reallocated to a later task upon written authorization from the District, provided that the total NET amount is not exceeded. However, transferring of budget from future tasks to current tasks will not be permitted.”⁶ According to the agreement, funding from completed tasks can be moved to future tasks however, funding associated with incomplete (or future) tasks cannot be transferred to current tasks.
 - ii. Task 1 budget was transferred to task 3
 - 1. Though an email exchange exists referencing this ITT, the email is not specific and there is no formal documentation backup).
 - 2. Task 1 was not complete at the time of transfer.
 - 3. The only potential stop-gate for ensuring appropriate use and implementation of inter task fee transfer seems to have been the District project manager. An error in implementation, misunderstanding of process intent, or a lack of project management training could create similar scenarios in other future projects.

DOCUMENT CONTROL

- F26. Document management practice was not consistently followed, and document management was unorganized and ineffectual.

⁴ QEMS W75101

⁵ QEMS W75101

⁶ A3277G Executed Agreement

- a. District QEMS W42302 provides guidelines and instruction to establish a standard file management system that provides a naming convention and organizational structure for the creation, maintenance and retention of project files, and ensures that files are created, maintained and archived in a consistent manner. One intent of an organized filing structure and its' controlled contents is to provide quality records, or documented evidence that processes were executed according to quality requirements.
- b. RMC's files were set up according to document management hierarchy found in CWP LSC Filing Structure; District files were setup at a high-level hierarchy. Hierarchies do not match (varying levels of detail and organization). District structure unorganized and missing several sub-class folders such as monthly reporting.
- c. District project document control system was used for a portion of the project, but not all files were found in District system. Examples include copies of all amendments and backup, and monthly reports. Testimony revealed that the Documentation Administrator left and was not replaced.
- d. "Email is a delivery system not a document. Emails that contain significant information should be printed and filed with other correspondence."⁷ An example of District nonconformance includes direction (scope change) issued through email and not stored in project correspondence. Though evidence of this direction was provided through RMC's project document control, no evidence was obtained through the District Project Document Control files. This direction should have been issued as a PDF (or similar) and filed with project correspondence in the District's file structure.
- e. "Create a 'Project File Checklist' ⁸ for the current phase of the project. Using table 1 as a guideline identify documents that will be developed in the current phase of the project and develop a customized Project File Checklist for your project. This list may be modified as additional documents are identified." The District file structure was not setup commensurate with the scope of the overall program. Key subclass folders were missing (Project Control under the Project Management Classification, for example).
- f. Additionally, several key requested documents were not provided or found in the District project document control system (but were provided via RMC's document control). As an example, key emails and monthly reports and meeting minutes, though transmitted (as evidenced by RMC project document control) to the District, were not stored in the Districts project document control project repository.
- g. RMC's project document control followed their proposed plan and structure, and was in line with industry standard. RMC was able to produce a majority of requested documents. The District's project document control was unorganized and was missing a majority of requested project management documents.

⁷ QEMS W42302

⁸ QEMS W42302

- h. “Reconcile construction files kept by engineering or project management units prior to archiving; prepare a file transmittal form for each box.”⁹ No evidence of the transmittal form or archival process was provided.

PROJECT MANAGEMENT AND EXECUTION

- F27. Project Work Plan practice was not followed appropriately.
- a. A Project Work Plan is a written plan that identifies processes, systems, and techniques to effectively implement and control a specific phase of a capital project. From a responsibility standpoint, the Senior Project Manager is responsible for the development, implementation, and changes of a Project Work Plan. Further, the Project Work Plan is to be revised with documented changes as conditions warrant, and distributed to all team members¹⁰.
 - b. Though scope, strategy, and resources were modified several times over the term of the agreement with RMC, design and construction project work plans were not updated based on scope, cost, or schedule modifications (a requirement of QEMS). Because project work plans were not updated accordingly, there was no formal documentation capturing modifications in strategy and program implementation resulting in a loss of history on the program and a potential vulnerability in team understanding.
 - c. The only potential stop-gap for ensuring appropriate updates of Project Work Plans are Project Management diligence, and DOO oversight (requests at the time of amendments, etc.). An error in implementation, misunderstanding of process intent, or a lack of project management training could create similar scenarios in other future projects.
- F28. Monthly reports were not reassigned when removed from the RMC’s contractual scope of work (scope).
- a. Progress reports and meeting minutes were included in RMC’s contractual scope. Both of these activities occurred during the initial contract period. The District, in order to preserve funding for construction management personnel (executed via subcontract with CH2M), directed RMC to stop issuing monthly reports.¹¹ Monthly reports were not subsequently reassigned to another consultant, or to the District, creating a reporting void. The impact of this lack of reporting was a reduced historical visibility into the program, and a loss of knowledge during project management transition and handover. Further, this change in scope should have been handled in an amendment via the approved change management practice (as noted in change management section).

⁹ QEMS W42302

¹⁰ QEMS W75102rG

¹¹ Monthly report email, subject “Monthly report” sent by District Senior Project Manager on January 5, 2011

PROJECT RISK IDENTIFICATION AND MANAGEMENT, PLANNING AND SCHEDULING, COST CONTROL, AND PROJECT QUALITY

- F29. Schedule updates and reviews were discontinued, as directed by SCVWD's Project Manager.
- a. Schedules and subsequent updates are required to demonstrate planned progress, sequence of operation, and actual progress allowing for evaluation of progress variance.

Per the Executed Agreement, RMC was to use schedule management programs to monitor progress on Program activities, and to provide early identification of issues associated with schedule compliance. Schedule updates were to be provided monthly. Schedule updates and documented reviews subsided based on District direction to cease reporting, and the responsibility was not reassigned. It is not clear how project progress was assessed against Project Work Plans subsequent to the decision to subside reporting.¹²

AUDIT RECOMMENDATIONS

CHANGE MANAGEMENT

- R20. Ensure project management training is in place, allowing for inter-task transfer process intent to be better understood

DOCUMENT CONTROL

- R21. Modify existing project document control practice (and/or implementation of practice) to be less autonomous, in line with industry standard.
- R22. There is currently no explicit process or direction for interface of project document control systems between consultant and the District. Recommend implementing a detailed practice for project document control interface between District and Consultant. Though the Project Work Plan could serve as a platform for a description of this interaction, a framework for its use should be provided.

PROJECT MANAGEMENT AND EXECUTION

- R23. There is no current practice to address project management (and key personnel) turnover. QEMS discusses transition between phases, but does not require transition reporting between key personnel i.e. there is no formal practice for project management turnover. The project management position was transitioned in October 2013, near the end of the RMC contract; there is no evidence of a formal project management transition plan, or documentation of a

¹² Executed Agreement and QEMS Q751D01

transition meeting. Though lack of transition practice is a risk in and of itself, a lack of attention to project document control and change management practice exacerbates this risk, as the history of the project is not well documented. Recommend implementing a project management and key personnel transition/turnover practice including tools and templates, and roles and responsibilities.

- R24. There is no current practice for project performance or compliance audit. Performance evaluation is not currently a requirement of QEMS and there are no systems or processes in place to support implementation of performance or compliance evaluation. The impact of the lack of performance evaluation increases the risk of District and consultant noncompliance and poor performance. Recommend developing and implementing process compliance audit requirements at key stages of project execution including processes, tools, and roles and responsibilities. Of note and predicated on industry best practice, audit should be implemented during project mobilization (early in the project) to allow for course correction if necessary.

PROJECT RISK IDENTIFICATION AND MANAGEMENT, PLANNING AND SCHEDULING, COST CONTROL, AND PROJECT QUALITY

- R25. Risk Management is not a requirement of QEMS practices; rather it is included as an optional section within the Project Work Plan practice¹³. Project Risk Management is a well-accepted core project management knowledge area, and industry best practice. The impact of not identifying and documenting risks greatly increases the likelihood of project budget and schedule overruns. Recommend implementing a risk management procedure.
- R26. Per the Executed Agreement, providing progress status reports is a requirement of invoice submittal. However, the demonstration of progress basis (either in a Project Work Plan or through the invoicing process) is not required. The impact of not requiring a demonstration of progress basis could in some cases lead to over-invoicing and ensuing over-payment. Recommend implementing a defined procedure for earned value / progress measurement.
- R27. Though some objectives are formalized in the Project Work Plan, some other objectives articulated in interviews (securing federal funding and optimizing use of federal funding) were not formally recorded either directly as objectives, or as project constraints or assumptions. Further, there is no current process for recording or documented District expectations, or satisfaction with consultant performance and methodologies. The impact of not formally recording expectations and satisfaction reduces the ability to continually improve, both from the standpoint of District procurement and consultant performance. Recommend reviewing the need for an expectation and satisfaction procedure. Practice should address objectives, requirements, process, and reporting as well as roles and responsibilities, tools, and templates.

¹³ QEMS W75102



SUMMARY OF THE VIEWS OF RESPONSIBLE OFFICIALS

Place holder for SCVWD commentary associated with review of draft

Providing a draft report with findings for review and comment by responsible officials of the audited entity and others helps the auditors develop a report that is fair, complete, and objective. Including the views of responsible officials results in a report that presents not only the auditors' findings, conclusions, and recommendations, but also the perspectives of the responsible officials of the audited entity and the corrective actions they plan to take. Obtaining the comments in writing is preferred, but oral comments are acceptable.

Auditors should also include in the report an evaluation of the comments, as appropriate.

APPENDICES

The appendices include the following items.

- A. List of interviews
- B. Key documents
- C. Performance Audit Report

Appendix A - List of Interviews

Employee	Associated Department / Role(s)
Lyndel Melton	Principal
Steve Bui	Project Manager (Senior Civil Engineer, Principal)
Julie O'Connor	Senior Project Accountant
Katherine Oven	Deputy Operating Officer (Water Utility Capital Division) Deputy Operating Officer, Watersheds Capital Projects Division
Leslie Orta	Senior Assistant District Counsel
Ted Ibarra	Assistant/Associate Civil Engineers (Coyote Watershed – Lower Silver Creek)
Roger Narsim	Capital Engineering Unit Manager (Coyote Watershed – Lower Silver Creek)
Stephen Ferranti	Capital Engineering Unit Manager (Coyote Watershed – Lower Silver Creek)
Mark Klemencic	(Retired) Chief Operating Officer (Watersheds)
Guy Canha	Accountant II
Karen Akiyama	Project Coordinator
Mike Heller	Management Analyst II
Anne Noriega	Ethics/Conflict of Interest Program Administrator
Richard Nguyen	Management Analyst II
Tim Bramer	Construction Manager (Construction Services Unit)
David Seanez	Chief Construction Inspector (Construction Services Unit)
Martin Rivera	Resident Construction Inspector (Construction Services Unit)
Norma Camacho	Chief Operating Officer (Watersheds) Chief Executive Officer
Brian Hopper	Senior Assistant District Counsel
Melanie Richardson	Deputy Officer (Corporate Business Services) Deputy Administrative Officer (Procurement and Operational Services) Deputy Operating Officer (Watersheds Design and Construction) Chief Operating Officer (Watersheds)

Appendix B - List of Key Documents

Reference	Description
A3277G and Amendments	Agreement No. A3277G and Amendments 1-3, between SCVWD and RMC
RMC Invoices	43 RMC invoices issues for the Lower Silver Creek work (12 of which were selected for detailed testing)
RMC Payment History	RMC payment history spreadsheet (Maintained by the District's Accounts Payable group)
District Accounts Payable	Payments history file of all RMC payments, obtained directly from the District's Accounts Payable system
RMC Deltek Transfers Report	Report from RMC's Deltek project accounting system, showing all transfers into and out of the Lower Silver Creek project (used to ensure additional costs were not added to the project subsequent to official employee time entry)
RMC Deltek Project Cost Report	Report from RMC's Deltek project accounting system, summarizing all project costs (used to ensure the District was not overbilled)
Representation Letter	Representation letter from RMC (now Woodard & Curran), stating there was no overbilling or billing for work not performed and that representations to the PMA team were truthful and accurate.
ITT Form	Inter task transfer documentation
QEMS W75102	Create Work Plan Practice
QEMS W75101	Change Management Practice
QEMS W42302	District File Instructions for Capital Projects
QEMS Q751D01	Capital Project Delivery
Executive Limitations	Executive Limitation Policies
4/8/11 Legal Memo	Memo to Operations (initial firewall policy)
6/5/18 Legal Memo	Revised firewall policy
Process Audit Final Report	2015 Consultant Contracts Management Process Audit Final Report
Intake Memo	7/17/15 hotline intake memo (summarizing the details of the hotline complaint as it related to the RMC/Lower Silver Creek work)
Fact Finding Report	11/30/15 Hanson Bridgett fact finding report on the investigation of RMC/Lower Silver Creek allegations
Transfer Emails	9/22/15 e-mail string discussing inter-task budget transfers
4/28/09 Board Meeting Video	Video of 4/28/09 board meeting where sole source to RMC was approved
10/27/15 Board Meeting Video	Video of 10/27/15 board meeting where Lower Silver Creek allegations were addressed by District staff
12/8/15 Board Meeting Video	Video of 12/8/15 board meeting where Hansen Bridgett Fact Finding was presented, and COO discussed updates to firewall

Email Direction	Email directing RMC to stop preparing and issuing monthly reports
BAO Interpretations	BAO Interpretations of the Board’s Governance Policies
Sole Source CEO approval	Conformed Copy Board Agenda Memo dated 04/28/2009. Subject: Sole Source Consultant Contracts to Complete the Design Documents for Construction of Lower Silver Creek Flood Protection Reaches 4-6, #40264012, San Jose
Approval Authority	Approval authority for consultant services contracts
Procurement Procedure	Procurement of consulting services procedure
Payment Procedure	“Payments for goods and services” procedure
Financial Services Document	“Financial services-General accounting unit” document
General Accounting Policies and Procedures	General Accounting Policies and Procedures
Conflict Documents	<ul style="list-style-type: none"> • California Fair Political Practices Commission • City and County of San Francisco Employee Handbook dated Jan 2012 • San Mateo County, Chapter 2.20 - CONFLICT OF INTEREST CODE • County of Santa Clara Conflict of Interest Code • Palo Alto Resolution No. 9471 • Denver Water Employee policy 2-12. EMPLOYEE CODE OF ETHICS • AWWA Governance Statement - COI •
Forms 700	Melanie Richardson’s Form 700, Calendars Years 2009 through 2015, on file with the District
Employee Evaluations	District employee evaluations
Superior Court of California, Civil Grand Jury	http://www.sccscourt.org/court_divisions/civil/cgj/grand_jury.shtml http://www.sccscourt.org/court_divisions/civil/cgj/grand_jury_archive.shtml
Deputy District Attorney Correspondence	7/2/18 email with John Chase, Santa Clara County Deputy District Attorney
Budget Adjustment Form	Lower Silver Creek Budget Adjustment Form
Design Phase Work Plan	Lower Silver Creek Reaches 4 & 5, and 6 Flood Protection Project Design Phase Work Plan. Dated 6/1/10
Construction Phase Work Plan	Lower Silver Creek Reaches 4-6A Flood Protection Project Construction Phase Work Plan. Dated 8/11/10
CM10088	Construction Manual
Organizational Charts	District Organization Charts 2009-2018

Client: SCVWD Project: LSC Perf. Audit PMA Project # 04078 Audit Date MAY17-OCT2018	Lead Auditor: Mike Brown Auditor: John Mahoney Auditor: John Olenberger	<table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="background-color: red; color: white;">0</td><td style="background-color: red; color: white;">Non-Compliance</td></tr> <tr><td style="background-color: yellow;">1</td><td style="background-color: yellow;">Partial Compliance</td></tr> <tr><td style="background-color: green;">2</td><td style="background-color: green;">Full Compliance</td></tr> <tr><td colspan="2" style="background-color: gray;">N/A</td></tr> <tr><td>NCR</td><td>Non Compliance Report</td></tr> <tr><td>AFI</td><td>Area for Improvement</td></tr> </table>	0	Non-Compliance	1	Partial Compliance	2	Full Compliance	N/A		NCR	Non Compliance Report	AFI	Area for Improvement	 PMA Consultants <small>EST. 1971</small>
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Item #	Knowledge Area	Reference	Audit Item	Team Score	Auditor Notes	NCR AFI
1	Project Management and Execution	Const. Manual CM1088, Rev B, Section 2	Has written authorization been received from SCVWD prior to commencing work?	● 2	27-007 confirmed NTP on 6/18/09	
2	Project Management and Execution	Industry	Has the PM reviewed and signed the contract or release document prior to SCVWD signature?	● 2	Agreement A3277G signed by SCVWD and RMC	
3	Project Management and Execution	Industry	Was a Project Mobilization Plan, or Initiation Checklist completed?	NA	not contractually required; industry best practice suggests using a mobilization checklist as well as early audit in order to allow for course correction	AFI
4	Project Management and Execution	Const. Manual CM1088, Rev B, Section 4	Were the appropriate insurance certificates been received and issued to SCVWD?	● 2	COI presented (10/17/08)	
5	Project Management and Execution	Const. Manual CM1088, Rev B, Section 4	Was a Kick-Off Meeting held with required attendees?	● 2	Meeting minutes confirm KO held 6/23/2009	
6	Project Management and Execution	QEMS W75102rG	Was a Project Management Plan issued in the level of detail required? Did the context of the plan match the actual execution of job? Was it updated as needed?	● 1	reviewed design and construction phase project work plans. Not all project objectives were captured (i.e. federal funding). Plan should have been updated when scope and/or schedule/budget changed	NCR
7	Project Management and Execution	Const. Manual CM1088, Rev B, Section 4	Was the Project Execution Plan reviewed and approved by the SCVWD PM?	● 1	formally accepted copy and construction phase plans (K. Oven and A. Gurevich); plans should have been updated upon contractual or strategy changes and amendments	
8	Project Management and Execution	Industry	Was the Basis of Design completed (including performance criteria, design assumptions, listing of SCVWD documents, and applicable standards)?	● 2	BOD completed and transmitted JAN2010	
9	Project Management and Execution	Const. Manual CM1088, Rev B, Section 4	Were weekly project meetings held, and documented with minutes?	● 1	bi-weekly through initial contracting period. Agenda and minutes reviewed. Meetings with RMC were discontinued at same time as monthly reports	
10	Project Management and Execution	Const. Manual CM1088, Rev B, Section 6	Were all meetings or telephone conversations (with decisions made or significant data transferred) documented on a timely basis?	● 2	decisions documented in minutes of bi-weekly program meetings. Transmittals provided.	
11	Project Management and Execution	Const. Manual CM1088, Rev B, Section 6	Was an Action Item list implemented, and reviewed weekly?	● 2	action items covered in bi-weekly progress	

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12	Project Management and Execution	Executed Agreement A3277G, App 1	Were Progress Reports issued monthly to SCVWD?	1	progress reports maintained JUN09-SEP10, and transmitted to SCVWD. District directed RMC to stop issuing progress reports in order to reserve funding for RMC's subconsultant services. Monthly reports were not subsequently provided by others	AFI													
13	Project Management and Execution	Const. Manual CM1088, Rev B, Section 5	Did consultant adhere to the submittal process required by the District?	2	a submittal "who gets what" document created to organize submittals; formal submittals transmitted for BOD, 90%, 95%, and 100%.														
14	Project Management and Execution	Industry	Did consultant adhere to the RFI process required by the District	2	RFI Log provided post-interview, and verified for inclusions														
15	Project Management and Execution	Industry	Did the District answer RFIs in a timely manner?	2	no perceived issues from RMC or SCVWD standpoint; date received to date returned to consultant generally within acceptable limits (less than one week)														
16	Project Management and Execution	Const. Manual CM1088, Rev B, Section 10	Was the project closeout report complete and distributed?	2	final invoice and associated documentation completed per CM1088														
17	Project Risk Identification and Management	QEMS W75102rH	Was a Project Risk and Mitigation Plan developed?	1	developed as part of Project Work Plan (above and beyond minimum requirements), however a key project risk and associated mitigation should have been identified for use of funding and funding optimization, to coincide with the objective of optimizing federal funding	AFI													
18	Project Risk Identification and Management	QEMS W75102rH	Were mitigation plans or action items assigned in the action item list?	2	action items assigned to individuals (bi-weekly meeting minutes)														
20	Planning and Scheduling	Const. Manual CM1088, Rev B, Section 6	Was the baseline schedule developed with appropriate stakeholder input?	2	Interactive process used as documented through meeting minutes / attendance														
21	Planning and Scheduling	Const. Manual CM1088, Rev B, Section 6	Was the baseline schedule reviewed and accepted/approved by the PM?	2	Approval of schedule implied through approval of Project Work Plan														
22	Planning and Scheduling	Executed Agreement A3277G / Q751D1	Was the schedule reviewed monthly with the project team and approved by the SCVWD PM?	1	as part of monthly report, until monthly report discontinued														
23	Planning and Scheduling	Const. Manual CM1088, Rev B, Section 7	Were the schedules resource loaded?	2	Resources managed via alternate system (Deltek); due to small nature of RMC scope when compared to consultant, this was sufficient														

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24	Planning and Scheduling	Executed Agreement A3277G/Q751D1	Were schedules updated at least once per month?	1	as part of monthly report, until monthly report discontinued														
25	Planning and Scheduling	Executed Agreement A3277G/Q751D1	Were schedules updated to reflect approved amendments?	2	baseline included with approved project work plan. RMC documents provide regular updates; no updates found in District documentnation. Schedule was updated to include amendments (design to construction in subsequent years)														
26	Cost Control	Q751D1	Were internal cost reports issued monthly with appropriate content, and as planned in the project controls plan?	2	in monthly reports.														
27	Cost Control	Const. Manual CM1088, Rev B, Section 7	was progress and performance measurement included in the monthly report, and reviewed with the SCVWD PM?	2	included in monthly progress reports														
28	Cost Control	Const. Manual CM1088, Rev B, Section 7 Executed Agreement A3277G	Were earned hours and productivity determined at least monthly for all functions/crafts during Detailed Engineering and Construction?	1	progress reported for design in monthly reports. Basis of Earned Value Methodology not confirmed														
29	Cost Control	Const. Manual CM1088, Rev B, Section 7	Is a progress measurement system in place to determine cost and schedule progress and performance?	2	progress reported for design in monthly reports.														
30	Change Management	Executed Agreement A3277G	Was a retainage held back from monthly progress payments until approved to release?	1	per invoices; retention percentage decreased over time; reasoning not documented but allowed per contract														
31	Change Management	QEMS W75101 Const. Manual CM1088, Rev B, Section 7	Was a amendment practice in place, implemented, and followed?	0	amendment practice was in place. Amendments were submitted and approved. Scope-of-work in amendment documentation was not updated commensurate with expectation and understanding of services going forward. Project Work Plans were not updated according to practice guidelines	NCR													
32	Change Management	Const. Manual CM1088, Rev B, Section 7	Did the SCVWD PM approve amendments to the work and order of magnitude price prior to proceeding?	2	PM approved amendments and routed for CEO approval														

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33	Change Management	QEMS W75101 Const. Manual CM1088, Rev B, Section 7 BAO Interpretations (EL5)	Were formal amendments issued per guidelines?	1	CEO approved amendments. According to signature page of signed agreement, Board Governance policies were invoked related to change management. Board Governance policies indicate that the CEO was not entitled to make a single purchase for consultant service contracts in excess of \$100,000 without authorization from the Board. Verification of authorization documented in amendments and in Conformed Copy of Board Agenda Meeting (4-28-09). Definition around "amend" should have been more clear.	NCR													
34	Change Management	Const. Manual CM1088, Rev B, Section 7	Were amendments tracked in a change log?	1	amendments and claims tracked in potential change log (provided post interview). However, amendments not detailed in accordance with understanding of services going forward	NCR													
35	Change Management	Const. Manual CM1088, Rev B, Section 11	Were Claims managed in accordance with Section 11 requirements?	1	amendments and claims tracked in potential change log (provided post interview). However, amendments not detailed in accordance with understanding of services going forward														
36	Change Management	Executed Agreement A3277G, App 2 Section 3, Number 3	Was unused budget transferred appropriately between tasks?	0	According to the agreement, funding from completed tasks can be moved to future tasks; however, funding associated with incomplete (or future) tasks cannot be transferred to current tasks. Task 4 budget was transferred to task 3 (inter transfer 11/13/12), and from task 1 to task 3 (no documentation backup, and task 1 not complete). The contract, though NTE by task, was seemingly treated as T&M holistically.	NCR													
37	Change Management	Const. Manual CM1088, Rev B, Section 11	What was the value of total amendments on the project? Were they excessive, and if so why?	2	on RMC's contract, change was valued at ~830k/54% but is not seen as excessive as change was expected based on nature of contract, unknown future funding, and extensions of time due to increased level of effort and delays associated with regulatory permitting														

Client: SCVWD Project: LSC Perf. Audit PMA Project # 04078 Audit Date MAY17-OCT2018		Lead Auditor: Mike Brown Auditor: John Mahoney Auditor: John Olenberger		<table border="1"> <tr><td>0</td><td>Non-Compliance</td></tr> <tr><td>1</td><td>Partial Compliance</td></tr> <tr><td>2</td><td>Full Compliance</td></tr> <tr><td>N/A</td><td></td></tr> <tr><td>NCR</td><td>Non Compliance Report</td></tr> <tr><td>AFI</td><td>Area for Improvement</td></tr> </table>		0	Non-Compliance	1	Partial Compliance	2	Full Compliance	N/A		NCR	Non Compliance Report	AFI	Area for Improvement	 PMA Consultants EST. 1971	
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Item #	Knowledge Area	Reference	Audit Item	Team Score	Auditor Notes	NCR AFI													
38	Document Management and Control	Executed Agreement A3277G, App 1; W42302revC	Was the Document Management practice approved?	0	see CWP LSC filing structure; no verification of formal approval. SCVWD structure missing several sub-class folders as required in QEMS. Unorganized and ineffectual project document control.	NCR													
39	Document Management and Control	Executed Agreement A3277G, App 1 W42302revC	Have Project files been set up per the Project practice?	1	reviewed; RMC's files set up according to document management heirarchy found in CWP LSC Filing Structure; District files setup at a high level heirarchy. Heirarchies do not match (varying levels of detail and organization). District structure unorganized and missing several sub-class folders such as monthly reporting.	AFI													
40	Document Management and Control	QEMS W42302revC	Was the project document control system implemented and used appropriately?	1	RMC project document control organized according to CWP LSC Filing Structure. SCVWD project document control system was used for a portion of the project, but not all files found in District system. Examples include copies of all amendments and backup, and monthly reports. Testimony revealed that the DA left and was not replaced. Further, construction for reaches 4-6b contained only 34 documents. Additionally, key direction was issued through email and should have been issued as a PDF (or similar) according to QEMS	NCR													
41	Document Management and Control	Industry	Does the execution plan include the Client interface with the project document control Work Process?	0	could not verify	AFI													
42	Document Management and Control	Executed Agreement A3277G, App 1	Was a distribution matrix developed, distributed, and utilized?	2	verified for BOD, and Design Submittals														
43	Document Management and Control	QEMS W42302revC	Was a central filing system established for both Design and Supplier/3rd party documentation?	0	District file structure unorganized, and ineffective	AFI													
44	Document Management and Control	QEMS W42302revC Const. Manual CM10888, Rev B; Section 10	Have all files been prepared for archive or been archived?	0	could not verify final archive	NCR													
45	Document Management and Control	QEMS W42302revC Const. Manual CM10888, Rev B; Section 10	Did the Project Manager submit required documentation for approval, closeout and release of final payment?	2	final invoice and associated documentation submitted; financial audit out of scope of performance audit														

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46	Document Management and Control	QEMS W73004, Appendix E (also Const Manual, Section 4)	Were 30%, 60%, 90%, and Final Design reviews conducted and documented?	● 2	intent met through 90, 95, 100%														
47	Project Quality	Industry	Were SCVWD expectations (or objectives) formally recorded?	● 1	objectives noted in project work plan, but some objectives articulated in interviews (securing federal funding and optimizing use of federal funding) not formally recorded; expectations not documented or part of execution plan	AFI													
48	Project Quality	QEMS W75102rH	Was a Quality Plan developed?	● 2															
49	Project Quality	Industry	Were there regular updates with SCVWD on satisfaction (of delivery, objectives, communication styles, etc.)?	NA	not a requirement	AFI													
50	Project Quality	Industry	Were project Quality audits completed?	NA	no evidence of a project specific compliance audit	AFI													
51	Field Services	Const. Manual CM1088, Rev B, Section 6, 7, 8, 11, 12, 13, & 14.	Was a SCVWD Construction Representative assigned to the project?	● 2															
52	Field Services	Industry	Was the Construction Representative included in the planning process?	● 1	CH present during planning process (verbal). Not verified through documented minutes.														
53	Field Services	Industry	Were Constructability Reviews held?	● 2	yes, through value engineering														
54	Field Services	Const. Manual CM1088, Rev B, Sec 4	Was a Construction Phase Work Plan prepared and approved?	● 2	yes, verified executed version														

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Audit Recommendations ¹	Owner	Management Response	Auditor Response to Management Response
<p>Recommendation R1</p> <p>COI policy should be included in the District employee handbook issued to and signed by each employee certifying they took the course, understand and agree not to violate the Act, and will report any potential COI's or violations to the District's Ethics & Equal Opportunity Program.</p> <p>Final Draft Report Page 17.</p>	<p>Anna Noriega</p>	<p><u>Management Response:</u> Management concurs with this recommendation.</p> <p><u>District Action:</u> After revising Ethics Policy, EEOP staff will distribute it to all current employees with certificate of acknowledgement to sign. Currently, EEOP staff provides training on the District's Ethics Policy to all new hires during a monthly orientation. Each new hire signs an acknowledgment of receiving the Ethics Policy and ethics training. We will look at training options that educate all employees.</p>	<p>Agree. District should provide an estimated completion date.</p>
<p>Recommendation R2</p> <p>The COI should reference relevant District policies and procedures. The COI policies should concisely reference applicable laws, employees Duty to Act in the Public Interest, acceptance of gifts, and include sections that define a COI, terminology/definitions, confidentiality statement, and procedures.</p> <p>Final Draft Report Page 17.</p>	<p>Anna Noriega</p>	<p><u>Management Response:</u> Management concurs with this recommendation. The current Ethics Policy includes reference to applicable laws, employees' duty to act in the public interest, acceptance of gifts, a section that defines terminology/definitions, and procedures.</p> <p><u>District Action:</u> The Ethics Policy is currently under revision. When revised, the Ethics Policy will incorporate much more detail on the above referenced items and adds new sections, including confidentiality.</p>	<p>Agree. District should provide an estimated completion date.</p>

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Audit Recommendations ¹	Owner	Management Response	Auditor Response to Management Response
<p>Recommendation R3</p> <p>The COI policy should provide guidance as to whether an employee can have a secondary job, the reporting requirements if allowed and the limitations.</p> <p>Final Draft Report Page 17.</p>	<p>Anna Noriega</p>	<p><u>Management Response:</u> Management acknowledges this recommendation. However, the District's Outside Employment Policy provides guidelines on secondary jobs and is referenced within the Ethics Policy.</p> <p>EEOP staff reviews all outside employment forms submitted by employees to ensure that there is no conflict of interest with the work being performed between the district and the secondary job. In incidents where there is a conflict of interest, EEOP staff will discuss with the employee and their manager(s) to identify any mitigating methods to ensure there is no conflict of interest.</p>	<p>We recommend that, within the COI policy, the District refer to the specific applicable COI provisions contained in the Outside Employment Policy. This document was not provided to PMA as part of the audit; if provided, PMA will review pursuant to its recommendation.</p>
<p>Recommendation R4</p> <p>District should develop COI procedures that include re-occurring training and documentation to allow for effective implementation, annual auditing, annual review for improvements and reporting protocol to the District's Ethics & Equal Opportunity Program regarding potential violations.</p> <p>Final Draft Report Page 17.</p>	<p>Anna Noriega</p>	<p><u>Management Response:</u> Management concurs with this recommendation. EEOP staff currently conducts AB 1234 Ethics training as required every other year. All Form 700 filers at the District are required to take the FPPC online or in-house 2-hour training and sign an acknowledgement certificate.</p> <p><u>District Action:</u> EEOP staff will develop procedures to audit EEOP processes. Additionally, EEOP staff will develop materials that highlight the Ethics Policy for all employee distribution. Estimated completion date is by June 2019.</p>	<p>Agree.</p>

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<p>Recommendation R5</p> <p>The District should leverage the District’s work (counsel memos) to develop a procedure (vs internal memos) that includes guidance on notification, evaluation, testing and formulation firewall measures specific to the situation.</p> <p>Final Draft Report Page 17.</p>	<p>Anna Noriega</p>	<p><u>Management Response:</u> Management concurs with this recommendation.</p> <p><u>District Action:</u> EEOP staff will revise the Ethics Policy and create a work instruction in collaboration with District Counsel’s Office for when firewall measures are needed and what should be done to avoid conflicts.</p>	<p>Agree with the proposed District Action.</p> <p>District should provide an estimated completion date.</p>
<p>Recommendation R6</p> <p>It should state a procedure for reviewing Board member, committee members, employee and consultants Form 700’s and direct all that may obtain positions that a COI may occur, to immediately update their Form 700 and notify the District’s Ethics & Equal Opportunity Program.</p> <p>Final Draft Report Page 17.</p>	<p>Anna Noriega</p>	<p><u>Management Response:</u> Management concurs with this recommendation. EEOP staff currently reviews Board member, employee and consultant Form 700s during the annual filing process and sends all managers their employees’ Form 700s. As noted in the Conflict of Interest/Statement of Economic Interests (Form 700) Work Instruction, employees promoted into a designated filer job category, that employee is required to file an Assuming Office Form 700.</p> <p><u>District Action:</u> In instances of a promotion of an employee who already files a Form 700, EEOP staff will forward employee’s most recent Form 700 to the new supervisor for review. EEOP staff will establish communications to remind employees of their on-going obligation to report potential or actual COI through-out the year.</p>	<p>The focus of the performance review was on 2009-2012 documentation, to coincide with contractual requirements. Please provide <i>current</i> ‘Conflict of Interest/Statement of Economic Interests (Form 700) Work Instruction’</p> <p>District should document the work-flow as described in the “District Action” into a formal Policy and provide an estimated completion date for the Policy.</p>

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Audit Recommendations ¹	Owner	Management Response	Auditor Response to Management Response
<p>Recommendation R7</p> <p>The District should develop procedures to provide a framework for evaluating potential COI's prior to placing an existing or prospective employee in a position that would create a conflict.</p> <p>Final Draft Report Page 18.</p>	<p>Anna Noriega</p>	<p><u>Management Response:</u> Management concurs with this recommendation.</p> <p><u>District Action:</u> Staff will explore the feasibility of developing a procedure to evaluate potential conflicts of interests by June 2019.</p>	<p>District Action is vague, and should be reworded</p>
<p>Recommendation R8</p> <p>District should provide annual on-line training, which should be conducted prior to having employees update their Form 700.</p> <p>Final Draft Report Page 18.</p>	<p>Anna Noriega</p>	<p><u>Management Response:</u> Management acknowledges this recommendation. However, EEOP staff provides Form 700 filers with FPPC training videos and guides when they file an Assuming Office, Annual or Leaving Office Form 700. Video of District's AB 1234 ethics training is also available on the District's internal webpage.</p>	<p>Agree with District response. However, the referenced video was not provided to PMA as part of the audit; if provided, PMA will review pursuant to its recommendation.</p>

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Audit Recommendations ¹	Owner	Management Response	Auditor Response to Management Response
<p>Recommendation R9</p> <p>Updated Form 700 forms should be submitted when employees are promoted or re-assigned to new positions.</p> <p>Final Draft Report Page 18.</p>	<p>Anna Noriega</p>	<p><u>Management Response:</u> Management acknowledges this recommendation. However, in instances of a promotion or reassignment of an employee who already files, EEOP staff forwards the employee’s most recent Form 700 to the new supervisor for review. In instances of a promotion of an employee who transitions to a designated filer job category, that employee is required to file an Assuming Office Form 700 and EEOP staff forwards that employee’s Form 700 to their new supervisor for review.</p> <p><u>District Action:</u> EEOP staff is continually seeking ways to improve the existing process whereby employees are notified of their obligation to file.</p>	<p>This document was not provided to PMA as part of the audit; if <i>current</i> ‘Conflict of Interest/Statement of Economic Interests (Form 700) Work Instruction’ is provided, PMA will review pursuant to its recommendation.</p> <p>District should memorialize the work-flow described in their “Management Response” as a formal policy.</p>
<p>Recommendation R10</p> <p>The District should develop general guidelines for consistent invoice review.</p> <p>Final Draft Report Page 20.</p>	<p>Katherine Oven</p>	<p><u>Management Response:</u> Management concurs with this recommendation.</p> <p><u>District Action:</u> A general invoice review procedure for project managers will be developed.</p>	<p>Agree with the proposed District Action.</p> <p>District should provide an estimated completion date.</p>

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Audit Recommendations ¹	Owner	Management Response	Auditor Response to Management Response
<p>Recommendation R11</p> <p>The District should implement a guideline for Delegation of Authority.</p> <p>Final Draft Report Page 20.</p>	Tina Yoke	<p><u>Management Response:</u> Management concurs with this recommendation. However, the recommendation is broad as the term "delegation of authority" is granted to various units and divisions, not just contracts (example: payment of rent of District owned property, settlement of claims, etc.). The scope of Management's response is limited to consultant and service agreements.</p> <p><u>District Action:</u> There are a number of separate policies and work instructions that provide roles and responsibilities, including authority levels. A new guideline that pulls all this information together and provides clarity on delegation of authority, would benefit all District personnel. This guideline should also align with the ERP project processes.</p>	<p>Agree with the proposed District Action. Please provide an estimated completion date.</p>
<p>Recommendation R12</p> <p>The District should update the master list of employees and labor rates within the contract as this serves as a control against unsupported labor rates and inclusion of costs on a fixed price contract.</p> <p>Final Draft Report Page 20.</p>	Thomas Esch	<p><u>Management Response:</u> Management concurs with this recommendation. Consultant contracts typically are not fixed-price contracts, and time-and-material contracts and contracts with labor rates are not fixed-price contracts. For those non-fixed-price contracts, the Project Manager is responsible for ensuring those positions and rates listed in the contract remain constant or must implement Form FC1165 Agreement Status Change Request to receive approval for modification of hourly rates or make changes to key personnel. Attached to the FC1165 in both cases is an updated table of rates or key personnel.</p>	<p>Agree with the proposed District Action. Provide an estimated completion date.</p>

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		<p>However, it should be noted that both the contract and the change request forms may benefit from a standard "Compensation Table" that identifies position titles, rates, subcontractors, and other planned expenses. This table can consistently be used and familiar to all Project Managers versus the variety of forms received from consultants.</p> <p><u>District Action:</u> A single "Compensation Table" form will be used and then updated based on approved changes per the contract.</p>	
<p>Recommendation R13</p> <p>If substitute or additional employees are allowable, then the contract should provide a generic employee title which will tie to the amount being invoiced.</p> <p>Final Draft Report Page 20.</p>	<p>Thomas Esch</p>	<p><u>Management Response:</u> Management acknowledges this recommendation. However, contractor employee titles must be common to the industry for the work being performed, especially to understand the working level of the position and pay rates for comparison. Furthermore, the form FC1165 Agreement Status Change Request is used to provide any changes to key personnel and rates. It is the responsibility of the Project Manager to keep a master list of positions and rates and the name of individuals filling those positions and use that information when verifying rates provided in consultant invoices.</p>	<p>District should document the responsibilities as described in their "Management Response" into a formal Policy and provide an estimated completion date for the Policy. The Policy should also include a Quality Control requirement to ensure that the Project Manager's performance complies with Policy.</p>

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Audit Recommendations ¹	Owner	Management Response	Auditor Response to Management Response
<p>Recommendation R14</p> <p>If rates are expected to change over the life of the contract, the contract should either specify the rate changes, or provide for an escalation clause.</p> <p>Final Draft Report Page 20.</p>	Thomas Esch	<p><u>Management Response:</u> Management acknowledges this recommendation. However, the current Contract (Terms and Conditions) template includes a Fees and Payments schedule that explains the process for rate changes. Specifically, consultants may request a rate change every 12 months, based on an approved percentage increase or based on the Employment Cost Index (ECI) for the Bay area, whichever is less.</p>	<p>District response does not explain how they document and approve these changes. Suggest they develop a policy (or reference an updated policy) and include an estimated completion date.</p>
<p>Recommendation R15</p> <p>The District's invoice review process should include a component of correlating invoice rates to contractual rates.</p> <p>Final Draft Report Page 21.</p>	Katherine Oven	<p><u>Management Response:</u> Management concurs with this recommendation.</p> <p><u>District Action:</u> A general invoice review procedure for project managers will be developed. This component will be included in the procedure.</p>	<p>Agree with the proposed District Action. Provide an estimated completion date.</p>

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<p>Recommendation R16</p> <p>The District should require support documentation for all labor and materials charges, unless otherwise noted by contract.</p> <p>Final Draft Report Page 21.</p>	Thomas Esch	<p><u>Management Response:</u> Management concurs with this recommendation. Requests for receipts to the extent reasonably necessary to confirm the payment of costs that are subject to Cost Substantiation, copies of timesheets, invoices, canceled checks, expense reports, receipts and other documents, as appropriate, can be included in the contract. In addition, the contract currently requires invoices to include a summary of labor expenditures, direct costs, and billed Subconsultant charges. Furthermore, the contract terms does state the District has the right to obtain and review all records pertaining to the performance of the agreement, though understood for audit purposes.</p> <p><u>District Action:</u> Items described in the Management Response will be incorporated into the District's standard consultant agreements language.</p>	<p>Agree with the proposed District Action. Provide an estimated completion date.</p>
<p>Recommendation R17</p> <p>The District should ensure task level billings from subcontractors agree with that of the consolidated invoice from the prime contractor.</p> <p>Final Draft Report Page 21.</p>	Katherine Oven	<p><u>Management Response:</u> Management concurs with this recommendation.</p> <p><u>District Action:</u> A general invoice review procedure for project managers will be developed. This component will be included in the procedure.</p>	<p>Agree with the proposed District Action. Provide an estimated completion date.</p>

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<p>Recommendation R18</p> <p>Accurate task level reporting should be a component of consistent invoice review.</p> <p>Final Draft Report Page 21.</p>	<p>Katherine Oven</p>	<p><u>Management Response:</u> Current consultant agreements for capital projects require the consultant to submit a monthly progress report with each monthly invoice.</p> <p><u>District Action:</u> A general invoice review procedure for project managers will be developed. This component will be included in the procedure.</p>	<p>Agree with the proposed District Action. Provide an estimated completion date.</p>
<p>Recommendation R19</p> <p>Specifying date ranges on invoices should be added to invoicing requirements, and should be a component of consistent invoice review.</p> <p>Final Draft Report Page 21.</p>	<p>Thomas Esch Katherine Oven</p>	<p><u>Management Response:</u> Management acknowledges this recommendation. However, the contract currently requires the consultant to provide beginning and end date for billing period that services were provided. The Project Manager has the responsibility to verify services were completed and only then agree to payment via the invoice.</p> <p><u>District Action:</u> A general invoice review procedure for project managers will be developed. This component will be included in the procedure.</p>	<p>Agree with the proposed District Action. Provide an estimated completion date.</p>

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Audit Recommendations ¹	Owner	Management Response	Auditor Response to Management Response
<p>Recommendation R20</p> <p>Ensure project management training in place, allowing for process intent to be better understood.</p> <p>Final Draft Report Page 29.</p>	<p>Katherine Oven</p>	<p><u>Management Response:</u> Project management training is in place in the Capital Program divisions.</p> <ol style="list-style-type: none"> 1. The most valuable and effective training occurs on the job, with direct guidance and mentoring provided by a unit manager or experienced project manager. 2. The Capital Program’s Quality Environmental Management System (QEMS) framework, that follows the International Organization for Standardization (ISO), provides step-by-step directions and instructions for review and preparation of key project deliverables and quality records that document project changes in scope, schedule, or cost. The supervising engineer or unit manager is responsible for his or her unit staff’s performance in working within the QEMS framework. 3. Project management classes are made available through the District’s Workforce Development Program. Training on all QEMS capital project delivery procedures is provided to all staff in the Capital Program divisions every two years. <p><u>District Action:</u> QEMS training classes were held in August and September, 2017, in accordance with the 2-year cycle for QEMS training. Each Unit Manager is to ensure that trainings are effective by ongoing review of capital project work and deliverables prepared by his/her unit staff.</p>	<p>During the course of the performance review, the Auditors interviewed a number of employees and inquired about their respective opinions related to policy intent. Responses included varying perspectives on policy intent, signifying that then-current training was likely not effective.</p> <p>It is the Auditor’s opinion that intent of documentation was not always well grasped and that a more formal training plan would be beneficial.</p> <p>Implementing follow-up audit (“as you go”) at key project intervals (mobilization, 30% design, pre-construction, etc) would provide an on-going basis to gauge employee understanding, and policy conformance.</p>

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		<p>A review of the training classes will be conducted prior to the next training cycle to improve staff's understanding of the procedures, work instructions, and forms.</p>	
<p>Recommendation R21</p> <p>Modify existing project document control practice (and/or implementation of practice) to be less autonomous, in line with industry standard.</p> <p>Final Draft Report Page 29.</p>	<p>Katherine Oven</p>	<p><u>Management Response:</u> The existing District File Instructions for Capital Projects is a QEMS document that provides guidelines and instructions to establish a standard file management system for the Capital Program project files (hardcopy and electronic), including a naming convention and organizational structure for the creation, maintenance and retention of project files, and ensuring that files are created, maintained and archived in a consistent manner in accordance with the District Records Retention Schedule.</p> <p><u>District Action:</u> Capital Program staff will review this procedure and agree on updates to align it with industry standards. The District File Instructions for Capital Projects (QEMS Document W42302, Revision F, Effective Date: February 14, 2013) was reviewed and revised in October 2018.</p>	<p>Agree. Once again, a policy and procedure audit at key project stages would help to ensure employee understanding and compliance with District QEMS.</p>

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Audit Recommendations ¹	Owner	Management Response	Auditor Response to Management Response
<p>Recommendation R22</p> <p>There is currently no explicit process or direction for interface of project document control systems between consultant and the District. Recommend implementing a detailed practice for project document control interface between District and Consultant. Though the Project Work Plan could serve as a platform for a description of this interaction, a framework for its use should be provided.</p> <p>Final Draft Report Page 29.</p>	<p>Katherine Oven</p>	<p><u>Management Response:</u> When originally prepared, the File Instructions for Capital Projects (W42302) procedure required a document administrator (DA) staff person to manage the document filing system for each project. Over the past 5 years, as the Capital Program has grown significantly, staff dedicated to this effort have been reassigned to higher-priority work, and new staff positions have not been approved to support this effort.</p> <p><u>District Action:</u> As part of the District Action Item for Recommendation R21, capital staff will be convened to review this procedure and determine how it should be improved, and what staff resources would be required to assure consistent document control interface between the District and its consultants. The District File Instructions for Capital Projects (QEMS Document W42302, Revision G, Effective Date: October 2018) will be reviewed and revised by March 2019.</p>	<p>Agree</p>

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<p>Recommendation R23</p> <p>There is no current practice for project management (and key personnel) turnover. QEMS discusses transition between phases, but does not require transition reporting between key personnel i.e. there is no formal practice for project management turnover. The project management position was transitioned in October 2013, near the end of the RMC contract; there is no evidence of a formal project management transition plan, or documentation of a transition meeting. Though lack of transition is a risk in and of itself, a lack of attention to project document control and change management practice exacerbates this risk, as the history of the project is not well documented. Recommend implementing a project management and key personnel transition / turnover practice including tools and templates, and roles and responsibilities.</p> <p>Final Draft Report Page 29.</p>	<p>Katherine Oven</p>	<p><u>Management Response:</u> The lack of a focused transition of the Lower Silver Creek Project due to the unexpected retirement of key personnel, was a detriment to the continuity of project leadership.</p> <p><u>District Action:</u> The Deputy Officers of the Capital divisions have discussed this issue among themselves and with their unit managers. The DOOs will hold the UMs accountable for proper transition of projects due to key personnel retirements.</p>	<p>Recommend use of a turnover practice including tools (perhaps a checklist) to help ensure smooth transition. A standard District policy/procedure audit checklist (in line with R24) is developed to support performance auditing, it could be used as a basis for turnover. This should be documented in a Policy and an estimated completion date provided.</p>

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DRAFT Santa Clara Valley Water District Management Response

Audit Recommendations ¹	Owner	Management Response	Auditor Response to Management Response
<p>Recommendation R24</p> <p>There is no current practice for project performance or compliance audit. Performance evaluation is not currently a requirement of QEMS and there are no systems or processes in place to support implementation of performance or compliance evaluation. The impact of the lack of performance evaluation increases the risk of District and consultant noncompliance and poor performance. Recommend developing and implementing process compliance audit requirements at key stages of project execution including processes, tools, and roles and responsibilities. Of note and predicated on industry best practice, audit should be implemented during project mobilization (early in the project) to allow for course correction if necessary.</p> <p>Final Draft Report Page 30.</p>	<p>Tina Yoke</p>	<p><u>Management Response:</u> Management acknowledges this recommendation. District staff is exploring the parameters, benefits and risk related to a formalized performance evaluation. District staff has also reached out to other regional agencies to benchmark best practices and gain insight from established programs utilizing performance evaluations.</p> <p><u>District Action:</u> Staff to continue exploring the parameters, benefits and risk related to a formalized performance evaluation.</p>	<p>Highly recommend implementing compliance auditing requirements. It can help to ensure projects are setup in accordance with District QEMS, helps to ensure employee understanding of policies and procedures, helps to identify areas that need improvement, and in general can serve as a roadmap for project managers and staff to ensure they're implementing and maintaining key project management knowledge areas, as deemed important by the District.</p> <p>District response does not provide a firm commitment to addressing the recommendation and implementing a change. Suggest they develop a Policy and include an estimated completion date. Said policy can be revised as part of the District's</p>

¹ See audit report for audit background, approach, conclusions, and findings.

Lower Silver Creek Flood Protection Project Performance Audit

DRAFT Santa Clara Valley Water District Management Response

Audit Recommendations ¹	Owner	Management Response	Auditor Response to Management Response
			commitment to continuous improvement.
<p>Recommendation R25</p> <p>Risk Management is not a requirement of QEMS practices; rather it is included as an optional section within the Project Work Plan practice. Project Risk Management is a well-accepted core project management knowledge area, and industry best practice. The impact of not identifying and documenting risks greatly increases the likelihood of project budget and schedule overruns. Recommend implementing a risk management procedure.</p> <p>Final Draft Report Page 30.</p>	Katherine Oven	<p><u>Management Response:</u> The current QEMS planning and design procedures do not contain instructions for including risk management in each capital project. Risk management is performed on large and complex projects, most often by the design phase consultant.</p> <p><u>District Action:</u> A currently active program management consultant agreement for the District's Expedited Purified Water Program includes tasks for the development of District staff, and several risk management training sessions have been held for interested staff. This consultant was tasked with developing a project risk management practice for the QEMS framework that aligns with industry standards. The new work instruction was completed and published in March 2018.</p>	This document was not provided to PMA as part of the audit; if provided, PMA will review pursuant to its recommendation.
<p>Recommendation R26</p> <p>Per the Executed Agreement, providing progress status reports is a requirement of invoice submittal. However, the demonstration of progress basis (either in a Project Work Plan or through the invoicing</p>	Katherine Oven	<p><u>Management Response:</u> Current consultant agreements for capital projects require the consultant to submit a monthly progress report with each monthly invoice. This can be further strengthened by requiring a measure of task completion (as a percentage) for each task that's being invoiced.</p> <p><u>District Action:</u></p>	Highly recommend implementing an Earned Value Management (EVM) requirement that relies on physical progress (rather than % spent, or % of schedule used) for <i>large</i> capital construction projects.

¹ See audit report for audit background, approach, conclusions, and findings.

Lower Silver Creek Flood Protection Project Performance Audit

DRAFT Santa Clara Valley Water District Management Response

Audit Recommendations ¹	Owner	Management Response	Auditor Response to Management Response
<p>process) is not required. The impact of not requiring a demonstration of progress basis could in some cases lead to over-invoicing and ensuing over-payment. Recommend implementing a defined procedure for earned value / progress measurement.</p> <p>Final Draft Report Page 30.</p>		<p>Capital staff will evaluate the costs/benefits of developing and implementing an earned value approach to project invoicing for consultant agreements. A recommendation of whether or not to proceed with such an effort, and the associated necessary short- and long-term financial and staff resources, will be solicited from the CEO/Chiefs by March 2019.</p>	<p>It is typical for this requirement to be implemented by the GC, and/or CM. The District would review for compliance, and benefit from the additional cost and schedule assurances provided by EVM.</p>
<p>Recommendation R27</p> <p>Though some objectives are formalized in the Project Work Plan, some other objectives articulated in interviews (securing federal funding and optimizing use of federal funding) were not formally recorded either directly as objectives, or as project constraints or assumptions. Further, there is no current process for recording or documented District expectations, or satisfaction with consultant performance and methodologies. The impact of not formally recording expectations and satisfaction reduces the ability to continually improve, both from the standpoint of District procurement</p>	<p>Katherine Oven</p>	<p><u>Management Response:</u> Management concurs with the recommendation and currently evaluates consultant performance for compliance with agreement requirements in terms of scope, schedule, and budget. The District's expectations for consultant performance are stated in agreements using a task and correlating deliverable format, including specific deadlines and financial limits per task. An assessment regarding the quality of consultant performance can best be determined at certain increments after the finished work is implemented and tested to operational standards and the passage of time.</p> <p><u>District Action:</u> Capital Program staff will continue the current satisfaction survey/lessons learned practices.</p>	<p>The referenced surveys and practices were not provided to PMA as part of the audit; if provided, PMA will review pursuant to its recommendation.</p>

¹ See audit report for audit background, approach, conclusions, and findings.

Lower Silver Creek Flood Protection Project Performance Audit

DRAFT Santa Clara Valley Water District Management Response

Audit Recommendations¹	Owner	Management Response	Auditor Response to Management Response
and consultant performance. Recommend reviewing the need for an expectation and satisfaction procedure. Practice should address objectives, requirements, process, and reporting as well as roles and responsibilities, tools, and templates. Final Draft Report Page 30.			

¹ See audit report for audit background, approach, conclusions, and findings.

File No.: 19-0061

Agenda Date: 1/22/2019

Item No.: 3.3.

COMMITTEE AGENDA MEMORANDUM

Board Audit Committee

SUBJECT:

District Internal Audit Schedule and Board Audit Committee Review.

RECOMMENDATION:

Discuss methods of Board Audit Committee monitoring of District Internal Audits.

SUMMARY:

The District conducts various CEO-directed internal audits. The Board Audit Committee has requested to discuss methods of tracking and/or monitoring these types of audits, including Quality and Environmental Management System Internal Audits and Financial Audits.

An example calendar of internal audits is included in Attachment 1.

ATTACHMENTS:

Attachment 1: Example Calendar of Audits

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068

AUDIT DESCRIPTION	Proposed Audit Schedule 2019											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
QUALITY ENVIRONMENTAL MANGEMENT SYSTEM INTERNAL AUDITS												
Treated Water O&M DOO: Customer Service Survey											X	
Laboratory Services Unit												X
North Treatment Operations Unit												X
South Water Treatment Operations Unit												X
Treatment Plant Maintenance Unit											X	
Water Quality Unit										X		
Water Utility Capital Division												
Capital Program Planning and Analysis Unit										X		
Construction Services Unit										X		
Pipelines Project Delivery Unit										X		
East Side Project Delivery Unit				X								
West Side Project Delivery Unit									X			
Dam Safety & Capital Delivery Division												
CADD Services Unit					X							
Dam Safety Program & Project Delivery Unit									X			
Design and Construction Unit 3				X								
Pacheco Project Delivery Unit								X				
Water Supply Division DOO: Customer Service Survey											X	
Wells & Water Measurement Unit				X								
Watershed Design and Construction Division												
Design and Construction Unit 1									X			
Design and Construction Unit 2									X			
Design and Construction Unit 4				X								
Design and Construction Unit 5								X				
Land Survey and Mapping Unit											X	
Real Estate Services Unit								X				
Associated Business Support Areas												
Facilities Management								X				
Infrastructure Services/IT					X							
Equipment Management							X					
Purchasing, Consultant Contract, and Warehouse							X					
Security and Emergency Services							X					
Environmental Health and Safety											X	
Workforce Development (Training)					X							
Core ISO Procedures: Continual Improvement Unit							X					
Office of External Affairs (Communications)							X					
Office of the Clerk of the Board (Communications)							X					
FINANCIAL AUDITS												
Financial Statement Audit												X
Treasurer's Report												X
Appropriation's Limit												X
Compensation and Benefit Compliance (odd years)												X
Travel Expenses Reimbursement (even years)												X
Single Audit (if applicable)		X										
WUE Fund Audit						X						
OTHER CEO-DIRECTED INTERNAL AUDITS												

File No.: 19-0100

Agenda Date: 1/22/2019

Item No.: 3.4.

COMMITTEE AGENDA MEMORANDUM

Board Audit Committee

SUBJECT:

Review 2019 Committee Work Plan.

RECOMMENDATION:

Review and make necessary adjustments to the 2019 Work Plan, and confirm regular meeting schedule for 2019.

SUMMARY:

Under direction of the Clerk, Work Plans are used by all Board Committees to increase Committee efficiency, provide increased public notice of intended Committee discussions, and enable improved follow-up by staff. Work Plans are dynamic documents managed by Committee Chairs, and are subject to change. Committee Work Plans also serve as Annual Committee Accomplishments Reports.

The 2019 Board Audit Committee Work Plan Single Page View is contained in Attachment 1. The Detailed version of the Board Audit Committee Work Plan is contained in Attachment 2 and was populated by staff as follows:

Schedule for Presentation of Materials:

Discussion topics have been populated on the proposed 2018 Work Plan from the following sources:

- Items referred to the Committee by the Board;
- Items requested by the Committee to be brought back by staff;
- Items scheduled for presentation to the full Board of Directors; and
- Items identified by staff.

ATTACHMENTS:

Attachment 1: 2019 Committee Work Plan Single Page

Attachment 2: 2019 Committee Work Plan

UNCLASSIFIED MANAGER:

Michele King, 408-630-2711

BAC Committee 2019 Workplan

	<i>Jan 22</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>	<i>Aug</i>	<i>Sep</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>
<i>BAC Implementation</i>												
Draft Audit Charter	X											
Finalize Audit Charter			X									
Initial Audit Selection	X											
Finalize Audit Work Plan			X									
<i>BAC Project Monitoring</i>												
Lower Silver Creek Final Audit Report / Draft Management Response	X											
Review/Discuss Task Orders (Every Meeting)	X											
QEMS Internal Audit Report	X					X						
Financial Audit Status Update			X									
<i>BAC Development</i>												

BOARD AUDIT COMMITTEE 2019 WORK PLAN

Updated: 1/18/19



Committee Purpose: The Board Audit Committee is established to assist the Board of Directors, consistent with direction from the full Board, to identify potential areas for audit and audit priorities; and to review, update, plan and coordinate execution of Board audits.

The Board Audit Committee was enacted during the September 9, 2004 Board meeting, Agenda Item 3. The Committee was initially established as an ad hoc committee to *assist in the preparation for, and performance of, a comprehensive management audit and come back to the Board with recommendations on audit scope and stakeholder participation.* The Committee fulfilled this purpose in 2007, was inactive in 2008, and redefined its purpose at its March 20, 2009 meeting as follows: *The Audit Ad Hoc Committee of the Santa Clara Valley Water District is established to assist the Board of Directors, consistent with direction from the full Board, to develop the Board's pilot Management Audit Plan and Program.*

The annual work plan establishes a framework for committee discussion and action during the annual meeting schedule. The committee work plan is a dynamic document, subject to change as external and internal issues impacting the District occur and are recommended for committee discussion. Subsequently, an annual committee accomplishments report is developed based on the work plan and presented to the District Board of Directors.

2019 PARKING LOT

The Parking Lot contains unscheduled items referred to the Committee by the Board of Directors, or requested to by the Committee to be brought back by staff.

Date Requested	Requesting Body	Assigned Staff	Discussion Subject	Intended Outcome(s)

BOARD AUDIT COMMITTEE 2019 WORK PLAN

Updated: 1/18/19



2019 WORK PLAN

MEETING DATE	WORK PLAN ITEM, BOARD POLICY, & POLICY CATEGORY	ASSIGNED STAFF	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
01/22/19	2.1 Approval of Minutes	M. Overland	Approve the minutes	
	3.1 Board Independent Auditor Report Update - TAP International, Inc.	D. Taylor	<ul style="list-style-type: none"> A. Discuss the status of the Draft Audit Work Plan, Draft Audit Charter, and potential audits with the Board's Independent Auditor, TAP International, Inc.; B. Receive and discuss draft task orders for audits #1, 5, and 6; C. Receive copies of TAP International, Inc. task orders and invoice tracking sheet; and D. Direct TAP to present task orders for audits #1, 5, and 6 to the full Board for approval to initiate. 	
	3.2 Final Draft Audit Report and Final Draft Management Response for the Performance Audit of Lower Silver Creek Flood Protection Project, Agreement No. A3277G.	D. Taylor	<ul style="list-style-type: none"> A. Discuss the Final Draft Audit Report from PMA Consultants on the status of the Performance Audit of Lower Silver Creek Flood Protection Project, Agreement No. A3277G; B. Discuss the Final Draft Management Response for the Performance Audit of Lower Silver Creek Flood Protection Project, Agreement No. A3277G; and C. Direct staff to have PMA Consultants present the final draft audit report and management response to the Board of Directors. 	
	3.3 District Internal Audit Schedule and Board Audit Committee Review.	D. Taylor	Discuss methods of Board Audit Committee monitoring of District Internal Audits.	

BOARD AUDIT COMMITTEE 2019 WORK PLAN

Updated: 1/18/19



	3.4 Review 2019 Committee Work Plan.	M. Overland	Review and make necessary adjustments to the 2019 Work Plan, and confirm regular meeting schedule for 2019.	
	4.1 Quality Environmental Management Systems (QEMS) Compliance Update.	D. Taylor	Receive information regarding the Quality and Environmental Management System.	

File No.: 19-0051

Agenda Date: 1/22/2019
Item No.: 4.1.

COMMITTEE AGENDA MEMORANDUM

Board Audit Committee

SUBJECT:

Quality Environmental Management System (QEMS) Compliance Update.

RECOMMENDATION:

Receive information regarding the Quality and Environmental Management System.

SUMMARY:

One of the programs that assists the organization to continually improve is the District's Quality and Environmental Management System (QEMS).

The District's QEMS is a framework of processes and standard operating procedures the District uses to organize, manage, and improve its work to achieve organizational objectives. This framework ensures the continuity of daily operations and facilitates succession planning by managing a robust employee knowledge base.

On April 23, 2018, the District made the decision to not pursue the 2018 external ISO re-certification audit, which resulted in the expiration of its ISO 9001:2015 and ISO 14001:2015 certifications, which expired on August 26, 2018. However, the District remains committed to the QEMS, which is based on the ISO framework.

Given the myriad of competing demands on staff time, the decision to not pursue certification to ISO 9001:2015 and ISO 14001:2015 freed up staff time to work on the Board's urgent priorities and other important activities. The District's ISO certification efforts are well-documented and can be reinstated in the future, by completing an external Stage 1 and Stage 2 ISO audit.

The District's QEMS continues to be an important part of District operations. The QEMS consists of the District's Document Control System, because it captures staff knowledge and organizes work in a predictable way, and the District's Corrective and Preventive Action Request (CPAR) System, including regular CPAR Review Committee meetings, to drive improvement to operations. At the December 3, 2018, Board Audit Committee meeting, the BAC directed staff to return to the BAC to present an update on district compliance with QEMS procedures and work instructions.

Monitoring and Measurement of QEMS Performance: Internal Audits

To help drive continual improvement, the District's QEMS is based on an ISO framework, which

utilizes the Plan-Do-Check-Act cycle:

- **Plan** means defining the objectives necessary to carry out work activities in accordance with system requirements.
- **Do** means the work activities carried out in accordance with District requirements.
- **Check** means monitoring performance of work activities to ensure that District requirements are continuing to be met.
- **Act** means action taken to analyze and continually improve performance.

As part of the checking stage of the Plan-Do-Check-Act cycle, internal audits are conducted to monitor and improve the performance of the QEMS. Audits are an effective and reliable tool to ensure that the management system is meeting District requirements.

Internal audits are conducted by trained District staff. When assessing the management system, auditors are objective and impartial in their observations and keep management and staff informed of their findings.

Audit results are used by management to identify areas to improve operations and customer satisfaction. Summarized findings and nonconformities resulting from an audit are documented in the District's Corrective and Preventive Action Request (CPAR) System and are reviewed for effectiveness at the regular CPAR Review Committee meetings.

Internal audits will continue to be conducted regularly. For your reference, Attachment A is the 2018 Internal Audit Report. All Internal Audit Reports can be reviewed on the Continual Improvements' Audits intranet webpage.

ATTACHMENTS:

Attachment 1: 2018 Internal Audit Report

Attachment 2: Brief History of the Quality and Environmental Management System

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068



1. OBJECTIVES

Internal audits of the District's Quality and Environmental Management System (QEMS) are required as part of maintaining an ISO-compliant management system and are regularly performed to:

- Assess conformity to the new ISO 9001:2015 and ISO 14001:2015 requirements
- Assess conformity to Santa Clara Valley Water District (District) processes and procedures
- Continually identify and guide improvements to District operations and performance
- Provide feedback to management to evaluate the effectiveness of the QEMS

Audit results are communicated to management via this report.

2. EXECUTIVE SUMMARY

The following summarizes the results of the April 2018 internal audit. To preserve the integrity of the auditors' observations and independence of reporting, their findings have not been edited. The detailed audit findings are in Section 3 of this report.

The District maintains an integrated Quality and Environmental Management System (QEMS); therefore, processes were audited to both ISO 9001:2015 standards for quality products and services and to ISO 14001:2015 for environmental management through pollution prevention. **This was the fourth** internal audit conducted using the new ISO requirements. The first audit was conducted in October 2016. The October 2017 audit included those business units that were not audited in the April 2017 internal audit and the August 2017 external audit. The April 2018 internal audit included all remaining units within the District's management system.

To prepare for this year's ISO audit, sixteen internal auditors were trained and certified in the new ISO 9001:2015 and ISO 14001:2015 standards.

Seventeen audit interviews were conducted of the following in-scope operations:

- Emergency and Security Services Unit (ESSU)
- Purchasing, Consultant Contracts, and Warehousing Services
- Water Utility Capital Division-West Side Project Delivery Unit
- Water Utility Capital Division-Design and Construction Unit
- Watershed Capital Design and Construction Unit #1
- Watershed Capital Design and Construction Unit # 2
- Real Estate Services Unit
- Computer Assisted Design and Drafting Services Unit (CADD)
- Wells and Water Measurement Unit - Vasona Pumping Plant
- South Water Treatment Operations Unit/Treatment Plant Maintenance Unit – Rinconada Water Treatment Plant (RWTP)
- Environmental Health and Safety Unit
- Communications, Clerk of the Board, Water Utility Operations and Maintenance (Customer Satisfaction)
- Capital Program Planning and Analysis Unit
- Water Utility Capital Division-Pipelines and Project Delivery Unit
- Construction Services Unit
- Watershed Design and Construction Division-Design and Construction Unit 5
- Equipment Management Unit/Facilities Management Unit

It is concluded that the processes from business areas included in this audit appear to be in a good state of readiness, as indicated by the following observations and areas of merit:

- The ESSU Unit Manager and staff clearly understood the compliance obligations related to Emergency Management and the awareness of the QEMS was evident. ESSU staff maintains excellent record management on trainings and continuous improvement plan
- The Purchasing, Consultant Contracts, and Warehousing Services Unit manages and maintains 3 key procedures, 31 work instructions and 30 forms within the QEMS, which is quite challenging and likely a matter that should, and is being looked at by the unit manager, with an eye to simplify during the current update cycle
- The Water Utility Capital Division – West Side Project Delivery Unit staff has completed required QEMS Training
- Staff in the Water Utility Capital Division – Design and Construction Unit were prepared for the audit as evidenced by their documentation at the interview, ability to respond to questions and demonstrate thorough knowledge of their roles and project processes, and were able to readily search the project webpage at www.valleywater.org and their shared-drive system to retrieve documentation and evidence.
- Staff in the Watershed Design and Construction Unit # 2 were well prepared for the audit. The unit manager was very open and helpful to the audit process by providing detailed responses to questions posed by internal auditors. As an improvement to their own work process, the unit manager suggested that there be a template to write the O & M manual for District construction projects
- Staff in the Real Estate Services unit had completed the required QEMS Training
- CADD Services Unit processes are very well implemented. A quarterly performance measure tracking is in place to ensure they are meeting the needs of their stakeholders. CADD services manual is on-line
- Two areas of merit were observed at the Vasona Pumping Plant:
 1. Chemical Management: Prior to purchasing or bringing new chemicals onsite to the Vasona Meter Facility, facility staff must get EH&S's approval via the New Chemical Purchase Form. In addition to obtaining EH&S approval for new chemical usage the Wells and Water measurement unit manager (UM) created his own form, Authorization to Add Chemicals/Materials to the Vasona Inventory, for the UM to approve prior to requesting approval by EH&S. The Authorization to Add Chemicals/Materials to the Vasona Inventory requires Vasona Meter facility staff to evaluate what is required to bring the chemical onsite. The Authorization to Add Chemicals/Materials to the Vasona Inventory inquiries about necessary PPE, engineering controls, and spill equipment.
 2. On a weekly basis, the UM provides his Deputy with the Weekly Treated Water Review Summary. This summary conveys any irregular meter readings staff observe/note during the previous week readings on either the West or East treated water pipeline. Use of this form is effective in alerting and keeping the DOO informed of potential treated water meter irregularities.
- Two areas of merit were observed at the Rinconada Water Treatment Plant (RWTP):
 1. RWTP Staff is well trained and led by competent and enthusiastic management. Auditees were well prepared for the internal audit
 2. RWTP is clean and well-maintained
- The Environmental Health and Safety (EHS) unit has good procedures and documentation for compliance
- The Office of the Clerk of the Board is to be commended for the automation of its Board Communications process. Its BiTrak system, which offers reporting, tracking and automated

reminders to stakeholders to ensure completion in a timely manner is reflective of an effective process

- The Capital Program Planning and Analysis (CPPA) unit staff is very familiar with documents applicable to their work
- The Water Utility Capital Division- Pipelines Project Delivery Unit had all their files in order. It was very easy for them to locate every piece of documentation they needed to show us for evidence of their work.
- The Construction Services Unit Manager demonstrated competent understanding of construction processes as demonstrated by their thorough knowledge of Board, staff, contractor, and regulatory agency roles and responsibilities and project processes and an ability to easily search the online construction management database to retrieve Project documentation and evidence
- Watershed Design and Construction Unit # 5 staff had a clear understanding of their work processes. Staff is very knowledgeable of design and construction details. They were all fluent in the QEMS processes and procedures. They were organized and ready to answer QEMS internal audit interview questions
- Lead Equipment Management and Facilities Management Unit staff have a good understanding of the processes in their work area and how the work is connected to other business areas of the District and/or could impact the environment

Any Corrective Actions, Preventive Actions, and Opportunities for Improvement resulting from internal or external audits or originated by staff are documented and monitored through the Corrective and Preventive Action Request (CPAR) System.

The CPAR System provides value by containing the records of actions related to nonconformities, which can be used to analyze operational trends, find related nonconformities, track progress toward implementing corrective and preventive actions, and determine the effectiveness of these actions. These records also serve as an historical account of ongoing continual improvement and to prevent future occurrences.

Regular review of CPARs by management during monthly CPAR Review Committee (CRC) meetings helps identify inconsistencies, potential risks, and improvements to District operations. This review emphasizes the importance and value of taking timely action to improve District performance and customer satisfaction.

During this audit, the following two Opportunities for Improvement (OFI's) were identified. CPARs have been opened to systematically and comprehensively track the resolution of these issues, summarized below.

1) Timeliness of Completing QEMS Waiver (OFI)

Current Capital Project Delivery procedure (Q-751-013) requires staff to obtain waivers for any deviation from QEMS requirements. It does not provide guidance to staff on when waivers should be prepared; waivers should be completed in a timely manner (e.g. before moving on to the next step or within a specified timeframe).

A recent trend has been to do these after internal audits. This is not a non-conformance since the current process is being followed.

2) Inconsistent record keeping while implementing Watershed Asset Rehabilitation Program (WARP) (OFI)

Waivers have been obtained for the entire WARP program leading to inconsistent record keeping. A dedicated work instruction will be useful to maintain consistent documentation. This is not a non-conformance since the current process is being followed.

Finally, as of the completion of this audit, below is the status of CPARs and OFIs that were generated from previous internal audit findings:

- CPAR 696 (OFI-Open): During the October 2017 internal audit, the auditor observed that Taste and Odor (T&O) events are communicated via email to the Deputy Operating Officer of Treated Water Operations and Maintenance Division and reported to upper management in meetings. There is no central report or log available to record parameters, such as when T&O are outside desired limits. These reports could then serve as a record of T&O event responses and provide notification to upper management prior to potential public complaints. A monthly log/report will be useful to analyze trends and drive process improvement. The log will also validate the operations/treatment plant data. An Action Plan was developed and implemented. Action Plan implementation is in progress. Estimated closure date is June 2018
- CPAR 684 (Corrective Action-Open): During the April 2017 Santa Teresa Water Treatment Plant (STWTP) audit, auditors observed that bulk chemical deliveries to the Water Treatment Plant did not meet the technical specifications specified in the contract. Per ISO 9001:2015, the organization shall ensure that the externally provided products conform to requirements. Based on the root cause analysis, the CPAR owner concluded that STWTP standard operating procedures (SOPs) needed revision to include inspection of deliveries by plant operators. An action plan was developed and implemented. Closed-November 2017
- CPAR 646: (Preventive Action-Open): During the October 2015 internal audit, the auditor noted that staff resources were not in place to conduct regularly scheduled emergency exercise drills and there was an observed deficiency of documented processes to support carrying out such drills. An Action Plan was developed and implemented. Action Plan implementation is in progress. A new emergency manager has been hired and the estimated completion date has been extended to June 30, 2018
- All other internal audit CPARs have been closed

3. AUDIT FINDINGS

Audit ID # 1: Emergency Services and Security (ESSU) Unit

Process/Area Assessed	Emergency Services and Security
Business Unit	Emergency Services and Security Unit - 219
ISO Requirement	ISO 9001:2015 <ul style="list-style-type: none"> • 8.5.1 - Control of production and service provision • 8.5.2 - Identification and traceability ISO 14001:2015 <ul style="list-style-type: none"> • 8.2 - Emergency preparedness and response

QEMS INTERNAL AUDIT REPORT APRIL 1, 2018 – APRIL 30, 2018

<p>District Requirement</p>	<p>Boards Ends Policies:</p> <ul style="list-style-type: none"> • 2.1.6 - Prepare for and respond effectively to water utility emergencies. • 3.2.3 - Prepare and respond effectively to flood emergencies countywide to protect life and property. • CPAR 646 • District Records Retention Schedule: http://www.aqua.gov/home/scvwd/main/admin/records/Retention2018.pdf
<p>Regulatory/Legal Requirement</p>	<p>Regulatory/Legal requirements established by: The Department of Homeland Security National Response Framework, National Incident Management System (NIMS), CAL-OES National Incident Management System (NIMS), Federal Emergency Management Agency (FEMA), and California Standardized Emergency Management System (SEMS).</p>
<p>Audit Findings</p>	<p>The mission of the Emergency Services and Security Unit (ESSU) is to help the District shorten the disruption period and operational impacts of emergencies and disasters. This mission is accomplished by preparing the District's management and staff to respond to emergencies and disasters including field responses, coordinating field responses, and coordinating with other government and county agencies. The ESSU complies with several emergency and disaster preparedness programs including the Department of Homeland Security's National Response Framework, the National Incident Management System (NIMS), the Federal Emergency Management Agency (FEMA), and the California Standardized Emergency Management System (SEMS). Programs are District-wide and are sustained through multi-year program planning. The ESSU is divided into two main areas of business: Security and Emergency Preparedness.</p> <p><u>ISO 9001:2015 - 8.5.1 Control of Production and Service Provision</u></p> <p>The Security component oversees District ID, access badges, security escorts for staff, security equipment issues, report incidents of suspicious activity, notification of visitors or vendors to the treatment and pumping plants, security consultations, warnings, and advisories. The request for services from the ESSU are initiated using FC 1440 form, in which the requestor can list and identify the specific facility access requirements for an employee. The requests are reviewed by staff and supervisors and entered into the database for processing and tracking. Additional QEMS work instructions used are W-640-044 titled Violence in the Workplace.</p> <p>The Emergency Services component focuses on the Emergency Operations Plan (EOP) and Disaster Service Worker (DSW) Program. QEMS work instructions used are Q-830-016 titled Emergency Operations Plan (EOP) and Q-830-017 titled Disaster Service Worker (DSW) Program.</p> <p><u>ISO 9001:2015 - 8.5.2 Identification and Traceability</u></p> <p>The California Emergency Services act requires the District to manage and coordinate emergency operations within its jurisdiction. This entails extensive training for management and staff on the DSW and FEMA programs. The training records are updated by staff on a consistent basis and regularly scheduled email notifications are sent to recipients regarding DSW and FEMA trainings that are soon to expire.</p>



ISO 14001:2015 – 8.2 Emergency Preparedness and Response

Under the California Standardized Emergency Management System (SEMS) and the National Incident Management System (NIMS), the District has responsibilities at two levels: field response and local government.

At the field response level, all agencies will use the Incident Command System (ICS) to standardize emergency response. At the District level, the Emergency Operations Center (EOC) is used as the central location for gathering and disseminating information and coordinating all jurisdictional emergency operations. EOC operations are described in QEMS work instructions W-830-103 titled EOC Activation and Deactivation Process and W830D05 titled Emergency Operations Center Switchboard Operations.

The EOC activation process consists of two levels: 1) Monitoring and Assessment, 2) Full Activation, whereas both levels utilize the Incident Action Plan (IAP) to provide an initial response and then determine the activation level of the EOC. EOC personnel use computers and phones to communicate with local agencies and media to maintain information gathering/sharing during the incident and are required to keep track of activities on the Incident Communications Plan. EOC Management and staff are pre-determined by the EOC Staff Alert List (pink sheets), which also ensures the selected EOC workers are current on DSW/FEMA trainings and procedures. Plans and objectives are continually re-evaluated and adjusted in response to the emergency. Upon deactivation of the EOC, an After-Action Report (AAR) is created and includes a Corrective Action Plan that identifies corrective actions to continually improve the EOC processes and procedures.

The Emergency Operations Plan (EOP) serves as a planning framework to effectively manage the response to any hazard that threatens District operations and includes four phases: Preparedness, Response, Recovery, and Mitigation. These four phases of emergency management provide a procedural framework for responding to emergencies that affect the District's ability to fulfill its mission.

Preparedness Phase

The Preparedness phase is a continuous cycle of planning, organizing, training, equipping, exercising, evaluating, and taking corrective action on activities that are executed in advance of an emergency or disaster. These activities develop operational capabilities and effective responses and may include mitigation, emergency/disaster planning, training, exercises and education of employees and the public. This phase develops and implements the EOP, Emergency Operational Center (EOC) procedures/checklists, and the Continuity of Operations Plan (COOP). The District's emergency preparedness exercises are scheduled to be performed on a regular basis and may include local city/county agencies, private sectors, and nongovernmental organizations.

Respond Phase

The Response Phase focuses on the actions and activities to take place during an emergency. There are two responses within this phase: 1) Pre-Emergency and 2) Emergency.

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	<p>Pre-Emergency Response: When a disaster is emerging or inevitable an operational review of the action is conducted to determine risk and impact. The focus is precautionary and emphasizes the protection of life, assets, and property along with maintaining core business operations.</p> <p>Emergency Response: During this phase emphasis is placed on saving lives and property, controlling the situation, and minimizing effects of the disaster. Immediate response is necessary within the affected areas by the District. When the response is transitioned to recovery, the COOP will be activated to augment and manage the transition.</p> <p>Recovery Phase The Recovery Phase occurs after an emergency and involves actions taken to enhance the effectiveness of recovery operations. Recovery activities include cost recovery, implementing short-term activities intended to return essential functions/systems to normal operations, and designing long-term activities to return infrastructure systems to pre-disaster conditions.</p> <p>Mitigation Phase The last phase is the Mitigation Phase and includes any activities that prevent an emergency, reduce the chance of an emergency happening, or reduce the damaging effects of unavoidable emergencies. The mitigation phase of emergency management differs from other phases in that it focuses on long-term measures for reducing or eliminating risk. Mitigation occurring before a disaster is identified as prevention, while mitigation occurring after a disaster is identified as recovery.</p> <p>The EOC was last opened in February 2017 for a storm event that impacted several areas of Santa Clara County and created dangerous flooding conditions. Practice drills and exercises are conducted frequently at District facilities and include District staff and local agencies to prepare for and test resources in preparation of an emergency.</p> <p>The ESSU has implemented effective Emergency and Security response processes and is continually working to improving disaster preparedness coordination efforts and exercises with local agencies.</p> <p><u>CPAR 646</u></p> <p>CPAR 646 was opened in response to an opportunity for improvement identified during the October 2015 Internal Audit. CPAR 646 addresses the development of continuous and on-going emergency preparedness drills/exercises and the need for documented processes to support exercise conduct. In response to the CPAR, staff resources are carefully being filled with qualified personnel, and an aggressive FY19 emergency exercise schedule has been drafted and is currently pending approval. The auditors observed that the Unit Manager understands the importance of fulfilling the CPAR requirements and is working diligently to comply.</p>
Objective Evidence	<ul style="list-style-type: none"> • QEMS Objectives and Targets • Unit 219 - Training Records • EOC/DSW Training records

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	<ul style="list-style-type: none"> • EOC Staff Alert List (pink sheets) • Form FC – 1440 • District Records Retention Schedule: http://www.aqua.gov/home/scvwd/main/admin/records/Retention2018.pdf
Areas(s) of Merit	<ul style="list-style-type: none"> • The Unit Manager and staff clearly understood the compliance obligations related to Emergency Management and the awareness of the QEMS was evident. • ESSU staff maintains excellent record management on trainings and continuous improvement plan.
Non-Conformance	None
CPAR Type	<input checked="" type="checkbox"/> None <input type="checkbox"/> Corrective Action <input type="checkbox"/> Preventive Action <input type="checkbox"/> Opportunity For Improvement
CPAR Title	N/A

Audit ID # 2: Purchasing, Consultant Contracts, and Warehouse Services

Process/Area Assessed	Purchasing, Consultant Contracts and Warehouse Services (Procurement Unit)
Business Unit	Purchasing, Consultant Contracts and Warehouse Services Unit (820)
ISO Requirement	<i>Q-8.4 Control of externally provided processes, products and services</i> <i>Q-8.4.2 Type and extent of control</i> <i>Q-8.4.3 Information for external providers</i>
District Requirement	<i>Board Governance Policy EL-5 Procurement</i>
Regulatory/Legal Requirement	<i>California Public Contract Code</i> <i>California Government Code</i> <i>California Labor Code</i> <i>California Water Code</i> All applicable federal, state, and local environmental laws and regulations All other requirements and commitments applicable to District programs, products, and services, such as: Green Business, California Climate Action Registry, Sustainable Silicon Valley, Fair Political Practices Act, and other environmental stewardship commitments.
Audit Findings	<p><u>Unit Overview:</u></p> <p>Purchasing provides for procurement of all goods and services throughout the District except for public works contracts over \$25,000. Purchasing administers a fair and open sourcing process for suppliers who wish to do business with the District. In coordination with Warehouse Services, this unit also facilitates the sale and/or disposal of surplus equipment and materials for the District.</p> <p>Consultant Contracts Services is responsible for managing and supporting all aspects of consultant recruitments for District's Projects. Consultant Contracts staff provides</p>

critical contract negotiation during agreement development as well as dispute resolution support to all District project managers as well as external consultants during the contract execution phase. On an average annual basis, Consultant Contracts Services processes over 60 contracts and amendments with a total spending of \$36 million.

Warehouse Services provides for the central receiving and distribution point for the organization. Warehouse staff is responsible for cost effective management of inventory and replenishment of materials and supplies used to support District wide operations.

Audit's Focus:

- Ability for the District's supply chain processes to achieve expected results in accordance with QEMS:2015 standards
- Verifying that externally provided processes, products and services conform to requirements

Findings:

- Procurement uses a programmatic approach to ensure that its staff is trained in pertinent areas of expertise. Webinars are used as a tool to ensure training of staff. A sample training record was reviewed during this audit as indicated in the Objective Evidence section below.
- External suppliers of goods/services are provided the QEMS FACTS sheet and required to review and ensure compliance in their delivery of goods/services.
- Continual improvement is exemplified by the current effort to update the Consultant Contract process by re-engineering the process or looking at roles/responsibilities, shorter cycle time, centralizing the process, gaining more control while taking the burden of some of the work off the project managers to help optimize timeliness of the process deliverables.
- Parameters are clearly codified in the Board's EL-5 that includes competitive thresholds, single sourcing and emergency procurements, all which provided clear direction for staff to maintain controls of procurement processes.
- The measure of performance is by way of internal customer acknowledgement that Procurement has provided for what the customer requested, that is comprised of multiple requirements of the service/product being obtained. As for vendor performance, that is not currently rated and best addressed by mitigating possible issues at the outset via an exhaustive procurement process that includes requirements from the customer or multiple California regulatory codes.
- The process to ensure continuing conformity with relevant Public Contract Code, and/or District requirements, when a contract is amended (e.g. subcontractor services, change in vendor) it is approved at the project manager level.

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	<ul style="list-style-type: none"> • Provided to the internal auditors was the Contract Modification, Including Assignment and Termination (W-741-063) work instruction, which outlines the roles and responsibilities and process steps to enact changes to contracts/agreements. The UM indicated it is the responsibility of the Project Manager to identify any proposed changes to contracts/agreements and advise the Purchasing or Contracts department of such changes, as appropriate. In addition, the Project Manager must ensure ongoing compliance with contractual requirements during the duration of the contract/agreement. • The UM indicated it is relatively rare that there exist subcontractors within contracts established on the Purchasing side. There is a standard provision incorporated in Purchasing contracts that prohibits sub-contracting without written consent from the District. Any proposed additions of sub-contractors would be identified by the Project Manager and then communicated to Purchasing. Purchasing would then perform any compliance checks as needed (e.g. Department of Industrial Relations registration, insurance, etc.). • There are many consultant agreements established by the Contracts group where there is a prime consultant and one or more sub-consultants. Such changes would be identified by the Project Manager. Also, provided to auditors was the Agreement Status Change Request (FC 1165) form, which is used to document and approve a variety of proposed agreement changes, including changes to project team and sub-consultants. Upon receipt of this approved form, the Contracts group would perform any compliance checks as needed. <p>Suggestion/Recommendation</p> <p>The written procedures need review and update to ensure that the alphanumeric procedure references are up to date to keep users of the procedure from confusion. The UM may want to consider being explicit in the request for budget hours during the annual budget cycle to maintain QEMS documentation.</p> <p>The practicable ability to manage and control 64 documents within the supply chain function may be posing a control risk that the UM may want to review soon.</p>
Objective Evidence	The auditors reviewed a sample of staff training records on Contract Compliance conducted on March 29, 2018.
Areas(s) of Merit	The unit's responsibility to manage and maintain 3 key procedures, 31 work instructions and 30 forms within the QEMS is quite admirable, quite the challenge and likely a matter that should, and is being looked at by the unit manager, with an eye to simplify during the current update cycle.
Non-Conformance	None
CPAR Type	<input checked="" type="checkbox"/> None <input type="checkbox"/> Corrective Action <input type="checkbox"/> Preventive Action <input type="checkbox"/> Opportunity For Improvement
CPAR Title	NA

Audit ID # 3: Water Utility Capital Division – West Side Project Delivery Unit

Process/Area Assessed	RWTP Reliability Improvement Project (93294057).
Business Unit	West Side Project Delivery Unit
ISO Requirement	<p>ISO 9001,14001: 2015</p> <ul style="list-style-type: none"> • Q-8.1 Operational Planning & Control • 8.2.3 Review of the Requirements for Products & Services • 8.3.6 Design & Development Changes • 8.5.3 Property Belonging to Customers or External Providers • 8.5.5 Post Delivery Activities • E-6.1.3 Compliance Obligations
District Requirement	None
Regulatory/Legal Requirement	<p>Within the Planning Study Report there is a chapter that includes regulatory requirements from external agencies In regards to environmental compliance, staff work closely with environmental planners during the 30% design phase to prepare CEQA documents and review applicable permits. The environmental planners are the point of contact between the District and permit authorizing agencies.</p>
Audit Findings	<p>During the April QEMS audit RWTP Reliability Improvement Project was audited for conformance to applicated ISO standards. The project follows the 30-60-90 design review planning process. During the planning process, environmental, operations, maintenance, and outside consultants provided feedback regarding design. The feedback is tracked on a spread sheet in a shared drive. Once the feedback is reviewed the responder would leave comments on the resolution section to notify staff of the resolution.</p> <p>During the project, Staff have weekly progress meetings with the contractor to discuss any concerns or property that have been impacted by the contractor. If the contractor has caused damage/loss the contractor would be responsible for cost and mitigation. Once the project is at the 90% completion phase, they will capture all the comments from stake holders on the 90% completion comments spread sheet. Those comments are then forwarded to the design staff to review and respond to.</p> <p>The project planning, design, and review has good process in place for tracking feedback and changes. The staff has done an excellent job of communicating with internal staff, contractors and the surrounding neighbors. They have been able to track and respond to all comments and changes in an orderly manner.</p>
Objective Evidence	

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Areas(s) of Merit	All staff in the Unit completed QEMS refresher training.
Non-Conformance	No
CPAR Type	<input checked="" type="checkbox"/> None <input type="checkbox"/> Corrective Action <input type="checkbox"/> Preventive Action <input type="checkbox"/> Opportunity For Improvement
CPAR Title	

Audit ID # 4: Water Utility: Design and Construction Unit # 3

Process/Area Assessed	Capital Project Delivery: Sunnyvale East and Sunnyvale West Channels Flood Protection Project (San Francisco Bay to Inverness Way and Almanor Avenue – Sunnyvale)
Business Unit	Water Utility: Design and Construction Unit #3
ISO Requirement	<ul style="list-style-type: none"> • Clause 8.1: Operational Planning and Control • Clause 8.2: Requirements for Products and Services • Clause 8.5: Control of Production and Service Provision, Post-Delivery Activities
District Requirement	<ul style="list-style-type: none"> • Safe, Clean Water and Natural Flood Protection Program (Other Capital Flood Protection Projects) • Capital Project Delivery Procedure Q-751-013
Regulatory/Legal Requirement	None reviewed as part of this audit
Audit Findings	<p>Clause 8.1: The Sunnyvale East and Sunnyvale West Channels Flood Protection Project (Project) was initiated through the District’s voter-mandated Clean, Safe Creeks and Natural Flood Protection Program (CSC) and funding for this Project continues through the District’s current Safe, Clean Water and Natural Flood Protection Program.</p> <p>The purpose of the Project is to alleviate flooding and expand the channel capacity to accommodate a 100-year flood to improve flood protection for 1,618 parcels along the channels. The Project also incorporates a trail system.</p> <p>At the completion of the Project, Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps will be updated. FEMA maintains official maps of a community on which FEMA has outlined both the special hazard areas and the risk premium zones applicable to the community.</p> <p>To ensure the Project is being carried out, as planned, a Conceptual Alternative Analysis Report, a.k.a., the planning phase for projects, is developed, which includes the Project’s financials. The Project is also documented in the District’s Capital Improvement Plan (CIP).</p> <p>Further, monthly Project status is reported to the Division Deputy to ensure the schedule and scope are on-track. Finally, bi-weekly Project Team Meetings are held to monitor daily Project progress.</p>

	<p>Clause 8.2: Project requirements were determined as part of the development of the CSC Measure B ballot measure and documented in a Conceptual Alternative Report. Preferred Project alternatives were discussed in community meetings as part of California Environmental Quality Act’s Environmental Impact Report (EIR) process. Requirements and public input is captured and documented in the Final EIR. Public input is also responded to by District Project staff and documented in the Final EIR. Project requirements are communicated through the Final EIR and on the Project webpage at https://www.valleywater.org/project-updates/creek-river-projects/sunnyvale-east-and-west-channels-flood-protection. The Project webpage includes updates, public reports, Board Agenda Items, etc.</p> <p>Clause 8.5: Process outputs for this Project include Plans, Specifications, and Estimates (for bid planning), an Operations and Maintenance Manual, Transition Report from design to construction, and a final set of construction plans, a.k.a., As-Builts.</p> <p>Each Project phase closeout – planning, design, and construction – can be waived per the Capital Project Delivery Procedure, Q-751-013. Project phase closeout can also occur when a project is completed. The planning phase of this Project was waived as evidenced by the QEMS Waiver Request dated November 3, 2011, and signed by the Watersheds Deputy.</p> <p>Project changes are documented through a Change Management Memo and focused on scope, budget, and schedule. Additionally, a Project Decision Memo is sent to the customer for their approval of a recommended Project approach. This was evidenced by the August 17, 2011, memo from the Project’s Senior Project Manager to the customer. Signatories included the Senior Project Manager, Unit Manager, Deputy Manager for “Concurrence” and the customer for “Approval.”</p> <p>Improvements to the project delivery process are captured as part of the Project’s lessons-learned session, which occurs at the end of the Project’s Close-Out design phase. At final Project completion, the Construction Close-Out procedures includes a Lessons Learned Conference. On an as needed basis, the Lessons Learned conference reviews and documents complexity design and construction issues. Lessons learned items are passed on to the Technical Review Committee (TRC) to improve detail or processes for future projects. The TRC is an advisory committee that provides recommendations to improve the quality of construction contracts documents and can implement any changes to the standard specification to mitigate any future adverse construction impacts. Process improvements are also documented using the District’s Corrective and Preventive Action Request (CPAR) System. Improvements resulting from the lessons-learned sessions and CPARs are captured and documented in future project plans and specifications.</p>
<p>Objective Evidence</p>	<ul style="list-style-type: none"> • Project status at https://www.valleywater.org/project-updates/creek-river-projects/sunnyvale-east-and-west-channels-flood-protection • Project input in the Final EIR – letters from California Department of Transportation, City of Sunnyvale, California Department of Fish and Wildlife, and Santa Clara County of Environmental Health

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	<ul style="list-style-type: none"> • Sample of District response to public input in the Final EIR • QEMS Waiver Request for Project’s planning phase, dated November 3, 2011, signed by the Watersheds Deputy • Project Decision Memo, dated August 17, 2011, signed by the Senior Project Manager, Unit Manager, Deputy for Concurrence and signed by the Customer (Deputy manager) for Approval
Areas(s) of Merit	Unit staff were prepared for the audit as evidenced by their documentation at the interview, ability to respond to questions and demonstrate thorough knowledge of their roles and project processes, and could readily search the project webpage at www.valleywater.org and their shared-drive system to retrieve documentation and evidence.
Non-Conformance	None
CPAR Type	<input checked="" type="checkbox"/> None <input type="checkbox"/> Corrective Action <input type="checkbox"/> Preventive Action <input type="checkbox"/> Opportunity For Improvement
CPAR Title	Not applicable

Audit ID # 5: Watershed Design and Construction Unit # 1

Process/Area Assessed	Bolsa Road Fish Passage Improvement Project
Business Unit	Watersheds Design & Construction Unit #1
ISO Requirement	<p>ISO 9001,14001: 2015</p> <ul style="list-style-type: none"> • Q-8.1 Operational Planning & Control • Q-8.2.3 Review of the Requirements for Products & Services • Q-8.3.6 Design & Development Changes • Q-8.5.3 Property Belonging to Customers or External Providers • Q-8.5.5 Post Delivery Activities • E-6.1.3 Compliance Obligations
District Requirement	<ul style="list-style-type: none"> • Safe, Clean Water and Natural Flood Protection Program (Other Capital Flood Protection Projects) • Capital Project Delivery Procedure Q-751-013
Regulatory/Legal Requirement	None
Audit Findings	<p>During the April QEMS internal audit, the Bolsa Road Fish Passage Improvement (Bolsa Project) was selected for review versus the CPDS’s Capital Project Delivery procedure, Q-751-013. The Bolsa Project involves developing a design for improving steelhead passage at the Union Pacific Railroad (UPRR) crossing, within the City of Gilroy. Once constructed this will allow access to approximately 22 miles of higher quality habitat upstream, as well as, unimpeded access for out-migrant fish through the project site.</p> <p>In August 2017, the Bolsa Project was re-assigned to Watershed Design & Construction Unit #1. It should be noted, prior to August 2017, the Bolsa Project was managed by staff who resided in the Safe, Clean, Water Implementation Unit (SCWIU). The SCWIU</p>

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	<p>was part of the Watershed Division which is a unit outside the scope of the District QEMS. Staff from the SCWIU completed the planning and an initial design of this project with direct input from external agencies having regulatory oversight. The design developed by SCWIU staff was based on the <i>Design Report for a Fish Passage Improvement Project, Uvas-Carnadero Creek at UPRR Crossing</i>.</p> <p>Given this, the Bolsa Project was transferred to the Watershed Design & Construction Unit #1, the Bolsa Project did not follow the standard project development; planning, design, & construction, as specified in the <i>Capital Project Delivery (Q-751-013)</i>. Given that the Bolsa Project was transferred to the Watershed Design & Construction Unit #1 at the design phase, the Project Engineer obtained the following waivers, utilizing form F42201.</p> <ul style="list-style-type: none"> • Planning Phase Work Plan • Planning Phase Quality Control Plan • Basis for Design Report (Item 14-A) • 30% Design Submittal (Item 14-F) <p>Regulatory requirements, from external agencies, is assigned to an Environmental Planner to prepare CEQA documents and obtain permits. The environmental planners are the point of contact between the District and permit authorizing agencies. A professional engineer signs the final contract and drawing. Environmental Planners work with affected Units such as, Vegetation Management Unit or Environmental Services Unit to provide them with long-term environmental permit condition.</p>
Objective Evidence	<ol style="list-style-type: none"> 1. Waiver Requests, CPSD Database Log #: 159 & 160. 2. Design Report for a Fish Passage Improvement Project Uvas-Carnadero Creek at UPRR Crossing
Areas(s) of Merit	
Non-Conformance	No
CPAR Type	<input type="checkbox"/> None <input type="checkbox"/> Corrective Action <input type="checkbox"/> Preventive Action <input checked="" type="checkbox"/> Opportunity For Improvement

CPAR Title	<p>OFI Title – Timeliness of Completing QEMS Waiver</p> <p>The <i>Capital Project Delivery</i> Procedure(Q751-013) defines “waiver” and that it must be approved by <i>the</i> DOO/DAO. It also states, “...approved waiver becomes the quality record in place of the item(s) being waived.” However, the <i>Capital Project Delivery</i> or <i>Design Phase WBS Item Description and Instruction</i> processes do not define when a waiver should be completed and approved to ensure that waivers are obtained, in a timely manner, prior to proceeding to the next phase of scheduled work.</p> <p>Observation: The Bolsa Fish Ladder Project was transferred to the Watershed Design & Construction Unit #1 in August 2017 and proceeded to work on the project. A waiver from the “Planning Phase Quality Control Plan” and the “Basis of Design Report” was not obtained until April 24, 2018.</p>
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Audit ID # 6: Watershed Design and Construction Unit # 2

Process/Area Assessed	<p>Capital Project Delivery (Q-751-013) Design Phase Work Break-Down Structure (W73008) Construction Phase Work Break-Down Structure (W73006) Lower Berryessa Flood Control project, phase II</p>
Business Unit	Watershed Design and Construction Unit # 2 (# 332)
ISO Requirement	<p>The following ISO clauses apply to both ISO 9001:2015 and ISO 14001:2015</p> <ol style="list-style-type: none"> 1. ISO Clause 4: Context of Organization <ul style="list-style-type: none"> 4.1 Understanding the organization and its context 4.2 Understanding the needs and expectations of interested parties 2. ISO Clause 5: Leadership <ul style="list-style-type: none"> 5.1 Leadership and Commitment <ul style="list-style-type: none"> 5.1.1. General 3. ISO Clause 6: Planning <ul style="list-style-type: none"> 6.1 Actions to Address Risks and Opportunities (Sub-clauses: 6.1.1 – 6.1.2) 6.1.3 Compliance Obligations 6.1.4 Planning Action 4. ISO Clause 7: Support <ul style="list-style-type: none"> 7.1 Resources <ul style="list-style-type: none"> 7.1.5 Monitoring and Measuring Devices 7.1.6. Organizational Knowledge 7.2 Competence (a – d) 7.3 Awareness (a – b) 7.5 Documented Information 5. ISO Clause 8: Operation <ul style="list-style-type: none"> 8.2: Emergency Preparedness and Response

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	<p>8.5.1: Control of Production and Service Provision 8.5.5: Post Delivery Activities 8.6: Release of products and services 8.7: Control of nonconforming outputs</p> <p>6. ISO Clause 9: Performance Evaluation 9.1: Monitoring and Measurement 9.1.2: Evaluation of Compliance</p> <p>7. ISO Clause 10: Improvement 10.2: Nonconformity and Corrective Action</p>
District Requirement	<ul style="list-style-type: none"> • Board Ends Policy <ul style="list-style-type: none"> ○ E 3.1 (Provide natural flood protection for residents, businesses, and visitors), and ○ E 3.2 (Reduce potential for flood damages) • Outcome Measures (OM's) <ul style="list-style-type: none"> ○ 3.1.1 a. (Approximately 31,500 parcels are protected and/or eligible for removal from the flood hazard zone as specified in the 5-year Capital Improvement Plan. ○ 3.1.1.I (100% of flood protection projects include multi-purpose objectives that enhance ecological functions, improve water quality, or provide for trails & open space. • Capital Project Delivery Procedure Q-751-013 • District Records Retention Schedule: http://www.aqua.gov/home/scvwd/main/admin/records/Retention2017.pdf
Regulatory/Legal Requirement	<ul style="list-style-type: none"> • California Environmental Quality Act (CEQA) §§21000 et seq. (A CEQA document is prepared for all flood control projects during the design phase. The CEQA document is used to obtain permits from regulatory agencies such as the US Army Corps of Engineers, California Regional Water Quality Control Board-San Francisco Bay Region, California Department of Fish and Wildlife, and California Department of Water Resources. Final permits are included in technical specifications prepared for the project. It is the construction contractor's job to meet all permit requirements)
Audit Findings	<p>Watershed Design and Construction Unit # 2 is responsible for designing flood control projects, assisting in planning studies, and implementing the staff recommended alternative. The unit also provides design engineering support during construction, project management, and interface with the Board and public. Unit staff has completed QEMS training and is familiar with the QEMS policy, objectives and targets.</p> <p>The unit is currently working on the following major Watershed projects:</p> <ol style="list-style-type: none"> 1) Lake Cunningham Flood Detention of Lower Silver Creek 2) Lower Berryessa, phase II project 3) Lower Calera Creek

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	<p>Lower Berryessa phase II project is currently under construction. Karl Neuman is the project manager of this project while Peggy Lam maintains the QEMS records. Key stake holders include City of Milpitas, Department of Water Resources, District Board of Directors, residents, and the District’s Watershed Operations and Maintenance unit. The unit (#332) uses Capital Division QEMS procedures to complete its work. The unit uses Subject Matter Experts (SME’s) from other units to obtain environmental permits, interface with stakeholders, and develop an outreach plan. Unit Staff develop design plans, cost estimates, technical memo’s, and standards. Most of the design work is done in house. Construction Management is out sourced. Staff is provided competency training. The unit has an agreement to outsource construction management activities to a consultant. Consultant activities are controlled through the Agreement.</p> <p>The unit conducts “Lessons Learned” meetings with internal project owners after each phase of the project. One suggestion for improvement is for the design team to develop Operations and Maintenance (O&M) guidelines since the Design to Construction Report requirement has been waived.</p> <p>Unit staff could identify the District’s significant environmental aspects. Environmental Compliance obligations are listed in the permits. Permits are included in specifications provided to construction contractors. Environmental and emergency situations are handled by the construction contractor.</p> <p>One suggestion for improvement is that the project team ensure that construction contractors are familiar with environmental and emergency requirements. There are no open CPARs assigned to this unit.</p>
Objective Evidence	<p>Several records were reviewed during the audit. These include:</p> <ol style="list-style-type: none"> 1) Unit 332 QEMS Training Report: one employee needs to complete. 2) Capital QEMS Process Training Form 3) Capital Program QMS Training Tracking (2017)- Unit 332 4) 100 % Design Waiver form 5) Planning to Design Transition Report 6) Design to Construction Report Waiver
Areas(s) of Merit	<p>Unit staff was well prepared for the audit. The unit manager was very open and helpful to the audit process by providing detailed responses to questions posed by internal auditors. As an improvement to their own work process, the unit manager suggested that there be a template to write the O & M manual for District construction projects.</p>
Non-Conformance	<p>None</p>
CPAR Type	<p><input checked="" type="checkbox"/> None <input type="checkbox"/> Corrective Action <input type="checkbox"/> Preventive Action <input type="checkbox"/> Opportunity For Improvement</p>
CPAR Title	<p><i>[if applicable, create a brief, clear title for the new CPAR]</i></p>

Audit ID # 7: Real Estate Services

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Process/Area Assessed	Watersheds Design and Construction Division – Real Estate Services
Business Unit	Real Estate Services
ISO Requirement	<p>ISO 9001:2015</p> <ul style="list-style-type: none"> • Q-8.5.1 Control of Production and Service Provision • 8.5.5 Post Delivery Activities
District Requirement	None
Regulatory/Legal Requirement	All documents must be notarized and filed with the county recorder
Audit Findings	<p>During the audit, the Real estate unit could identify their customers, which is primarily internal customers only. They use a process management system(OCRS) that tracks all their work requests and assigns it to the agent. The agent can work on the work request and track the progress as well as close it out once it is completed. Due to the complexity of some properties, there is no standard set completion time. To help prevent human error, the documents (titles, deeds etc.) are reviewed by the senior agents and/or our internal lawyers prior to being submitted and completed.</p> <p>Once the project is completed, the post-delivery entails having the documents completed on a specific form and notarized prior to being submitted to the County to be recorded. Customers can submit feedback on the project via email, phone call or meeting. New staff members are trained on the management system through on the job training. They sit with the main system user prior to starting work on their own.</p>
Objective Evidence	Submitted County Recorded Documents: Temporary Construction Easement, Document 1028-173
Areas(s) of Merit	All staff in the Unit completed QEMS refresher training.
Non-Conformance	No
CPAR Type	<input checked="" type="checkbox"/> None <input type="checkbox"/> Corrective Action <input type="checkbox"/> Preventive Action <input type="checkbox"/> Opportunity For Improvement
CPAR Title	

Audit ID #8: Computer Aided Design and Drafting (CADD) Services

Process/Area Assessed	<i>Operational Planning and Control (Q-8.1, 8.2 and 8.5, E-4.3.2)</i>
Business Unit	CADD Services Unit (Unit 366)
ISO Requirement	<i>ISO 9001: 2015: Q-8.1, 8.2 and 8.5 ISO 14001:2015: E-4.3.2</i>
District Requirement	<ul style="list-style-type: none"> • Board Ends Policy No E-2 – There is a reliable, clean water supply for current and future generations. • Board Ends Policy No E-3 – There is a healthy and safe environment for residents, businesses, and visitors, as well as for future generations. • CADD Standards Manual. • No QEMS documents identified.
Regulatory/Legal Requirement	<i>None</i>
Audit Findings	<ul style="list-style-type: none"> • This project provides for the centralized management and administration of the District-wide Computer Aided Design and Drafting (CADD) system, which is used for engineering design and drafting work for the District’s Capital Improvement & Operations projects, architectural drafting work for District facilities & space program, survey, mapping & plat preparation work, documentation of the operation and maintenance work by field staff, review of plans submitted during District approved permit work, etc. • The goal of this project is to ensure the efficient and effective management and administration of the District-wide CADD System. The system consists of seven (6) CADD Software packages - AutoCAD, Civil 3D, Raster Design, Infrastructure Design Suite, AutoCAD Architecture, Map 3D, fifty-three plus (53+) CADD Software Network & Standalone licenses; six plus (5+) CADD Equipment/Hardware (Large Format plotters, High Resolution color scanner and printer) and licenses, and Hundred plus (100+) District CADD users. • I reviewed CADD request(s) #6728, 6725, 6715, 6700, 6664. All requests were assigned and completed as per requirement. All requests are available online via CADD database: http://www.aqua.gov/iframe/search-cadd-request-database and additionally also filed and maintained via hard copy in the CADD Services Unit Managers office. • There are no active CPARs for the CADD services unit. • I reviewed CADD Unit Quarterly Performance Measures and Worksheet for FY18 Q1 and Q2.
Objective Evidence	<ul style="list-style-type: none"> • Request(s) #6728,6725, 6715, 6700, 6664 (obtained from the following link): http://www.aqua.gov/iframe/search-cadd-request-database • <i>CADD Unit Quarterly Performance Measures and Worksheet:</i>

	 FY18 Q1.pdf  FY18 Q2.pdf
Areas(s) of Merit	CADD Services Unit processes seem to be very well implemented. A quarterly performance measure tracking is in place to ensure they are meeting the needs of their stakeholders. CADD services manual is on-line
Non-Conformance	<i>[if applicable, succinctly describe the non-conformance or indicate "None"]</i>
CPAR Type	<input checked="" type="checkbox"/> None <input type="checkbox"/> Corrective Action <input type="checkbox"/> Preventive Action <input type="checkbox"/> Opportunity For Improvement
CPAR Title	<i>[if applicable, create a brief, clear title for the new CPAR]</i>

Audit ID# 9: Wells and Water Measurement

Process/Area Assessed	Water Measurement Activities
Business Unit	Wells & Water Measurement Unit
ISO Requirement	ISO 9001,14001: 2015 <ul style="list-style-type: none"> • Q-8.1 Operational Planning & Control • E-4.5.2 • E-6.1.3 Compliance Obligations • E-6.1.4 • E-8.1 • E9.1.2
District Requirement	None
Regulatory/Legal Requirement	None
Audit Findings	<p>Chemical Inventory: Each Unit that stores hazardous material at their facility/location is required to provide EH&S an annual chemical inventory by March 30th. Chris Jones, Water Measurement Tech II, provided EH&S with their annual inventory in February 2018. I confirmed this with Paige Aguirre, Safety Technician.</p> <p>Noted in the Unit's budget milestones is the requirement to read 100% of the treated water meter turnouts on a weekly basis. This is being accomplished in the following manner:</p> <ul style="list-style-type: none"> • Field staff visit each of the 26 turnout locations and record the meter reading which includes a photo of the meter reading. • Supervisory staff review the entries obtain by field staff and compared reading noted in SCADA. • UM periodically spots check a sampling of entries.

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	<ul style="list-style-type: none"> For entries, after being reviewed by the Supervisor, which note discrepancies between field reading versus SCADA reading are noted on the <i>Weekly Treated Water Review Summary</i> form which is provided to the DOO. <p>While SCADA continuously monitors flowrates at each turnout up until recently there has not been an effective manner to visually review flowrates by turnout. The Water Measurement Unit, with the assistance from District IT staff, created the WREN database (WRENDDB). The WRENDDB presents SCADA data in graph format. This allows Water Measurement staff to review flowmeter data for each treated water turnout for any anomalies.</p>
Objective Evidence	<ol style="list-style-type: none"> 1. WATER MEASUREMENT PROGRAM – Authorization to Add Chemical/Materials to Vasona Inventory 2. TW METER PM SCHEDULE 3. Weekly Treated Water Review Summary
Areas(s) of Merit	<p>Chemical Management: Prior to purchasing or bringing new chemical onsite to the Vasona Meter Facility, facility staff must get seeks EH&S's approval via the <i>New Chemical Purchase Form</i>. In addition to obtaining EH&S approval for new chemical usage the UM, Mike Duffy, created his own form, <i>Authorization to Add Chemicals/Materials to the Vasona Inventory</i>, for the UM to approve prior to requesting approval by EH&S. The <i>Authorization to Add Chemicals/Materials to the Vasona Inventory</i> requires Vasona Meter facility staff to evaluate what is required to bring the chemical onsite. The <i>Authorization to Add Chemicals/Materials to the Vasona Inventory</i> inquiries about necessary PPE, engineering controls, and spill equipment.</p> <p>On a weekly basis, the Wells & Water Measurement UM provides his DOO with the <i>Weekly Treated Water Review Summary</i>. This summary conveys any irregular meter readings staff observe/note during the previous week readings on either the West or East treated water pipeline. Use of this form is effective manner in alerting and keeping the DOO informed of potential treated water meter irregularities.</p>
Non-Conformance	No
CPAR Type	<input checked="" type="checkbox"/> None <input type="checkbox"/> Corrective Action <input type="checkbox"/> Preventive Action <input type="checkbox"/> Opportunity for Improvement
CPAR Title	

Audit ID# 10: South Water Treatment and Maintenance Units

Process/Area Assessed	<ol style="list-style-type: none"> 1) Rinconada Water Treatment Plan (RWTP) 2) Operations and Maintenance (O&M) Activities and Standard Operating Procedures (SOPs)
Business Unit	South Water Treatment Operations Unit (# 566), Treatment Plan Maintenance Unit (# 555)
ISO Requirement	The following ISO clauses apply to both ISO 9001:2015 and ISO 14001:2015

	<ul style="list-style-type: none"> 8. ISO Clause 4: Context of Organization <ul style="list-style-type: none"> 4.1 Understanding the organization and its context 4.2 Understanding the needs and expectations of interested parties 9. ISO Clause 5: Leadership <ul style="list-style-type: none"> 5.1 Leadership and Commitment <ul style="list-style-type: none"> 5.1.1. General 10. ISO Clause 6: Planning <ul style="list-style-type: none"> 6.1 Actions to Address Risks and Opportunities (Sub-clauses: 6.1.1 – 6.1.2) 6.1.3 Compliance Obligations 6.1.4 Planning Action 11. ISO Clause 7: Support <ul style="list-style-type: none"> 7.4 Resources <ul style="list-style-type: none"> 7.1.5 Monitoring and Measuring Devices 7.1.6. Organizational Knowledge 7.5 Competence (a – d) 7.6 Awareness (a – b) 7.5 Documented Information 12. ISO Clause 8: Operation <ul style="list-style-type: none"> 8.2: Emergency Preparedness and Response 8.5.1: Control of Production and Service Provision 8.5.5: Post Delivery Activities 8.6: Release of products and services 8.7: Control of nonconforming outputs 13. ISO Clause 9: Performance Evaluation <ul style="list-style-type: none"> 9.1: Monitoring and Measurement <ul style="list-style-type: none"> 9.1.2: Evaluation of Compliance 14. ISO Clause 10: Improvement <ul style="list-style-type: none"> 10.2: Nonconformity and Corrective Action
<p>District Requirement</p>	<ul style="list-style-type: none"> • Board Ends Policy E-2.3.1 (Reliable high quality drinking water is delivered) • Outcome Measures (OM's) <ul style="list-style-type: none"> ○ 2.3.1a. (100% of treated water that meets primary drinking water standards) ○ 2.3.1b (100% of annual maintenance work plans completed for all facilities) • Operations Plan for RWTP (attached) • Drinking Water Quality Parameters for RWTP (attached) • District Records Retention Schedule: http://www.aqua.gov/home/scvwd/main/admin/records/Retention2017.pdf

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Regulatory/Legal Requirement	<ul style="list-style-type: none"> • State of California, Surface Water Treatment regulations, Title 22, Section 64661, • California’s Cryptosporidium Action Plan, as required by Section 116360 of the Health and Safety Code.
Audit Findings	<p>Areas of audit focus:</p> <ol style="list-style-type: none"> 1) Awareness: Unit staff has completed Quality and Environmental Management System (QEMS) awareness training (see attached). Staff was familiar with the QEMS webpage and could navigate to Objectives and targets. <p style="margin-left: 40px;">Suggestion: Staff should familiarize themselves with QEMS objectives and determine which objectives affect their work.</p> 2) Unit Processes: <ol style="list-style-type: none"> a. South Water Treatment Plant Unit uses the QEMS database to access standard operating procedures (SOPs) for the Rinconada Water Treatment Plant (RWTP). Auditors observed the RWGP-204 and associated documents. (attached). Staff could navigate to these processes. Records required by the process were available in hard copy. b. There are no SOPs in the maintenance unit. Maintenance uses the Environmental, Health and Safety QEMS documents and Maximo Work Order system to complete their work. Training is provided by the process owners. Maintenance process: no SOPs available; following procedures from other work units. MAXIMO work orders dictate their work. PM work is dictated by MAXIMO system. Staff is trained in using the Maximo system. 3) Competency: Unit 566 is fully trained in implementing the Operations Plan. A signed IPT form was provided (attached) 4) Operations: Water Quality is regulated by state drinking water standards. The District has its own treated water quality standards that are more stringent than the state drinking water standards. Operating requirements are documented in the RWTP Operations Plan (Revised June 2016) that is submitted to the State Department of Drinking Water (DDW) every year. Annual training is provided. District’s treated water standards are placed on a poster which includes the chain of notification. 5) Succession Planning: Unit 566 uses on the job training for succession planning. When the plant manager is out on vacation or on sick leave, plant operators are temporarily promoted to take that role. In addition, operators are rotated between jobs to be more familiar with plant operations. Form FC-793A is used for this purpose. There is no formal documented process for succession planning. HR form FC 793A is used to document out of class assignment.



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6) **Statutory and Legal Requirements:** Delivery of water to retailers is subject to DDW requirements. In addition, the plant monitors drinking water for taste and odor issues to reduce customer complaints. Unit uses a threshold odor number (TON) process developed by the Water Quality Unit. Staff has been trained on this process. Records of training were available (attached). Customer complaints are monitored through the communications unit. In addition, the Water Utility Division surveys water retailers to obtain feedback.

7) **Leadership and Commitment:** Monitoring is done continuously by on line analyzers to ensure water meets water quality requirements. In addition, grab samples are collected every 4 hours to verify results. These results are reviewed and approved by the District's laboratory operations group. The Plant Operations Plan only requires a daily grab sample.

Plant SOPs are reviewed and updated once per year. Continual Improvements are incorporated. SST training on how to deal with hazardous material spill (e.g., sulfuric acid spill). SOPs are revised to reflect events which take place.

8) **Context of the Organization:**

a) RWTP Ops self-reports to regulatory agencies which drives continual improvement. Board Ends policy 2.0 (Water Supply) applies to this unit. Unit staff need to become more familiar with applicable District policies.

b) Key interested parties include 7 water retailers, on-site staff, and plant neighbors.

c) Public complaints and comments filed with the Public Information Office (PIO-Tony Mercado) and responded to by Steve T. An annual survey is done once a year at the Division level to obtain customer (retailer) feedback. The survey is used to determine customer needs and expectations.

d) RWTP has a Risk Management Plan (RMP) that is administered by the EH&S unit. Annual audits are conducted, all associated risks for Ops in Ops Plan; EH&S comes out every 5 years to do inspection of RWTP Paul Thomas--HMBP

e) By having more stringent water quality treatment standards, drinking water quality is well below the state limits

9) **Monitoring and Measurement:**

a) The District's certified lab takes samples to verify data. Water Quality Lab samples are used to check some parameters (T22, compliance sampling); The plant maintenance group runs Preventive Measures (PMs) and troubleshooting of online meters. Unusual field data verified with senior ops staff while following SOPs.

b) How are human errors prevented?

SOPs are adjusted if human error is suspected. Per SOP and communication



with senior staff.

c) How are outsourced processes controlled?

Chemical delivery and sludge hauling processes are outsourced. Plant support is contracted out. RWTP has well established contracts with vendors for these activities. No outsourcing for processes, except for process support like hauling off sludge.

10) Control of nonconforming output:

If grab sample results do not match the on-line analyzer reading, a work order is written for maintenance to check the analyzer. For turbidity, online analyzer trouble shooting is performed by the maintenance group. The plant maintains an operator's log book: Ops log book from Raw and Treated: anything and everything; legal document. The industry standard to have a hand-written log book.

11) Compliance Obligations:

The plant is following DDW requirements. Environmental permits are handled by the District EH&S group. It is highly recommended that a member from EH&S be present during the audit to respond to environmental questions. EH&S keeps these records and communicates them to staff and contractors

12) Hazardous and Universal Waste Handling: Plant Maintenance conducts weekly inspections of hazardous and universal waste storage areas. EH&S maintains the HAZMAT Business Plan, chemical inventories, and plant cleanliness/housekeeping. An inspection of the chemical storage areas indicated that it was clean and well maintained. All drums were adequately labelled. Weekly inspections are done on hazardous waste storage site via HMBP; when the inventory is done, data are sent to EH&S. EH&S will notify RWTP when an agency inspection is scheduled.

13) Health and Safety Information:

EH&S has an on-line database for all onsite chemicals. New chemicals are introduced once per year. They need to be approved by EH&S before being brought on site. Safety Data Sheets (SDS) sheets are located on District homepage; Steve Twitchell navigated to site: no hard copy on site. EH&S trains operations staff on new chemical use with Ops when a new chemical is used. Vendor change will lead to new SDS. Example of new chemical in maintenance is rare.

14) Accidental Releases:

High Risk chemicals are listed in the site RMP, which is managed by EH&S. EH&S provides annual RMP training. There is an RMP managed for ammonia by EH&S. Risk Management Process (training (see attached) is done annually. Piping and tanks are in containment and or are double walled.

15) Emergency Preparedness and Response

One of the caustic tanks at RWTP had an accident and emergency procedures were activated. The plant has emergency procedures for emergencies and earthquake response, (Procedure and training from EH&S); RWTP has

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earthquake check SOP. Operations has first responder training; caustic top blew off; emergency horn was activated; now there is an intercom system (incident happened before RWTP retrofit). RWTP staff and EH&S do an annual training on how to handle a chemical release incident. The fire department requires RWTP Ops to take care of internal issues that are manageable. Any spill below 5 gallons is not reportable to an outside agency.

Summary Report:

The South Water Treatment Operations Unit (# 566) is responsible for operating the RWTP, and the Treatment Plant Maintenance Unit (#555) is responsible for plant maintenance. RWTP receives raw water from District reservoirs and the South Bay Aqueduct and treats it to California Drinking Water Standards. Drinking Water is provided to seven retailers along the West pipeline. RWTP has an operations plan that highlights key processes at the plant. The operations plan was submitted to the California Department of Drinking Water (DDW) in June 2016. Unit staff has been trained in the RWTP Operations Plan. RWTP uses standard operating procedures (SOPs) to operate and maintain the plant. Unit staff has been trained in RWTP SOPs. SOPs are available on-line and easy to access. Auditors reviewed the Receiving and Unloading Sodium Hypochlorite (OCL) procedure (RWTP-204). Quality records from this process were available. Unit staff is aware of QEMS requirements, and has completed required training. RWTP uses a TON process to record water quality taste and odor problems. Staff has been trained in this process. RWTP has an onsite Risk Management Plan (RMP) to handle toxic gases. Plant operators have been trained in RMP requirements. In addition, annual ultrasonic testing is conducted by certified vendors. RWTP has emergency response procedures to handle emergencies. Auditors reviewed the Earthquake Response procedure and associated records.

All records are maintained on-line; processes are monitored continuously and instrumentation is calibrated on a weekly basis. Calibration records were available for review. RWTP uses District QEMS process for storage and handling of hazardous and universal wastes. RWTP has an updated Hazardous Material Business Plan (HMBP) to record chemical storage on site. Staff has been trained on the HMBP.

Auditors also conducted a site inspection following the audit interview. During the on-site inspection, all waste storage areas were adequately maintained and appropriately labelled

Overall the plant is clean and well maintained. Maintenance maintains a tight control on chemical and waste storage

CPAR Follow Up:

There are no current CPARs issued to the RWTP. Auditors reviewed action items from previously closed CPARs:

- 1) 644: Internal Audit: Chemical inventories not maintained at RWTP
- 2) 657: Internal Audit: Improper Hazardous Waste labeling and storage at RWTP

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	<p>3) 654: West Pipeline Pressure Loss</p> <p>4) 684: Internal Audit: Limited control of externally provided processes, products, and services</p> <p>All action items have been implemented and effective in preventing recurrence.</p>
Objective Evidence	<p>Objective evidence reviewed:</p> <ol style="list-style-type: none"> 1) Ammonia Tank Report 2) IPT Form (Risk Management Program) 3) QEMS Awareness Report 4) RWTP Operations Plan (June 2016) 5) RMP Annual Review Forms 6) Ammonia Tank Thickness testing report 7) RWTP TON Training IPT 8) RWTP 505 (Earthquake Response Water Treatment Plants) 9) RWTP 505 B (Earthquake Response Inspection Checklist) 10) RWTP-204 [Receiving and Unloading Sodium Hypochlorite (OCL)] 11) RWTP Water Quality Standards
Areas(s) of Merit	<ol style="list-style-type: none"> 1) RWTP Staff is well trained and led by competent and enthusiastic management. Auditees were well prepared for the internal audit 2) Plant is clean and well-maintained.
Non-Conformance	None
CPAR Type	<input checked="" type="checkbox"/> None <input type="checkbox"/> Corrective Action <input type="checkbox"/> Preventive Action <input type="checkbox"/> Opportunity for Improvement
CPAR Title	Not Applicable

Audit ID# 11: Environmental, Health and Safety Unit

Process/Area Assessed	<i>Environmental Health and Safety Unit, CPARs #664, 624, 625, 618, & 693; Q640D01, W-830-004, and W-830-041</i>
Business Unit	<i>Environmental Health and Safety Unit, #916</i>
ISO Requirement	<p>ISO 9001:2015 and ISO 14001:2015 Standards</p> <p>Chemical inventory and SDS, Evaluation of Compliance (Q-8.1, E-6.1.3, 6.1.4, 9.1.2)</p> <p>Waste accumulation label (E-8.1, 9.1.2)</p>
District Requirement	<p><i>Q-8.1 – Operational planning and control</i></p> <p><i>E-6.1.3 – Compliance obligations</i></p> <p><i>E-6.1.4 – Planning action</i></p> <p><i>E-9.1.2 – Evaluation of compliance</i></p>
Regulatory/Legal Requirement	<i>Environmental Regulatory Compliance</i>
Audit Findings	The Environmental Health and Safety Unit (EH&S) provides technical expertise in working with District management, supervisors and employees to ensure the district meets its regulatory obligations for compliance with applicable environmental, occupational health and safety regulations.

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Each unit and facility must ensure compliance with the procedure and process of all applicable federal and state, and local regulations as they relate to the safe handling and storage of chemical and hazardous materials. This process must include proper communication, training, labeling, safe handling practices responsibilities, and inspections.

CPAR #664

Reviewed the emails from Paul Thomas requesting for FY18 Q1 & Q2, Environmental Compliance Self -assessment survey for each unit. Paul attached an excel spreadsheet for each Unit with the pertinent Projects names and Project numbers asking UMs to provide the self-assessment related to the Unit's Projects and Programs. A template for non-compliance was also attached to the emails. With this evidence, this Unit 916 is following the Action Plan of this CPAR.

CPAR #624

Paul Thomas has been providing annual Hazardous Mat Training. Labeling, 120-day pickups were on schedule. Paul emailed me a Tier II safety Inspection Report in an excel format. The team explained about Internal Tier 1 and Tier 2 inspection. Tier 3 was conducted by the County of Santa Clara and there was no non-compliance. With this evidence, this Unit 916 is following the Action Plan of this CPAR.

CPAR #625

SDS database is effectively implemented and staff replied that computer database is current and even though some units maintain hardcopies. This CPAR's Action Plan including SDS database is effectively followed through.

CPAR #618

Paul informed that the Unit is continuing with the automated system for 90-day reminders and subsequent remainders prior to expiration of the permit.

CPAR #693

Paul provided a copy of a closed manifest from Naman Trucking company for hazardous waste disposal dated 1/14/18. Training was completed for the remainder of the 5 employees of the construction Unit. Now, all the construction Unit staff is trained as indicated in the evaluation dated February 22, 2018.

QEMS Awareness Training

Larry provided a copy of the QEMS training record for his Unit. They were complete.

Chemical inventory and SDS

There are 24,000 Safety Data Sheets in an on-line database. Some chemicals are entered multiple times to account for different quantities, different manufacturers, and

different packaging. All hazardous chemicals in use at the District must have an associated Safety Data Sheet (SDS).

Managers, supervisors, or their designee are responsible for maintaining an annual inventory listing of all known hazardous substance in their work area using the Chemical Inventory Form (F640D32). They are to email the completed form to EH&S by March 31 of each year per W640D18 and W640D36.

EH&S provides a copy of the current chemical inventory list to each facility for their review. The facility is to confirm all chemicals are still in inventory and to add any new items to the bottom of the inventory list. New chemicals are reviewed to determine how much is used and how often to then determine risk. Two approvals are needed: (1) for industrial hygiene, and (2) for environmental safety for new chemical purchases. Results are shared with the MLT.

Evaluation of Compliance

EH&S sets for the process to periodically monitor and evaluate compliance with applicable environmental legal requirements through facility inspections, environmental program audits, permit compliance reviews and exception reporting, related to District environmental activities.

Tier 1 Self Inspections – are internal facility safety inspections performed at least monthly by a designated individual with direct responsibility for the area being inspected. Results sent to EH&S for the Quarterly Report

Tier II Inspections – are an internal inspection performed by a designated individual from EH&S performed twice a year. Verification that Tier I inspections are being completed are also conducted during Tier II inspections. (3-5 chemicals per facility are checked for compliance) - results put into a Quarterly Report

Tier III Inspections – are external Inspections – Annually - Santa Clara County Hazardous Materials Compliance Division and San Jose Fire.

Twice a year EH&S staff prepared the Environmental Compliance Survey Report which is discussed at the semi-annual QEMS Management Review meeting. The report goes to management and includes Tier III inspections conducted by the County or other external regulatory agencies.

On a quarterly basis, EH&S staff makes a presentation at the District’s Employee Safety Committee (DESC) which highlights what was accomplished the previous quarter. The DESC includes representatives from each bargaining unit and Executive Management.

EH&S is responsible for:

- Prepare and update Tier I inspection checklists.
- Review completed Tier I facility inspection checklists
- Point of contact for Tier III inspections

- Follow-up on corrective actions with management and document for management review.
- Assist managers on implementing action plans which can be corrected in 30 days
- Track findings and prepare for Quarterly Report
- Quarterly Report is issued to Classified staff and to the District Employee Safety Committee (DESC)
- The Quarterly Report will address the number of required Tier I and Tier II inspections versus the number of completed inspections. The report will include the percent complete for each month in the quarter and the percent complete for the calendar year to date and a list of the facilities not reporting (W640079)

EH&S Monitors the following:

- Table for Risk Assessment – that has a hazard ranking system that warrants if this is a CPAR or not.
- District Permit Management System (DPMS) – Is used to access and track environmental requirements and other information and to generate Environmental Compliance Status Reports. DPMS is used to access and track Permits, agreements, settlements, legal orders from regulators with conditions
- Facility permits are on Intelex® – 80 permits to monitor on the facility. Regulatory permits and this group is the Clearing House to monitor conformance
- Facility Permits: Are reported on the Environmental Report

Waste Accumulation

EH&S supports the management system and weekly inspections are done at each facility and district on-site locations. These labels are inspected in the Tier I and Tier II and Tier III inspections.

- Hazardous waste disposal – Off-site disposal - small quality generator storage can be held 180 days.
- Regularly scheduled pick-ups are 3 times per year.
- A manifest of the hazardous waste to be picked up is communicated to the transporter prior to disposal pick-up so that they will know what type of disposal is needed. EH&S designated staff checks the manifest for accuracy and signs. The transporter checks the manifest upon pick-up. The Disposal facility checks the manifest upon delivery there. If an item was picked-up that

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	<p>is not on the manifest, it is returned to the District. Cradle-to-Grave tracking is governed by federal and state agencies.</p> <p>Training: Environmental, health and safety requirement trainings are conditions of employment and Maintained by unit manager.</p>
Objective Evidence	<i>Reviewed the following:</i> See above comments.
Areas(s) of Merit	<i>Procedures and documentation for compliance.</i>
Non-Conformance	None
CPAR Type	<input checked="" type="checkbox"/> None <input type="checkbox"/> Corrective Action <input type="checkbox"/> Preventive Action <input type="checkbox"/> Opportunity for Improvement
CPAR Title	NA

Audit ID # 12: Communications, Clerk of the Board, Water Utility Operations and Maintenance

Process/Area Assessed	Customer Communications and Satisfaction
Business Unit	Water Utility Operations and Maintenance Division (Unit 515) Office of Communications (Unit 172) Office of the Clerk of the Board (Unit 604)
ISO Requirement	ISO 9001:2015 8.2.1 – Customer Communication ISO 9001:2015 9.1.2 – Customer Satisfaction
District Requirement	<ul style="list-style-type: none"> • W-723-052: Board Correspondence Work Instruction • F723W01: Annual Water Retailer Satisfaction Survey Implementation Checklist • Ends 2.3.2: Maintain effective relationships with the retailer and other stakeholders to ensure high quality, reliable drinking water. • CEO Interpretation: Outcome Measures: OM 2.3.2.a. 100% of retailers give an average rating of good to excellent on each of their individual annual treated water retailer surveys. Strategies: S 2.3.2.1. Hold quarterly retailer meetings. S 2.3.2.2. Conduct annual survey of retailers.
Regulatory/Legal Requirement	Title 22 requirements for drinking water.
Audit Findings	<p><u>Water Utility Treatment Plant Operations and Maintenance Division:</u></p> <p>District Ends Policy 2.3.2 states that the District will maintain effective relationships with the retailer and other stakeholders to ensure high quality, reliable drinking water. As a part of this commitment, an annual retailer satisfaction survey is sent out to gather feedback from retailers per <i>F723W01: Annual Water Retailer Satisfaction Survey Implementation Checklist</i> on District's programs, services, and on information provided to them throughout the year.</p>



The survey was last conducted in 2016 and 100% of the retailers gave an average rating of good to excellent on the question: *Rate the Job the Water District Does Managing Water Resources*, which was in line with the CEO Interpretation of Board Policy 2.3.2. Outcome measure 2.3.2.a. The results of the survey were discussed internally at the District for process improvement, and shared with the retailers during the October 19, 2016 meeting.

The auditors observed that the annual survey was not completed in 2017, however, the survey process for 2018 was in progress at the time of this audit. The auditee indicated that ongoing communication is maintained with the retailers through quarterly retailer meetings and various subcommittee meetings, e.g. water quality subcommittee meetings.

Regular customer communication with retailers, and mechanisms to obtain feedback were apparent during this audit.

Office of Communications:

The Office of Communications informs, engages, and educates the community and district employees about water supply and quality, flood protection and stream stewardship issues. Unit team members work in partnership with District's various business areas.

Access Valley Water (AVW) is the district's customer relationship management system. The District actively utilizes AVW to seek feedback on customer communications, responsiveness, and customer requirements. This web-based application allows customers to enter requests, complaints, compliments, comments or questions through the external web site.

The Office of Communications receives requests and feedback mainly from the following groups of customers:

- Residents in Santa Clara County use the AVW program to document and submit concerns and comments.
- Groundwater well owners receive a well owner survey annually to obtain feedback on District communications, responsiveness, and benefits including value of product and service. Feedback on this survey is used to improve communication messaging and clarification in the following year.
- Stakeholders near District's project sites. These customers are surveyed after execution of each project to obtain feedback.

The Office of Communications also has an active role in providing project updates to the public, and uses modern technologies for this outreach, such as Next-door postings.

The mechanism to obtain feedback and analyzing information for continual improvement was evident from the auditee's knowledge and understanding of the processes.

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	<p><u>Office of the Clerk of the Board</u></p> <p>The Office of the Clerk of the Board (COB) manages the Board's correspondence process. The staff monitors Board Correspondence daily. Correspondence not requiring a response is noted and filed. To the requests requiring a response, the Office of COB assigns the task to the respective Chief and Unclassified Manager who in turn prepares a draft response and submits it to the Office of COB by the due date shown on the BiTrak report. The Office staff reviews and edits the response if needed, and forwards to the Chair or Director for final approval. Once final approval is received, the response is sent to the constituent. The Clerk's office also monitors adherence to the 14 calendar-day final response deadline in accordance with Board Governance Policy EL 2.6.</p> <p>The COB was very familiar with the process and the District's QEMS. The Office of COB uses work instruction W-723-052 to respond to correspondence addressed to the Board. Responses are tracked via Bi-Trak system and completed within the 14-day window.</p> <p>The COB was knowledgeable about analyzing the incoming requests and routing them to the respective business area for response. The ongoing tracking using the electronic BiTrak system has useful features, such as, automated reminders to ensure timely completion of correspondence.</p>
<p>Objective Evidence</p>	<p>Samples of the following were reviewed to support audit findings:</p> <ol style="list-style-type: none"> 1. Copy of a Well Owner Survey 2. Santa Clara Valley Water District Customer Satisfaction Index 3. Board Correspondence Frequently Asked Questions (FAQs) 4. Board Correspondence Work Instruction W-723-052 5. Quarterly Water Retailer Meeting Notes from March 21, 2018 6. Quarterly Water Retailer Meeting Agenda Packet for October 19, 2016
<p>Areas(s) of Merit</p>	<p>The Office of the Clerk of the Board is to be commended for the automation of its Board Communications process. Its BiTrak system, which offers reporting, tracking and automated reminders to stakeholders to ensure completion in a timely manner is reflective of an effective process.</p>
<p>Non-Conformance</p>	<p><i>None</i></p>
<p>CPAR Type</p>	<p><input checked="" type="checkbox"/> None <input type="checkbox"/> Corrective Action <input type="checkbox"/> Preventive Action <input type="checkbox"/> Opportunity For Improvement</p>
<p>CPAR Title</p>	<p><i>NA</i></p>

Audit ID # 13: Capital Program Planning and Analysis Unit

<p>Process/Area Assessed</p>	<p>Capital Project Delivery (Q-751-013) Capital Improvement Planning Process (Q710D01)</p>
<p>Business Unit</p>	<p>Capital Program Planning and Analysis (# 335)</p>
<p>ISO Requirement</p>	<p>The following ISO 9001: 2015 clauses apply to Unit 335</p> <p>15. ISO Clause 4: Context of Organization</p>

	<p>4.1 Understanding the organization and its context 4.2 Understanding the needs and expectations of interested parties</p> <p>16. ISO Clause 5: Leadership 5.1 Leadership and Commitment 5.1.1. General</p> <p>17. ISO Clause 6: Planning 6.1 Actions to Address Risks and Opportunities (Sub-clauses: 6.1.1 – 6.1.2) 6.1.3 Compliance Obligations 6.1.4 Planning Action</p> <p>18. ISO Clause 7: Support 7.7 Competence (a – d) 7.8 Awareness (a – b) 7.5 Documented Information</p> <p>19. ISO Clause 8: Operation 8.1: Operational Planning and Control</p>
District Requirement	<ul style="list-style-type: none"> • Board Ends Policy <ul style="list-style-type: none"> ○ E 2 (There is a reliable, clean water supply for current and future generations), and ○ E 3 (There is a healthy and safe environment for residents, businesses and visitors, as well as for future generations) • Executive Limitations <ul style="list-style-type: none"> ○ EL 4.3.1 (Produce an annual Rolling Five-Year Capital Improvement Plan with the first year serving as the adopted capital budget and the remaining years in place as a projected capital funding plan) ○ EL 5.0 (With respect to purchasing and contracts activities, use a fair, open and expeditious process and stay within the Board’s authorized expenditures) • Outcome Measures (OM’s) - None • Capital Project Delivery Procedure Q-751-013 • Capital Improvement Planning Process (Q710D01) • District Records Retention Schedule: http://www.aqua.gov/home/scvwd/main/admin/records/Retention2017.pdf
Regulatory/Legal Requirement	California Public Contract Code 65403
Audit Findings	<p>On May 1, 2018, Shree Dharasker conducted a desk audit of the Capital Program Planning and Analysis (CPPA) unit. Auditees interviewed were:</p> <ul style="list-style-type: none"> • Beth Redmond - CPPA Unit Manager • Jennifer Martin – Senior Management Analyst <p>Unit staff is familiar with the District’s QEMS and could locate the policy, objectives and targets. They could describe how their work related to these policies. A few staff members need to complete QEMS training. In addition, Capital process training has not been completed due to the unit’s busy work load and lack of staff resources.</p>

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	<p>CPPA provides financial planning services for both the Water Utility and Watershed Capital divisions. The unit's work is guided by the Capital Project Delivery procedure (Q751D01), and Capital Improvement Plan (CIP) planning procedure (Q710D01). The unit is responsible for preparing the annual Capital Improvement Plan (CIP) in accordance with District procedure Q710D01. Unit staff also provides monthly management updates to District Chief Executive Officer, and Chief Operating Officers. The CIP is compiled and sent to the Board for approval. The District's CIP is prepared based on project plans prepared by Capital project managers. Project plans are updated once a year to reflect increases to the budget, changes to scope, and schedule adjustments. To assist capital projects, CPPA is also responsible for implementing work instruction W73008 (Advertise/Bid Openings/Reports of Bids/Award) and work instruction W75101 (change management practice). The CIP is presented to the Board at the same time as the annual budget.</p> <p>The main purpose of this unit is to create the rolling 5-year Capital Improvement Plan (CIP). Unit staff uses the Capital improvement Planning Process (Q710D01) and the Capital Project Delivery Procedure (Q75D01) to complete their work. The CIP is adopted annually by the District Board of Directors. Board Agendas are posted electronically. All capital projects must go to the Board to get funded.</p> <p>Board Ends Policies E-2, E-3, and executive limitations EL 4.3.1 and EL 5 apply to this unit. There is no risk to the process since all capital projects need to be adopted by the Board. The only risk is for Capital Projects to be done on a Purchase Order. Purchasing has processes to prevent capital projects from being completed through active Purchase Orders.</p> <p>Unit staff obtain training from other support units at the District, such as workforce development, training, and environmental, health and safety.</p> <p>The main output of the planning process is a conformed board agenda memo approving the annual CIP, which is available in Legistar. The adopted 5-year CIP is posted on-line.</p> <p>Unit staff meet regularly with the Board's CIP committee, consisting of 3 Board Members to incorporate changes or opportunities for improvement</p> <p>Suggestion: Unit staff should complete QEMS training immediately and required process training as soon as possible.</p>
Objective Evidence	<p>Several records were reviewed during the audit. These include:</p> <ul style="list-style-type: none"> 7) QEMS Training Report 8) Draft CIP FY 2019-2023
Areas(s) of Merit	<p>Unit staff is very familiar with documents applicable to their work.</p>
Non-Conformance	<p>None</p>
CPAR Type	<p><input checked="" type="checkbox"/> None <input type="checkbox"/> Corrective Action <input type="checkbox"/> Preventive Action <input type="checkbox"/> Opportunity For Improvement</p>
CPAR Title	<p><i>[if applicable, create a brief, clear title for the new CPAR]</i></p>

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Audit ID # 14: Water Utility Capital Division – Pipelines and Project Delivery Unit.

Process/Area Assessed	Capital Project Delivery (Q-751-013) Planning Phase Work Break-Down structure (W 73002) Design Phase Work Break-Down structure (W73008) Construction Phase WBS (W73006)
Business Unit	Pipelines Project Delivery Unit (# 385)
ISO Requirement	Planning, Design, and Closeout Processes (Q-8.1,8.2,8.3, 8.5 all, E-6.1.3,6.1.4) (Project tbd)
District Requirement	Q-754-013 Rev H: Capital Project Delivery Q-710-010 Rev A: Capital Project Initiation, Oversight, and Commissioning W75102 Rev I: Create Work Plan W75103 Rev H: Create Project Plan W73002 Rev N: Planning Phase WBS Item Descriptions and Instructions W73004 Rev K: Design Phase WBS Item Descriptions and Instructions W73006 Rev C: Construction Phase WBS Item Descriptions and Instructions F42201 Rev C: QEMS Waiver Request
Regulatory/Legal Requirement	California Environmental Quality Act (CEQA) Requirements Lake and Streambed Alteration (LSA) Program California Department of Fish and Wildlife (DFW) Requirements
Audit Findings	<p>The Pipelines and Project Delivery Unit plans, designs, and delivers pipelines. During the Internal Audit of Pipelines Project Delivery Unit (# 385), the auditors wanted to ensure the unit was performing as stated by their procedures, work instructions, and regulatory requirements.</p> <p>We started the audit by asking the unit staff to show us their familiarity with the District's QEMS. This question included asking where the QEMS Policy, Objectives and Targets were located and how they related to work in this unit. The unit could answer these questions and could navigate the QEMS website with ease. In addition, we asked for proof of the Staff QEMS training records. Required training has been completed.</p> <p>Moving forward, we asked the unit to provide a list of projects that they are currently working on. We asked if there is a project that is completed or close to completion. Unit Staff described four projects. They stated they are working on the South County Recycled project, Main Madrone pipeline, Penitencia Delivery Main, and Central Valley pipeline.</p> <p>Unit Staff was asked to describe the processes they use, and what are the process steps. The staff stated that the Penitencia Delivery Main (PDM) and Penitencia Force Main (PFM) projects are currently under construction. The unit has prepared the project Planning to Design Transition Report and Technical Specifications. Also, they obtained a waiver for the 30 % design review. In addition, we asked the staff to identify the stakeholders for this project. They stated the South Bay Aqueduct is a key external stakeholder for this project,</p> <p>When unit staff was asked, who accomplishes this process and what type of training is needed (personnel & required training) and how are contractors deemed competent to perform work, the unit provided the necessary records to provide proof that the training was completed and being adhered too.</p>

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	<p>We asked the unit staff how are outsourced processes controlled. Staff stated they're controlled through a consultant agreement. A copy of the agreement was provided as evidence.</p> <p>Staff was asked how they made improvements to the process or worked to ensure the improvements are effective. Staff stated they conduct a "Lesson Learned" meeting at the end of the design phase. Staff also stated that comments from treated water and raw water operations were incorporated into the project design</p> <p>We asked staff what are the District's significant environmental aspects and the District's environmental objectives. Unit staff could locate this information on the District's QEMS page. In addition, we asked staff if there were any environmental compliance obligations of this project. Staff stated that the environmental requirements were in the permits which are attached to the construction specifications.</p> <p>We asked staff how are environmental requirements addressed during Design and Construction. Staff stated that the Construction Management Unit monitors these requirements. In addition, we asked how emergency situations are managed and if they're periodically tested. Staff stated that the contingency plans are created by the contractor.</p> <p>After asking the questions stated above and reviewing the necessary documentation, we did not find any non-conformities or opportunities for improvement</p>
Objective Evidence	<p>30% Design Plans Waiver Signed Design to Construction Transition – Final PDM/PFM SRP A3654A_Carollo Penitencia DM&FM Raw Water Discharge Operation Plan v0818 (Final) Unit Training Report – Unit 385</p>
Areas(s) of Merit	<p>The Pipelines Project Delivery Unit (# 385) had all their files in order. It was very easy for them to locate every piece of documentation they needed to show us for evidence of their work.</p>
Non-Conformance	<p>None</p>
CPAR Type	<p><input checked="" type="checkbox"/> None <input type="checkbox"/> Corrective Action <input type="checkbox"/> Preventive Action <input type="checkbox"/> Opportunity For Improvement</p>
CPAR Title	<p>N/A</p>

Audit ID #15: Construction Services Unit

Process/Area Assessed	Capital Project Delivery: Penitencia Delivery Main/Force Main Seismic Retrofit Project
Business Unit	Construction Services Unit
ISO Requirement	<ul style="list-style-type: none"> • Clause Q-8.3.4 (a, f) Design and Development Controls • Clause Q-8.3.6 (a – d) Design and Development Changes • Clause Q-8.6 (a) Release of Products and Services • Clause E-9.1.1 and E-9.1.2 (a – f) Regulatory Compliance Process

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District Requirement	<ul style="list-style-type: none"> • Capital Project Contract for the Penitencia Delivery Main/Force Main Seismic Retrofit Project • Capital Project Delivery Procedure Q-751-013
Regulatory/Legal Requirement	None reviewed as part of this audit
Audit Findings	<p>The purpose of the Penitencia Delivery Main/Force Main Seismic Retrofit Project (Project) is to replace three large sections of pipes located in a seismically sensitive zone that feed into, and deliver water from, the Penitencia Water Treatment Plant. This Project is mostly complete (has been bid and awarded, constructed, and minor closeout items remaining) and was sampled against the following Quality and Environmental ISO requirements. The Project was approved by the Board in 2016 for \$21,535,025.</p> <p>Clause Q-8.3.4: The Project is defined and built per contractual plans and specifications. The online construction management database, EADOCS, centralizes construction project plans and specifications. Employees who have access to the online database are given appropriate permissions to access online project information. A sample section of the Project’s specifications was reviewed – specification for earth work to be conducted (excerpt from section 02300).</p> <p>Clause Q-8.3.6: The Project’s design and development changes are documented in EADOCS, specifically under the Finance tab, which lists potential changes. Once assessed, Project Changes start as a Potential Change and documented online. Project Changes eventually become Change Orders and the corresponding work is carried out. A sample list of the Project’s potential changes was reviewed in EADOCS. Potential changes can originate from a variety of sources – internal and external to the District. Changes are submitted to the senior staff overseeing the project to assess whether to open them as a “Potential Change”.</p> <p>A sample design change for the Project was reviewed: Potential Change #2: Revised Dutard Alignment and Pipe Size. The Summary portion of the Potential Change #2 documents correspondence between the District and contractor. Potential Change #2 resulted in less work for the contractor and documents that the District will be credited in the invoicing. Potential Change #7 was also reviewed: Tree Root Removal and Miscellaneous Exploratory Excavations. In the Summary, the District acknowledged this as extra work to address tree roots and necessary excavation.</p> <p>Project changes are documented through Contract Change Orders, which originate from Potential Changes. The Change Order for Potential Changes 1, 2, 3, and 5 was reviewed. Contract Change Order #1 was also reviewed as part of a letter dated 10/25/16 from the District to Ranger Pipelines, Inc. The letter and District’s Change Order Form (FC207) was submitted by the Senior Civil Engineer in the Construction Services Unit overseeing the Project on 10/19/16, accepted by the Contractor 10/19/16, and approved by the Project’s Project Manager, the Engineering Unit Manager, on 10/24/16.</p> <p>To prevent adverse impacts, the Project’s contract includes a Board-approved contingency dollar amount to allow the contract to be charged through change orders, up to the amount stipulated in the contingency. This was verified through the Project’s</p>

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	<p>Board Agenda Memo, dated 3/22/16. Page 3 of 5 in the Board Agenda Memo establishes the signing authority for the Engineering Unit Manager (\$100,000), Deputy Operating Officer (\$250,000), and the CEO, up to the full amount of the contingency (\$2,153,500).</p> <p>Clause Q-8.6: To ensure that the Project meets the customer's requirements, the Construction Services Unit is responsible for ensuring the Project is built per its plans and specifications. This is carried out through Project submittals, on-site inspections, records of testing. Project submittals are required to be provided by the contractor and include the details of equipment and materials to be used and the processes and methods to carry out construction. Project Submittal #1 was reviewed for Earthquake Resistant Ductile Iron Pipe Revised SAB Collars – this submittal went through three versions before being approved. On-site inspection staff document construction work in Daily Diaries and a sample December 2017 Daily Diary entry was reviewed, prepared by John Luna, on-site inspector. Records of testing can also be included.</p> <p>If a project is not meeting its initial intent, punch lists are created and monitored for completion. Payment can be withheld through a contract retention and through withholding the value of items listed on the punch list until all items are resolved.</p> <p>Deficiency items to be addressed are also recorded throughout the construction process and the Project's sample list of deficiencies was reviewed.</p> <p>Clause E-9.1.1 and E-9.1.2: The Project is required to meet permitting obligations from the California Regional Water Quality Control Board (General Permit for Storm Water Discharges associated with construction and land disturbance activities for projects > 1 acre). To ensure the Project is meeting its regulatory requirements, the plans and specifications include the list of obligations to be met, as evidenced by Section 17. Permits and Regulations and Section 18. Environmental Requirements.</p> <p>Regulatory obligations are monitored through Section 18. Environmental Requirements – the contractor is required to prepare a Storm Water Pollution Prevention Plan and submit it as a Project Submittal. Obligations are also monitored through the on-site daily inspection Daily Diaries and monthly inspections that follow specified criteria. A sample Monthly Environmental Compliance Inspection Report (FC1467) was reviewed and prepared on 8/16/16. The monthly report can be used for enforcement with the contractor to return a project to compliance. Enforcement officially puts the contractor on notice and if there are issues, the on-site inspector is required to re-inspect the issue within one week. All avenues are pursued to resolve all issues, e.g., stop work, stop payment, bring the regulatory agency on-site, etc.</p>
<p>Objective Evidence</p>	<ul style="list-style-type: none"> • Online construction management database, EADOCS • Project specification for earth work to be conducted (excerpt from section 02300) • Potential Change #2: Revised Dutard Alignment and Pipe Size • Potential Change #7: Tree Root Removal and Miscellaneous Exploratory Excavations • Change Order for Potential Changes 1, 2, 3, and 5 • Contract Change Order #1 - letter dated 10/25/16 from the District to Ranger Pipelines, Inc. • Project's Board Agenda Memo, dated 3/22/16

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	<ul style="list-style-type: none"> • Project Submittal #1: Earthquake Resistant Ductile Iron Pipe Revised SAB Collars • Daily Diary entry dated December 2017 prepared by John Luna, on-site inspector • Project Plans and Specifications: Section 17. Permits and Regulations and Section 18. Environmental Requirements • Project Monthly Environmental Compliance Inspection Report (FC1467) prepared on 8/16/16
Areas(s) of Merit	The unit manager demonstrated competent understanding of construction processes as demonstrated by their thorough knowledge of Board, staff, contractor, and regulatory agency roles and responsibilities and project processes and an ability to easily search the online construction management database to retrieve Project documentation and evidence.
Non-Conformance	None
CPAR Type	<input checked="" type="checkbox"/> None <input type="checkbox"/> Corrective Action <input type="checkbox"/> Preventive Action <input type="checkbox"/> Opportunity For Improvement
CPAR Title	Not applicable

Audit ID # 16: Watershed Design and Construction Division – Design and Construction Unit # 5

Process/Area Assessed	<ul style="list-style-type: none"> — Planning — Design — Closeout Processes
Business Unit	Design and Construction Unit 5--336
ISO Requirement	ISO 9001:2015 8.1 Operational planning and control ISO 9001:2015 8.2 Requirements for products and services ISO 9001:2015 8.3 Design and development of products and services ISO 9001:2015 8.5 Production and services provision ISO 9001:2015 8.5.1 Control of production and service provision ISO 9001:2015 8.5.2 Identification and traceability ISO 9001:2015 8.5.3 Property belonging to customers or external providers ISO 9001:2015 8.5.4 Preservation ISO 9001:2015 8.5.5 Post-delivery activities ISO 9001:2015 8.5.6 Control of changes ISO 14001:2015 6.1.3 Compliance obligations ISO 14001:2015 6.1.4 Risk associated with threats and opportunities
District Requirement	Q-751-013, Rev. H: Capital Projects Delivery Construction W73002 Planning Phase WBS Item Descriptions and Instructions W75103 Create Project Plan F42201 QEMS Waiver Request F75104 Small Capital Project Documentation Form Q840D01 Regulatory Compliance Process W520M01-05 Environmental Planning Guidance
Regulatory/Legal Requirement	<ul style="list-style-type: none"> • California Environmental Quality Act (CEQA) §§21000 et seq.
Audit Findings	Key Projects: Design and Construction Unit #5 implements the Watershed Asset Rehabilitation Program (WARP). WARP addresses complicated Operation and Maintenance (Q&M)

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projects that need Capital support. Planning, Design, and Construction of these projects is expected to be complete in 2 years. The final deliverables for each project is to restore each facility to “As-built” conditions, while attempting to correct as much as possible what caused the required repair or rehabilitation for the facility.

Design Documents:

There are no formal 30, 60, or 90% design documents. Quarterly meetings are held with Watershed O&M to discuss all WARP project, and changes to design. Since the purpose of each WARP project is to restore each facility to “As-built” conditions, very minimal planning is required. For each project, O&M staff and the stream maintenance program permit compliance monitoring staff will have the opportunity to review and provide feedback during the plan preparation phase.

Project Timeline:

WARP project designs are typically completed by February or March of each year so that advertising and construction can be completed by July of each year.

Customer:

The main customer of this unit is Watershed O&M Engineering Support. Some emergency projects are Board directed. The unit has waivers to deviate from all QEMS documentation requirements signed by the Deputy Operating Officer of the Watershed Capital Division.

Customer Feedback:

Final drawings are discussed with the Watershed O&M group who then submit it to regulatory agencies for approval.

Compliance Obligations:

Training is provided to contractors to ensure that they understand SMP Best Management Practices (BMPs).

Environmental Requirements:

Projects follow the Stream Maintenance Program (SMP) permit requirements for most projects. For projects not covered by SMP, unit staff use environmental planners to prepare CEQA documentation and obtain agency approval. Some permits are obtained from the city. Most permits are obtained after the 60 % design review.

Close-out Process:

Close-out tasks for small capital projects, refer to F75104 Small Capital Project Documentation Form. After completing the work of a small capital project form F75104 is completed and filed with the CIP Coordinator (reference Q751D01 Capital Project Delivery).

Objective Evidence

1. QEMS Awareness Training certificates for all employees
2. QEMS Waiver Requests

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Areas(s) of Merit	The audit interview with Ted Ibarra, Kevin Sibley, Jen-Men Lo and Annie Mohan was conducted in a conference room on the second floor of the Head Quarters building. While interviewing Ted, Kevin, and Jen-Men regarding the work of the Watersheds Design and Construction Unit 5 current projects, there was a clear understanding to their work processes. Staff is very knowledgeable of design and construction details. They were all fluent in the QEMS processes and procedures. They were organized and ready to answer QEMS internal audit interview questions. Annie came prepared with copies of QEMS documents to sample. Ted was knowledgeable and able to navigate to site location.
Non-Conformance	There were no nonconformities
CPAR Type	<input type="checkbox"/> None <input type="checkbox"/> Corrective Action <input type="checkbox"/> Preventive Action <input checked="" type="checkbox"/> Opportunity For Improvement
CPAR Title	Internal Audit: Opportunity for improvement, document WARP process since record keeping is inconsistent between staff.

Audit ID # 17(a): Equipment Management Unit

Process/Area Assessed	<ol style="list-style-type: none"> 1. Chemical and hazardous waste handling 2. Vehicle replacement/disposal 3. Outsourced operations 4. Customer satisfaction 5. Outdoor storage at Class IV Shop (4/25/18)
Business Unit	Equipment Management Unit
ISO Requirement	ISO 14001:2015 Clause 6.1.2: Environmental Aspects ISO 14001:2015 Clause 6.1.3: Compliance Obligations ISO 14001:2015 Clause 8.1: Operational Planning and Control ISO 14001:2015 Clause 9.1.2: Evaluation of Compliance
District Requirement	Work Instruction W640D18 – Transport, Handling, and Storage of Hazardous Chemicals, Including Flammable and Combustible Liquids Procedure Q630D02 – Equipment Management, Item (6) – Replacement Vehicle Process Executive Limitation 6 – Asset Management Administrative Policy Ad-5.5 – Disposition of Surplus District Property
Regulatory/Legal Requirement	California Code of Regulations Titles 13 and 17 for the California Air Resources Board California regulations regarding waste stream and emissions
Audit Findings	The Equipment Management Unit (EMU) maintains approximately 300 vehicles and 600 pieces of equipment in the District’s vehicle fleet and Class IV Shop. EMU provides preventive and corrective maintenance for all this equipment.

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	<p>Lead staff and executive management are aware of how their work may affect the environment and that a risk assessment was performed for EMU activities.</p> <p>Chemical storage was observed to follow established procedures (W640D18). Lead staff was knowledgeable of how to properly dispose of hazardous waste and what to do in the event of a chemical spill: 1. Use spill kit, 2. Call District's Pollution Hotline for assistance.</p> <p>EMU's vehicle replacement process (Q630D02) was found to be well-controlled and cognizant of the use of public funds and protecting the environment. When a vehicle is identified for disposal due to replacement or otherwise obsolete, the EMU manager identifies and evaluates the vehicle to be decommissioned. EMU staff remove all District emblems, radios, etc. A Surplus Disposition Form (F-741-063) is completed for the vehicle and submitted to Purchasing. EMU staff alerts Purchasing that the vehicle is ready to be managed as Surplus Material. Purchasing arranges the sale of the vehicle either through an auction house or online sale. Pick up of the vehicle is arranged by the auction house buyer and the vehicle ultimately leaves the Almaden campus. Some older diesel vehicles cannot be sold/registered in California. These vehicles are either sold out of state or sold with the intent not to be operated in California.</p> <p>As part of the budget planning process, each year the EMU manager identifies vehicles/equipment for planned retirement in each budget year. The EMU manager also budgets for replacement equipment, if necessary.</p> <p>Newly purchased vehicles must comply with CA air emission standards, per standard language in the purchasing contract</p> <p>Any outsourced EMU activities, such as glass or transmission repair, are contracted with firms that provide those specialty services in compliance with Federal, State and Local requirements, as specified in our standard contract language.</p> <p>EMU has implemented an automated survey to be sent to customers when a Maximo work order is closed. A review of the summary of 262 responses shows that customers are overall satisfied with the time, quality, completeness, and experience with Fleet Operations services!</p> <p>Upon visiting the Class IV Shop, all equipment and storage items were stored in designated locations. The new practice per CPAR 638 is to not leave any items which could collect rainwater out or uncovered. No items were found wherein they could collect rainwater. The area of the storm drain grate/inlet was clear of equipment/debris.</p> <p>Lead staff felt that the necessary resources were available to accomplish their work.</p> <p>All EMU staff are up-to-date on QEMS Awareness training. The EMU manager was familiar with the location of requested QEMS items.</p>
<p>Objective Evidence</p>	<p>District Environmental Aspect and Rating Matrix (CY2017-2019). Observed chemical storage containers in work areas and exterior collection area at the Maintenance Shop. Observed chemical storage in flammable cabinets at the Class IV Shop.</p>

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	Summary of Fleet Team customer service survey results.
Areas(s) of Merit	Lead EMU staff have a good understanding of the processes in their work area and how the work is connected to other business areas of the District and/or could impact the environment.
Non-Conformance	None
CPAR Type	<input checked="" type="checkbox"/> None <input type="checkbox"/> Corrective Action <input type="checkbox"/> Preventive Action <input type="checkbox"/> Opportunity For Improvement
CPAR Title	N/A

Audit ID # 17(b): Facilities Management Unit

Process/Area Assessed	CFC Refrigerant Handling and Disposal
Business Unit	Facilities Management Unit
ISO Requirement	ISO 14001:2015 Clause 6.1.2: Environmental Aspects ISO 14001:2015 Clause 6.1.3: Compliance Obligations ISO 14001:2015 Clause 8.1: Operational Planning and Control ISO 14001:2015 Clause 9.1.2: Evaluation of Compliance
District Requirement	Work Instruction W640D18 – Transport, Handling, and Storage of Hazardous Chemicals, Including Flammable and Combustible Liquids Work Instruction W840D04 – Refrigerant Use, Recovery, and Disposal Work Instruction W640D17 – Compressed Air and Gas Cylinder Safety
Regulatory/Legal Requirement	Cal-OSHA Title 8 Clean Air Act of 1990
Audit Findings	<p>The Facilities Management Unit (FMU) manages and maintains the District's buildings and grounds, manages all office work space, and maintains residential properties owned by the District.</p> <p>Lead staff are aware of how their work may affect the environment and that a risk assessment was performed for FMU activities.</p> <p>Maintenance of building HVAC systems is one of the activities that FMU performs (or oversees, if contracted out). Work instruction W840D04 – Refrigerant Use, Recovery, and Disposal describes how to document the life cycle of canisters of refrigerant. Work instruction W640D17 – Compressed Air and Gas Cylinder Safety is also noteworthy as the refrigerant under pressure is a safety concern. A cylinder of refrigerant is issued to each HVAC truck/mechanic for use on District HVAC systems. The mechanic records in a log each time they use refrigerant from the cylinder. When empty, or the cylinder is no longer needed, it is taken to a certified refrigerant recycling or disposal facility where any remaining refrigerant is recycled. The amount of refrigerant recycled is kept with the log recording the amount of refrigerant used by the mechanic for annual reporting. Mike Bowden, Sr. HVAC Mechanic, maintains the life-</p>

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	<p>cycle records of the refrigerant. The tracking log and disposal receipts were reviewed and determined to be properly managed.</p> <p>Chemicals for use in FMU activities are stored in the Facility Management Warehouse, in flammable cabinets when necessary, following established procedures (W640D18). Lead staff was knowledgeable of how to properly dispose of chemical hazardous waste and what to do in the event of a chemical spill: Call Incident Management Team.</p> <p>Any outsourced FMU activities, such as asbestos abatement or janitorial services, are contracted with qualified firms that provide those specialty services in compliance with Federal, State and Local requirements.</p> <p>Lead staff felt that the necessary resources were available to accomplish their work.</p> <p>Most FMU staff are up-to-date on QEMS Awareness training. A list of staff with expired training certificates was sent to the FMU manager. The FMU manager was familiar with the location of requested QEMS items.</p>
Objective Evidence	District Environmental Aspect and Rating Matrix (CY2017-2019). Reviewed tracking log and disposal receipts for refrigerant cylinders.
Areas(s) of Merit	Lead FMU staff have a good understanding of the processes in their work area and how the work is connected to other business areas of the District and/or could impact the environment.
Non-Conformance	None
CPAR Type	<input checked="" type="checkbox"/> None <input type="checkbox"/> Corrective Action <input type="checkbox"/> Preventive Action <input type="checkbox"/> Opportunity For Improvement
CPAR Title	N/A

4. AUDIT PLAN

ID	Audit Team Members	Related CPARs	Auditee	Audit Location	Processes and ISO Clause # (Sample from each ISO Clause)	Process Owner and Participants
1	Ken Jackson Jessica Vasquez	646 (Open)	Security and Emergency Services Unit (1 of 5)	Admin Building	<ul style="list-style-type: none"> Emergency Preparedness, Response, Recovery and Mitigation Processes (Q-8.5.1, 8.5.2, E-8.2) 	Anil Comelo Alexander Gordon Raymond Fields
2	Surjit Saini Juan Ledesma	621	Purchasing, Consultant Contracts, and Warehousing Services	Blossom Hill Annex	<ul style="list-style-type: none"> Control of externally provided products and services (Q-8.4, 8.4.1, 8.4.2, 8.4.3) Training and Awareness – Service Provider Vendors and 	Tina Yoke Jeff Ham

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ID	Audit Team Members	Related CPARs	Auditee	Audit Location	Processes and ISO Clause # (Sample from each ISO Clause)	Process Owner and Participants
					Contractors (E-7.2, 7.3, 7.4.1-7.4.3, 8.1)	
3	Jesse Ruiz Paige Aguirre	642	Water Utility Capital Division – West Side Project Delivery Unit	Headquarters Building	<ul style="list-style-type: none"> Planning, Design, and Closeout Processes (Q-8.1,8.2, 8.3,8.5 all, E-6.1.3,6.1.4) (Project tbd) 	Emmanuel Aryee Mike Munson
4	Karna DuQuite Felicia Hernandez (shadow)	631 632 633 675	Water Utility Capital Division – Design and Construction Unit	Headquarters Building	<ul style="list-style-type: none"> Planning, Design, and Closeout Processes (Q-8.1,8.2,8.3,8.5 all, E-6.1.3,6.1.4) (Project tbd) 	Katherine Oven Stephen Ferranti
5	Paul Thomas Stella Karoglou	631 632 633 675 640	Watersheds Design and Construction Division – Design and Construction Unit # 1	Headquarters Building	<ul style="list-style-type: none"> Planning, Design, and Closeout Processes (Q-8.1,8.2,8.3, 8.5 all, E-6.1.3,6.1.4) (Project tbd) 	Ngoc Nguyen Saeid Hossieni
6	Shree Dharasker Chung Khong	675 667 656 640	Watersheds Design and Construction Division – Design and Construction Unit # 2	Headquarters Building	<ul style="list-style-type: none"> Planning, Design, and Closeout Processes (Q-8.1,8.2, 8.3, 8.5 all, E-6.1.3,6.1.4) (Project tbd) 	Ngoc Nguyen Karl Neuman
7	Jesse Ruiz Paige Aguirre	637 688 (Open)	Watersheds Design and Construction Division – Real Estate Services	Admin Building	<ul style="list-style-type: none"> Real Estate Service Processes (Q-8.5.1, Q-8.5.5) 	Ngoc Nguyen Sue Turner
8	Paul Randhawa	635	CADD Services Unit	Headquarters Building	<ul style="list-style-type: none"> Operational Planning and Control (Q-8.1, 8.2 and 8.5, E-6.1.3, 6.1.4) (Project tbd) 	Katherine Oven Michael Suto
9	Paul Thomas	629 630 634	Wells and Water Measurement Unit	Vasona Pumping Plant	<ul style="list-style-type: none"> Chemical inventory and SDS Processes (E 6.1.3, 6.1.4, 8.1, 4.5.2) 	Garth Hall Mike Duffy

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ID	Audit Team Members	Related CPARs	Auditee	Audit Location	Processes and ISO Clause # (Sample from each ISO Clause)	Process Owner and Participants
					<ul style="list-style-type: none"> • Operational Planning and Control (Q, E-8.1) • Evaluation of Compliance (E-9.1.2) 	
10	Shree Dharasker Chung Khong	644 657 653 (Open) 654 684	South Water Treatment Operations Unit Treatment Plant Maintenance Unit	Rinconada Water Treatment Plant	<ul style="list-style-type: none"> • Control of production and service provision, postdelivery activities (Water Treatment Process) (Q-8.5.1, Q-8.5.5) • Control of production and service provision, post-delivery activities (Maintenance operations) (Q-8.5.1, Q-8.5.5) • Release of products and services (Q-8.6) • Creating and Updating, Control of documented information (Q-7.5.2,7.5.3) • Monitoring and Measuring Resources (Q-7.1.5) • Control of nonconforming outputs (Q-8.7) • Non-conformity and Corrective Action (Q-10.2) • Competence and Awareness (Q-7.2, 7.3) • General, Monitoring, measurement, analysis and evaluation (Hazardous and universal waste handling) (E-9.1.1, 9.1) • Compliance Obligations, Operational Planning and Control, Evaluation of Compliance 	Christopher Hakes Sam Bogale Jonathan Burgess

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ID	Audit Team Members	Related CPARs	Auditee	Audit Location	Processes and ISO Clause # (Sample from each ISO Clause)	Process Owner and Participants
					(Chemical Inventory and SDS Processes) (E-6.1.3, 8.1,9.1.2) <ul style="list-style-type: none"> Emergency preparedness and Response (E-8.2) 	
11	Roger Narsim	664 624 625 618 693	Environmental Health and Safety Unit	Administration	<ul style="list-style-type: none"> Chemical inventory and SDS, Evaluation of Compliance (Q-8.1, E-6.1.3, 6.1.4, 9.1.2) Waste accumulation label (E-8.1, 9.1.2) 	Michael Baratz Larry Lopez Paul Thomas
12	Surjit Saini Felicia Hernandez (shadow)	None	Communications Clerk of the Board Water Utility O&M	Headquarters Building	<ul style="list-style-type: none"> Customer Communications/Satisfaction (Q-8.2.1, 9.1.2) (External Communications – customers including complaints through Access Valley Water, Retailer and Customer Surveys, and Board Correspondence) 	Jose Villarreal Michele King Garth Hall/ Christopher Hakes
13	Shree Dharasker	None	Capital Program Planning and Analysis Unit	Headquarters Building	<ul style="list-style-type: none"> Operational planning and Control (Q-8.1) 	Katherine Oven Beth Redmond
14	Ken Jackson Shree Dharasker	632 631 633 675	Water Utility Capital Division – Pipelines Project Delivery Unit	Headquarters Building	<ul style="list-style-type: none"> Planning, Design, and Closeout Processes (Q-8.1,8.2,8.3,8.5 all, E-6.1.3,6.1.4) (Project tbd) 	Emmanuel Aryee Joel Jenkins
15	Karna DuQuite Felicia Hernandez (shadow)	665 674 692 695 (Open)	Construction Services Unit	Headquarters Building	<ul style="list-style-type: none"> Construction Processes (Q-8.5.1,8.5.5) Design and development controls (Q-8.3.4) Operational planning and control (E-8.1) Emergency Preparedness and Response (E-8.2) 	Katherine Oven Tim Bramer

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ID	Audit Team Members	Related CPARs	Auditee	Audit Location	Processes and ISO Clause # (Sample from each ISO Clause)	Process Owner and Participants
					<ul style="list-style-type: none"> • Release of products and services (Q-8.6) • Monitoring, measurement, analysis, and evaluation (E-9.1.1,9.1.2) • Training Process – Contractor awareness & training (Q, E-7.2, 7.3) 	
16	Stella Karoglou	631 632 640 667 675	Watersheds Design and Construction Division – Design and Construction Unit 5	Headquarters Building	<ul style="list-style-type: none"> • Planning, Design, and Closeout Processes (Q-8.1,8.2, 8.3, 8.5 all, E-6.1.3,6.1.4) (Project tbd) 	Ngoc Nguyen Roger Narsim
17	Wade Blackard Paul Thomas	638 668	Equipment Management Unit Facilities Management Unit	Corp Yard Facilities Warehouse Class IV Shop	<ul style="list-style-type: none"> • Hazardous, universal, and electronic waste handling processes (E-6.1.3, 8.1,9.1.2) • BMP Process (E-6.1.2, 8.1,9.1.2) • Chemical inventory and SDS Processes (E 6.1.2, 8.1,9.1.2) • Outdoor storage Process (E- 6.1.2, 8.1,9.1.2) (Class IV Shop) 	Tina Yoke Mike Cresap Dennis Scamardo

Attachment B: Brief History of the Quality and Environmental Management System

The District has been certified to ISO standards since 2002, when the Capital Division first registered to the quality standard. In 2004, the Watersheds Division registered to both the quality standard (ISO 9001) and the environmental standard (ISO 14001).

In 2007, the entire District registered its operations to both standards. The scope was narrowed in 2012 to the current scope, which includes the Water Utility Capital, Watersheds Capital, and the Water Utility Operations and Maintenance divisions, and associated support operations. In 2015, the QEMS was certified to both the quality and environmental ISO standards.

On April 23, 2018, the District reaffirmed its commitment to its Quality and Environmental Management System (QEMS) and the decision was made to not pursue the external ISO re-certification of its QEMS.

