

August 10, 2018

NOTICE OF MEETING – REQUEST FOR RSVPS

Members of the Board Audit Committee:
Director Keegan, District 2, *Vice Chairperson*
Director Hsueh, District 5, *Committee Member*
Director Kremen, District 7, *Committee Member*

And Supporting Staff Members:

Norma Camacho, Chief Executive Officer
Stan Yamamoto, District Counsel
Michele King, Clerk of the Board
Nina Hawk, Chief Operating Officer, Water Utilities
Tina Yoke, Interim Chief Operating Officer, Administration
Darin Taylor, Chief Financial Officer
Anil Comelo, Deputy Administrative Officer
Brian Hopper, Senior Assistant District Counsel
Jessica Collins, Program Administrator
Anna Noriega, Program Administrator
Mike Heller, Management Analyst II
Max Overland, Assistant Deputy Clerk II

A meeting of the Santa Clara Valley Water District Board Audit Committee has been scheduled to occur at 11:30 a.m., on Wednesday, August 15, 2018, at the Santa Clara Valley Water District, Board Conference Room A-124, 5700 Almaden Expressway, San Jose, California. Please save the date to your calendars.

Lunch service will be provided for Directors and essential staff beginning at 11:15 a.m.

Enclosed for your convenience, please find a copy of the agenda and corresponding materials.

Please RSVP at your earliest convenience to confirm your attendance by calling 408-630-2749, or via email to moverland@valleywater.org.

Sincerely,



Enclosures

Santa Clara Valley
Water District 

MAXIMILLION H. OVERLAND
ASSISTANT DEPUTY CLERK II
Office of the Clerk of the Board
Santa Clara Valley Water District
5750 Almaden Expressway, San Jose CA 95118
(408) 630-2749
moverland@valleywater.org
www.valleywater.org

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Santa Clara Valley Water District Board Audit Committee Meeting

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

11:30 AM REGULAR MEETING AGENDA

Wednesday, August 15, 2018
11:30 AM

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

BOARD AUDIT COMMITTEE

Barbara Keegan, Vice Chair, District 2
Nai Hsueh, 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
Office/Clerk of the Board
(408) 630-2749
moverland@valleywater.org
www.valleywater.org

Note: The finalized Board Agenda, exception items and supplemental items will be posted prior to the meeting in accordance with the Brown

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**Santa Clara Valley Water District
Board Audit Committee
11:30 AM REGULAR MEETING
AGENDA**

Wednesday, August 15, 2018

11:30 AM

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.

1.3. Election of Chair and Vice Chair.

2. APPROVAL OF MINUTES:

2.1. Approval of Minutes.

[18-0215](#)

Recommendation: Approve the minutes.

Manager: Michele King, 408-630-2711

Attachments: [Attachment 1: 180206 BAC Minutes](#)

Est. Staff Time: 5 Minutes

3. ACTION ITEMS:

- 3.1. Status Update on the Implementation of Recommendations from the 2015 Consultant Contracts Management Process Audit Conducted by Navigant Consulting, Inc. (Navigant) and the Subsequent Fiscal Year 2017-2018 (FY18) Consultant Contracts Improvement Process. [18-0214](#)
- Recommendation: Receive a status update on the implementation of the recommendations made by Navigant in the 2015 Consultant Contracts Management Process Audit and on the FY18 Consultant Contracts Improvements Process.
- Manager: Tina Yoke, 408-630-2385
- Attachments: [Attachment 1: Navigant Audit](#)
[Attachment 2: Audit Implementation Status Table](#)
[Attachment 3: PowerPoint](#)
- Est. Staff Time: 15 minutes
- 3.2. Board Independent Auditor Report Update - TAP International, Inc. [18-0596](#)
- Recommendation: A. Receive an update on the Risk Assessment Implementation Project and recommended audits from the Board's Independent Auditor, TAP International, Inc.; and
- B. Receive copies of TAP International, Inc. task orders and invoice tracking sheet.
- Manager: Darin Taylor, 408-630-3068
- Attachments: [Attachment 1: District Risk Assessment](#)
[Attachment 2: Recommended Audits](#)
[Attachment 3: TAP Task Orders and Invoice Tracking](#)
- Est. Staff Time: 15 Minutes
- 3.3. PMA Consultants Update on the Performance Audit of Lower Silver Creek Flood Protection Project, Agreement No. A3277G. [18-0604](#)
- Recommendation: Receive an update from PMA Consultants on the status of the Performance Audit of Lower Silver Creek Flood Protection Project, Agreement No. A3277G.
- Manager: Darin Taylor, 408-630-3068
- Est. Staff Time: 10 Minutes

3.4. Conflict of Interest Status Update. [18-0206](#)

- Recommendation: A. Receive and discuss draft Ethics Policy; and
- B. Receive information regarding planned Conflict of Interest avoidance measures.

Manager: Tina Yoke, 408-630-2385

Attachments: [Attachment 1: Draft Ethics Policy](#)
[Attachment 2: Form 700 Applicability Master Template](#)

Est. Staff Time: 10 Minutes

3.5. Review of the 2017 Board Performance Measures and Report. [18-0581](#)

- Recommendation: A. Review the 2017 Board Performance Measures and Report and identify areas where revisions and/or additions can be made to better reflect outcomes of the Board's work; and

- B. Identify possible stretch goals of the Board that can be incorporated into future Board Performance Reports.

Manager: Michele King, 408-630-2711

Attachments: [Attachment 1: 2017 Board Performance Measures and Report](#)

Est. Staff Time: 10 Minutes

3.6. Review 2018 Committee Work Plan. [18-0217](#)

Recommendation: Review and make necessary adjustments to the 2018 Work Plan, and confirm regular meeting schedule for 2018.

Manager: Michele King, 408-630-2711

Attachments: [Attachment 1: 2018 Committee Work Plan](#)

Est. Staff Time: 10 Minutes

4. INFORMATION ITEMS:

5. ADJOURN:

5.1. Clerk Review and Clarification of Board 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.: 18-0215

Agenda Date: 8/15/2018

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: 020618 Regular Meeting Minutes

UNCLASSIFIED MANAGER:

Michele King, 408-630-2711



BOARD AUDIT COMMITTEE MEETING

MINUTES

**TUESDAY, FEBRUARY 6, 2018
12:00 PM**

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER

A meeting of the Santa Clara Valley Water District (District) Board Audit Committee (Committee) was called to order in District Headquarters Building Conference Room A-124, 5700 Almaden Expressway, San Jose, California, at 12:00 p.m.

1.1. Roll Call.

Committee members in attendance were District 2 Director Barbara Keegan, District 7 Director Gary Kremen, and District 6 Director Tony Estremera, Chairperson presiding, constituting a quorum of the Committee.

Staff members in attendance were N. Camacho, Chief Executive Officer, R. Callender, A. Comelo, S. Dharasker, N. Hawk, B. Hopper, A. Noriega, D. Taylor, and M. Overland.

2. TIME OPEN FOR PUBLIC COMMENT ON ANY ITEM NOT ON THE AGENDA

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

3. APPROVAL OF MINUTES

The Committee considered the attached minutes of the November 30, 2017, meeting. It was moved by Director Keegan, seconded by Director Kremen, and unanimously carried that the minutes be approved as presented.

4. ACTION ITEMS

4.1. Discussion of Conflict of Interest Between Contractors and Staff.

- Recommendation:
- A. Discuss the District's process for addressing conflict of interest between contractors and staff; and
 - B. Recommend to the Board of Directors that the Ethics and Equal Opportunity Programs staff continue in their efforts to have proposed conflict of

interest language incorporated into to District's Ethics and Business Conduct policy and that no further actions and/or policy are warranted.

Mr. Rick Callender, Chief of External Affairs, reviewed the information on this item, per the attached Committee Agenda Memorandum.

The Committee received and discussed the proposed Conflict of Interest between contractors and staff language and made the following recommendations:

- That the Ethics and Equal Opportunity Programs staff continue in their efforts for proposed Conflict of Interest (COI) language to incorporate into the District's Ethics and Business Conduct Policy and to incorporate the Committee's comments regarding:
 - Identifying the differences between the legal and cultural understanding of COI;
 - Family Hiring issues and procedures;
 - Place COI requirements on the Manager's Work Plan; and
 - Review and incorporate comments by the Internal Auditor TAP International.

4.2. Board's Independent Auditor.

Recommendation: The following actions were previously directed by the Board Audit Committee to be discussed on a future agenda:

- A. Review the finalized list of identified risk assessments, as adopted by the Committee and amended by feedback from the Board on January 23, 2018;
- B. Solicit TAP International recommendations on internal vs. external execution of audits, costs, feasibility, and timelines;
- C. Develop an execution plan to complete the risk assessments adopted by the Board;
- D. Discuss an audit charter; and
- E. Direct next steps, as needed.

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

The Committee received and discussed a presentation contained in Attachment 1, on proposed risk assessments from the Board's Independent Auditor and requested the following of staff:

- Conduct the risk assessments, as defined;
- Assign a new Task Order for TAP International to conduct risk assessments;
- Establish an Internal Audit Charter which will be presented to the full Board, at a future Board meeting, for approval by the full Board and incorporated into the Governance Policy. TAP International (TAP) to provide Internal Audit Charter templates to the District
- Include TAP task orders and invoices for Board Audit Committee (Committee) review. District staff to check-in with the Committee Chair to review and approve invoices before sign off

5. REVIEW AND DISCUSS 2018 COMMITTEE WORK PLAN

Chairperson Estremera continued this item to the next Committee meeting.

6. CLERK’S REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS AND RECOMMENDATIONS:

Mr. Max Overland, Board Administrative Assistant II, read the new Committee Member Requests into the record.

Item 4.1 - The Committee received and discussed the proposed Conflict of Interest between contractors and staff language and made the following recommendations:

- That the Ethics and Equal Opportunity Programs staff continue in their efforts for proposed Conflict of Interest (COI) language to incorporate into the District’s Ethics and Business Conduct Policy and to incorporate the Committee’s comments regarding:
 - Identifying the differences between the legal and cultural understanding of COI;
 - Family Hiring issues and procedures;
 - Place COI requirements on the Manager’s Work Plan; and
 - Review and incorporate comments by the Internal Auditor TAP International.

Item 4.2 - The Committee received and discussed a presentation contained in Attachment 1, on proposed risk assessments from the Board’s Independent Auditor and directed the following:

- Conduct the risk assessments, as defined;
- Assign a new Task Order for TAP International to conduct risk assessments;
- Establish an Internal Audit Charter which will be presented to the full Board, at a future Board meeting, for approval by the full Board and

incorporated into the Governance Policy. TAP International (TAP) to provide Internal Audit Charter templates to the District

- Include TAP task orders and invoices for Board Audit Committee (Committee) review. District staff to check-in with the Committee Chair to review and approve invoices before sign off

7. ADJOURN

Chairperson Estremera adjourned the meeting at 2:00 p.m., to the next meeting, to be scheduled and posted in accordance with the Brown Act.

Max Overland
Board Administrative Assistant II

Approved:

Date: August 15, 2018

File No.: 18-0214

Agenda Date: 8/15/2018

Item No.: 3.1.

COMMITTEE AGENDA MEMORANDUM

Board Audit Committee

SUBJECT:

Status Update on the Implementation of Recommendations from the 2015 Consultant Contracts Management Process Audit Conducted by Navigant Consulting, Inc. (Navigant) and the Subsequent Fiscal Year 2017-2018 (FY18) Consultant Contracts Improvement Process.

RECOMMENDATION:

Receive a status update on the implementation of the recommendations made by Navigant in the 2015 Consultant Contracts Management Process Audit and on the FY18 Consultant Contracts Improvements Process.

SUMMARY:

To address a request made by the Board of Directors on October 27, 2015, District staff has prepared the following status update to the Board on the implementation of the Navigant Audit recommendations. While the Board has not formally directed staff to present to the Board Audit Committee, the committee received notice of the status of the audit during its June 24, 2015 meeting.

2015 Consultant Contracts Management Process Audit

After non-compliance events were identified in 2014, District management commissioned an audit of the Consultant Contracts Post-Award Management Process (Audit). Navigant was engaged and completed a detailed compliance review of 66 consultant contracts. Navigant also reviewed the District's policies, processes, and technology framework within which consultant contracts are managed post-award.

Results of the Audit reflected a weakness in the District's post-award contract management processes. The Audit found that the majority of post-award contract management activities (including contract data and documentation record-keeping) were conducted in a decentralized and inconsistent manner across multiple individuals, teams, departments, and systems. This, combined with a lack of clear accountability for post-award contract management tasks, was deemed the principal cause of the non-compliance events identified in 2014.

According to Navigant, the most significant Audit finding was related to the on-going management of insurance certificates in the Contracts Administration System (CAS). The recommendation related to this key finding was addressed by staff beginning in FY 2015-2016 (FY16) and has since been resolved through both CAS enhancements and the procurement and implementation of Exigis, which is a system that ensures insurance compliance and tracks expiration. Consultant Contracts Services (CCS) staff proactively works with external consultants and insurance vendors to ensure that all

insurance certificates remain in compliance.

Navigant had also recommended centralization of the contract management function. In response to that recommendation, the District conducted a benchmark study of public agencies, which found that the contract management function was decentralized in 12 of the 14 comparator agencies. The remaining agencies that had the centralized models were the San Francisco Public Utilities Commission and the Metropolitan Water District, both of which have very large procurement departments, with approximately 48 and 100 staff respectively. Since receiving this recommendation, the District has focused on reinforcing and improving standard policies, procedures, and documentation. The recommendation to centralize the contract management function is under review by District management.

In total, Navigant made 11 recommendations; nine (9) of which focused on post-award and two (2) of which focused on pre-award. Three (3) have been completed in full; two (2) others, with multi-part recommendations, have been completed in part; and one (1) of the recommendations is under review. The five (5) remaining recommendations are in progress. A full list of the recommendations with detailed status updates can be found in the Audit Implementation Status Table (Attachment 2).

Staff Resources

The greatest challenge to implementing the policy and procedure related recommendations has been the availability of staff resources; however, staff resources have been identified and are assigned to focus on implementing the remainder of the post-award recommendations in FY19.

In 2011, modifications to the workflow in the Consultant Contracts Office impacted its ability to meet the District's consultant contracting demands. These modifications resulted in a decreased level of direct support provided by the Consultant Contracts Office to District project managers in drafting and negotiating consultant agreements. Some consider this workflow change to be a significant factor that negatively impacted the quality and timelines in developing, reviewing, and approving consultant agreements in the past.

To address resource needs, staff requested, and the Board approved three new full-time positions dedicated to focusing on capital consultant contracts. These positions were filled in FY 2016-2017 (FY17).

Further, a program administrator was secured for one-year (FY18) on a temporary promotion to focus on the outcomes of a four-day Contracts Improvement Process Workshop (Workshop) that was conducted in Quarter Four (Q4) of FY17. The Workshop focused primarily on pre-award improvements to the Consultant Contracts Process with a goal of streamlining the processes and shortening the timelines. Key stakeholders participated, including District Counsel, and Project Managers, Unit Managers, and Deputy Officers from Administration and Watersheds and Water Utility Capital Divisions.

FY18 Consultant Contracts Improvement Process

In Quarter One (Q1) of FY18, the Consultant Contracts Improvement Process team thoroughly evaluated the existing pre-award consultant contracts process workflow to identify process

deficiencies and potential opportunities to reduce contracting cycle times. Key findings showed that each step in the workflow could be streamlined to improve the process. However, the primary focus should be on providing an enhanced level of customer service during drafting and negotiations, beginning with preparing the preliminary scope of services for the Request for Proposals (RFP). As contract subject matter experts, providing this level of support to project managers during the drafting of agreements is critical, as project managers are not regularly called upon to draft contract scope of services. Additionally, training staff on writing, drafting, evaluating, and negotiating RFPs and agreements will be critical to achieving a streamlined process.

In addition, establishing target timelines, to be approved by project managers and their next level management, and driven by the consultant contracts staff as process owners will enhance ownership and accountability for process participants.

In Quarter Two (Q2), the process improvement team worked to establish the Roles, Responsibilities and Target Timelines for Consultant Contracts and Amendments. This improved workflow clearly identifies the role of each stakeholder in the process and key milestones that will be tracked to measure performance. As part of the workflow, consultant contracts staff is to drive the process, while providing an enhanced level of customer service during the drafting and negotiation phases, beginning with the RFP development.

In the beginning of Quarter Three (Q3), the process improvement team engaged the District Counsel's Office, as they are key stakeholders in the process. In Q3 and Quarter Four (Q4) the remaining stakeholder review meetings were conducted with project managers, unit managers, and deputy officers to communicate the identified improvements and receive their input on the improved process.

While implementation of the process improvements were piloted in Q4, the process improvements formally began at the onset of FY 2018-2019 (FY19).

Throughout FY18, staff training was provided on topics related to Request for Proposal development, contract drafting, and negotiations. CCS staff also started taking on an ownership role for contract cycle times and enhanced their contract drafting and negotiation support to project managers. Some of the sequential approvals have been eliminated and substituted with concurrent approvals. Additional training will continue to be provided on an ongoing basis.

Once the process improvements are fully implemented in FY19, staff will begin tracking performance as measured against the new milestones. To allow sufficient time for implementation and tracking, staff plans to submit a performance measurement update with six months of data through a CEO Bulletin in Q3 of FY19, and return to the Board in Q1 of FY 2019-2020 with a full year of data for a status update on the implementation of the process improvements.

ATTACHMENTS:

- Attachment 1: Navigant Audit
- Attachment 2: Audit Implementation Status Table
- Attachment 3: PowerPoint

File No.: 18-0214

Agenda Date: 8/15/2018
Item No.: 3.1.

UNCLASSIFIED MANAGER:
Tina Yoke, 408-630-2385

Consultant Contracts Management Process Audit

Prepared for:
Santa Clara Valley Water District



Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, California 95118-3614

March 10, 2015



Navigant Consulting, Inc.
One California Plaza, Suite 2900
300 South Grand Avenue
Los Angeles, CA 90071

Main: 213.670.3200
Fax: 213.670.3250
www.navigant.com

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Executive Summary

Navigant Consulting (Navigant) has completed a Consultant Contracts Post-Award Management Process Audit (Audit) of the Santa Clara Valley Water District (the District). To complete this Audit, Navigant conducted a detailed compliance review of 66 consultant contracts, and reviewed the current policy, process, and technology framework within which consultant contracts are managed (post-award).

Results of the Audit reflect a weakness in the District's post-award contract management processes: the majority of post-award contract management activities (including contract data and documentation record-keeping) are conducted in a decentralized and inconsistent manner across multiple individuals, teams, departments and systems. This, combined with a lack of clear accountability for post-award contract management tasks, is the principal cause of the non-compliance events identified in 2014.

The most significant Audit finding is related to the on-going management of insurance certificates in CAS. According to work instruction document W-741-029, all insurance certificates are to be uploaded to CAS. We acknowledge this is a pre-award work instruction; however, Navigant did not find a work instruction addressing post-award insurance certificate management. To our knowledge, no document exists that addresses insurance management in the post-award environment. The audit identified expired insurance certificates in CAS, as well as missing insurance certificates for certain contracts. Although the District worked diligently to locate the missing certificates, Navigant was unable to confirm the presence of complete insurance documentation, and therefore was unable to deem most of the 66 contracts reviewed compliant. Further, accountability for maintaining insurance certifications was unclear among District staff. These factors created a challenging environment in which to complete the audit.

Navigant also identified several additional issues related to post-award contract management in areas such as invoice management (certain invoices were submitted and approved past the agreement expiration date) and general contract management (several contracts were missing from CAS altogether). This highlights a lack of governance and diligence in post-award contract management, particularly in record keeping.

In addition to the contract audit, the Navigant team conducted a gap assessment, evaluating the District's current operations in relation to a "blueprint" for post-award contract management excellence. Key findings of the gap assessment include:

- » The District does not have a single-source, comprehensive business policy document that establishes clear accountability and expectations for post-award contract management.
- » There are not a standard set of business process flows that represent the standard for post-award contract management activities at a detailed level.
- » Post-award consultant contract management activities are determined on an individual basis, resulting in a lack of consistency and standardization across the District.
- » Critical aspects of post-award contract management, such as continuous monitoring of contract compliance and the maintenance and archiving of contract documentation, are not identified in existing policies or guidelines.
- » Given the roles and responsibilities defined by best practice for contracting departments, the Consultant Contracts Group appears to have an incomplete mandate and be understaffed for an organization as large as the District.

- » There is a significant lack of integration between the District's two major systems: CAS and PeopleSoft. This results in the dispersal of data across multiple departments and teams.

Results of the contract compliance audit and gap assessment confirm that the District's post-award contract management processes are deficient, and undermined by unclear accountabilities and underutilized technology applications. Significant attention needs to be made in "People, Process, Technology, and Governance" areas to improve current post-award consultant contracting activities.

1. Introduction and Approach

The District manages an integrated water resources system that includes 10 dams and surface water reservoirs, three water treatment plants, an advanced recycled water purification center, a water quality laboratory, nearly 400 acres of groundwater recharge ponds, and more than 275 miles of streams. The Mission of the District is to:

“...provide Silicon Valley safe, clean water for a healthy life, environment, and economy.”

The District’s highest-level priorities are encompassed in three Board of Director (Board) policies:

- » Clean, Reliable Water: There is reliable, clean water supply for current and future generations.
- » Natural Flood Protection: There is a healthy and safe environment for residents, business and visitors, as well as for future generations.
- » Healthy Creeks and Ecosystems: There is water resources stewardship to protect and enhance watersheds and natural resources and to improve the quality of life in Santa Clara County.

The effective and efficient procurement of materials and professional services (within a strong control environment) is a key enabler of achieving these priorities. Excellence in procurement and contract management is particularly critical, given the District’s dual objectives of maintaining the network and infrastructure necessary to transport, treat and deliver clean, reliable water on behalf of Santa Clara County’s 1.8 million residents, and also reduce headcount, operating costs and provide precise budgeting, while improving efficiency, effectiveness and optimization of services throughout the district.

1.1 Introduction

The following section describes the background and objectives of the Audit, as well as the approach taken to complete the Audit.

1.1.1 Background on the Audit

In the District’s CEO Bulletin dated the week of June 13-19, 2014, notification of non-compliance with several procurement and contracting related policies was provided to the Board. Specifically, the District was found to be in non-compliance with certain Board policies and in violation with audit standards as a result of the following:

- » Invoices were paid without an authorized agreement or insurance certificate.
- » Non-compliance was not reported in a “timely” manner (within five (5) business days from the issue arising).
- » Work was authorized for Optional Services without a Board authorized contract in effect.

As a result of this event (and in order to ensure that all contracts are being properly managed), the District authorized a variety of measures, including principally:

1. Conduct an immediate review of all consulting contracts to ensure that agreements are within budget and that both agreements and insurance certifications are current.
2. Review all consulting contracts to ensure that work being conducted is within the scope of services as specified in the contract.

3. Lead an audit of the post-award contract management process to identify and make recommendations to correct systemic issues.

Navigant was awarded the contract to undertake the Audit, after responding to an RFP issued by the District on July 8, 2014. For this Audit, Navigant conducted a review and assessment of the extent to which the District's consultant contracts and agreements, post-award, are managed in accordance with:

1. District policies and procedures,
2. Statutory and other requirements,
3. Agreed scope and deliverables, and
4. Best practices regarding change management, and contract management administration (including documentation, invoicing, financial, and other controls).

1.1.2 Objectives of the Audit

The objective of the Audit is to:

1. Evaluate and provide evidence of compliance or non-compliance for a subset of contracts for the period 2009 through 2014, and
2. Assess the District's post-award process for authorizing, approving, and managing consulting services contracts.

Although focused primarily on the post-award consulting contracting process, Navigant gained insight into the entire "end-to-end" contract management process and has included in this report recommendations for improvement focused on some pre-award activities.

Through this audit, the District aims to understand the extent to which compliance issues have been present during the review period (2009-2014), and identify potential areas of improvement to the "as-is" post-award contract management framework (including relevant policies, processes, and protocols).

1.2 Approach to the Audit

The District outlined seven primary task areas associated with the audit comprised of the following:

- » Task 1: Review and Identify Contracts to be Reviewed
- » Task 2: Review and Identify Applicable Post-Award Contract Management Controls
- » Task 3: Entrance Conference / Review of Audit Purpose, Scope and Timing
- » Task 4: Develop and Present the Audit Work Plan
- » Task 5: Conduct Audit
- » Task 6: Draft Audit Report and Presentation
- » Task 7: Final Audit Report and Presentation

To complete the scope of work associated with these task areas, Navigant designated two primary components: the post-award consultant contract compliance audit, and the "blueprint" assessment and gap assessment. The post-award consultant contracts compliance audit focused on audit fieldwork activities and a detailed review of the contracts in question, evaluating the "as-is" state of operations. In addition to the audit fieldwork, Navigant specified a "blueprint" for excellence in consulting services contract management, based on which the District was evaluated and then provided with recommendations for improvement in the gap assessment.

1.2.1 Consultant Contracts Post-Award Compliance Audit

Navigant was tasked to perform a direct compliance review of 15 consultant contracts pre-identified by the District as needing further review, and to derive and review a sample from a database of consultant contracts and service agreements that would provide a 90% or higher confidence rate on compliance testing results.

The scope included the 15 pre-identified consultant contracts executed between 2001 and 2014 and a larger sample of contracts executed between 2009 and 2014 randomly selected by Navigant.

At the highest level, focus areas associated with the tasks in the consultant contracts compliance audit included the following:

Figure 1. Approach to Compliance Audit



As noted, while the focus of the Audit was post-award contract management processes and activities, Navigant did gain insight into pre-award processes and activities (a high-level review of which is included in Section 4.3.2).

1.2.2 “Blueprint” Assessment and Gap Assessment

Navigant believes an important objective of any audit or assessment is to evaluate the current, “as-is” state of operations in a comprehensive manner in order to identify specific actions that will deliver operational and organizational improvement.

Therefore, in addition to the audit fieldwork and detailed review of the contracts in question, Navigant evaluated the District’s activities, business processes and roles & responsibilities against a “blueprint” for excellence in consulting services contract management. Specification of a blueprint for consultant contract management excellence provided a frame of reference – or template – against which current post-award activities and practices can be compared, and potential improvements identified.

This blueprint was derived from a variety of sources, including:

- » Best practice recommendations from a variety of organizations directly relevant to contract and procurement management,
- » The practices of peer water and other utility companies,
- » Leading business management standards in areas such as process management & optimization, business policy design, technology management, and governance & risk control.

Importantly, Navigant also considered the District's specific Mission and objectives, regulatory/governance requirements, and culture surrounding contract management when conducting the blueprint assessment.

2. Contract Management Mission and Roles & Responsibilities

As described in Section 1, the Mission of the District is to:

“...provide Silicon Valley safe, clean water for a healthy life, environment, and economy.”

Further, the Vision of the District is to be:

“...nationally recognized as a leading water resources management agency.”

Related to the District’s broad organizational Mission and Vision objectives are specific contracting and procurement related objectives.

Figure 2. District Procurement and Contracting Objectives

District Procurement Objectives	Consulting Contracts Objectives
<p><i>The mission of the District is to manage the procurement of goods and services with the highest level of integrity, ethics, and accountability. The District will solicit information and award contracts through a fair, open, transparent, and competitive process. The District has a strong policy of promoting Small Business Enterprises through preference credits.</i></p>	<p><i>The Consultant Contracts Program provides centralized consulting contracts processing services on behalf of all District operating units. The information presented here¹ is designed to help you understand how the District conducts business with consultants, including, but not limited to, those providing engineering, environmental, architectural, financial, auditing, management consulting, and other professional and non-professional services.</i></p>

In any organization, procurement and contract management activities are comprised of multiple activities, business processes, and related roles & responsibilities. A number of different organizational structures can be created to deliver these activities, given goals of ensuring high levels of efficiency, effectiveness, and control.

The exhibit below outlines the responsibilities of the different groups at the District for the overall contracting process.

¹ The Consultant Contracts webpage at: www.valleywater.org/Business/DoingBusiness/ConsultantContracts.aspx.

Table 1. Contracting Roles and Responsibilities

Activities		Contracts Group	Project Manager	Legal Department	Accounting	Risk Manager	Unit Manager	Board/CEO
Pre-Award	Identify of project need		✓				✓	✓
	Develop of Scope of Work		✓					
	Assess internal capabilities and capacity to complete the project		✓					
	Develop RFP/RFI/RFQ	✓	✓					
	Create RFP/RFI/RFQ in CAS	✓						
	Select consultant		✓					
	Negotiate		✓					
	Develop Standard Consultant Agreement	✓	✓	✓		✓		
	Confirm available funding and project account				✓			
	Confirm vendor tax information and W-9				✓			
	Approve contract	✓		✓			✓	✓
Post-Award	Assess work completed against original Scope of Work		✓					
	Maintain payment history and track total cost				✓			
	Develop amendments	✓	✓	✓				
	Approve amendments	✓		✓	✓		✓	✓
	Conduct compliance check							
	Close out contract	✓	✓		✓			

This functional structure is a consideration in our blueprint assessment and recommendation analysis.

3. Consultant Contracts Post-Award Compliance Audit

The principal objective of the Audit was to assess the District's post-award process of authorizing, approving, and managing consulting services contracts. Central to this effort was a detailed compliance review of 15 contracts identified by the District and 51 additional randomly selected contracts, for a total of 66 consultant contracts. The methodology for this audit fieldwork and Navigant's findings are presented in the following sections.

Based on the compliance review, Navigant identified non-compliance issues in the majority of the 66 contracts. Most of the issues identified related to incomplete or expired insurance documentation in CAS. Additionally, six of the 66 contracts were found to have work completed and invoices submitted past the Agreement expiration date, and one contract represented significantly more than 100% task completions. One of these has been previously addressed by a CEO Bulletin and presented to the Board (Agreement A2303A).

Navigant believes that the evidence obtained from the audit fieldwork, described in detail below, provides a reasonable basis for the audit findings at this time; however, it is important to add that the review was conducted with only readily available information. Navigant worked with the District to collect additional documentation, primarily from project managers. This effort met with some success in obtaining valid documents. This is noted, but the original findings remain unchanged to reflect what was readily available to an outside party, and what was not.

3.1 Scope and Approach

To accomplish the audit fieldwork objectives, Navigant performed the following procedures:

- » Obtained and reviewed a database of consultant contracts provided by the District,
- » Provided to the District a sampling methodology and the resulting list of 52 contracts for the compliance review (reduced to 51 at a later time),
- » Obtained and reviewed relevant consultant contract policies and procedures,
- » Interviewed key District personnel, and
- » Reviewed a total of 66 consultant contracts for compliance (15 contracts selected by the District and 51 contracts identified using sampling methodology), using currently available data sources.

Audit fieldwork was primarily conducted from November 6, 2014 through January 27, 2015. The work completed in 2015 was focused on the collection of additional insurance documents from project managers and the assessment of accounting-related issues.

The District identified 15 potentially non-compliant consultant contracts to be reviewed by the Navigant team during the audit. In addition to these, Navigant selected a sample of 51 consultant contracts for a total of 66 contracts. The 51 contracts were selected randomly from a consultant contracts database provided by the District, containing 180 contracts executed between Fiscal Year 2009 and 2014. The random sampling methodology used to identify the 51 contracts is further described in Section 3.1.1

Before reviewing the 66 consultant contracts, the Navigant team gathered information on the District's contract management protocol and day-to-day consultant contracting activity, and conducted focused interviews with key District personnel. Relevant documents and interviews are summarized in Section 3.1.2

In order to evaluate the 66 contracts, the Navigant team developed a consultant contract post-award compliance checklist, the parameters of which were derived from the scope of work agreed upon for this audit. The Navigant team used this checklist to record available contract information from the CAS and consultant contract invoice and payment files and tax information from the Accounting Department. The approach is described in detail in Section 3.1.3

3.1.1 Task 1: Identify Contracts to Be Reviewed

The District provided Navigant with a sampling consultant contracts database that included contracts executed between Fiscal Year 2009 and 2014. The 15 consultant contracts pre-identified by the District and consultant contract amendments were excluded. In total, 180 contracts were included in the sampling database. The District requested a 90% confidence level target for the sample selected from this database.

The 180 contracts in the sampling database were randomly ordered and run with the RATSTAT sampling model.¹ RATSTAT is a free statistical tool developed by the U.S. Government used to determine sample sizes. The tool takes the total population of the records to be sampled, the desired confidence level, and confidence interval and determines the minimum number of observations to be sampled. Using RATSTAT, Navigant developed 12 scenarios reflecting multiple combinations of confidence levels and confidence intervals, to determine with the District which combination of confidence level and confidence interval would provide the best compromise between sample accuracy and number of contracts to be reviewed.

Given the District’s 90% confidence level target and the reasonable sample accuracy provided by a 10% confidence interval, Navigant recommended the review of 52 consultant contracts in addition to the 15 contracts pre-identified by the district. The scenarios developed by Navigant are shown in Table 2, below.

Table 2. Sampling Scenarios

		Confidence Level			
		80%	90%	95%	99%
Confidence Interval	+2.5%	143	155	161	180
	+5%	94	114	126	144
	+10%	38	52	64	85

The sample of 52 contracts represents almost 30% of the total contract population provided by the District, and 23.6% of the total dollar value (Table 3).

Table 3. Final Contract Sample

# of Contracts	Contract Value	% of Contracts	Sample Value	% of Total Dollar Value
52	\$ 6,017,027	28.9%	\$ 25,335,374	23.6%

¹ <http://oig.hhs.gov/compliance/rat-stats/index.asp>

Following the District project manager's approval of the sample size, Navigant provided the list of 52 contracts for review. The District identified three of the 52 contracts as non-consultant contracts (reflecting an error in the original sampling database), and the next three randomly ordered contracts were moved into the sample. Towards the end of the Audit, contract A3623 was also identified as a non-consultant contract. This contract was removed from the results for a total of 51 randomly selected consultant contracts. The final contract sample is listed in Appendix C.

3.1.2 Task 2: Review and Identify Applicable Post-Award Contract Management Protocols

Navigant's review of the District's post-award contract management control documentation focused on the extent to which it provides clear procedures and processes to ensure that a project is in compliance with District policy and the authorized agreement, and that it is administered appropriately. Before beginning the detailed review of the 66 contracts, Navigant initiated the collection of contract policy, procedure, and process documentation by submitting a data request. The list of documents provided by the District is included in Appendix B.

To seek clarification on this documentation and to clearly understand current post-award contract management practices, Navigant conducted several rounds of focused interviews. Interviews were conducted with a cross-section of management, staff, project managers, and other key individuals associated with contract management. Initial interviews included the District's executive management and representatives from the accounting department and the contracts department. All interviews are listed in Appendix A.

3.1.3 Task 3: Conduct Audit

The audit fieldwork initially included a review of contract documentation uploaded on CAS and recorded by the Accounting Department in hardcopy paper files.

The District uses CAS as a contract management tool primarily for the development of solicitations through contract execution; however, CAS also includes relevant descriptions and documentation of executed contract terms, scope, and required insurance, as well as amendments (change orders). Contract information on CAS is managed by the District's Consultant Contract Services group in the Purchasing, Consultant Contracts, and Warehouse Services Unit. Navigant was provided access to CAS and received support from the Contracts group to learn how to navigate the online system.

Invoice and payment information is housed in the General Accounting Unit, which uses PeopleSoft and hardcopy file folders to manage documents. As identified in interviews, the most accessible source of invoice and payment information is the spreadsheet maintained by the accountant responsible for consultant contracts. Accounting files requested by the Navigant team based on the sample of 51 contracts were provided for in-person review at the District accounting offices. Throughout the review, Navigant worked closely with the District to locate relevant information and ensure findings were accurate. However, Navigant did not have direct access to the PeopleSoft database.

Each contract was assessed using the parameters outlined in Table 4, below. These parameters were derived from the scope of work agreed upon for this audit. The checklist was reviewed with the Contracts group to locate where most of the items would be found.

Table 4. Consultant Contract Audit Checklist

Parameter	Evidence
Operating within the contract scope of work services	<ul style="list-style-type: none"> • Description of original scope • Tasks and deliverables completed
Adhering to the contract schedule	<ul style="list-style-type: none"> • Date agreement executed/signed as reported in CAS • Date agreement expired as reported in CAS • Date agreement expired as reported in Standard Consultant Agreement • Accounting close-out date as reported in project files
Monitoring to ensure conformance with authorized agreement and amendment amounts	<ul style="list-style-type: none"> • Agreement value at execution as reported in CAS • Agreement value as reported in Standard Consultant Agreement • Number of amendments reported in CAS • Total dollar value of amendments reported in CAS • Final agreement value as reported in CAS
Invoices are reviewed, revised as necessary, and approved before payment, and payments are approved and made on valid agreements	<ul style="list-style-type: none"> • Number of amendments as reported in project files • Number of invoice(s) related to this agreement as reported in project files • Total dollar value of invoices as reported in project files • Last invoice end date as reported in project files • Date of last invoice approval as reported in project files • Date of final payment as reported in project files
Compliance with terms and conditions of the agreement including licensure requirements, permit requirements	<ul style="list-style-type: none"> • Date Standard Consultant Agreement executed (actual document) • Date Agreement Routing Approval executed • Date W-9 executed
Reviewing documentation to ensure non-fiscal requirements continue to be met throughout the duration of the contract and beyond	<ul style="list-style-type: none"> • List of insurance documents available in CAS • Start date of insurance requirement • Expiration date of insurance requirement

Based on preliminary results from the CAS and accounting file review, Navigant determined it was necessary to interview a selection of project managers and the District’s Risk Manager. Four project managers in addition to the Risk Manager were interviewed. These interviews provided insight into the location and ownership of certain information that was often not complete in CAS or not under the accounting domain (e.g. insurance documentation residing with project managers).

The Navigant team worked closely with the District to contact the project manager for each of the 51 sample consultant contracts in order to support and/or improve findings from CAS and the accounting files. Additionally, Navigant determined it was necessary to request some consultant W-9 forms that were missing from or unsigned on CAS, and worked with Accounts Payable to locate this information.

3.2 Summary of Findings

From the detailed compliance review of 15 consultant contracts identified by the District and 51 additional randomly selecting consultant contracts, Navigant gathered a set of key findings. Of note, only five of the 66 contracts reviewed were found to be fully compliant from initial work. The vast majority of the non-compliance issues identified were incomplete or expired insurance documentation. It is important to add that this finding is based only on information in CAS, the accounting files, and feedback from Accounts Payable. Following up on this finding, Navigant requested insurance documentation from the project managers, resulting in 30 responses and ten other contracts that could be found compliant based on this additional information. These are summarized in Appendix D.

Initially, 11 of the 66 contracts were found to have missing or unsigned W-9 forms for tax requirements on CAS. However, this finding was revised to zero non-compliant contracts based on adequate information provided by the District’s Accounts Payable group regarding the 11 contracts. However, six of the 66 contracts were found to have work completed past the Agreement expiration date and one additional contract was found to be potentially non-compliant based on greater than 100% task completions. Three of the first six contracts are found to be non-compliant based on available information, while the other three would require further review for a final compliance score. Overall, these findings most clearly reveal difficulties in obtaining current and accurate documentation for consultant contracts. Additionally, many contracts had invoices approved and paid after the Agreement expiration date. These contracts are found to be compliant based on valid work periods within the contract period, but are in disagreement with best practices.

Navigant also noted inconsistencies and missing noncritical information in CAS and on invoices during the review. These findings are relevant to recommendations for the improvement of District processes, despite not impacting the compliance findings, and are presented at the end of the section.

3.2.1 Summary of the 15 Pre-Identified Contracts

Of the 15 pre-identified consultant contracts, seven contracts were missing from CAS online and hence were deemed non-compliant based on missing insurance documentation. However, these contracts did have hardcopy accounting files and Accounts Payable information from PeopleSoft, enabling a partial compliance review.

Table 5. List of Contracts Not Found on CAS

	Agreement Number	Agreement Name
1	A2218A	Planning Study, value engineering, and geotechnical and hazardous material investigations for Matadero & Barron Creeks remediation project (Palo Alto)
2	A3109A	Contract for Operation and Maintenance of the Coyote and Pacheco Substations
3	A3462RE	On Call Real Estate Services Appraisal Agreement MAI
4	A3464RE	Real Estate Turnkey Services
5	A3467RE	On Call Real Estate Services Appraisal Agreement MAI
6	A3469RE	On Call Real Estate Services Appraisal Agreement MAI
7	A3471RE	On Call Real Estate Services Appraisal Agreement MAI

The remaining eight contracts were successfully found on CAS; however, seven of these had incomplete insurance information. The insurance issues for the 15 pre-identified contracts are summarized below (one contract had multiple issues). Detailed insurance findings are listed in Appendix D.1.

Table 6. Types of Insurance Issues Identified for the 15 Pre-Identified Contracts

Insurance Issue	Number of Contracts
No documents found on CAS	7
Insurance expires before end of project	2
Insurance starts after date of Notice to Proceed	4
Missing insurance documents	2

Aside from insurance issues, three of the 15 contracts had problematic payment activity. These contracts are summarized in Table 7, below.

Table 7. Non-Compliance Issues in the 15 Pre-Identified Contracts

Agreement Number	Agreement Name	Issue	Additional Comments
1 A2403A	Engineering Planning Services on Berryessa Creek Downstream of Calaveras Blvd.	Last invoice dated 12/23/2013; Agreement expired on 12/31/2009	The District is aware of this issue, which led to the Audit.
2 A3159A	PWTP Standby Power System Project	Last invoice dated 3/5/2011; Agreement expired on 3/31/2010 – Requires Further Review	The contract has a Letter of Authorization (No. 3) dated 3/29/2010, authorizing extended work, but did not specify a new expiration date.
3 A3467RE	On Call Real Estate Services Appraisal Agreement MAI	Last invoice dated 6/27/2014; Agreement expired on 3/31/2014 – Requires Further Review	The Agreement specifies a 24 month term with the option to extend 12 months, but the Agreement does not specify task dates and is "On-Call."

Agreement A2925F was originally considered to have work completed after the expiration date based on the expiration date listed in CAS; however, the text of the Agreement was found to contain "The Agreement will be complete when all deliverables have been received and approved and the Scope of Service tasks have been verified by the District's Project Manager." Hence, it is compliant but serves as an example of disagreement between different information systems at the District. The District reports that poorly-defined termination dates and schedules were resolved for post-2012 agreements.

All of the contracts were found to have remained within their total agreement amounts, with no budget-related non-compliance issues. The spreadsheet provided by the District summarizing the 15 contracts had identified seven contracts having a higher final payment amount than the Agreement amount; this was not found to be the case after all amendments were accounted for during Navigant's review.

For the contracts which were initially recorded as having incomplete tax information, the explanations from the Accounts Payable group are summarized in the following table:

Table 8. Accounts Payable Information for the 15 Pre-Identified Contracts

	Agreement Number	Agreement Name	Tax Resolution
1	A2218A	Planning Study, value engineering, and geotechnical and hazardous material investigations for Matadero & Barron Creeks remediation project (Palo Alto)	Tax ID information was captured in PeopleSoft.
2	A2403A	Engineering Planning Services on Berryessa Creek Downstream of Calaveras Blvd.	Tax ID information was captured in PeopleSoft.
3	A2925F	The SCVWD Wants to Become a CAL/OSHA VPP Star Site	Per W-9 form Part II Certification, 4 Other Payments, the W-9 signature is not required for non-employee compensation (unless taxpayer is notified of previously incorrect TIN). ²
4	A3109A	Contract for Operation and Maintenance of the Coyote and Pacheco Substations	Tax ID information was captured in PeopleSoft.
5	A3228F	State Lobbying Services: 2009	Per W-9 form Part II Certification, 4 Other Payments, the W-9 signature is not required for non-employee compensation (unless taxpayer is notified of previously incorrect TIN).
6	A3462RE	On Call Real Estate Services Appraisal Agreement MAI	Tax ID information was captured in PeopleSoft.
7	A3464RE	Real Estate Turnkey Services	Tax ID information was captured in PeopleSoft.
8	A3467RE	On Call Real Estate Services Appraisal Agreement MAI	Tax ID information was captured in PeopleSoft.
9	A3469RE	On Call Real Estate Services Appraisal Agreement MAI	W-9 form provided.
10	A3471RE	On Call Real Estate Services Appraisal Agreement MAI	Tax ID information was captured in PeopleSoft.

For the contracts that had tax ID information in PeopleSoft but were missing a copy of the actual W-9 form, the issue was reported to be that these contracts have unknown set-up dates and cannot be feasibly retrieved from the archive. Overall, tax information appears to be compliant but supporting documentation is not always accessible.

² www.irs.gov/pub/irs-pdf/fw9.pdf

3.2.2 Summary of the 51 Contract Sample

The sample was reduced to 51 consultant contracts after one contract was found to be a non-consultant agreement and excluded, after confirming the agreement type with the District project manager (a special joint use agreement for local trails). 47 of the remaining 51 contracts were found to have non-compliant insurance information based on available documents in CAS. The insurance non-compliance issues range from expired insurance for the last 10 days of work to contract files lacking general liability insurance and other insurance certificates altogether (based on the available, viewable certificates in CAS). Some contracts have more than one of these issues. This finding is summarized below, with further details in Appendix D.2.

Table 9. Types of Insurance Issues Identified for the 51 Contract Sample

Insurance Issue	Number of Contracts
Insurance expires before end of project	30
Insurance starts after date of Notice to Proceed	9
Missing insurance documents	12

Navigant requested up-to-date insurance information from project managers for these contracts. The District was diligent in requesting and finding a number of the insurance files. It is notable, however, that even though ten additional project managers could produce complete insurance documentation upon request, the District has no comprehensive, up-to-date and accessible source of this important information. This observation was validated by the District's Risk Manager, who identified the need for an insurance management system and has advocated for the District to work with a third party insurance handling company.

Further, the CAS system has been reported to have a system error that prevents users from accessing multiple insurance documents for closed contracts. This glitch allows the user to view only the most recently added file, and no others. Additionally, CAS is reported to be set to a 5 Megabyte file size limit that may exclude other insurance files or pages that exceed the limit. All of the contracts that were initially found to have inadequate insurance in CAS are still deemed non-compliant but it is also noted in 0which issues the project managers encountered after being called on to produce insurance documents.

Four of the random contracts sample had non-compliance findings relating to invoicing or payments, although two require further review. These contracts are summarized in Table 10, below.

Table 10. Non-Compliance Issues in the 51 Contract Sample

	Agreement Number	Agreement Name	Issue(s)	Additional Comments
1	A3308A	Geotechnical Engineering Services for Seismic Stability Evaluation of Almaden, Calero and Guadalupe Dams, and Dam Safety Program Update	Final work period dated 2/8/2013; Agreement expired on 12/31/2012	During the draft report review, the District provided feedback that the work period date is a typo.
2	A3429F	2010 Legal Recruitment Services	Final work period dated 8/3/2012; Agreement expired on 7/31/2011	None
3	A3566A	Clean Safe Creeks and Natural Flood Protection Program Performance Audit	Last invoice dated 7/5/2012; Agreement expired on 6/30/2012 – Requires Further Review	The invoice is submitted so close to the expiration date that the work must reasonably have been completed on time, but there is no clear work period to refer to.
4	A3678F	Agreement between the Santa Clara Valley Water District and Environmental Science Associates	Last invoice reports tasks up to 693.9% complete – Requires Further Review	Refer to the project manager for 100%+ task percentage justification.

In addition to the specific issues outlined above, Navigant’s experience with contracting processes of power and water utilities show that it is best practice to ensure all invoices are approved and paid before contract expiration. In the event an invoice cannot be paid or approved before contract expiration, the contract should be extended. Many contracts in the sample had tasks extending to the expiration date, necessitating the approval of invoices past the expiration date.

One additional contract had been initially recorded as having incomplete tax documentation (A3603A), but Accounts Payable offered the explanation that per W-9 form Part II Certification, the W-9 signature is not required for non-employee compensation (unless the taxpayer is notified of a previously incorrect TIN).

3.2.3 Other Comments

While completing the audit fieldwork for contract compliance, Navigant also noted smaller issues that became apparent during the review process. The following comments were made for multiple contracts while completing the audit fieldwork checklist:

- » Agreement start date not specified in CAS
- » Agreement end date not specified in CAS, or date is incorrect
- » Delayed close-out in CAS
- » Incorrect Agreement value in CAS
- » Fully executed Standard Agreement not uploaded to CAS
- » Amendments not recorded in CAS

- » Standard Agreement not dated at execution
- » Standard Agreement does not clearly specify expiration date
- » Fully executed Standard Agreement not included with accounting files
- » Invoices do not specify consultant tasks and activities
- » Agreement Status Change Request form for close-out not included, or not signed by Accounting

Many of these smaller errors were corrected by the Contracts group for agreements executed post-2012, but are reflected in earlier agreements in the sample.

3.3 Overview of Findings

As noted previously, only five of the 66 contracts reviewed can be deemed compliant with the District's post-award contracting procedures and business processes. The compliance metric that led the Navigant team to deem most of the contracts non-compliant was the absence of complete and valid insurance certificates in CAS. Navigant acknowledges that a number of these certificates were found elsewhere by District staff upon request, but there is no complete repository in CAS.

This particular compliance issue has highlighted the key challenges the District will have to address in order to move towards best practice in contract management: develop and implement robust governance and standardization policies and processes while fully utilizing the capabilities of the District's contract management solutions in a centralized manner. These challenges are discussed in detail in the next section.

4. "Blueprint" Assessment

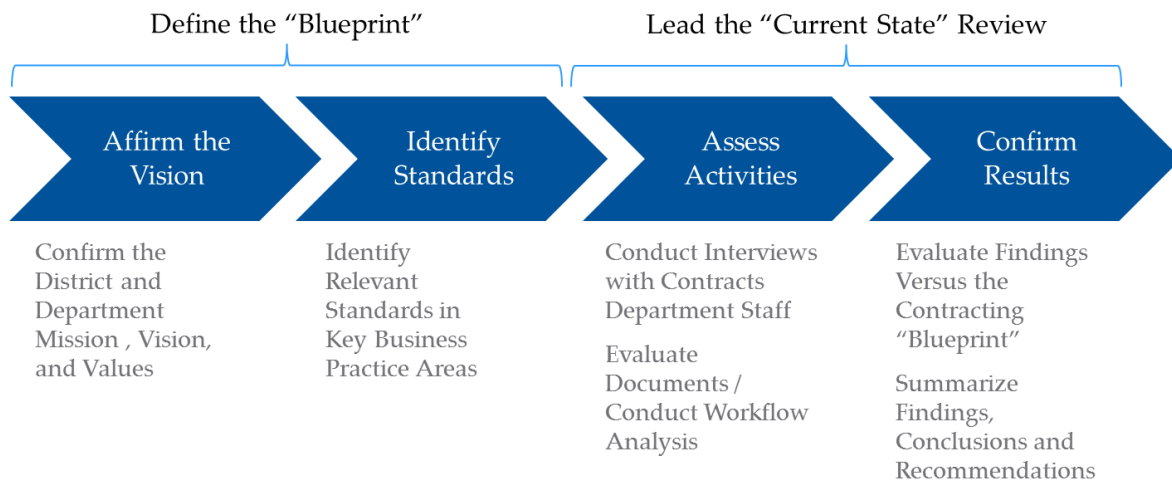
A primary objective of any process audit or assessment is to evaluate the current, "as-is" state of operations in order to identify specific actions that will deliver operational and organizational improvement. The standard of excellence (or "blueprint") to which an organization is compared is therefore an important aspect of any audit or assessment.

The following section outlines Navigant's approach to developing a blueprint for excellence in post-award consulting services contract management; provides a detailed account of the proposed blueprint focus areas; and describes the most important "gaps" in current operations in relation to the blueprint.

4.1 Scope and Approach

Navigant adopted the following high-level approach to complete the "current state" blueprint assessment, which focused on two main activities:

Figure 3. High-Level Approach to Leading the "Current State" Review



- » Define the "Blueprint": Confirming the Vision and Mission of the District in general, as well as in relation to contracting and procurement; identifying the standards in contract management to which the District would be compared.
- » Lead the "Current State" Review: Evaluating current contract management activities in a number of key areas, through document collection, interviews, and process evaluations; comparing current state activities to the blueprint.

The remainder of this section describes the steps taken to complete the blueprint assessment.

4.1.1 Affirm the Vision

We believe that understanding an organization's overall Vision and Mission in contract management is a key input to any audit or assessment. These objectives (and the plans designed to achieve them) form the foundation of any evaluation. We confirmed the District's highest level objectives and values through interviews with senior leadership and a comprehensive documentation review. Primary documents and sources of information included the District Annual Report and content from the District's website ("Doing Business with the District" and "Doing Business with the District,

Consultant Contracts.” (See Section 2 for a description of the District’s procurement and consultant contracting objectives.)

4.1.2 Identify Standards

The team has drawn from its contract and procurement management experience, knowledge of best practice standards in contracting and related disciplines³, and understanding of relevant peer practices to develop relevant performance standards. Rather than specific tasks or detailed processes, these standards are high-level themes or characteristics we expect to be reflected in leading procurement or contract management groups. The following performance standards were selected by the Navigant team to form the foundation of the blueprint:

“...Collaborate closely with other functional groups in the Company to provide reliable guidance and enable the soundest decisions on contract matters...”

“...Are properly staffed with contract professionals who consistently enhance their skills and capabilities, and utilize innovative tools and techniques to properly manage contract activities...”

“...Are responsible for the actions and decisions they take in relation to contracting and for the resulting outcomes. Contract Management staff are answerable for such activities through established lines of accountability...”

“...Work diligently to ensure compliance with all relevant Acts, Regulations, Standards and Codes...”

“...Consider both cost and non-cost factors when considering “best value” in contract decision-making...”

“...Treat all prospective suppliers/vendors with fairness and in an open and transparent manner with the same access to information about the contract...”

“...Recognize that all contract activities carry some level of risk, and properly recognize this risk and develop appropriate strategies to deal with it...”

“...Observe the highest standards of honesty in all commercial dealings, and conduct their business in a fair, honest and open manner, demonstrating the highest levels of integrity consistent with Company, customer, and stakeholder interest...”

“...Utilize data and metrics to evaluate contract activities and performance...”

Specific attention was given to post-award practices, protocols, and behaviors when developing the blueprint, although many of the standards developed can be applied to the full spectrum of contracting activities.

4.1.2.1 Blueprint Description

An effective and efficient post-award consultant contract management function requires attention and focus in a number of interdependent areas. Our analysis focuses on the District’s current state in six areas:

- » Policies
- » Business Processes

³ Publicly available sources include: Resolutions and other documents from the National Institute of Government Procurement (NIGP); Institute of Civil Engineers, “A Model to Manage the Water Industry Supply Chain Effectively,” 2012; Global Cleantech Center, “The U.S. Water Sector on the Verge of Transformation,” 2013; papers from Supply Chain Quarterly (various); papers from the Chartered Institute of Purchasing & Supply (various); Best Practice Procurement Guidelines from public agencies (various).

- » People
- » Systems & Data
- » Contract Management
- » Reporting

A detailed description of these six areas is provided in Appendix E, *Blueprint Components*. In general, our blueprint identifies approximately 50 characteristics and recommended practices in post-award contract management.

A variety of practices, standards, and frameworks provided input for each of these areas, including:

- » A number of oversight and guidance documents and best practice standards in contract management, derived from organizations such as the National Institute of Governmental Purchasing (NIGP).
- » Common business practice frameworks in process improvement, system and data management, Lean for Service organizations, and governance and internal control.
- » Peer practices from municipal water and other utility companies.

Finally, the six focus areas were tailored to the District-specific vision statements, goals and objectives related to consultant contract management.

4.1.3 Assess Activities

Navigant collected a variety of documents and conducted multiple interviews to understand the current consultant contract management activities and “infrastructure.” This analysis included a high-level workflow review to understand the key handoffs between functional groups in the organization, accountabilities and areas of responsibility, and other facets of organizational capability and effectiveness.

4.1.4 Confirm Results

Once collected and reviewed, Navigant compared information concerning the current state to the specific blueprint standards in each of the six focus areas described above. This comparison resulted in a specific set of recommendations, focused on the most important aspects of post-award consultant contract management.

4.2 *Blueprint and Current State Review*

This section focuses on the evaluation of the District’s current operations versus the blueprint, and provides a clear and concise view of areas of potential improvement and associated key recommendations. It is organized following the six areas of focus constituting the blueprint. For each area of focus, the key findings, their impact on the District’s operations, and proposed improvement recommendations are presented in detail.

Although the focus of this audit is post-award activities and processes, this section makes note of potential areas of improvement prior to execution. Also included are the strengths noted in the consultant contract management process (policies, procedures or protocols) or notable best practices in place or utilized by the District.

4.2.1 Policies

Policies are primarily developed and implemented in order to provide business rules and guidelines that ensure consistency and compliance with the District’s goals and objectives. Policies define

boundaries for the behavior of individuals, business processes, relationships, and systems. Signature authority limits are examples of key business rules that should be included in contracting policies, and the implementation of such rules should be supported by business processes that are consistent with the policies.

4.2.1.1 Key Finding

The District has a variety of documents that collectively establish the policy framework for contracting, including the “Guiding Principles of Public Procurement,” the “Guide to Doing Business with the District,” Document No. Q-741-005 “Procurement of Consulting Services,” and AD.6.3 “Approval Authority for Consultant Services Contracts.” In combination, these documents (among many others) provide guidance in a variety of control and governance-related areas. However, the District does not have a “single source” overarching policy document that establishes the Mission, clear directive guidance, and expectations concerning contracting (including consultant contracting). Such a broad business policy would typically include: a statement affirming management’s commitment to the highest standards of procurement and contracting excellence; an overall governance structure for procurement and contracting; the functional roles accountable for contract management; a code of ethics (for District staff as well as suppliers and vendors); and a “Certificate of Acknowledgement” (among other policy chapters). This kind of high-level policy which consolidates information into one governance framework (and which other policies reference) is commonplace.

<p>Area of Improvement No. 1: The District appears to have a variety of documents that govern contract management activities, but lacks a single, overarching policy that pulls information into a single source and clearly defines the mission, structure, and accountability for contract management.</p>
<p>Impact on SCVWD: The absence of a clear articulation of the District’s governance structure and functional responsibility over contract management, signed and authorized by select staff is an important aspect of good corporate governance.</p>
<p>Recommendations:</p> <ul style="list-style-type: none"> » Write a consolidated business policy concerning contracting management (including consultant contracting), which establishes the governance framework and functional accountability for contract management at the District. Include in this document a “Certificate of Acknowledgement” that staff must sign annually (or more frequently, as required).

4.2.2 Business Processes

Business Process Management (or BPM) refers to a set of activities which organizations can perform to either optimize their business processes or adapt them to new organizational needs. A strong BPM framework is established to first document common activities and expected practices, after which these documented processes are amended to reflect changes in the business and optimized to achieve improvements in organizational effectiveness.

4.2.2.1 Key Finding

The District has established a variety of business process documents (or work instructions) to establish common work activities in various areas, including “Initiation of Consultant Agreements Work Instruction” or “Evaluation of Proposals Work Instruction.” External documents are referenced for each of these processes, and include standards from various organizations (including ISO quality management system standards, contracting standards for public agencies, and other references).

However, the business process documents do not direct standardized tasks and activities for key aspects of the contract management process (including specifically the “Consultant Agreement Administration Work Instruction”). Specifically, our review has concluded that each project manager has significant autonomy in how he/she administers key aspects of the post-award contract. This autonomy has significant “downstream” effects on document management and other aspects of project review (which our team encountered on this project).

Area of Improvement No. 2: There are not standard directed processes for key aspects of the post-award contract management function.
Impact on SCVWD: This autonomy results in a variety of non-standard activities in a post-award environment, including document retention, document “governance” and controls, and contract close-out.
Recommendations: <ul style="list-style-type: none"> » Establish common “ways of working” through directive desk manual business processes for contract management activities; create oversight structures and “checks” for contract management activities.

4.2.3 People

The success of the District’s contract management function is contingent on staff having clearly defined contracting roles and responsibilities matched with relevant skills, qualifications and competencies and the appropriate capacity. All aspects of “Human Capital” (staffing levels, training, succession, career progression) are all critical when considering this focus area.

4.2.3.1 Key Findings

While roles and responsibilities appear to be understood, and staff competencies and commitment do not appear to be a concern, the vast majority of interviewees stated that the group is understaffed. This observation is directly related to the significant role that project managers have in post-award contract management – roles that are commonly filled by contract management staff in peer organizations and conducted in a consistent manner.

Area of Improvement No. 3: The Contracts Group appears to be understaffed, relative to the types of roles and activities that could be provided by this group.
Impact on SCVWD: Certain key contract management, compliance, and maintenance functions are handled in a non-standardized fashion by project managers, resulting in inconsistency across the organization. Further, little to no oversight is currently provided over these activities.
Recommendations: Alternative organizational structures can be considered for the Contracts Group: <ul style="list-style-type: none"> » Create a centralized contract management function, focused on on-going contract administration. » Create analyst positions within specific units to support PMs with contracting activities. Centralization has multiple advantages over the creation of analyst positions, including principally: <ul style="list-style-type: none"> » Increased standardization and consistency. » Focused governance. » Greater efficiency and reduced cost.

To this end, Navigant recommends the centralization of the contract management function. Staffing levels for a centralized Contracts Group would be determined through a comprehensive workflow and workload analysis, considering contract management activity levels, the impact of improved and enhanced use of technology, and re-engineered business processes. (This type of staffing analysis would also be appropriate for areas that impact the end-to-end consultant contract process, including specifically accounting.) Further, specific technical competencies for contract staff would be clearly defined, reflecting the specific characteristics of supply chain and procurement professionals. To be successful, the transition of contracting activities from PMs to the centralized contracting group would have to be implemented according to a well-managed multi step approach.

Another key finding is the need to develop a program to ensure sustained professional excellence in post-award contracting practices, including providing relevant training and education on an ongoing basis and collaborating closely with other functional groups.

Currently, there is significant room for improvement for the District on many aspects of this requirement. First, there is a lack of awareness from PMs and contract professionals on what excellence in post-award contract management really means. This is primarily due to inappropriate or a lack of training. Some PMs have indicated having received only limited training on the existing post-award contracting policies and processes. The overall feeling is that pre-award training may be adequate but that project managers are on their own for post-award contracting activities. Second, knowledge transfer is seen as either insufficient or nonexistent, which makes it even more challenging for junior resources to achieve excellence.

Area of Improvement No. 4: The District does not provide the necessary tools or support to enable its staff to achieve excellence in post-award contracting activities.
Impact on SCVWD: This may cause ineffective and inefficient post-award contract management which, in the worst scenario, can ultimately lead to contract non-compliance.
Recommendations:
<ul style="list-style-type: none"> » Post-award policy and processes socialization plans should be developed and implemented. In addition, training on post-award contracting best practices should be delivered to accountable staff. » A knowledge transfer plan should be developed, providing incentives for future retirees or leavers to ensure successful project transition.

4.2.4 Systems and Data

The maturity of an organization’s technology infrastructure and associated business processes is a key aspect of effective on-going contract management. Carefully selected and implemented systems and databases are requirements for any organization to succeed. For its contracting activity, the District uses two systems:

- » CAS: an eProcurement system primarily used for pre-award contracting activities.
- » PeopleSoft: the District’s Enterprise Resource Planning (ERP) used for accounting, invoicing and reporting purposes.

In addition to utilizing systems to their fullest potential, an important consideration in this focus area is the control infrastructure around the systems and use and manipulation of data.

4.2.4.1 Key Finding

While these systems do not have major flaws or incompatibility issues with the District's business requirements, there is a significant lack of integration between the two systems. Consequently, there is no single "source of truth," since staff have to manage multiple databases which are dispersed across multiple departments and teams.

Area of Improvement No. 5: There are no clear sources of information/documentation for key aspects of contract management.
Impact on SCVWD: It is challenging for the District to track and generate data and key information quickly and accurately. In addition, conflicting information and data may exist in the two systems.
Recommendations: » SCVWD's systems should all be integrated. In parallel, robust systems and data governance policy and processes should be developed and implemented. ⁴

In addition, the functionality of CAS is not optimized to prevent contract non-compliance. For instance, CAS is not currently utilized to monitor insurance certificate expiration (however, the ability to use the system for this purpose exists). A significant number of features could be developed for this system in order to automate contract compliance checking activities.

Area of Improvement No. 6: CAS is not optimized to prevent contract non-compliance.
Impact on SCVWD: Multiple contract non-compliance situations could be prevented with automated compliance checks.
Recommendations: » New functionalities should be built into CAS, such as: <ul style="list-style-type: none">○ Link the CAS entry for contract agreement end date to the District's ERP solution in order to automatically prevent the payment of invoices post contract expiration.○ Create a new entry for insurance certificate end date. Project Managers should be automatically alerted by e-mail 6 months, 3 months, 1 month and then every week before insurance certificate expiration and be automatically prevented from authorizing work after insurance certificate expiration.○ Prevent the upload of incomplete documents.○ Provide a dashboard presenting invoices approved to date (including invoices for amendments) against original budget (including amendments if applicable) and remaining budget balance. Any inconsistencies should be automatically flagged.○ Provide the user the ability to determine whether or not the contract requires insurance.

4.2.5 Contract Management

An effective and efficient contract management function requires business processes that specify the end-to-end post-award contracting business processes and drive business process ownership and accountability, as well as a functional structure that clearly establishes roles and responsibilities for contract management.

⁴ The District has shared with Navigant that it is in the process of assessing the integration of a new eProcurement system with their ERP system. The new eProcurement system would replace CAS.

4.2.5.1 Key Finding

This audit has demonstrated that some critical aspects of post-award contract management, including the continuous monitoring of contract compliance, and the maintenance and archiving of contract documentation are not defined by business processes and clear governance guidelines.

For example, there seems to be a PM perception that as long as payments are approved there is no need to verify the status of the contract. On the accounting side, the perception seems to be that as long as the PM approves the invoice, there should not be any compliance issues. In addition and as stated previously, there is no group charged with on-going contract compliance; the Contracts Group is understaffed and does not have the resources to ensure on-going contract compliance monitoring.

The absence of tools and standard methodologies for on-going management and assessment is also a concern. It is unclear to what extent PMs are diligent in their efforts to actively oversee this aspect of the contract management activity. Furthermore, CAS is not actively used as a document repository or management “system of record.” Therefore, each PM takes a distinct approach to how this key activity is managed.

Area of Improvement No. 7: There is no standard process for how critical aspects of post-award contract management are managed.
Impact on SCVWD: Critical contract management activities are not completed.
Recommendations: <ul style="list-style-type: none">» The District should develop specific contract compliance processes, which should include clear governance guidelines.

Another key contract management activity is the tracking, monitoring and analysis of all information required to manage, control and measure supplier/vendor performance over the life of the contract. This activity is currently not performed at the District. In addition, there are no consultant performance evaluation scorecards available to the PMs and no database where a consultant’s past performance can be tracked.

Area of Improvement No. 8: Consultant performance evaluation is currently not implemented at the District, and there are no systems in place to support its implementation.
Impact on SCVWD: This significantly increases the risks of sub-par consultant performance.
Recommendations: <ul style="list-style-type: none">» Develop and implement a policy and business processes defining the evaluation of consultant performance.» Develop and implement the necessary tools to support the assessment of consultant performance, including performance evaluation scorecards and a database of consultant past performance evaluations.» In the event of sub-par performance, the tools should inform the development of root cause analyzes and corrective action plans

4.2.6 Reporting

Reporting and performance management are standard and important practices in contract management operations. Contract management organizations routinely design and produce standard reports to assess current performance and performance trends versus various targets, established as an aspect of a comprehensive performance management program. Further, organizations typically have the capability of producing ad hoc reports to address specific management questions and concerns.

4.2.6.1 Key Finding

On-going reporting is an aspect of an organization’s performance management program, which is defined by Key Performance Indicators (KPI), metrics, and “dashboard” reports to facilitate decision-making. Targets for contract management organizations typically focus on operational and financial optimization, and include measures that assess contracting cycle time, compliance with regulatory and other procurement standards, procurement cost reduction trends over-time, and vendor/supplier satisfaction (among others). These metrics are linked to corporate and department objectives, and are an aspect of both department as well as individual performance evaluations.

We understand that quarterly performance reports concerning contract management are generated and represented on the District’s intranet page, and that additional information concerning contract management practices is provided to the Board of Directors. However, we do not believe information is collected from CAS or any other system of record to proactively evaluate contract management performance or to facilitate decision-making around contracting operations on a routine basis. This would include reports generated around key controls, such as pending insurance lapses, payment on invoices after contract expiration, among others. The production of standard and ad hoc reports requires a strong technology platform and data management framework. As in other areas of the review, our findings suggest that CAS and other system and data functionality could be enhanced to serve a central role in an overall performance management and reporting program.

Area of Improvement No. 9: Contract management does not have a performance management and reporting program.
Impact on SCVWD: In the absence of performance measures and routine reporting focused on optimizing contracting practices, the District cannot easily and accurately determine if procurement-related goals and objectives are being met.
Recommendations: <ul style="list-style-type: none">» Design a limited performance management program for contract management.» Improve CAS or other technology platform(s) to capture the information linked to the performance management program and key metrics.» Design standard reports to enable enhanced decision-making around contract management operations.

4.3 Additional Findings

4.3.1 Areas of Strength

Transparency of Contract Management Documentation: The District provides a significant amount of information on its website regarding all aspects of procurement. This information is well-organized, and offers a tremendous amount of transparency into guiding principles of procurement at the District, as well as specific contracting requirements by-category (including consultant contracts). The information is comprehensive, and is an example of leading practice.

4.3.2 Pre-Award Processes

Navigant identified two principal findings and potential areas of improvement in pre-award processes.

4.3.2.1 Key Findings

One of the key attributes of well-designed contracting business processes is to guide and enable the organization to effectively and efficiently complete the day-to-day execution of contracting activities. An important aspect of this attribute is the efficiency that should accompany the execution process, leading to the rapid completion of contracting activities.

Interviews with the District's senior leadership and project managers (PM), as well as Navigant's review of existing policies and business processes have revealed lengthy cycle times for contract creation and approval when compared to best practices and the District's peers. PMs have reported that it can take as long as six (6) months to hire a consultant for contracts valued less than \$100,000. For contracts of a larger value, the process may take up to nine (9) months. Our experience suggests that, depending on the relatively complexity and/or size, finalizing a contract typically takes anywhere from one (1) to three (3) months. This creates many challenges for the District including project completion delays and frustration from some consultants who are accustomed to more rapid contracting processes. This audit shows that this exceptionally long contracting cycle is due to the compounded effect of:

- » Continuous editing and amending of the "boiler plate" Standard Consultant Agreement. Throughout the duration of the contract creation and approval process, the Legal Department appears to be constantly reviewing and editing the Standard Consultant Agreement, resulting in a significant number of draft versions being exchanged with the PMs, ultimately leading to significant delays.
- » Approvals (sign-offs) are required from the same individuals multiple times throughout the contract approval process. Interviews have revealed that during the same contract approval process, the same individual has to provide his/her approval 4 to 5 times.

Area of Improvement No. 1: The cycle time associated with contract creation and approval is exceptionally long when compared to best practice and SCVWD's peers.
Impact on SCVWD: This may delay the project completion date and create some frustration among PMs, other key staff and consultants.
Recommendations: <ul style="list-style-type: none">» Improve and maintain a "boiler plate" Standard Agreement. Only the scope of services and project schedule sections should be drafted by Project Managers. All other sections should be owned by the Legal Department.» The existing control procedures for contract approval should be reviewed and redesigned.

Contract management best practice also specifically includes the on-going assessment of the project completion and deliverables against the original scope of work (SOW). The responsibility for developing the SOW resides with the PMs. In some instances, SOW are not developed to the highest standards which may result in numerous, unwanted contract amendments as it becomes challenging to assess the work completed against the original scope.

Area of Improvement No. 2: In some instances, scope of work and scope of services are not developed to the highest standards.
Impact on SCVWD: Contract management, and in particular the assessment for amendments become challenging.

Recommendation:

- » The District should develop guidelines against which SOW and Scope of Services should be developed and metrics against which they should be evaluated. While Project Managers should be responsible for the development of SOW and Scope of Services, the Unit Managers should be responsible for their evaluation.

4.4 Overview of Findings

Navigant has assessed the District's current, "as-is" state of operations against the following 6 elements of the Blueprint for excellence in post-award consulting services contracting: Policies, Business Processes, People, Systems and Data, Contract Management, and Reporting.

This gap assessment has confirmed that the District's consultant contract post-award management processes are deficient, and undermined by unclear accountabilities and underutilized technology applications. While significant attention needs to be made in all six Blueprint areas, the highest priority items include the development of a consolidated business policy that clearly establishes governance and accountability over procurement and contracting activities, accompanied by detailed process flows that define the work activities tasks in the District's end-to-end contract management process.

5. Conclusions and Recommendations

The District currently conducts post-award consultant contract management activities in a decentralized manner, defined by non-standard business processes, unclear accountabilities, and underutilization of the primary contract management software. We believe that these are the primary factors that led to the non-compliance events that occurred in 2014. Further, we believe that the environment in which these non-compliance events occurred will not improve without dedicated and focused attention in multiple areas of the organization. Key characteristics of the District's deficient processes include:

- » Lack of clarity around the District's governance and functional responsibility over post-award contract activities.
- » Inconsistent and non-standard post-award tasks and activities.
- » The inability to track and generate data and key contract information quickly and accurately.
- » Failure to conduct critical contract management activities, such as continuous monitoring of contract compliance or consultant performance evaluation.

Although the focus of this audit was on the post-award contract management process, Navigant also identified deficiencies with the pre-award processes:

- » The cycle time associated with contract creation and approval is exceptionally long when compared to best practice and SCVWD's peers.
- » In some instances, scope of work and scope of services are not developed to the highest standards.

Significant opportunities exist to improve and streamline the entire post-award contract management activity and support the District's transition towards best practice:

- » Develop a consolidated contract management business policy document, which clearly establishes functional accountabilities and governance arrangements.
- » Establish common "ways of working" through directive desk manual business processes for contract management activities.
- » Establish training, continuous improvement, and performance management programs over contract management.
- » Consider alternative organizational structures for the Contracts Group, including centralization or the creation of analyst positions within specific units to support the PMs. Navigant recommends the centralization of the contracting function.
- » Integrate all SCVWD's systems. In parallel, robust systems and data governance policy and processes should be developed and implemented.

Furthermore, the pre-award contracting processes could be greatly improved with:

- » Improvements to the "boiler plate" Standard Agreement so that fewer revisions are made during contract development.
- » The development of guidelines against which SOW and Scope of Services should be drafted and metrics against which they should be evaluated.
- » The streamlining of the existing control procedures for contract approval.

Appendix A. List of Interviews

Date	Time	Interviewee	Interviewee Department and Title	Location
11/13/2014	9:00-10:00 AM	Anita Ong	Financial Planning and Management Services, Financial Services Unit Manager	Headquarters: Room A-345
11/13/2014	9:00-10:00 AM	Guy Canha	Financial Planning and Management Services, General Accounting	Headquarters: Room A-345
11/13/2014	9:00-10:00 AM	Lillian Ramirez	Financial Planning and Management Services, General Accounting	Headquarters: Room A-345
11/13/2014	11:00-11:30 AM	Jim Fiedler	Water Utility, Chief Operating Officer	Headquarters: Room A-136
11/13/2014	1:30-2:00 PM	Jesus Nava	Administration, Chief Administrative Officer	Headquarters: Room A-168
11/13/2014	2:30-3:00 PM	Beau Goldie	Office of the CEO, Chief Executive Officer	Headquarters: Room A-173
11/13/2014	3:30-4:00 PM	Norma Camacho	Watersheds, Chief Operating Officer	Headquarters: Room A-173
11/13/2014	4:00-5:00 PM	Najon Chu	Administration, Chief Financial Officer	Headquarters: Room A-173
11/18/2014	1:30-3:00 PM	Paul Fulcher	Purchasing, Consultant Contracts and Warehouse Services (CAS System, Contract Files)	Blossom Hill Annex Madrone Room G-121
11/18/2014	3:30-4:00 PM	LeeAnn Pelham	Office of Ethics & Corporate Governance, Director	Headquarters: Room A-345
11/18/2014	4:00-5:00 PM	Ravi Subramanian	Administration, Deputy Administrative Officer	Headquarters: Room A-345
12/11/2014	10:00-10:30 AM	Deanna Forsythe	Project Manager	Conference call
12/11/2014	12:00-1:00 PM	Mike Munson	Project Manager	Conference call
12/11/2014	1:00-2:00 PM	Roger Narsim	Project Manager	Conference call
12/11/2014	2:00-3:00 PM	Tom Spada	Project Manager	Conference call
12/15/2014	10:00-10:30 AM	David Cahen	Risk Manager	Conference call

Appendix B. List of Documents

Reference	Item Description	Date Received
D.R.2.1	Administration Policy AD.6.3 Approval Authority for Consultant Services Contracts	11/5/2014
D.R.2.2	Consultant Agreement Administration Work Instruction W-741-030	11/6/2014
D.R.2.3	Request for Proposals Development W-741-027	11/6/2014
D.R.2.5	Consultant Agreement Preparation, Execution, and Distribution Work Instruction W-741-029	11/6/2014
D.R.2.6	Initiation of Consultant Agreements Work Instruction W-741-026	11/6/2014
D.R.2.7	Procurement of Consulting Services Q-741-005	11/20/2014
D.R.2.8	Evaluation of Proposals Work Instruction W-741-028	11/6/2014
D.R.2.11	Payment for Goods and Services W-610-D16	11/13/2014
D.R.2.12	Use of Alternative Procurement Methods Work Instruction W-741-022	11/6/2014

Appendix C. List of Contracts

C.1 15 Contracts of Interest

Item No.	Agreement No.	Agreement Name	Consultant Name
1	A2218A	Planning Study, value engineering, and geotechnical and hazardous material investigations for Matadero & Barron Creeks remediation project (Palo Alto)	Schaaf & Wheeler Consulting
2	A2403A	Engineering Planning Services on Berryessa Creek Downstream of Calaveras Blvd.	Winzler & Kelly
3	A2925F	The SCVWD Wants to Become A CAL/OSHA VPP Star Site	Michael T. Norder
4	A3062F	Initial Alternatives Economic Analysis San Luis Reservoir LPIP	Walter Yep, Inc.
5	A3109A	Contract for Operation and Maintenance of the Coyote and Pacheco Substations	U.S. Department of Energy
6	A3118A	Comprehensive Water Resources Management Plan	Moore Iacofano Goltsman, Inc.
7	A3159A	PWTP Standby Power System Project	Camp Dresser & McKee, Inc.
8	A3225A	Guadalupe River Mitigation Monitoring Agreement	HT Harvey & Associates
9	A3228F	State Lobbying Services: 2009	Governmental Advocates, Inc.
10	A3285A	Authorization of Chief Executive Officer (CEO) to Execute a Sole Source Agreement with the San Francisco Estuary Institute (SFEI) to Conduct Mercury Monitoring in the Guadalupe River	San Francisco Estuary Institute
11	A3462RE	On Call Real Estate Services Appraisal Agreement MAI	Associated Right of Way Services, Inc.
12	A3464RE	Real Estate Turnkey Services	Associated Right of Way Services, Inc.
13	A3467RE	On Call Real Estate Services Appraisal Agreement MAI	Schmidt-Prescott
14	A3469RE	On Call Real Estate Services Appraisal Agreement MAI	Hansen & Co
15	A3471RE	On Call Real Estate Services Appraisal Agreement MAI	Diaz, Diaz, and Boyd

C.2 Random Contract Sample

Item No.	Agreement No.	Agreement Name	Consultant Name
1	A3198F	Risk management Plans	EORM, Inc.
2	A3209F	Labor Management Relationship Recalibration Services	Cathy Stevens dba Stevens Consulting
3	A3211A	Ground Water Vulnerability Study	Todd Engineers
4	A3216F	Executive Recruitment	Alliance Resource Consulting
5	A3268A	Provide biological consultant services to District projects on an "as needed" basis	HT Harvey & Associates
6	A3283F	Water Supply and Infrastructure Master Planning Process Development	GHD, Inc.
7	A3289F	Decommissioning of Water Quality Lab at Rinconada Water Treatment Plant	RGA Environmental
8	A3294A	Engineering Services for Planning and Preliminary Design for the RWTP Residuals Management Project	CH2M Hill, INC.
9	A3308A	Geotechnical Engineering Services for Seismic Stability Evaluation of Almaden, Calero and Guadalupe Dams, and Dam Safety Program Update	URS Corporation Americas
10	A3322A	Design Services Agreement with Ruggeri-Jensen-Azar & Associates (RJA) for Lower Silver Creek Reaches 4-6A between I-680 and Moss Point Drive	Ruggeri-Jensen-Azar & Associates
11	A3326A	Microwave Telecommunications Project and Sole Source Product Designation of Harris Equipment	Harris Stratex Networks
12	A3335F	Assist SCVWD in the Process of Drawing Redistricting Boundaries	National Demographics Corporation
13	A3343F	Review and Validation of FY 11 Cost of Service Rate Making Model and Procedures	Raftelis Financial Consultants
14	A3346F	Structural Engineering Services for the Pacheco Pumping Plant (PPP) Regulating Tank Seismic Project	Beyaz & Patel, Inc.
15	A3375A	Consultant Agreement for Dam Safety Review Project (DSRP) for Anderson, Almaden, Calero, and Guadalupe Dams	Geosyntec Consultants, Inc.
16	A3389F	Standard On-Call Consulting Agreement between SCVWD and Carollo Engineers, Inc. for Recycled Water Technical Advice	Carollo Engineers, Inc.
17	A3395F	Calculate conjunctive use benefit of treated water and agricultural water	Raftelis Financial Consultants
18	A3410F	Design and construction support services on an as needed basis to facilitate current small cap projects.	Hafsa Burt & Associates
19	A3412F	Geohydrological services in support of quantification of the conjunctive use benefit of treated water and agricultural water users.	HydroMetrics Water Resources, Inc.
20	A3419A	Washington D.C. Representation Services III	Carmen Group, Inc

21	A3421F	Position Specification and Compensation Analysis of District's Unclassified Positions	Management Partners, Inc.
22	A3427F	Wash. D.C. Supplemental Representation Services	Kadesh & Associates
23	A3429F	2010 Legal Recruitment Services	The Hawkins Company
24	A3437F	Public Opinion Research, Analysis and Support for Future Funding	Fairbank, Maslin, Maullin, Metz, and Associates
25	A3479F	Monitoring of the Western Snowy Plover on District facilities in coordination with the monitoring conducted on adjacent properties.	San Francisco Bay Bird Observatory
26	A3486A	Environmental Remediation Action Plan and Design Services - Upper Guadalupe River Flood Protection Project Reach 8	Northgate Environmental Management, INC.
27	A3504F	Conduct a comprehensive assessment of the District's Inclusion Program and recommend improvements to the overall efficiency and effectiveness of the program in meeting the needs of the District.	The Leading Edge
28	A3505F	Improve work efficiency by streamlining District's work management processes and modify current Maximo configurations to facilitate these revised processes for up to six business functions.	Asset Management Engineering, Inc.
29	A3517F	Electromagnetic Inspection of the Penitencia Force Main and Penitencia Delivery Main from the Piedmont Valve Yard to the Penitencia Bypass Structure.	Pure Technologies
30	A3554F	The District will use an executive recruitment firm (Consultant) to assist in outreach, selecting and recruiting candidates for the position of Deputy Administrative Officer, Human Resources.	The Hawkins Company
31	A3562F	Ecological Monitoring & Assessment	San Francisco Estuary Institute
32	A3566A	Clean Safe Creeks and Natural Flood Protection Program Performance Audit	Moss-Adams LLP
33	A3583A	Sunnyvale East/West Channel Flood Protection Project	Horizon Water & Environment
34	A3600F	Executive Pay for Performance Program	The Segal Company
35	A3603A	Recycled Water Independent Advisory Panel	National Water Research Institute
36	A3611A	Financial Advisory Services	Public Resources Advisory Group
37	A3635G	Statistical design and analysis for the Guadalupe River Watershed Stream Condition Assessment	HDR, Inc.
38	A3656G	Maximo Technical Support On-Call Services	Crory Associates, Inc.
39	A3675A	Planning and Environmental Consultant Services for the Calero and Guadalupe Dams Seismic Retrofits Project	GEI Consultants
40	A3677G	Washington D.C. Representation Services - Administrative Agencies and Executive Branch Focus	Manatt, Phelps & Phillips. LLP
41	A3678F	Agreement between the Santa Clara Valley Water District and Environmental Science Associates	Environmental Science Associates

42	A3682F	Watershed Emergency Procedures	AECOM Technical Services, Inc.
43	A3685A	Upper Llagas Creek Flood Protection Project - Real Estate Services	Overland, Pacific & Cutler, Inc.
44	A3686A	Winfield Capital Improvement Project	Group 4 Architecture, Research + Planning, Inc.
45	A3691F	Agreement between the Santa Clara Valley Water District and Brookfair Consulting	Brookfair Consulting
46	A3694A	Infrastructure Reliability Master Plan Project - Planning Services	AECOM
47	A3699A	On-Call Surveying & Mapping Services 2014-2017 between the Santa Clara Valley Water District and Sandis	Sandis
48	A3702F	Succession Development Initiative - Phase II	Frank Benest
49	A3712A	On-Call Geotechnical Engineering Services, Multi-Award #2	Parikh Consultants, Inc.
50	A3722F	Palo Alto Flood Basin Project - Hydrology Study	Schaaf & Wheeler Consulting Civil Engineers, Inc.
51	A3724G	To perform the hydraulic modeling of the south bay and its tributaries required to map the coastal floodplain located within the District's Jurisdiction	DHI Water & Environmental

Appendix D. Description of Insurance Issues

D.1 15 Contracts of Interest – Insurance

Item No.	Agreement No.	Insurance Summary	Project Manager Response
1	A2218A	No documents found on CAS.	No response received.
2	A2403A	Agreement expires on 12/31/2009, insurance starts on 3/1/2010. Insurance expires on 3/1/2011, invoice dated 12/23/2013.	PM reports insurance coverage from 3/1/2010 to 12/1/2015; pre-2010 insurance still unknown.
3	A3062F	Insurance expires on 12/10/2007, 11/4/2007 and 1/31/2007, invoice dated 2/25/2010.	No response received.
4	A3109A	No documents found on CAS.	PM indicated that insurance is not required.
5	A3118A	NTP given on 8/15/2007, while insurance starts on 4/1/2014.	PM reports that insurance should be in Contracts Office.
6	A3159A	NTP given on 1/7/2008, while insurance starts on 1/1/2010.	No response received.
7	A3225A	NTP given on 11/18/2009, while insurance starts on 9/1/2009.	PM reports moving to the project after initiation, other staff members have moved to different units.
8	A3228F	Only Worker's Comp insurance found on CAS.	PM provided valid insurance for 2010-2011 and 2015-2016. PM also provided email correspondence from April 22, 2009 that insurance was faxed; NTP given 11/2008, first 4 months may not have been covered.
9	A3285A	NTP given on 7/6/2009, while insurance starts on 1/31/2010 and 4/1/2010. No worker's comp insurance found on CAS.	PM reports moving to the project after initiation, other staff members have moved to different units.
10	A3462RE	No documents found on CAS.	No response received.
11	A3464RE	No documents found on CAS.	No response received.
12	A3467RE	No documents found on CAS.	No response received.
13	A3469RE	No documents found on CAS.	No response received.
14	A3471RE	No documents found on CAS.	No response received.

D.2 Random Contract Sample – Insurance

Item No.	Agreement No.	Insurance Summary	Project Manager Response
1	A3198F	Insurance expires on 10/1/2008, work period ends on 10/11/2008 according to invoice.	PM reports being unfamiliar with this contract name and number.
2	A3209F	Only automobile insurance found on CAS.	No response received.
3	A3211A	Only professional/pollution liability found on CAS.	PM reports being unable to find additional insurance in project files; consultant mailed certificates to "contract administrator." Possible IT issues with closed contract.
4	A3216F	Only worker's comp found on CAS, NTP given on 9/25/2008 while WC insurance starts on 2/1/2009.	No response received.
5	A3268A	Insurance expires on 9/1/2010, work period ends on 4/30/2011 according to invoice.	PM reports being unable to find insurance in project files; possible IT issues with closed contract.
6	A3283F	Insurance certs expire on 6/11/2010, 2/1/2010, and 12/1/2009, last invoice dated 5/10/2011.	PM reports that project files are now in off-site storage.
7	A3289F	NTP given on 7/8/2009 while insurance starts on 3/1/2010.	No response received.
8	A3294A	Insurance expires on 5/1/2010, invoice dated 7/21/2011.	PM reports being unable to find insurance past the first year of the agreement in central project files; possible IT issues with closed contract.
9	A3308A	Insurance Expires on 5/1/2010 and 1/1/2011, work period ends 2/8/2013 according to invoice.	PM reports contract is closed; possible IT issues with closed contract.
10	A3322A	Insurance expires on 6/19/2013 and 9/1/2013, invoice dated 10/15/2014.	PM provides valid insurance for 6/19/14 to 6/19/15.
11	A3326A	NTP given on 12/8/2009, while insurance starts on 3/31/2013.	No response received.
12	A3335F	Professional Liability insurance expires on 2/7/2010, invoice dated 6/1/2010.	PM confirms the insurance period; Professional Liability still may have inadequate coverage.
13	A3343F	NTP given on 2/4/2010, while insurance starts on 1/21/2011.	No response received.
14	A3346F	NTP given on 2/24/2010 while insurance starts on 1/1/2012.	No response received.
15	A3375A	Insurance expires on 9/1/2010, invoice dated 10/26/2012.	No response received.
16	A3389F	NTP given on 8/4/2010 while insurance starts on 12/31/2013 and 7/4/2013.	No response received.
17	A3410F	Insurance expires on 7/14/2011, work period ends 8/2/2012 according to invoice.	PM reports insurance should be in the Contracts Office. Possible IT issues with closed contract.
18	A3412F	Only worker's comp insurance found on CAS, expires on 1/1/2011, invoice approved 6/3/2011.	No response received.

Item No.	Agreement No.	Insurance Summary	Project Manager Response
19	A3419A	Insurance expires on 9/15/2012, invoice dated 8/21/2013. NTP given on 11/1/2010, insurance starts on 9/15/2011.	PM confirms the insurance period, unable to find additional certificates.
20	A3421F	Insurance expires on 9/28/2011 and 6/20/2011, invoice dated 8/3/2011.	No response received.
21	A3429F	Insurance expires on 6/28/2011, work period ends 8/3/2012 according to invoice.	No response received.
22	A3437F	Insurance expires on 6/24/2011, 5/20/2011 and 12/10/2011, invoice dated 10/7/2011.	No response received.
23	A3479F	Insurance expires on 12/7/2011, invoice dated 12/14/2011 --> check work period?	No response received.
24	A3486A	Insurance expires on 1/22/2012, 12/20/2011 and 1/1/2012, invoice dated 9/12/2013.	No response received.
25	A3505F	Insurance expires on 12/18/2011 and 12/22/2011, invoice dated 12/3/2013.	No response received.
26	A3517F	Insurance expires on 11/1/2011 and 1/23/2012, invoice dated 2/16/2012.	No response received.
27	A3554F	Insurance expires on 6/28/2012, invoice dated 10/31/2012.	PM reports being unable to find insurance in project files; possible IT issues with closed contract.
28	A3562F	Insurance expires on 4/1/2012, invoice dated 7/3/2013.	No response received.
29	A3566A	Only Professional Liability found on CAS.	PM provided valid insurance; Compliant.
30	A3583A	CAS attachment only provides policy number, not certificate and expirations.	PM provided valid insurance; general liability insurance may not be covered for first year 2012-2013.
31	A3600F	Only 1 page of automobile insurance found on CAS, no other insurance found.	No response received.
32	A3603A	Insurance expires on 2/24/2013, invoice dated 7/27/2014.	No response received.
33	A3611A	Insurance expires on 12/9/2013 and 6/12/2013, invoice dated 11/18/2014. NTP given on 10/1/2012, insurance starts 12/9/2012.	PM provided valid insurance for 2014 and 2015; first two months after NTP may not have been covered.
34	A3635G	Insurance expires on 6/1/2014 and 7/1/2014, invoice dated 10/24/2014. NTP given on 4/12/2013, insurance starts on 6/1/2013 and 7/1/2013.	PM provided valid insurance for 2012-2013 and 2014-2015; Compliant.
35	A3656G	NTP given on 7/16/2013, while insurance starts on 5/9/2014.	PM provided valid insurance for 2013; Compliant.
36	A3675A	Insurance expires on 7/1/2014, invoice dated 12/2/2014.	PM provided valid insurance for 2014-2015; Compliant.
37	A3677G	Only worker's comp certificate found on CAS, expires on 4/1/2014.	PM provided valid insurance for 2014-2015; still only worker's compensation coverage.
38	A3678F	Insurance expires on 1/1/2014, invoice dated 12/2/2014.	No response received.

Item No.	Agreement No.	Insurance Summary	Project Manager Response
39	A3685A	Only "Notice of Cancellation to Designated Certificate Holder" uploaded to CAS.	PM provided valid insurance for 2014-2015; but NTP given 11/5/2013 and insurance starts 6/1/2014 - first 6 months may not have been covered.
40	A3686A	Insurance expires on 7/1/2014, 7/18/2014 and 7/22/2014, invoice dated 9/12/2014.	PM provided valid insurance for 2014-2015; Compliant.
41	A3691F	Only "General Liability Additional Insured" form uploaded to CAS.	No response received.
42	A3694A	Insurance expires on 4/1/2014, invoice dated 11/13/2014.	PM provided valid insurance for 2014-2015; Compliant.
43	A3699A	Insurance expires on 3/3/2014, invoice dated 8/12/2014.	No response received.
44	A3702F	Only "Additional Remarks Schedule for Liability Insurance" uploaded to CAS.	PM provided valid insurance through late 2014; is requesting updated automobile & umbrella certificates; Compliant.
45	A3712A	Insurance expires on 9/1/2014, invoice dated 11/13/2014.	PM reports being in the process of updating certificates that expired in late 2014/early 2015; Compliant.
46	A3722F	Insurance expires on 6/1/2014 and 6/6/2014, invoice dated 8/19/2014.	No response received.
47	A3724G	No automobile or worker's comp insurance found on CAS.	PM reports working with the Risk Manager to obtain required documents, is verifying requirements are met as of 1/16/2015; Compliant.

Appendix E. "Blueprint" Components

The following exhibits introduce the main concepts underlying the blueprint for excellence in post-award consultant contracting in each of the six key focus areas.

Policies	Business Processes
<p>Policies should:</p> <ul style="list-style-type: none">» Provide business rules and guidelines that ensure consistency and compliance with the company's goals and objectives» Be truly executable; provide clear accountabilities» Define the governance structure for contracting; also define escalation practices and limits of authority» Maintain a clear delineation from supporting business processes while supporting their implementation» Evolve as business practices and business needs evolve» Be socialized, respected as the recognized practices of the organization, and accompanied by acceptance monitoring» Mitigate risks» Be reviewed and amended no less than annually	<p>Business Processes should:</p> <ul style="list-style-type: none">» Guide and enable the organization to effectively and efficiently complete the day-to-day execution of post-award contracting activities» Clearly specify the end-to-end post-award contracting business processes» Define the residence of tasks for post-award contracting activities» Standardize all aspect of post-award contracting operations» Drive business process ownership and accountability» Be clearly documented, and be amended by process owners as business needs change» Be socialized, respected as the recognized practices of the organization, and accompanied by acceptance monitoring» Be in compliance with all relevant Acts, Regulations, Standards and Codes» Be reviewed and amended no less than annually

People
<p>Key objectives for the People element include:</p> <ul style="list-style-type: none"> » Have clearly defined contracting post-award roles and responsibilities, including: <ul style="list-style-type: none"> ○ Review and approve work of milestone completions ○ Manage change orders ○ Track, measure, analyze and manage supplier/vendor performance ○ Approve, track and review invoices ○ Complete audit for compliance » Match these roles and responsibilities with relevant skills, qualifications and competencies » Support the development of professional excellence in contracting practices, including providing relevant training and education on an ongoing basis and collaborating closely with other functional groups » Be supported and recognized as a strategic partner in the District’s business objectives » Provide governance and oversight over the post-award process; raise issues as necessary

Systems and Data
<p>Key objectives for the Systems and Data element include:</p> <ul style="list-style-type: none"> » Clearly specify SCVWD’s business requirements for systems and data » Implement systems that meet SCVWD’s business requirements » Implement systems with workflow steps that mirror the post-award contracting process » Seek full integration of post-award contracting systems and data, and possible integration with eProcurement and ERP systems » Comprehensively train system users » Implement control protocols to ensure the systems and data are used according to post-award contracting workflows and business processes » Eliminate system “workarounds” to the extent practicable; focus on data control » Translate data to ensure it becomes useful for decision-making » Establish and maintain governance and accountability over system and data management

Contract Management

Key objectives for the Contract Management element include:

- » Centralize accountability for Contract Management
- » Continuously monitor contract compliance
- » Track, monitor and analyze all information required to manage, control and measure supplier/vendor performance over the life of the contract, including but not limited to:
 - Pricing
 - Scope
 - Amendments
 - Contract expiration date
 - Expiration date of non-fiscal documentation, such as insurance certificates
- » Continuously monitor and reevaluate contract risks
- » When necessary, complete root cause analysis and implement corrective action planning
- » Establish and maintain governance and accountability over the contract management function

Reporting

Key objectives for the Reporting element include:

- » Provide performance, financial and operational metrics and reports that enable the active management of the post-award contracting function
- » Identify and report on Key Performance Indicators and related metrics reflecting the high-level goals of the post-award contracting function
- » Report data and metrics using standardized templates
- » Specify the data needed for reporting purposes
- » Establish and maintain governance and accountability over the reporting function

**Consultant Contract Management Process Audit (Audit)
IMPLEMENTATION STATUS**

Recommendation No. 1

Audit Report Recommendation No. 4.2.4.1

Description: New functionalities should be built into CAS (Contract Administration System)

Responsible Business Area: Administration

Assigned Staff: DAO

Status: Completed

Anticipated Completion: FY17

Status Details/Implementation of Recommendation: To effectively address the issue of contract insurance expirations, staff procured and implemented Exigis, a full service web-based insurance tracking and monitoring system for consultant contracts. Additionally, the primary responsibility for tracking insurance expiration dates was shifted from project managers to Consultant Contract Services (CCS) staff at a centralized location for greater compliance. Exigis sends notifications to CCS staff for all insurance certificates prior to their expiration, and CCS staff proactively ensures that consultants upload valid insurance certifications within Exigis ahead of expiration dates. Exigis automatically validates insurance certificates for compliance. District Risk Manager uploads insurance requirements directly into CAS to prevent the upload of incomplete documents.

Recommendation No. 2

Audit Report Recommendation No. 4.3.2.1

Description: The District should develop guidelines against which Scope of Services (SOS) should be developed and metrics against which they should be evaluated. While Project Managers should be responsible for the development of Scope of Work (SOW) and Scope of Services, the Unit Managers should be responsible for their evaluation.

Responsible Business Area: Water Utility, Watersheds, and Administration

Assigned Staff: DAO

Status: Completed

Anticipated Completion: FY17

Status Details/Implementation of Recommendation: Through the Consultant Contracts Improvement Process, staff has developed guidelines and identified a review process for development of Scope of Work, which includes unit manager level review/approval as a requirement. The metrics will be tracked and reported on a quarterly basis. In addition, technical writing training is being provided to project managers and CCS staff in FY18.

**Consultant Contract Management Process Audit (Audit)
IMPLEMENTATION STATUS**

Recommendation No. 3

Audit Report Recommendation No. 4.2.3.1

Description: A) Post award policy and processes socialization plans should be developed and implemented. In addition, training on post-award contracting best practices should be delivered to accountable staff. B) A knowledge transfer plan should be developed, providing incentives for future retirees or departing employees to ensure successful project transition.

Responsible Business Area: Water Utility, Watersheds, and Administration

Assigned Staff: DAOs

Status: A) Completed, B) Completed

Anticipated Completion: A) FY18, B) FY17

Status Details/Implementation of Recommendation: A) The District has conducted project management training and will continue to offer training on post-award contracting best practices. As post-award policies and procedures are updated or developed, staff will participate in this effort as internal stakeholders and provide comments. Once such policy and procedures are finalized, they will be noticed through internal communications (News You Can Use, MLT Meetings, staff meetings, among others). Additionally, formal training will be offered to the staff on new policy/procedures and when such published documents are revised. B) Human Resources has a Districtwide knowledge transfer program in place.

Recommendation No. 4

Audit Report Recommendation No. 4.3.2.1

Description: A) Improve and maintain a "boiler plate" Standard Agreement. Only the scope of services and project schedule sections should be drafted by Project Managers. B) The existing control procedures for contract approval should be reviewed and redesigned.

Responsible Business Area: Water Utility, Watersheds, and Administration

Assigned Staff: DAOs

Status: A) Completed, B) In Process

Anticipated Completion: A) FY17, B) FY19

Status Details/Implementation of Recommendation: A) Standard Template Agreements were developed by a committee of internal stakeholders in FY15 and FY16, and are updated on an annual basis. Additional standards terms, conditions, and required templates are also in place, and are included in the Agreements, when appropriate. District project managers are only responsible for developing scope, budget, and schedule of completion for their specific

**Consultant Contract Management Process Audit (Audit)
IMPLEMENTATION STATUS**

agreements. B) Control procedures for contract approval were reviewed. This recommendation is specific to the Lower Silver Creek project. The Board's Lower Silver Creek Performance Audit will address it in further detail and make suggestions for redesign. In FY18, the District initiated a Consultant Contracts Improvement Process, which included a comprehensive review of all existing processes to identify areas of improvement.

Recommendation No. 5

Audit Report Recommendation No. 4.2.5.1

Description: A) Develop and implement a policy and business processes defining the evaluation of consultant performance. B) Develop and implement the necessary tools to support the assessment of consultant performance, including performance evaluation scorecards and a database of consultant past performance evaluations. C) In the event of sub-par performance, the tools should inform the development of root cause analyses and corrective action plans.

Responsible Business Area: Water Utility, Watersheds, and Administration

Assigned Staff: DAO

Status: A) In Process, B) Competed, C) Completed

Anticipated Completion: A) FY19, B) FY18, C) FY18

Status Details/Implementation of Recommendation: A) The District is evaluating implementation of a policy and business processes to define and record the evaluation of consultant performance. B) and C) Management concurs with the recommendation. Project managers currently evaluate consultant performance for compliance with agreement requirements for scope, schedule, and budget.

Recommendation No. 6

Audit Report Recommendation No. 4.2.3.1

Description: Centralization of the contract management function.

Responsible Business Area: Water Utility, Watersheds, and Administration

Assigned Staff: DAO

Status: Under Review

Anticipated Completion: FY19

Status Details/Implementation of Recommendation: Navigant had also recommended centralization of the contract management function. In response to that recommendation, the District conducted a benchmark study of public agencies, which found that the contract management function was decentralized in 12 of the 14 comparator agencies. The remaining agencies that had the centralized models were the San Francisco Public Utilities Commission

**Consultant Contract Management Process Audit (Audit)
IMPLEMENTATION STATUS**

and the Metropolitan Water District, both of which have very large procurement departments, with approximately 48 and 100 staff respectively. Since receiving this recommendation, the District has focused on reinforcing and improving standard policies, procedures, and documentation. The recommendation to centralize the contract management function is under review by District management.

Recommendation No. 7

Audit Report Recommendation No. 4.2.1.1

Description: Write a consolidated business policy concerning contracting management (including consulting contracting), which establishes the governance framework and functional accountability for contract management at the District. Include in this document a "Certificate of Acknowledgement" that staff must sign annually (or more frequently, as required).

Responsible Business Area: Water Utility, Watersheds, and Administration

Assigned Staff: DAO

Status: In Process

Anticipated Completion: FY19

Status Details/Implementation of Recommendation: The "Certificate of Acknowledgement" was assessed through the Consultant Contracts Improvement Process. Development of the overarching policy is in process and will align with the District's policy and procedure standards.

Recommendation No. 8

Audit Report Recommendation No. 4.2.2.1

Description: Establish common "ways of working" through directive desk manual business processes for contract management activities; create oversight structures and "checks" for contract management activities.

Responsible Business Area: Water Utility, Watersheds, and Administration

Assigned Staff: DAO

Status: In Process

Anticipated Completion: FY18 - FY19

Status Details/Implementation of Recommendation: This recommendation is being addressed regarding pre-award process through Consultant Contracts Improvement Process. Development of post-award process have been assigned to designated staff resources.

**Consultant Contract Management Process Audit (Audit)
IMPLEMENTATION STATUS**

Recommendation No. 9

Audit Report Recommendation No. 4.2.4.1

Description: SCVWD's systems should all be integrated. In parallel, robust systems and data governance policy and processes should be developed and implemented.

Responsible Business Area: Administration

Assigned Staff: DAOs

Status: In Process

Anticipated Completion: FY20 - FY21

Status Details/Implementation of Recommendation: The District is in the process of implementing the recommendation. An RFP has been initiated and will be released in Q3, FY18 for a new Enterprise Resource System, which will replace the current PeopleSoft and CAS systems.

Recommendation No. 10

Audit Report Recommendation No. 4.2.5.1

Description: The District should develop specific contract compliance processes, which should include clear governance guidelines.

Responsible Business Area: Water Utility, Watersheds, and Administration

Assigned Staff: DAO

Status: In Process

Anticipated Completion: FY18 – FY19

Status Details/Implementation of Recommendation: The District will develop specific contract compliance processes, including clear governance guidelines. This has been assigned to designated staff resources.

Recommendation No. 11

Audit Report Recommendation No. 4.2.6.1

Description: Design a limited performance management program for contract management. Improve CAS or other technology platform(s) to capture the information linked to the performance management program and key metrics. Design standard reports to enable enhanced decision-making around contract management operations.

**Consultant Contract Management Process Audit (Audit)
IMPLEMENTATION STATUS**

Responsible Business Area: Water Utility, Watersheds, and Administration

Assigned Staff: DAO

Status: In Process

Anticipated Completion: FY20 – FY21

Status Details/Implementation of Recommendation: The District had the same intent and has been working on procuring a new Enterprise Resource System, which will replace the current PeopleSoft system and address this recommendation.

Consultant Contracts Management Process Audit and Consultant Contracts Improvement Process

Board Audit Committee Status Update – August 15, 2018



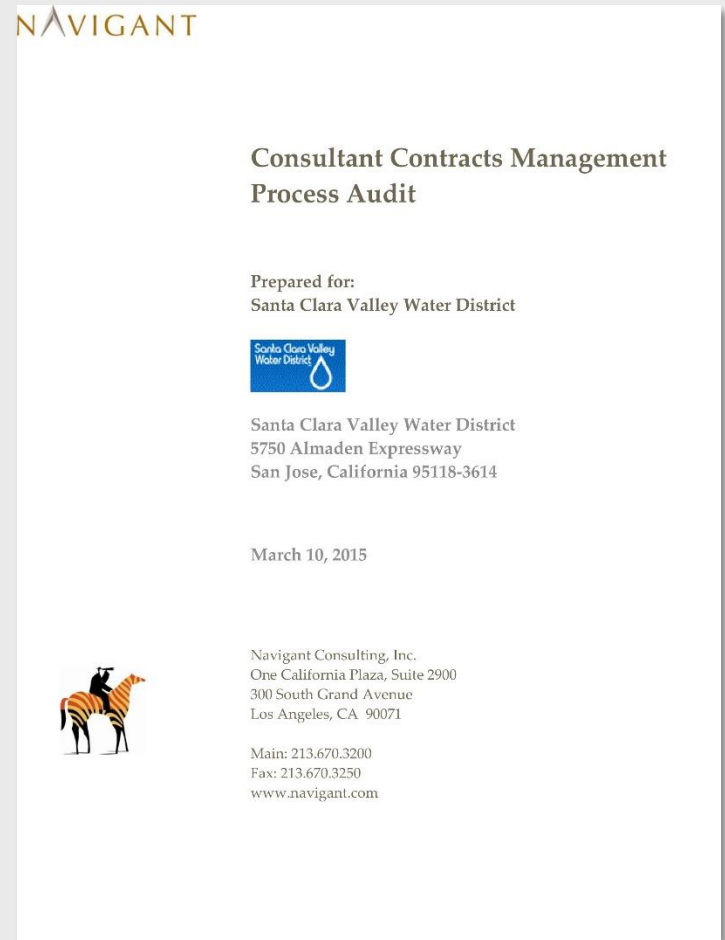
Table of Contents

Status Updates:

- I. Consultant Contracts Management Process Audit
 - a. Key Findings
 - b. Next Steps
- II. Consultant Contracts Process Improvements
 - a. Problem Definition/Root Causes
 - b. Identified Solution
 - c. Implementation Strategy
 - d. Next Steps

I. Consultant Contracts Management Process Audit

- 2014 non-compliance triggered management audit
- Navigant reviewed 66 consultant contracts
- Reviewed policies, processes, and technology framework



I.a. Key Findings

Principle cause of 2014 non-compliance

- ▶ Post-award contract management activities were found to be:
 - Decentralized and inconsistent
 - Lacking clear accountability

- ▶ Most significant finding:
 - Expired and missing insurance certificates

I.b. Next Steps

- ▶ Review centralization of consultant contracts
- ▶ Continue implementation of recommendations
- ▶ Work with capital consultant contracts staff on post-award compliance
- ▶ On-going improvements

II. Consultant Contracts Process Improvements

Four-day workshop on pre-award process improvements (Q4, FY17)

▶ Outcomes:

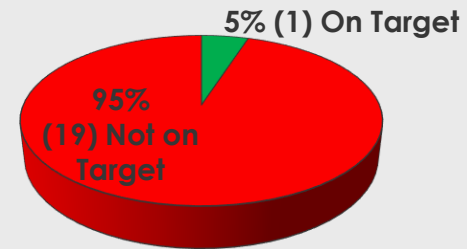
- ▶ Shorten, streamline and centralize process
- ▶ Additional improvements

II.a. Problem Definition/Root Causes

Problem 1: Limited support to PMs during drafting and negotiation phases

Root Cause: Limited CCS staff resources caused prior management to discontinue providing drafting and negotiation services

Future State Goal vs. FY 16 Performance



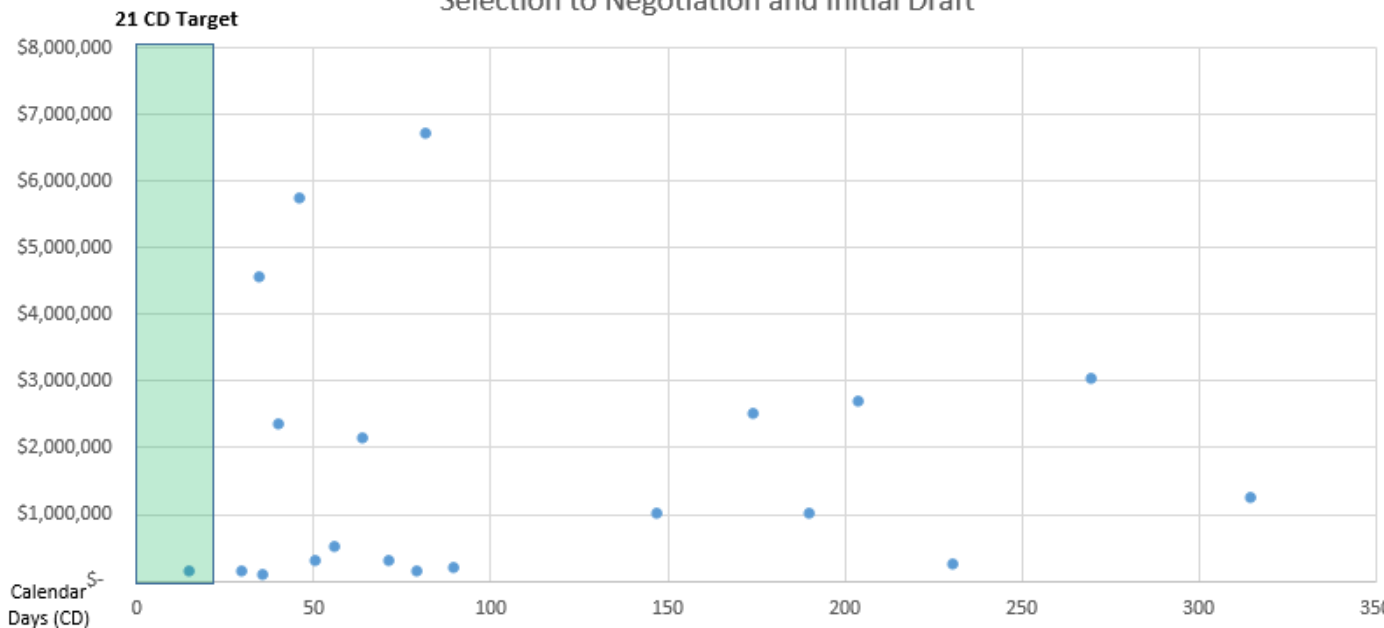
■ In Comp ■ Not Comp

Santa Clara Valley Water District



Attachment 3
Page 7 of 16

FY 16 Competitive Contracts
Contract Amount vs. Cycle Times (Calendar Days)
Selection to Negotiation and Initial Draft



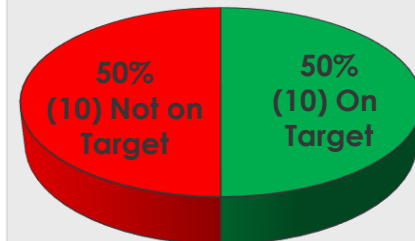
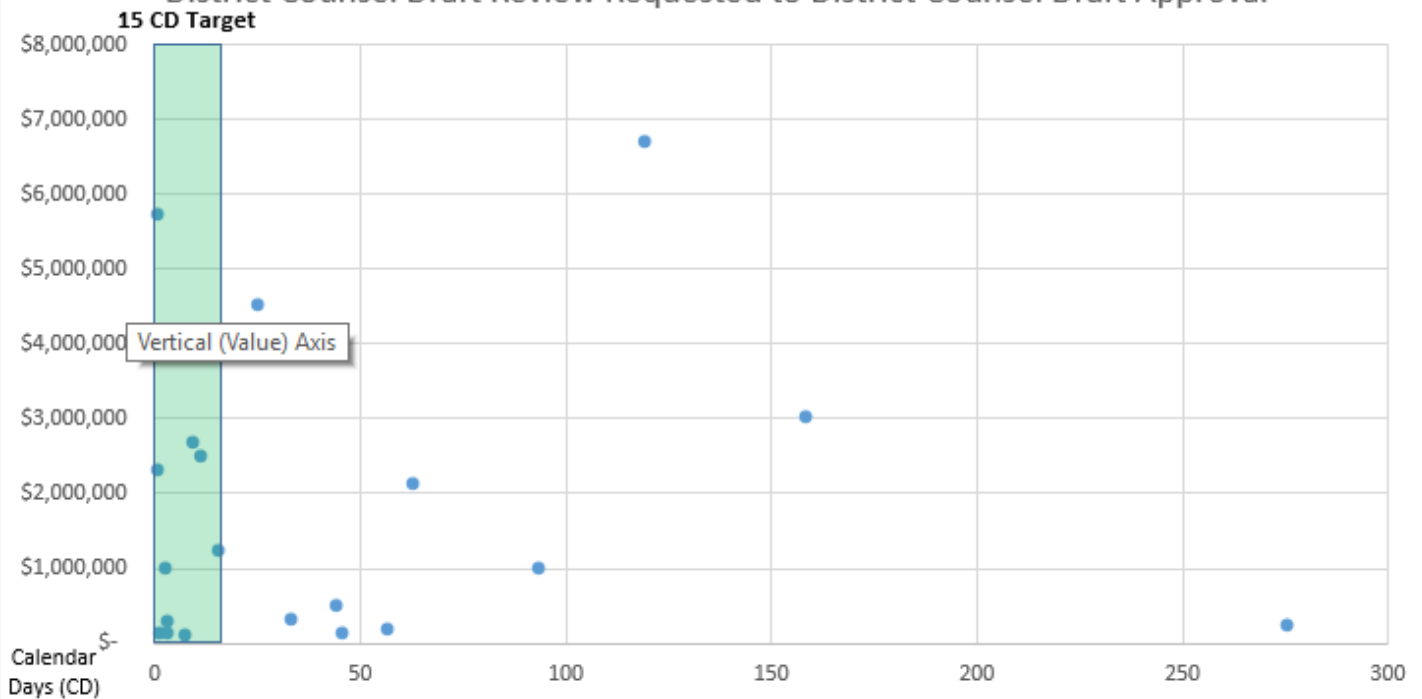
II.a. Problem Definition/Root Causes cont...

Problem 2: Lack of clarity and quality of initial draft scope of work and initial draft agreement

Root Cause: Lack of expertise drafting RFPs and lack of writing skills

Future State Goal vs. FY 16 Performance

FY 16 Competitive Contracts
Contract Amount vs. Cycle Times (Calendar Days)
District Counsel Draft Review Requested to District Counsel Draft Approval



■ On Target ■ Not on Target

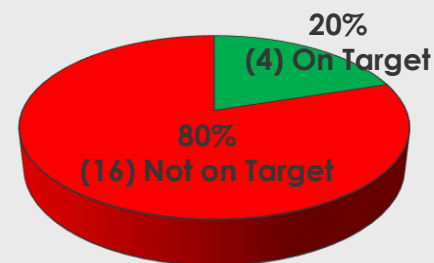


II.a. Problem Definition/Root Causes cont...

Problem 3: Lengthy contracting process

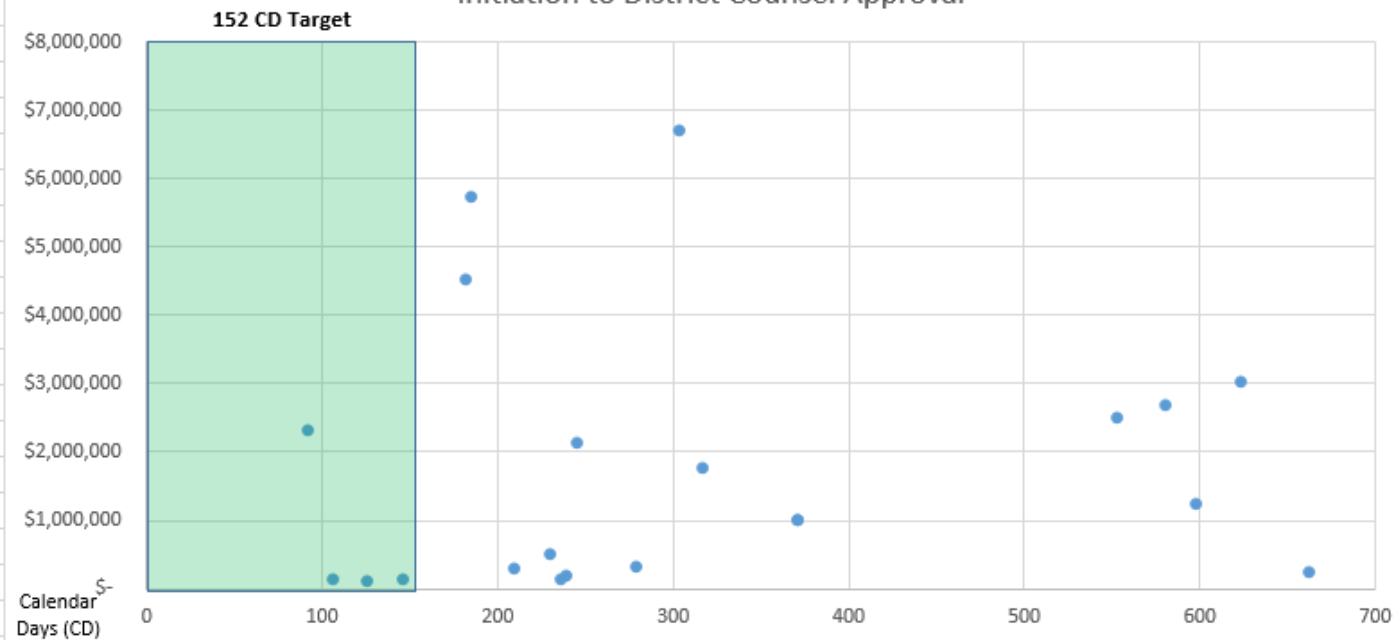
Root Cause: Problems 1 and 2 combined with the absence of clearly defined target timelines have contributed to the lengthy contracting process

Future State Goal vs. FY16 Performance



■ On Target ■ Not on Target

FY 16 Competitive Contracts
Contract Amount vs. Cycle Times (Calendar Days)
Initiation to District Counsel Approval



II.b. Identified Solution

Overview of Improvements:

- ▶ Consultant Contracts Staff – primary process owners
- ▶ Training in drafting and negotiations
- ▶ Structured contract drafting and negotiations processes
- ▶ Clearly defined roles, responsibilities and target timelines

II.b. Identified Solution cont...

Recommended Consultant Contract Target Timelines

Contract Budget	Selection Process	Total CCS Time Initiation to Final Agreement		Board Approval and CCS Contract Activation*		Total Combined Timeline	
		(Weeks)	(Months)	(Weeks)	(Months)	(Weeks)	(Months)
<\$225K	Competitive	10	2.5	2	0.5	12	3.0
\$225K-\$1 Million	Competitive	16	4.0	6	1.5	22	5.5
>\$1 Million	Competitive	21	5.3	6	1.5	27	6.8
Highly Complex Multi-million	Competitive	25	6.3	6	1.5	31	7.8

**May vary with the availability of first Board Approval date*

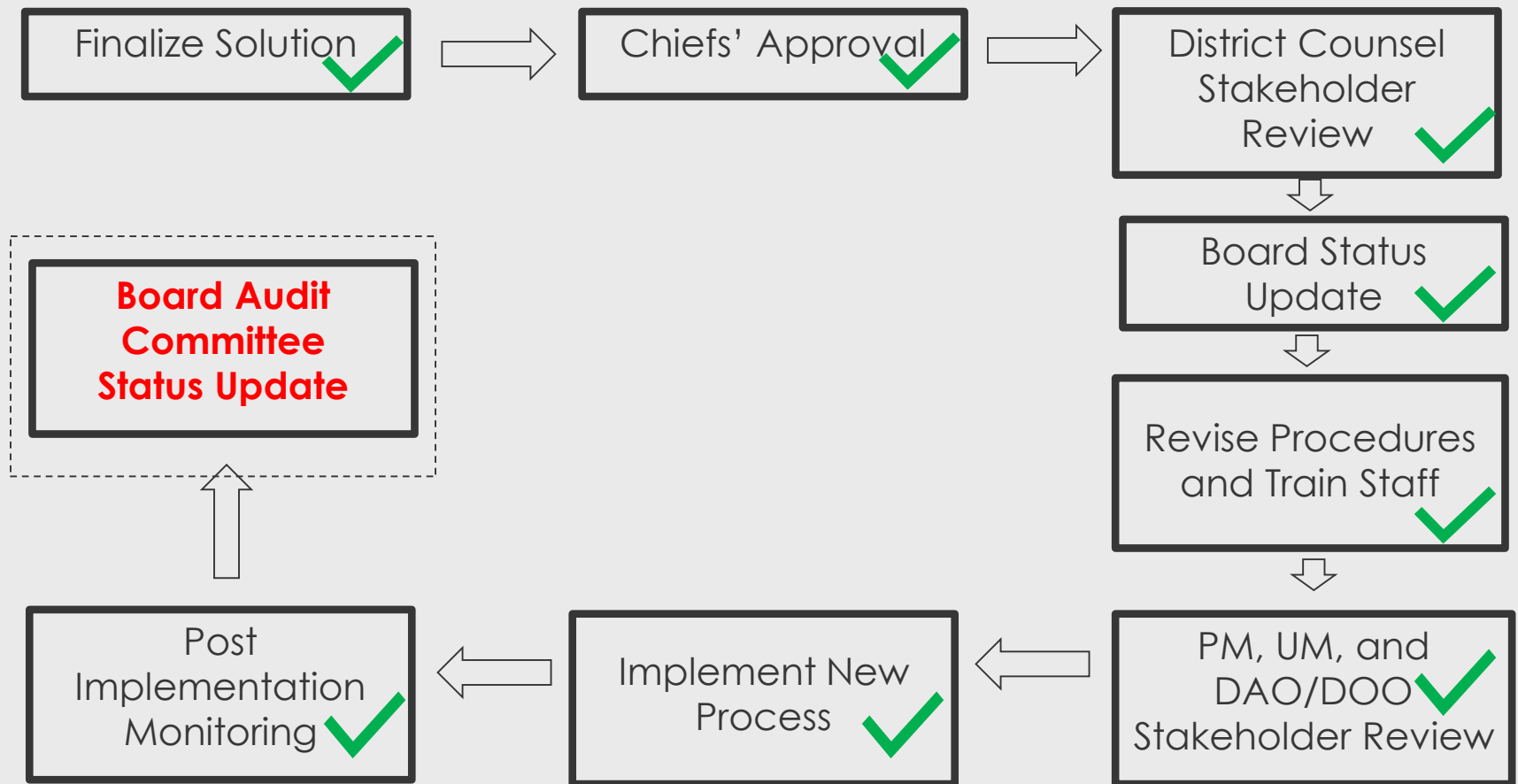
Legend:	
CCS Supervising Program Administrator	
CCS Analyst	
CCS Admin Assistant/Staff Analyst	
Capital Analyst (applies if Capital PM)	
Project Manager	
Second Level Manager	
DOO/DAO	
Consultant Review Board	
Risk Management	
District Counsel	
CAS Milestones	

Consultant Contract Services (CCS) Roles, Responsibilities, and Target Timelines Initiation to Final Agreement					
Initial Contact and Preliminary Scope Development	Finalize RFP Package and Publish	Publishing Period	Evaluate Proposals and Select Consultant	Negotiate and Finalize Draft Agreement	Review and Approve Agreement
TBD - Not Tracked as Timeline	5-21 calendar days	21-42 calendar days	14-28 calendar days	14-42 calendar days	20-42 calendar days
For Capital, Project Manager (PM) will contact Capital Supervising Program Administrator (SPA) to initiate request to CCS. If non-capital PM will contact CCS based upon assignment list and/or via CCS SPA for assignment to CCS Analyst	Attend pm scheduled follow-up meeting to review the RFP Development Request Worksheet (Step 2) and RFP package. CCS Analyst and/or Capital Analyst will provide necessary support with completion of Step 2 Worksheet and drafting the RFP package.	Draft Pre-Proposal agenda and include item to discuss insurance requirements exceptions, and presentation (Capital Analyst will assist PM), coordinate site visit (if applicable).	Finalize CRB Evaluation Instructions Memo, evaluation rating sheets, scoring spreadsheet and RFP copies.	If cost is a separate criteria, set up a meeting with PM to open cost proposal. Schedule and attend Pre-negotiation meeting, if applicable. Prepare negotiation kick off meeting agenda and negotiation points with PM. Bring requested contracts from reference agencies for negotiations.	Initial Review: Complete review of draft agreement and "approve" with comments, if applicable, in CAS. The route to CCS if substantial edits are required, which will trigger an in-person meeting and off-line work.
CCS Analyst will provide the RFP Information Request Worksheet (Step 1) and set up initial meeting.		Assist with logistics for pre-proposal and/or site visit.	Distribute RFP Proposals to PM/CRB members.	Attend Pre-Negotiation meeting, if applicable.	
Meet with with PM and Capital Analyst (if applicable) to review roles, responsibilities, and target timelines (including identifying CRB members and schedule) and provide sample Scope of Services	Post meeting, AA/SA will upload Worksheet. I content to initiate in CAS and CCS Analyst will approve.	CCS Analyst will receive questions and work with PM to draft all related RFP Addendum and request PM review and approval	CRB evaluates written proposals and submit rating sheets to assigned CCS analyst prior to evaluation meeting.		Work off-line to resolve comments, if applicable, and incorporate any changes from District Counsel to Consultant (and vice-versa), while maintaining version control. Email District Counsel to request acknowledgment that this is the correct version for upload into CAS. CCS Analyst will address this version with AAR form, if applicable, for CAS approval of Initial Review by District Counsel.
PM to draft Scope of Services (CCS Analyst and/or Capital Analyst will provide necessary support)	Finalize RFP Development Request Worksheet Step 2, and submit to assigned CCS analyst	Review and approve all related RFP Addendum	Attend evaluation meeting, finalize scores on written proposals, and select candidates, format and questions for oral interview.	Schedule and attend Negotiation Kick off and supplemental meetings.	
	CCS Analyst will review Step 2 worksheet and submit to Administrative Assistant (AA)/Staff Analyst (SA) for upload into CAS and next administrative steps.	Post final addendums to CAS for external website		Attend Negotiation Kick off and supplemental meetings (Capital Analyst to support PM with negotiation points).	Finalize agreement and AAR form for non-board items off-line and upload into CAS for final routing.
Finalize draft of Preliminary Scope of Services and submit to assigned CCS analyst	Review content and create CAS screens: - Upload required documents; - Enter evaluation and other required information. AA will schedule CRB interviews/ review meetings.				
	CCS Analyst will review CAS submittals and submit request for PM approval.		Prepare Initiation and Non-Evaluation to Oral Interview Letters and notify PM, if necessary. Send six Believable Check Forms for firms selected for interview. Copy references for oral interview meeting.	If consultant took exception to the insurance requirements at the time they submitted their proposal, engage risk manager to consider the request for insurance exceptions. Notify to executive management for final determination, if necessary.	
Approve Scope, Target RFP Schedule, Roles and Responsibilities, and, if applicable, documented limitations/priorities of previous, current and future services (which will trigger legal review). (Utilize eForm System)	Review and approve RFP documents	Review and approve CRB Evaluation requirements	Submit insurance certificates to EXIGS for compliance. Upload required docs for NTP in CAS.	Set up meeting with PM and District Counsel depending on complexity of the agreement in development.	Review and Approve Final agreement in CAS
	Submit to Risk Management for review and attachment of insurance requirements	Review and approve CRB Evaluation requirements	Attend Oral Interviews and finalize CRB selection memo. (Analyst to review and verify final oral scores and enter scores in Summary Score Spreadsheet).	Provide guidance as needed in agreement development.	
	Risk Manager to review RFP and submit insurance requirements	CCS analyst will receive proposals		Verify insurance compliance with PM.	For board items initiate Legistar process and prepare Board Agenda Memo.
	Publish RFP in CAS			Upon the completion of negotiation, finalize initial draft agreement, and complete Agreement Approval Request (AAR) form, if applicable. Obtain 35-digit charge number from PM, and upload into CAS and begin routing.	Send Final agreement to Consultant for signature.
CCS Analyst will provide the RFP Development Request Worksheet (Step 2) and set up follow-up meeting.			Prepare and send via email Negotiation Letters to firms. For firm selected for negotiation submit Required Docs for NTP along with insurance certificates.		Submit final agreement for routing and Executive Management (EM) or Board approval. If EM approval, include "Yellow Folder" with AAR and CAS summary document.
			If consultant did not "take exception" with the insurance requirements at the time they submitted their proposal and are requesting to negotiate the insurance requirements, CCS analyst will provide analysis to executive management regarding vulnerabilities to the procurement process that will be considered as part of a determination on disqualification.		Prepare Notice to Proceed and provide "level of effort," if applicable, for Form 700 Determination to Office of Ethics.
			Ensure that all protests have been addressed and closed.		CCS to complete the following: -Assign agreement number -Issue Award Letter for non-board agreement -Mail out original agreement and distribute copies to internal and external stakeholders -Upload NTP letter -Submit the agreement to Office of Ethics for Form 700 -Register agreement in DIR database, if applicable -Complete Agreement Activation in CAS
	- Contract Initiation Approval (create CAS) - Contract Development Approval - Consultant Review Board Approval - Publish RFP	N/A	- Consultant Selection Approval	N/A	Contract Review Contract Approval Prior to Award Award Contract Contract Activation
N/A					

**Consultant Contract Services (CCS)
Roles, Responsibilities, and Target Timelines
Consultant Contracts
Initiation to Final Agreement**

Initial Contact and Preliminary Scope Development	Finalize RFP Package and Publish	Publishing Period	Evaluate Proposals and Select Consultant	Negotiate and Finalize Draft Agreement	Review and Approve Agreement
TBD - Not Tracked as Timeline	5-21 calendar days	21-42 calendar days	14-28 calendar days	14-42 calendar days	20-42 calendar days
Project Manager (PM) will contact CCS based upon assignment list and/or via CCS UM for assignment to CCS Analyst	Attend pre-scheduled follow-up meeting to review the RFP Development Request Worksheet (Step 2) and RFP package. CCS Analyst will provide necessary support with completion of Step 2 Worksheet and drafting the RFP package.	Draft Pre-Proposal agenda and include item to discuss insurance requirements exceptions; and presentation, coordinate site visit (if applicable).	CRB evaluates written proposals and submit rating sheets to assigned CCS analyst prior to evaluation meeting.	If cost is a separate criteria, set up a meeting with PM to open cost proposal. Schedule and attend Pre-Negotiation meeting, if applicable. Prepare negotiation kick off meeting agenda and negotiation points with PM. (Bring executed contracts from reference agencies for negotiations).	Initial Review: Complete review of draft agreement and "approve" with comments, if applicable, in CAS. "Re-route" to CCS if substantial edits are required, which will trigger an in-person meeting and off-line work.
PM to draft Scope of Services (CCS Analyst will provide necessary support)	Finalize RFP Development Request Worksheet Step 2, and submit to assigned CCS analyst Review and approve RFP documents	CCS Analyst will receive questions and work with PM to draft all related RFP Addendums and request PM review and approval	Attend evaluation meeting, finalize scores on written proposals, and select candidates, format and questions for oral interview.	Attend Pre-Negotiation meeting, if applicable.	Work off-line to resolve comments, if applicable, and incorporate any changes from District Counsel to Consultant (and vice-versa), while maintaining version control. Email District Counsel to request acknowledgement that this is the correct version for upload into CAS. CCS Analyst will submit this version with AAR form, if applicable, for CAS approval of Initial Review by District Counsel.
Finalize draft of Preliminary Scope of Services and submit to assigned CCS analyst		Review and approve all related RFP Addendums	Attend Oral Interviews and finalize CRB selection memo. (Analyst to review and verify final oral scores and enter scores in Summary Score Spreadsheet).	Attend Negotiation Kick off and supplemental meetings.	
Approve Scope, Target RFP Schedule, Roles and Responsibilities, and if applicable, documented limitations/preclusions of previous, current and future services (which will trigger legal review). (Utilize eForm System)		Review and approve CRB Evaluation Instructions Memo		Verify Insurance compliance with PM.	Review and approve final agreement in CAS
				Upon the completion of negotiation, finalize initial draft agreement, and complete Agreement Approval Request (AAR) form, if applicable. Obtain 25-digit charge number from PM, and upload into CAS and begin routing.	
					For Board items initiate Legistar process and prepare Board Agenda Memo.
					Prepare Notice to Proceed and provide "level of effort," if applicable, for Form 700 Determination to Office of Ethics.
N/A	- Contract Initiation Approval (create CASH#) - Contract Development Approval - Consultant Review Board Approval - Publish RFP	N/A	- Consultant Selection Approval	N/A	- Ready for Draft Contract Review Attachment 3 - Prior to Award Page 13 of 16 - Contract Activation

II.c. Implementation Strategy



II.d. Next Steps

- ▶ Accelerate current ongoing contracts/amendments
- ▶ Begin implementing the process for all new contracts
- ▶ Track performance and measure against the new milestones
 - ▶ 6 months → Board status update via CEO Bulletin
 - ▶ 12 months → return to Board with full update

Questions?



File No.: 18-0596

Agenda Date: 8/15/2018

Item No.: 3.2.

COMMITTEE AGENDA MEMORANDUM

Board Audit Committee

SUBJECT:

Board Independent Auditor Report Update - TAP International, Inc.

RECOMMENDATION:

- A. Receive an update on the Risk Assessment Implementation Project and recommended audits from the Board's Independent Auditor, TAP International, Inc.; and
- B. Receive copies of TAP International, Inc. task orders and invoice tracking sheet.

SUMMARY:

The 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 February 6, 2018, the Board Audit Committee received and discussed a presentation from TAP International, Inc., on next steps for the risk assessment implementation project. The Board Audit Committee directed the following and the status of each is included below:

- Conduct the risk assessments, as defined (Status: In-progress)
- Mr. Darin Taylor to assign a new Task Order for TAP International to conduct risk assessments (Status: Complete)
- Include TAP task orders and invoice tracking for Board Audit Committee review (Status: Complete)
- District staff to check-in with the Committee Chair to review and approve invoices before sign-off (Status: Complete)

ATTACHMENTS:

Attachment 1: District Risk Assessment

Attachment 2: Recommended Audits

File No.: 18-0596

Agenda Date: 8/15/2018
Item No.: 3.2.

Attachment 3: Invoice Tracking Sheet and Task Orders

UNCLASSIFIED MANAGER:
Darin Taylor, 408-630-3068

SANTA CLARA VALLEY WATER DISTRICT BOARD AUDIT COMMITTEE MEETING

DISTRICT RISK ASSESSMENT



DISCUSSION ITEMS

Section	Page Number
A. Risk Assessment Scope	3
B. Preliminary Results	5
C. Next Steps	11

A. RISK ASSESSMENT SCOPE — PARTICIPATING ENTITIES

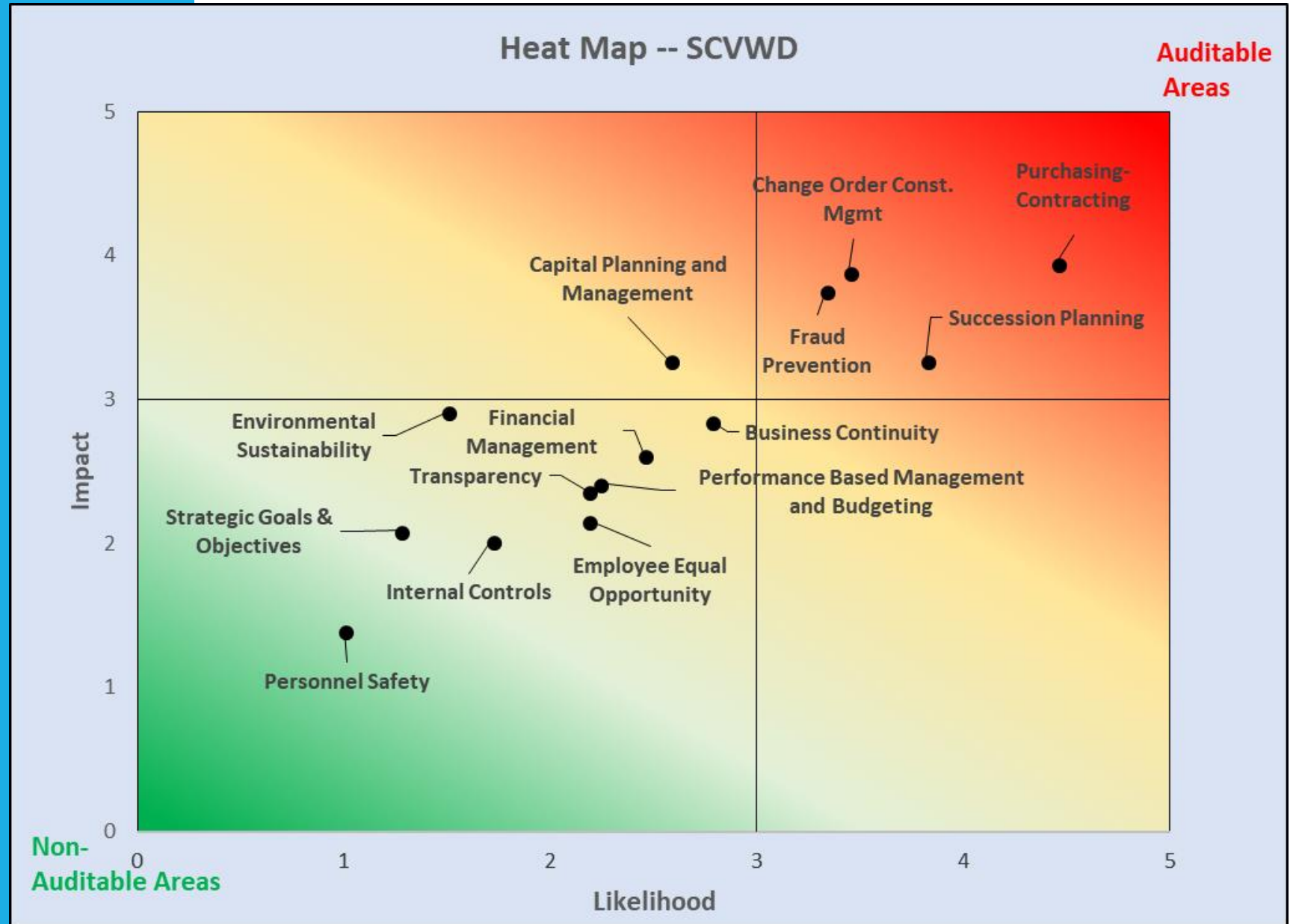
1. Water Utility Capital Division
2. Water Supply Division
3. Watershed Design & Construction Division
4. Treated Water Operations & Maintenance Division
5. Watershed Operations & Maintenance Division
6. Office of COO Water Utility
7. Office of the COO Watershed
8. Information Technology Division
9.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

A. RISK ASSESSMENT SCOPE — OPERATIONAL ACTIVITY AREAS ASSESSED

- Capital Improvement Planning & Budgeting
- Performance Based Budgeting
- Financial Management
- Internal Controls
- Strategic Goals & Objectives
- Fraud Prevention
- Equal Employment Opportunity
- Purchasing/Contracting
- Change Order Management, applicable to construction management
- Succession Planning
- Business Continuity Planning
- Environmental Sustainability
- Personnel Safety
- Transparency

These areas were assessed for the need for an audit based on the likelihood that an audit could result in improvements and degree of impact that improvements could enhance effectiveness, project delivery and service delivery.

B. PRELIMINARY RESULTS



B. PRELIMINARY RESULTS

Areas that do not need to be included in an audit plan, for now

Low Risk Areas
Personnel Safety
Strategic Goals and Objectives
Environmental Sustainability

B. PRELIMINARY RESULTS

Areas that need to be monitored for potential audits

Moderate Risk Areas
Business Continuity
Capital Project Planning and Management
Financial Management
EEO
Performance Management
Transparency
Internal Controls

B. PRELIMINARY RESULTS

Areas that need an audit

High Risk Areas
Purchasing and Contract Management
Succession Planning
Change Order Management
Fraud Prevention and Detection

B. PRELIMINARY RESULTS — RECOMMENDED AUDIT WORK PLAN AREAS

See Handout

B. PRELIMINARY RESULTS – POTENTIAL AUDITABLE AREAS IDENTIFIED BY DISTRICT STAFF

Operational Effectiveness Risk

- Assess the extent the District is maximizing technology.
- Assess CAS system efficiency and effectiveness.
- Examine the methodological strength of the classification study.

Financial Risk

- Assess adequacy of upcoming financial management software implementation.
- Assess accuracy of payroll benefit calculations.
- Identify how the District could enhance its homelessness encampment clean-up activities to prevent re-occurring problems.

Strategic Risk

- Examine the long-term strategy of the flood protection program.

C. NEXT STEPS

Activity	Completion Date
Finalize risk assessment report	Two weeks after audit committee presentation
Receive BAC authorization to develop task order to prepare formal audit plan	
Obtain Board input on their suggested audits	One week
Develop and present audit work plan	One week

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HANDOUT 1 - Recommended Audits

Procurement and Contract Management Risk Area

Audit Type	Nature of Risk	Suggested Audit Objective	Estimate Duration	Basis of Audits
Performance	<ul style="list-style-type: none"> Operational effectiveness 	1. Assess the extent the District is maximizing procurement technology.	8 weeks	Risk assessment results
Performance		2. Identify opportunities to streamline contract review and authorization.		

Change Order Management Risk Area

Audit Type	Nature of Risk	Suggested Audit Objective	Estimate Duration	Basis of Audits
Performance	<ul style="list-style-type: none"> Operational effectiveness 	3. Determine the types of business process improvements that are necessary for contract change order processing.	8 weeks	Risk assessment results

Fraud Risk Area

Audit Type	Nature of Risk	Suggested Audit Objective	Estimate Duration	Basis of Audits
Performance	<ul style="list-style-type: none"> Operational effectiveness 	4. Assess the occurrence or potential occurrence of fraud.	16 weeks	Risk assessment results

Succession Planning Risk Area

Audit Type	Nature of Risk	Suggested Audit Objective	Estimate Duration	Basis of Audits
Performance	<ul style="list-style-type: none"> Service delivery Operational effectiveness 	5. Determine gaps in succession planning policies and procedures.	8 weeks	Risk assessment results
Performance		6. Evaluate how workforce planning activities can be improved.		

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	Invoice	Invoice	Invoice	Invoice	Invoice	Invoice	Invoice	Invoice
						524	530	531	538	542	549	555	556
						06/29/17	10/20/17	10/26/17	01/31/18	02/28/18	04/30/18	06/30/18	06/30/18
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							\$74,357.50	\$5,250.00	
4b	Risk Assessment - Analysis	\$11,400.00	\$11,400.00	\$0.00							\$9,880.00	\$1,520.00	
4c	Risk Assessment - Expenses	\$4,000.00	\$2,838.14	\$1,161.86							\$2,668.82	\$169.32	
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								\$17,500.00	
8b	Expanded Risk Assessment - Analysis	\$3,800.00	\$3,800.00	\$0.00								\$3,800.00	
8c	Expanded Risk Assessment - Report	\$19,000.00	\$11,875.00	\$7,125.00								\$11,875.00	
8d	Expanded Risk Assessment - Expenses	\$1,000.00	\$0.00	\$1,000.00									
9	(TBD) Board Audit Committee Meeting	\$7,150.00	\$2,095.00	\$5,055.00									\$2,095.00
TOTAL		\$192,280.00	\$177,026.10	\$15,253.90		\$4,369.90	\$3,190.00	\$25,460.00	\$8,221.95	\$6,668.61	\$86,906.32	\$40,114.32	\$2,095.00

AGREEMENT NOT-TO-EXCEED AMOUNT: \$405,000.00

EXCESS BALANCE ON COMPLETED TASK ORDERS: \$894.54

OVERALL REMAINING BALANCE: \$213,614.54

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

DATE

5/30/17

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

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

Signature:  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

File No.: 18-0604

Agenda Date: 8/15/2018

Item No.: 3.3.

COMMITTEE AGENDA MEMORANDUM

Board Audit Committee

SUBJECT:

PMA Consultants Update on the Performance Audit of Lower Silver Creek Flood Protection Project, Agreement No. A3277G.

RECOMMENDATION:

Receive an update from PMA Consultants on the status of the Performance Audit of Lower Silver Creek Flood Protection Project, Agreement No. A3277G.

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.

PMA Consultants is currently in the process of conducting this expanded audit and will provide a status update.

ATTACHMENTS:

None.

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068

File No.: 18-0206

Agenda Date: 8/15/2018

Item No.: 3.4.

COMMITTEE AGENDA MEMORANDUM

Board Audit Committee

SUBJECT:

Conflict of Interest Status Update.

RECOMMENDATION:

- A. Receive and discuss draft Ethics Policy; and
- B. Receive information regarding planned Conflict of Interest avoidance measures.

SUMMARY:

At the February 6, 2018 Board Audit Committee (BAC) meeting, staff was asked to come back to the Committee with a number of recommendations regarding strengthening the Conflict of Interest process for contractors and staff, including providing the draft Ethics policy for their review.

Draft Ethics Policy

The draft update to the District's Ethics policy is attached for reference. (Attachment 1). Pending Committee members' comments, staff is prepared to begin routing this draft Ethics policy for stakeholder review and implementation.

Manager Evaluations

Staff is in the process of developing language to incorporate into manager level evaluations that addresses the need for awareness of both actual and perceived conflicts of interest pertaining to their respective staff and project assignments. This language is slated to be incorporated into the Employee Development and Performance Management Program (EDDP) effective FY19.

Contracting Process Changes

Staff will be creating a Conflict of Interest disclosure template for inclusion in the District bid submission packet that will require consultants to disclose whether they have immediate family members working at the District (parents, children, spouses or registered domestic partners). Currently staff is evaluating which parties in the bid will be subject to this new disclosure requirement (e.g., owners, high-level managers, etc.).

TAP Audit Recommendations for Form 700

Following the 2014 TAP Audit, the Form 700 process was transferred to the Ethics office. Since that time, the Ethics office staff in conjunction with District Counsel has established and conducted a consistent and comprehensive process to analyze District contracts administered through the CAS system for Form 700 filing determination. For legacy contracts prior to 2015, retroactive analysis is being conducted as amendments are approved by the Board. The template currently in use for Form 700 filing determination is attached for reference. (Attachment 2).

Background

The issue of conflicts of interest has been ongoing for several years. At the February 6, 2018, committee meeting, staff was asked to agendize processes for addressing conflicts of interest between contractors and staff (Attachment 1). While the District's practice is to comply with California law, the Ethics and Equal Opportunity Programs staff has developed proposed language that will formalize the District's practice with respect to conflicts of interest between contractors and staff and is developing additional conflict of interest avoidance measures. They plan to pursue incorporating the proposed language into the Ethics and Business Conduct policy through their stakeholder review process. At the direction of the committee staff will bring this issue to the full Board for discussion.

At this meeting, the Committee will receive, discuss, and provide input regarding the draft changes to the Ethics policy, as contained in Attachment 1, along with the planned Conflict of Interest avoidance measures.

ATTACHMENTS:

Attachment 1: Draft Ethics Policy

Attachment 2: Form 700 Applicability Master Template

UNCLASSIFIED MANAGER:

Tina Yoke, 408-630-2385

	ETHICS - TO BE DETERMINED	DOCUMENT NO.: AD-2.11
		REVISION: A
		EFFECTIVE DATE:
		PROCESS OWNER: Anil Comelo
Page 1 of 16		

Downloaded or printed copies are for reference only. Verify this is the current version prior to use. See the District website for released version.

1. POLICY STATEMENT

As stewards of the public trust, all employees of the Santa Clara Valley Water District (District) are accountable to the public and are required to demonstrate the highest standards of personal integrity, honesty, and business and professional conduct with each other and with the individuals and communities they serve. Their actions as individuals, and collectively as an organization, must comply with all applicable laws and must align with the public service values that underpin their work. Actions and decisions must always be in the public's interest and not for personal gain. Conflicts of interest, and actions which create a perception of conflict of interest, must be avoided. In short, employees must conduct themselves in a manner which engenders public trust in government. This policy sets forth the minimum standards for ethical conduct to be followed by the employees of the District.

Employees are expected to seek guidance from the Ethics & Equal Opportunity Program staff in the event of any questions or uncertainty regarding compliance with the requirements contained herein.

GOVERNING POLICIES

Employees shall govern themselves in accordance with the following specific policies. These are summaries of the requirements for each specified area, and the full requirements are set forth in the referenced District policies, state statutes, or state regulations. Those requirements are incorporated by reference as if set forth fully herein.

A. Responsibilities of Public Service

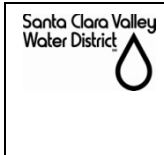
Public service is a privilege and is the foundation of the District's work. The principles on which the District's ethics policies are based include the following ethics-related provisions of the District's Values Statement:

- a. We are entrusted to serve the public and are responsible for carrying out the District mission for the benefit of the community.
- b. We take pride in our work and are accountable and trusted to carry out our responsibilities with honesty and integrity.

The conduct of Employees in their official and private affairs should be above reproach. With respect to their official duties, Employees must never allow personal or private financial considerations to enter their decision-making process. Employees should also be cognizant of appearances and avoid carrying out their duties in a manner which gives any appearance of a conflict of interest even where an actual conflict of interest may not exist as a matter of law.

B. Conflicts of Interest

Conflict-of-interest laws are grounded on the notion that government officials and employees owe paramount loyalty to the public, and that personal or private financial considerations on the part of government officials and employees should never be allowed to enter the decision-making process. Employees are required to avoid any actual conflicts of interest and any



ETHICS - TO BE DETERMINED

DOCUMENT NO.:	AD-2.11
REVISION:	A
EFFECTIVE DATE:	
PROCESS OWNER:	Anil Comelo
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appearances of conflicts of interest in order to assure the public that District decisions are being made impartially and in the public’s interest. Employees are prohibited from making, participating in making, or attempting to use their positions to influence any District decision which may have a reasonably foreseeable and material effect on the employee’s Immediate Family, or any of the employee’s financial interests including: real property, sources of income, business entities owned in whole or in part by the Employee, business entities in which the Employee holds a management position, and donors of gifts (Financial Interests). Where an actual or perceived conflict of interest exists, the employee and his or her manager (when made aware of the conflict) shall contact the Ethics & Equal Opportunity Program for further advice regarding the necessary steps to be taken.

Where a perceived conflict of interest exists, the manager in consultation with the employee and/or EEOP staff may consider removing the employee from the assignment. Employees shall immediately notify their managers when they become aware of a potential conflict of interest, and where a conflict of interest is determined to exist, the Employee shall be removed from any conflicting assignments.

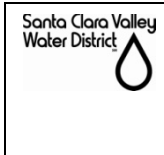
Apart from avoiding conflicts involving their Financial Interests, Employees are also required to exercise their duties free from personal bias – including biases having nothing to do with financial gain or losses. Employees are expected and required to exercise their duties with disinterested skill, zeal, and diligence, for the benefit of the public. Employees are not allowed to use their official positions to secure private benefits even where not expressly prohibited under state law – sometimes referred to as Common Law Conflicts of Interest. Employees are strictly prohibited from volunteering for or knowingly remaining in assignments that place their private, personal interests in conflict with their official duties.

C. Personal Interest in District Contracts

Employees with a financial interest in an actual or proposed contract with the District are prohibited from participating, in any way, in negotiations for the contract. This bar on participation includes preliminary discussions, negotiations, planning and solicitation of bids, execution of the contract, and making recommendations regarding execution of the contract. Financial interest in a contract includes direct or indirect financial interest. A direct financial interest exists where the employee is the party contracting with the District. An indirect financial interest exists where the employee has a financial relationship with the contracting party or will receive some benefit from the making of the contract. Employees possessing such a financial interest in actual or proposed contracts with the District must notify their managers of the conflict, and the managers must remove them from all work involving the actual or proposed contract. Where such a financial interest exists, the employee and his or her manager shall also contact the Ethics & Equal Opportunity Program for further advice regarding the necessary steps to be taken.

Note: This standard applies for Employees. A more restrictive standard applies for District elected officials.

D. Statements of Economic Interest



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Employees holding designated positions under the District's Conflict of Interest Code (Designated Filers) and individuals identified as Consultants by the District's Ethics & Equal Opportunity Program must file Statements of Economic Interest (Form 700) with the District's filing official upon taking office, leaving office, and on an annual basis. The disclosures shall be in accordance with the District's Conflict of Interest Code and all state statutes and regulations relating to Statements of Economic Interest. Designated Filers shall be responsible for being aware of their disclosed economic interests and shall alert their supervisors and managers when a current or proposed work assignment involves, or may involve, an economic interest. Managers and supervisors shall review and be familiar with their subordinates' Statements of Economic Interest and take those disclosed interests into account when making job assignments. Questions regarding whether work on particular projects or assignments would constitute a conflict of interest should be directed to the Ethics & Equal Opportunity Program.

E. Use of Public Funds/District Property

Except where expressly permitted by written District policy (e.g., incidental issuance or receipt of non-work related e-mail: Ad 7.5 - Information Management Electronic Mail (E-Mail)), Employees shall not use District funds or resources (including staff time) for personal use or personal gain. Additionally, Employees shall not use District funds or resources for non-District purposes. The Ethics Officer shall evaluate whether any violation of this section should be referred to law enforcement.

F. Acceptance of Gifts

Employees must not use their positions to solicit money or other considerations, such as gifts, from third-parties. The receipt of gifts from those the District does business with can result in, or create the appearance of, the loss of objectivity, undue influence, and personal obligation. It can also decrease public trust in government.

Subject to the exceptions set forth in the District's Gifts Policy (AD-2.8.03), Employees shall not accept gifts from firms or individuals with whom the District conducts business, and they must advise consultants, contractors, vendors and others with whom the District does business that they should not send gifts or things of value to any District employee.

Designated Filers are also required to comply with state law restrictions on the receipt of gifts including, but not limited to: source of the gift, reporting requirements, and limitations on the value of gifts received within a year.

G. Outside Employment

Employees are prohibited from engaging in any employment, activity, or enterprise for compensation which is inconsistent, incompatible, or in conflict with, his or her official duties or with the duties of his or her appointing authority or the District. Inconsistency, incompatibility or conflict exists where:

1. Any part of his or her efforts will be subject to approval or review by any officer, employee, board, or commission of the District;

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2. A position involves time demands that would render performance of his or her duties as an Employee less efficient;
3. There is any significant clash of duties or loyalties between the positions;
4. The dual office holdings would be improper for reasons of public policy; or
5. If either position exercises a supervisory, auditory, or removal power over the other.

Prior to engaging in any outside employment for compensation, Employees must first obtain written approval from both their manager and the Ethics & Equal Employment Program. There shall be no approval of such outside employment where it would be prohibited as set forth above.

H. Decisions Regarding Prospective Employers

Where an Employee has received an offer from, is in negotiations with, or has an arrangement for future employment with an individual, firm, or entity, he or she shall not make, participate in making, or influencing any decision directly relating to that prospective employer. Where such offers, negotiations, or arrangements for prospective employment have been made to an Employee, he or she shall immediately alert his or her manager of this fact and request to be removed from the disqualifying assignment or project. The manager shall then make all necessary reassignments so that the Employee will not be in a position to make, participate in making, or influencing any decision directly relating to that prospective employer.

I. Revolving Door

For a one-year period following the end of their employment at the District, Designated Filers shall be prohibited from representing for compensation any other person or entity before the District regarding any issues over which they had decision-making authority during the three years prior to leaving District employment. For purposes of this policy, “representing” shall mean appearing before or communicating with elected officials or employees of the District in an attempt to influence the District’s decisions in: (1) an administrative action; (2) a legislative action; (3) an action involving a permit, license, or contract; or (4) a transaction involving the sale or purchase of property or goods.

This restriction shall not apply:

- Where the Employee was terminated or involuntarily separated from District service;
- To the representation of nonprofit organizations or government entities; or
- To work performed for an entity contracting to perform services for the District where the former Employee does not “represent” that entity before the District.

The District shall provide Employees with notice of this policy upon their voluntary separation from service. This section shall only apply to employees separating after the adoption of this policy and shall not apply retroactively. Former Employees representing for compensation any other person or entity before the District in violation of this policy shall be deemed in violation of this policy and shall be deemed out of order at any such proceeding. The District may seek judicial or injunctive relief in the courts to enjoin violations of or to compel compliance with the provisions of this section.

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J. Nepotism

It is in the District's interest to avoid favoritism and the appearance of favoritism, and to decrease the potential for inappropriate or illegal conduct in the workplace. To that end, Employees are prohibited from participating in decisions or formal recommendations to hire, promote, change the compensation of, or transfer members of their Immediate Family or Dating Partner.

Even where they have not been involved in any hiring, promotion, or transfer decisions or recommendations, Employees shall also be prohibited from: (1) assigning, evaluating, or supervising the work of Immediate Family or Dating Partners; (2) recommending discipline of Immediate Family or Dating Partners; and (3) having access to confidential information regarding Immediate Family or Dating Partners. Employees shall have an obligation to immediately notify their supervisors when members of their Immediate Family are placed, or are proposed to be placed, under their supervision.

K. Whistleblowing

Reporting

Where they possess reasonable cause to believe there has been: (1) a violation of law; (2) noncompliance with any District, local, state, or federal rule or regulation; or (3) unsafe working conditions or work practices in the employee's employment or place of employment, Employees who disclose information to: (a) a government or law enforcement agency; (b) an administrative agency; (c) a person with authority over the employee; (d) another employee with authority to investigate, discover, or correct the violation or noncompliance; or (e) an elected official, are engaging in protected activity and shall be protected from retaliation.

Testifying

Where they possess reasonable cause to believe there has been: (1) a violation of law; (2) noncompliance with any District, local, state, or federal rule or regulation; or (3) unsafe working conditions or work practices in the employee's employment or place of employment, Employees who participate in an investigation or testify before a public body conducting an investigation, hearing, or inquiry are also engaging in protected activity and shall be protected from retaliation.

Unreasonable Beliefs/Malicious Complaints

Reasonable belief means a genuine belief in the truth of the disclosure which a reasonable person in the whistleblower's position could possess based upon the facts. Stated beliefs are not reasonable if held with reckless disregard for, or willful ignorance of facts that would disprove the stated belief.

Filing a knowingly false or malicious complaint is, in itself, a violation of this policy, and may subject the complainant to disciplinary action pursuant to District rules and regulations pertaining to employee discipline and any applicable MOU.

L. Retaliation

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Employees are encouraged to make good faith complaints and disclosures of perceived violations of law, noncompliance with any District, local, state, or federal rule or regulation, or unsafe working conditions or work practices. Employees are also encouraged to truthfully testify in any proceeding before any public body conducting an investigation, hearing, or inquiry. The public interest is served by such complaints, disclosures, and the exercise of protected rights must always be protected. The District strictly prohibits retaliation against any person by another at the District for testifying, utilizing the complaint procedure, or reporting violations or non-compliance with any District, local, state, or federal rule or regulation, or unsafe working conditions or work practices.

Prohibited retaliation includes, but is not limited to: termination, demotion, suspension, informal discipline, failure to hire or consider for hire, failure to give equal consideration in making employment decision, failure to make employment recommendations impartially, adversely affecting working conditions, or otherwise denying any employment benefit to the person engaging in protected activity (Adverse Employment Action). Retaliation exists where the Employee’s protected conduct is a substantial motivating reason for the Adverse Employment Action. When established Retaliation constitutes a separate violation subject to investigation.


M. Political Activities/Solicitations

In accordance with state law no employee shall, when on District time, take an active part opposing or supporting any ballot proposition or candidate for any political officer, or make or seek contributions on behalf of any candidate, nor shall any employee, when on District time, seek signatures to any petition seeking to advance any ballot proposition or the candidacy of any person for political office. No employee shall use District services such as equipment or supplies for such purposes.

This prohibition does not extend to the use of public resources for providing information to the public about the possible effects of any bond issue or other ballot measure on state activities, operations, or policies, so long as (1) the informational activities are otherwise authorized by the constitution or laws of the state of California, and (2) the information provided constitutes a fair and impartial presentation of relevant facts to aid the electorate in reaching an informed judgment regarding the bond issue or ballot measure.

N. Fair Contract Processes

District contracting policies are designed to give all interested parties the opportunity to do business with the District on an equal basis and to assure the public is receiving the best value for its money. District policies relating to the procurement of goods, services, and contractors, must be strictly adhered to in order to ensure fairness to the participants. In addition to complying with restrictions regarding Conflicts of Interest and Personal Interest in District Contracts set forth elsewhere in this Policy, Employees are also prohibited from making contract decisions based upon political connections, family connections (including relatives other than Immediate Family), friendship, or favoritism. With regards to contracting decisions, Employees are prohibited from granting any special consideration or treatment or advantage to any firm or individual beyond that available to every other firm or individual in the same circumstances.

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2. PURPOSE

The purpose of this policy is to set forth the District policies and procedures that relate to ethics, incorporate by reference the state laws relating to ethical conduct, and provide:

- Guidance on ethical behavior requirements for all Employees;
- A point of contact to address questions and concerns relating to ethical issues; and
- A process to initiate inquiries and complaints into ethical issues.

3. SCOPE, ASSUMPTIONS & EXCEPTIONS

This policy applies to all Employees of the District. Individuals employed by the District under contractual agreement must also observe the provisions of this policy for the term of their agreement or as the agreement may otherwise stipulate.

This policy does not apply to District elected officials.

In the event of a conflict between this policy and any employee Bargaining Unit Memorandum of Understanding (MOU), the MOU shall prevail.

4. ROLES & RESPONSIBILITIES

Chief Executive Officer

It is the role and responsibility of the Chief Executive Officer (CEO) or designee to promote practices, activities, decisions, and organizational circumstances that are supportive of the ethical standards and requirements set forth in this policy.

Office of District Counsel

It is the role of the Office of the District Counsel to provide legal advice regarding the requirements of this Ethics Policy and the requirements of state laws involving ethical issues (e.g., Political Reform Act, Brown Act, Conflicts of Interest, Incompatible Activities, Use of Political Funds for Political or Private Purposes). When requested or recommended, the Office of the District Counsel shall also seek formal or informal determinations from the Fair Political Practices Commission regarding potential conflicts of interest. The Office of the District Counsel shall handle any complaints of violations of this Policy by the CEO, the Chief Operating Officer – Administration, or the Ethics & Equal Opportunity Program Director. Any findings of violation by the CEO shall be referred to the Board of Directors. Any finding of violation by the Ethics & Equal Opportunity Program Director or the Chief Operating Officer - Administration shall be referred to the Labor Relations Unit for possible disciplinary action.

Ethics & Equal Opportunity Program

As designated by the District’s Chief Operating Officer – Administration, the Ethics Officer shall be responsible for administering the District’s Ethics Program. The Ethics Program is made up of five components:

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1. Required compliance with relevant state, federal, and local ethics-related laws
2. Required compliance with District ethics-related policies and procedures
3. The exercise of individual responsibility to seek guidance on the application of the law, policies, and District values in practice, because no set of policies can address every circumstance Employees may encounter
4. Impartial and objective inquiries and investigations into alleged non-compliance with ethics laws or policies; and
5. Individual accountability for actions found to have breached applicable ethics laws or policies

The Ethics & Equal Opportunity Program shall also:

1. Work with District Directors, management and staff to administer District ethics policies
2. Impartially and effectively implement the District's Ethics Program.
3. Administer the Statement of Economic Interests ("Form 700") filing requirements, which is required under state law for the Board and designated employees.
4. Evaluate whether individuals and entities doing business with the District will be subject to the Statement of Economic Interest reporting requirements as "Consultants" under the Political Reform Act.
5. Conduct periodic reviews to determine whether District Form 700 filers are working on matters for which they have disqualifying conflicts of interest.
6. Manage communication and training to support understanding and compliance the District's Ethics policy and procedures by Employees and District contractors, vendors, customers, and others where appropriate.
7. Be available to employees for confidential consultation, guidance and coaching, exploration of issues related to this policy, and determination of the best approach to address them.
8. Develop methods to regularly and objectively evaluate the effectiveness and continuous improvement of the Ethics Program.
9. Provide regular reports to the CEO on status of program milestones and general caseload
10. Investigate complaints regarding alleged violations of this policy by employees other than the CEO and the Ethics & Equal Opportunity Program Director. Findings of policy violations shall be referred to the Labor Relations Unit for possible disciplinary action. Allegations regarding violation of this policy by the CEO or Ethics & Equal Opportunity Program Director shall be referred to the District Counsel for investigation. Sustained allegations regarding the Clerk of the Board or District Counsel shall be referred to the District's Board of Directors.
11. Have primary jurisdiction to investigate suspected violations of this policy. The Ethics & Equal Opportunity Program may also decline jurisdiction and refer matters to the Labor Relations Unit for investigation.

Ethics Officer

The Ethics Officer shall be designated by the District's Chief Operating Officer - Administration. The Ethics Officer shall be the final authority regarding interpretation or application of this Ethics Policy. The Ethics Officer shall also review all findings for investigations handled by the Ethics

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& Equal Opportunity Program and ensure that the findings are supported by the facts. Where a sustained finding regarding a violation of this Ethics policy also amounts to a violation of state law, the Ethics Officer shall also determine whether the matter shall be referred to external agencies with jurisdiction over the violation (e.g., the Fair Political Practices Commission, the Santa Clara County District Attorney). The Ethics Officer shall be responsible for determining any exemptions from application of this policy. Exemptions may only be granted for good cause and where they would not constitute a violation of state or federal law. Exemption determinations by the Ethics Officer shall be final and not subject to appeal or further review.

Purchasing, Consultant Contracts and Warehouse Services Unit

The Purchasing, Consultant Contracts and Warehouse Services Unit shall refer all concerns regarding conflict of interest by employees and by existing or potential consultants and contractors to the Ethics & Equal Opportunity Program. The Unit shall cooperate with and provide information and support to the Ethics & Equal Opportunity Program in any investigation, inquiry or administrative proceeding so that the Ethics Officer can make determinations regarding whether individuals doing business with the District constitute “Consultants” subject to Statement of Economic Interest (Form 700) reporting requirements under the Political Reform Act.

Employees

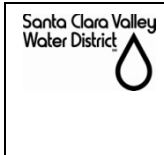
Employees, including regular employees, temporary workers, intermittent employees, and student interns, shall:

- Familiarize themselves with this Ethics policy and its requirements;
- Fully comply with the standards set forth in this Ethics policy;
- Report or seek consultation on any possible violation of the ethics laws or policies involving themselves or any other employee or individual subject to the Policy;
- Report or seek consultation from the Ethics & Equal Opportunity Program on conflicts of interest that apply or may apply to their job assignments;
- Report or seek consultation from the Ethics & Equal Opportunity Program where they possess a personal interest in District Contracts;
- Designated Filers shall submit complete and timely statements of economic interest (Form 700);
- Designated Filers shall familiarize themselves with their Financial Interests subject to disclosure in statements of economic interest; avoid participating in matters involving disqualifying financial interests; and alert supervisors and managers if receiving assignments involving disqualifying financial interests; and
- Cooperate in any investigation involving suspected violations of this policy.

Managers

In addition to complying with all of the requirements set forth for Employees above, managers (classified and unclassified) shall be responsible for:

- Familiarizing themselves with the financial interests disclosed by subordinates in their Statements of Economic Interest (Form 700);



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- Avoid assigning subordinates to matters involving their respective disqualifying financial interests or allowing them to remain in such assignments;
- Seeking the advice of Ethics & Equal Opportunity Program when in doubt regarding whether a subordinate has a financial interest disqualifying him or her from working on a matter.
- Reporting or seeking consultation from the Ethics & Equal Opportunity Program on conflicts of interest that may exist for their subordinates with respect to their assignments;
- Reporting or seeking consultation from the Ethics & Equal Opportunity Program where their subordinates possess a personal interest in District Contracts they are assigned to work on;
- Cooperating in any investigation involving suspected violations of this policy; and
- Taking appropriate action, in consultation with the Labor Relations Unit, in response to any established violations of this policy.

Labor Relations Unit

Where findings of violations of this policy have been referred to it, the Labor Relations Unit shall evaluate the underlying matter to determine if a disciplinary action is warranted.

District Policies

*** District Administrative Policies**

DOCUMENT TITLE/ID #	DOCUMENT LOCATION(S)
Ad-2.9.104 Nepotism	District Intranet
Ad 2.8.03 Gifts	District Intranet
Personnel Ordinance 5-015, Political Activities/ Solicitations	District Intranet
Ad 2.5.109 Outside Employment	District Intranet
Ad 2.8.04 Use of Public Funds/District Property	District Intranet
F-630-070 Application Use District Facilities/Premises	District Intranet
Ad-2.5.111 Confidentiality	District Intranet
Ad 2.8 – Equal Opportunity Programs	District Intranet
Q-741-003 Procurement of Good and Related Services	District Intranet
Q-741-004 Procurement of General Services	District Intranet
Q-741-005 Procurement of Consulting Services	District Intranet
Ethics Case Flowchart	District Intranet/Ethics Webpage
Conflict of Interest	District Intranet/Ethics Webpage
Reporting of Economic Interests (“Form 700”)	District Intranet/Ethics Webpage

5. ETHICS & EQUAL OPPORTUNITY PROGRAM INQUIRY AND COMPLAINT PROCEDURE

A. Consultations

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District staff is encouraged to seek guidance on the ethical subjects noted in this policy by contacting Ethics & Equal Opportunity Program staff. Employees can raise questions, discuss problems, receive answers and resolve issues through the Ethics Office by requesting a consultation.

B. Complaints

Employees, temporary workers and members of the public who have concerns about an individual or organizational process or who have allegations of non-compliance with the Ethics policies or state or federal law, are encouraged to report them to the Ethics office.

Complaints may be filed in person or made anonymously. Identification is appreciated, as is documentation, that supports the allegation. Speculations of wrongdoing or second-hand reports will not be investigated unless accompanied with reasons that provide the Ethics Office with sufficient information that supports the allegation is credible. Complaints may be submitted verbally or in writing; anonymous reporting is available through completion of the Anonymous Ethics/EO Input and Complaint Form, which is located on the Ethics webpage.

Complaints received by Ethics & Equal Opportunity Program staff about the CEO, COO-Administration, Human Resources DAO, or the Ethics Officer shall be directed to District Counsel.

EEOP will attempt to resolve issues at the lowest possible level. Each complaint that raises issues within the mandate of the Ethics Office is subject to a preliminary review to assess the credibility of the allegations and to determine whether a full investigation is warranted. A preliminary review generally includes an interview of the Complainant, a review of any documents submitted by the Complainant and any additional investigative steps necessary to determine whether there is a reasonable evidentiary basis that a violation of the District's ethics policies may have occurred.

C. Investigations

Speculations of wrongdoing or second-hand reports will not be investigated unless accompanied with reasons for believing that the allegation is credible. Allegations of non-compliance will be reviewed and credible allegations will be investigated by the Ethics office.

To protect the rights of all individuals involved in the investigative process, the Ethics Office carries out investigations in confidence to the extent permitted by law; except, relevant information and findings will be provided and disclosed as appropriate and necessary to address a violation. Persons accused of unethical behavior will be informed of the allegations in writing and allowed to respond once an investigation is initiated.

Upon conclusion of the investigation, the Ethics & Equal Opportunity Program staff will submit a draft report of findings Ethics Officer for review and upon concurrence, the report will then be forwarded to District Counsel's Office for legal review.

Once the report is finalized, the complainant, the respondent, and the respondent's supervisor and/or manager will be notified of a summary of the findings. If the respondent's supervisor or manager was the subject of the complaint, the next level manager will be notified of a summary of the findings.

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Investigation findings may be categorized as: sustained, not sustained, exonerated or unfounded. The Ethics & Equal Opportunity Program will refer sustained complaints to the Labor Relations Unit for further action.

D. Right to Representation

1. Classified Employees: The complainant and the respondent have the right to union representation at each step of the investigative process. The complainant and respondent may also be represented by legal counsel at each step of the investigative process; however, the District shall have no obligation to provide for such representation.
2. Unclassified Employees: The complainant and the respondent have the right to legal representation at each step of the investigative process; however, the District shall have no obligation to provide for such representation.

E. Violations of the Code of Ethics

Where it is determined that the conduct violated the policy, EEOP staff will inform the complainant that appropriate action will be taken to ensure that the conduct ceases. The privacy rights of the respondent will generally preclude the District from disclosing details of any disciplinary or corrective action taken against respondent.

Sustained allegations of Ethics Policy violations will be referred to Labor Relations for disciplinary determination, up to and including termination. Where a sustained finding regarding a violation of this Ethics policy also amounts to a violation of state law, the Ethics Officer shall also determine whether the matter shall be referred to external agencies with jurisdiction over the violation (e.g., the Fair Political Practices Commission, the Santa Clara County District Attorney).

F. Failure to Cooperate

An Employee involved in matters under investigation are expected to cooperate fully, including answering any questions from investigators completely and truthfully and providing any requested documents or other information. Failure to cooperate or to knowingly provide false or misleading information during the course of an investigation constitutes a violation of the District’s Ethics Policy, and may lead to disciplinary action.

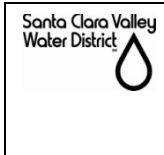
G. Withdrawing a Complaint

If a complainant wishes to withdraw their complaint during the process, the Ethics Office will document the reasons, but has the discretion to continue its investigation when deemed necessary.

H. Record Access and Maintenance

Ethics and Equal Opportunity Program Staff shall have access to all information deemed necessary to determine the validity of a complaint.

The Ethics Office registers all complaints and inquiries in a database. Ethics Office consultation and investigation files are maintained in accordance with the District’s Retention policy.



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6. MANDATORY TRAINING

Designated Filers must complete legally mandated AB-1234 training within a year of starting their Designated Filing position. Training must then be completed every two years after that. Training is available online through the FPPC website and offered in-house every odd numbered year by the District Counsel’s office.

AB-1234 training must cover general ethics principles relating to public service and ethics laws and comply with all legal requirements for such training.

7. DEFINITIONS

Definitions used by the District include:

Common Law Conflict of Interest – Allowing personal bias, including those having nothing to do with financial gain or loss, to affect the decision-making process of a government official or employee. A common-law conflict of interest may exist even where there is no statutory conflict of interest under the Political Reform Act and Government Code section 1090.

Complainant - The person submitting any allegation, claim, concern or information known to the Ethics Office indicating possible breach of the District ethics rules or policies.

Conflict of Interest – Allowing personal or private financial considerations to enter the decision-making process of a government official or employee.

Consultant – This Policy adopts the definition of “Consultant” set forth in the California Code of Regulations (2 Cal. Code Regs. Sec. 18700.3), as if fully set forth herein. Generally, Consultant means an individual who, pursuant to a contract with the District:

- (1) Makes a governmental decision whether to:
 - (A) Approve a rate, rule, or regulation;
 - (B) Adopt or enforce a law;
 - (C) Issue, deny, suspend, or revoke any permit, license, application, certificate, approval, order, or similar authorization or entitlement;
 - (D) Authorize the District to enter into, modify, or renew a contract provided it is the type of contract that requires District approval;
 - (E) Grant District approval to a contract that requires District approval and to which the District is a party, or to the specifications for such a contract;
 - (F) Grant District approval to a plan, design, report, study, or similar item;
 - (G) Adopt, or grant District approval of, policies, standards, or guidelines for the agency, or for any subdivision thereof; **or**

- (2) Serves in a staff capacity with the District and in that capacity participates in making a governmental decision or performs the same or substantially all the

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same duties for the District that would otherwise be performed by a Designated Filer.

Employee - Any individual appointed by the Board, Board Appointed Officer, or a designate, as a regular employee of the District and for purposes of this policy includes temporary, or intermittent workers.

Dating Partner – Any individual with whom an employee is having a romantic relationship.

Designated Filer – Employees holding designated positions under the District’s conflict of interest code who by virtue of that designation are required to file statements of economic interest (Form 700).

Ethics -- Standards of behavior that tell us what humans ought to do in their personal and professional lives such as honesty, integrity, respect, responsibility, fairness, and respect for law and authority (Josephson’s Institute of Ethics).

Favoritism – The practice of giving unfair preferential treatment to one person or group at the expense of another.

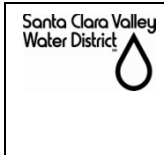
Financial Interests – This policy adopts the definition of Financial Interest set forth in the California Code of Regulations (2 Cal. Code Regs. Sec. 18700(c)(6)), and those provisions are incorporated by reference as if fully set forth. Generally, however, Financial Interest means anyone or anything listed below and includes an interest in the Employee’s own personal finances:

- (A) Any business entity in which the Employee has a direct or indirect investment worth at least \$2,000;
- (B) Any real property in which the Employee has a direct or indirect interest of at least \$2,000;
- (C) Any source of income, including commission income and incentive income as defined amounting to a total of at least \$500, provided or promised to, and received by the Employee within 12 months before the decision is made;
- (D) Any business entity in which the Employee is a director, officer, partner, trustee, employee, or holds any position of management;
- (E) Any donor of, or any intermediary or agent for a donor of, a gift or gifts amounting to a total of at least \$470 provided to, received by, or promised to the Employee within 12 months before the decision is made;

Gifts – Any payment or other benefit conferring a personal benefit for which the employee does not provide goods or services of equal or greater value.

Immediate Family – Means spouse, registered domestic partner, and children.

Investigative Findings – Determinations made based on the preponderance of evidence found in the investigation. A preponderance of evidence means it is more likely than not that the allegation(s) did or did not occur.



ETHICS - TO BE DETERMINED

DOCUMENT NO.:	AD-2.11
REVISION:	A
EFFECTIVE DATE:	
PROCESS OWNER:	Anil Comelo
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Exonerated – Possible finding in an investigation that indicates that the alleged conduct or failure to act was found to be true; however, such conduct either was appropriate under the circumstances or was not found to constitute a violation of the applicable provisions of the rule and/or policy.

Not Sustained – Possible finding in an investigation which indicates that the alleged misconduct could neither be proved nor disproved, given the existing evidence.

Sustained – Possible finding in an investigation which indicates that the alleged misconduct is found to have occurred, and, where applicable, to have violated an applicable rule and/or policy.

Unfounded – Possible finding in an investigation which indicates that the alleged misconduct revealed conclusively that the alleged act did not occur.

Nepotism – Favoritism to a member of an immediate family member.

Political Activity – Activity directed at the success or failure of any ballot measure or candidate for elective office in a future election and include but is not limited to: endorsing a candidate; engaging in fundraising, developing, displaying, or distributing campaign materials; conducting research; or posting comments on social media or other internet sites.

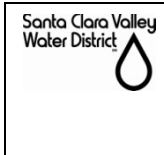
Public Resources – Money or anything paid for with public funds – including but not limited to, staff time, office space, equipment, supplies, and postage.

Retaliation – Any adverse action or credible threat of adverse action taken by the District, or any employee of the District, substantially motivated by an Employee’s complaints, testimony, or disclosures based upon reasonable belief, or his or her exercise of any other protected activity.

Whistleblower – An Employee who discloses information to a government or law enforcement agency, person with authority over the Employee, or to another Employee with authority to investigate, discover or correct the violation or non-compliance, or who provides information to or testifies before a public body conducting an investigation, hearing or inquiry, where the Employee has reasonable cause to believe that the information discloses a violation of a state or federal statutes; a violation or non-compliance with a local, state or federal rule or regulations, or with reference to Employee health or safety, unsafe working conditions or work practice sin the Employee’s employment or place of employment. A whistleblower can also be an Employee who refuses to participate in an activity that would result in a violation of a state or federal statute, or a violation of or non-compliance with a local, state or federal rule of regulation.

8. CHANGE HISTORY

DATE	REVISION	COMMENTS
	A	Update



ETHICS - TO BE DETERMINED

DOCUMENT NO.: **AD-2.11**
REVISION: **A**
EFFECTIVE DATE:
PROCESS OWNER: **Anil Comelo**

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DATE	REVISION	COMMENTS

DRAFT



MEMORANDUM

FC 14 (01-02-07)

TO: [DISTRICT EMPLOYEE NAME]
[UNIT]
[DIVISION]

FROM: Anna Noriega
Program Administrator
Ethics & Equal Opportunity

SUBJECT Determination of Form 700 Applicability: [PROJECT TITLE] – [CONSULTANT ORG]
DATE: [DATE]

This memo provides a determination regarding the applicability of Statement of Economic Interests (Form 700) filings with regard to the District consulting contract identified below.

Contract	[PROJECT TITLE]
Approval Date/Notice to Proceed	Approved by action of the Board on [BOARD APPROVAL DATE]; [BOARD MEETING RESULT]; Notice to Proceed issued on [DATE]
Consultant Organization	[CONSULTANT ORG]
Individuals Required to File Form 700	[CONSULTANT'S NAME(S)]

This analysis is based on the final Scope of Services provided on [DATE PROVIDED], as detailed in Schedule [#] of the Standard Consultant Agreement (“Agreement”) with [CONSULTANT ORG]. Should any tasks or deliverables of the Agreement be amended over the course of the contract, this office should review those amendments to assess whether they affect this Form 700 applicability determination.

As required by the District’s Conflict of Interest Code, this determination is a public record and shall be retained for public inspection in the same manner and location as the Conflict of Interest Code.

BACKGROUND

The California Political Reform Act (“PRA”, or Government Code Sections 81000, *et seq.*), provides that agency Consultants, as defined in the Act, shall disclose pursuant to the broadest disclosure category in an agency’s Conflict of Interest Code (Code). This requirement is subject to the limitation that a written determination may be made that a Consultant, although in a position designated on the agency’s Code, is hired to perform a range of duties that are limited in scope and thus is not required to comply fully with the broadest disclosure category, but must instead comply with more tailored disclosure requirements specific to that Consultant.

On December 6, 2016, the District’s updated Code was approved by the Santa Clara County Board of Supervisors, the District’s Code reviewing body, and took effect upon adoption. In part, the District’s Code provides that the District’s Chief Executive Officer may delegate authority for determining a Consultant’s Scope of Disclosure (See SCVWD Code at Attachment 1, Exhibit B, Category 7).

Effective July 15, 2015, the CEO delegated authority to the Program Administrator of the District's Ethics and Equal Opportunity Programs (EEOP) to review and make the above-described determinations. As a result, Conflict of Interest Code matters that involve the proposed scope of disclosure for District Consultants, including review and approval of state Forms 804 and 805, now require the EEOP Program Administrator's review and approval.

ANALYSIS

The Consultant Contract

On [BOARD MEETING DATE], the District's Board of Directors considered Item [ITEM #] on its regular meeting agenda, which was a request by staff to approve a Consultant Agreement ("Agreement") with [CONSULTANT ORG] ("Consultant") for [PROJECT TITLE] ("Project"). Approved by the Board on [BOARD APPR. DATE], the term of the Agreement is until [TIME PERIOD APPROVED] with a not-to-exceed fee of [MAX FEE ON PROJECT]. A Notice to Proceed was issued on [DATE].

[BACKGROUND ON THE DISTRICT'S DEPT ROLE]

[REASON FOR CONSULTANT NEED AND CONSULTANT'S ROLE]

According to the staff memorandum for the Board's [DATE OF BOARD MEETING] action, the consulting contract would provide for the District [CONSULTANT PURPOSE OVERVIEW WITH PROJECT TIME PERIOD AND WHO IT WILL BE APPROVED BY].

Tasks and Deliverables

The Scope of Services provides that the Consultant, among other tasks, will provide:

- [LIST OF SCOPE OF SERVICES]. This involves, among other tasks, xyz

Information provided in the Agreement and by District staff indicates that the [CONSULTANT ORG] project team includes: [CONSULTANT'S NAME(S)]. In addition, the Agreement identifies [SUB-CONTRACTOR(S)], that will be working as a sub-consultant to [CONSULTANT ORG] for this Agreement. District staff indicates that the [CONSULTANT ORG] team is headed by a Principal-in-Charge, [PRINCIPAL NAME].

Form 700 Applicability

To determine scope of a Consultant's Form 700 filing requirements, the following questions are analyzed as required by the defined terms and provisions of the Political Reform Act (Title 2, California Code of Regulations, Section 18700.3 et seq.).

1. **Does the contractor perform work for the District pursuant to a contract?**
[Yes/No]. [CONSULTANT ORG] has been selected to perform its work on behalf of the District through a [SELECTION PROCESS NAME] selection process.
2. **Will the contractor make a governmental decision?**
[Yes/No].

If Yes: Under the state law definition, making a governmental decision requires a contractor, acting within the scope of the contract, to vote on a matter, appoint a person, obligate or commit the District to any course of action, enter into any contractual

agreement on behalf of the District, or decide not to take any of these actions, with regard to any of the following types of decisions:

1. Approving a rate, rule, or regulation;
2. Adopting or enforcing a law;
3. Issuing, denying, suspending, or revoking any permit, license, application, certificate, approval, order, or similar authorization or entitlement;
4. Authorizing the District to enter into, modify, or renew a contract provided it is the type of contract that requires District approval;
5. Granting District approval to a contract which requires District approval and to which the District is a party, or to the specifications for any such contract;
6. Granting District approval to a plan, design, report, study, or similar item; or
7. Adopting, or granting District approval of, policies, standards, or guidelines for the District.

As state law defines these activities, therefore, the identified employees in [CONSULTANT ORG] will be making governmental decisions pursuant to this contract, to the extent that any action by the [CONSULTANT ORG] (*INSPECTOR EXAMPLE: inspector obligates or commits the District Project to any course of action based on the Inspector's assessment of the Project's adherence to applicable standards, guidelines, or requirements. See Murad advice letter (where contractor hired by city was responsible for examining building plans for compliance with state codes, performed field inspections as a building inspector, had the power to recommend corrections, and had the ability to temporarily stop work on a project in order for corrections to be made, it met the definition of Consultant) (FPPC Advice Letter A-04-070).*)

If No: Under the state law definition, [CONSULTANT ORG] will not be making a governmental decision. Making a government decision requires a contractor, acting within the scope of the contract, to vote on a matter, appoint a person, obligate or commit the District to any course of action, enter into any contractual agreement on behalf of the District, or decide not to take any of these actions, with regard to any of the following types of decisions:

1. Approving a rate, rule, or regulation;
2. Adopting or enforcing a law;
3. Issuing, denying, suspending, or revoking any permit, license, application, certificate, approval, order, or similar authorization or entitlement;
4. Authorizing the District to enter into, modify, or renew a contract provided it is the type of contract that requires District approval;
5. Granting District approval to a contract which requires District approval and to which the District is a party, or to the specifications for any such contract;
6. Granting District approval to a plan, design, report, study, or similar item; or
7. Adopting, or granting District approval of, policies, standards, or guidelines for the District.

3. Does the contractor serve in a staff capacity?

[Yes/No]. Consideration under state regulations is given here to the duration and scope of work performed by the Consultant. The contract term is for [a year or more with services to be provided on the Project on a regular and continuous basis OR a year or less with services to be provided on the Project on an irregular and non-continuous basis]; therefore, this component of the analysis is [met/not met].

4. Does the contractor participate in making governmental decisions?

[Yes/No]. [CONSULTANT ORG] *example: will be participating in the making of governmental decisions to the extent that it (1) advises, or makes recommendations to a*

District decision-maker by (2) conducting research and preparing reports that require the exercise of judgment; and (3) that intend to inform District staff determinations and which (4) is a professional judgment relied upon by District staff without staff checking the research or reports independently.

5. Does the contractor perform the same or similar duties as a District employee required to file?

[Yes/ No]. *Example:* Tasks to be performed by the Consultant are substantially the same as services that are provided by the District's Engineering Unit Manager (Category 1), Senior Engineer, Associate Civil Engineer (Category 2), and Chief Construction Inspector (Category 5). Each is a designated position required to disclose financial interests as defined in the District's Code.

6. Does the contractor perform duties other than those that are clerical in nature or perform work without substantive review?

[Yes/No].

FORM 700 FILING DETERMINATION

1. As described above, the nature and scope of the **[CONSULTANT ORG]** contract subjects the performance of its services to Form 700 filing requirements.

2. Work to be performed pursuant to the Agreement is similar to work performed by District employees who file at the level of Category **[CATEGORY #'S]** on the District's Conflict of Interest Code. Work to be performed pursuant to the Agreement, therefore, warrants similarly tailoring Consultant's disclosure requirements.

3. As the individuals on the **[CONSULTANT ORG]** project team with responsibility for contract administration and inspections, the following individuals should be designated to file Form 700 and disclose the interests shown below, as those interests are defined under state regulations:

- **[CONSULTANT(S) NAMES], [TITLE],** Category **[CATEGORY #]**
 - **[CATEGORY DEFINITION]**

REMINDER: FORM 700 REQUIRED FILINGS

As detailed in Appendix One of the Agreement's Scope of Services, Consultant employees, officers, agents, sub-consultants, and subcontractors assigned to perform services under the Agreement that are required to file a Form 700 shall file the following:

- An Assuming Office Statement within thirty (30) calendar days of the effective date of the Agreement;
- An Assuming Office Statement, within thirty (30) calendar days, of Consultant hiring, adding or promoting to a designated filer position employees, officers, agents, sub-consultants, and subcontractors to perform services under the Agreement.
- An Amended Form 700, anytime there is a change in their required disclosure information.
- An Annual Form 700 no later than April 1 of each calendar year; and
- A Leaving Office Form 700 within 30 calendar days of termination of the Agreement;

- A Leaving Office Form 700 within 30 calendar days of Consultant employees, officers, agents, sub-consultants, and subcontractors vacating a designated filing position (i.e. removed from the Project, promotion, demotion, transfer to non- designated position, end of employment, or as a result of changes in designated filer positions in the Districts Conflict of Interest Code.)

Questions related to the content or filing procedures for Form 700s may be directed to me at 408-630-3089.

Thank you for providing information for this review. If you have any questions about this determination, please feel free to contact me at X3089.

Anna Noriega
Program Administrator, Ethics & Equal Opportunity Programs

cc:

[NAME], Chief Operating Officer, [DIVISION]

[NAME], Deputy Operating Officer, [DIVISION]

[NAME], Manager, [DIVISION]

Tina Yoke, Deputy Administrative Officer, General Services

[NAME], Program Administrator, Procurement

Brian Hopper, Senior Assistant District Counsel

EEOP – [INITIALS]

File No.: 18-0581

Agenda Date: 8/15/2018

Item No.: 3.5.

COMMITTEE AGENDA MEMORANDUM

Board Audit Committee

SUBJECT:

Review of the 2017 Board Performance Measures and Report.

RECOMMENDATION:

- A. Review the 2017 Board Performance Measures and Report and identify areas where revisions and/or additions can be made to better reflect outcomes of the Board's work; and
- B. Identify possible stretch goals of the Board that can be incorporated into future Board Performance Reports.

SUMMARY:

At the March 27, 2018, meeting, the Board requested that the Board Policy and Planning Committee (BPPC) review the 2017 Board Performance Measures and Report (Report), contained in Attachment 1, and identify areas that can be revised to better reflect the outcomes of the Board's work; and to identify possible stretch goals that can be incorporated into future performance reports.

After reviewing and discussing the Report at their April 23, 2018 meeting, the BPPC thought that the Board Audit Committee, based on the audit functions they oversee, could conduct a more detailed review the Report and provide more appropriate feedback to better reflect the outcomes of the Board's work.

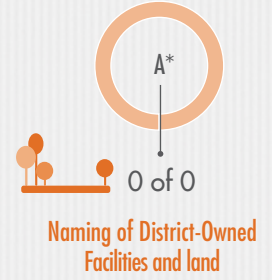
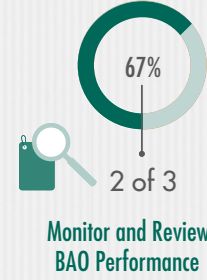
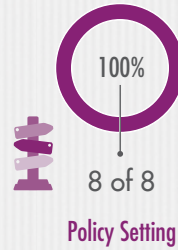
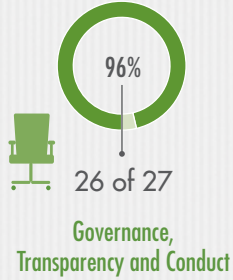
ATTACHMENTS:

Attachment 1: 2017 Board Performance Measures and Report

UNCLASSIFIED MANAGER:

Michele King, 408-630-2711

OVERVIEW OF BOARD'S ANNUAL PERFORMANCE



I. Governance, Transparency and Conduct

Indicator	Measure
1 Number, nature, and scope of continuing education, undertaken individually and collectively, on issues relevant to the district to improve board performance and increase governance skills and understanding	A. Percent of board-attended meetings, events, and conferences attended to improve board performance and increase governance skills and understanding. 100% Target = 100% (≥ 80 per board member, per year)
2 Board member attendance	A. Percent of board meeting attendance, not including excused absences. 100% Target ≥ 95%
	B. Percent of Board Standing and Ad Hoc Committee meeting attendance (excluding advisory committees), not including excused absences. 100% Target ≥ 95%
	C. Percent of board advisory committee meeting attendance, not including excused absences. 100% Target ≥ 90%
3 Review board's performance in open session annually, no later than March 31	A. Conduct annual board performance review by March 31 for the previous calendar year. YES Target = Yes
	B. Conduct annual mid-year review of board performance by September 30. NO Target = Yes

BOARD GOVERNANCE POLICIES AND PERFORMANCE

The board's governance policies provide for fiduciary oversight, transparency, and accountability to further organizational stewardship, which contributes both to the effectiveness of the organization and to the trust that is placed in it by stakeholders and the public it serves.

These governance policies provide the basis for the board's performance monitoring framework, which was established in 2013, and annually reviewed during open, public meetings of the board. Specifically, the expectation that the board will monitor its performance against its own policies is defined by Governance Process Policy 2.7:

"The board will monitor the board's process and performance. Self-monitoring will include comparison of board activity and discipline to policies in the Governance Process and Board-BAO Linkage categories."

Enclosed in this report are the results of the board's review of its own performance for calendar year 2017.

A* No board action taken in 2016 (0 of 0)

2017 Annual Board Performance Report

<p>4 Employment</p> <p>Comply with board ban on seeking/accepting compensated employment with the district while serving on board and for one year after serving on board</p>	<p>A. Number of attempts to seek or accept compensated employment. <i>Target = Zero</i></p> <p>0</p>	<p>9 Conduct</p> <p>Comply with board member code of conduct, including limits on exercise of individual authority over organization</p>	<p>A. Board members adhere to Code of Conduct, and follow proper procedure identified in GP-6 to report and investigate compliant(s) filed by a Board Member alleging Director misconduct or failure to act in the best interests of the District. <i>Target = Yes</i></p> <p>YES</p>
<p>5 Reserves</p> <p>Review financial reserves at the same time and place that budget is publicly reviewed, including an overview of and rationale for its reserve management policy, and receive public comments before acting on the budget</p>	<p>A. Conduct annual board budget work study sessions prior to budget adoption. <i>Target = Yes</i></p> <p>YES</p> <p>B. Board budget development update sessions include a review of financial reserves, a rationale for reserve management policy (sustainable and minimum reserves), and time for public comment. <i>Target = Yes</i></p> <p>YES</p>	<p>10 Committees</p> <p>Establish clear expectations and purposes for board committees in order not to conflict with authority delegated to BAOs</p>	<p>A. Percent of board committees that have a formalized purpose and scope. <i>Target = 100%</i></p> <p>100%</p> <p>B. Percent of standing board committees that have an annual work plan. <i>Target = 100%</i></p> <p>100%</p>
<p>6 Lobbying</p> <p>Comply with district's lobbying ordinance provision requiring Directors' disclosure of contact with lobbyists prior to voting on matters related to the contact (Ord. No.10-01, Sec. 8)</p>	<p>A. Number of lobbying contacts by board members that resulted in admonition, censure, sanction, or referral to District Attorney. <i>Target = Zero</i></p> <p>0</p>	<p>11 Transparency</p> <p>Conduct organizational transparency audit through a third party, periodically</p>	<p>A. Conduct third party transparency audit, periodically. <i>Target = Yes</i></p> <p>YES</p>
<p>7 Meetings</p> <p>Conduct all board and committee meetings (including those composed of less than a quorum of the board) in accordance with the District Act and Brown Act (California Open Meetings Law)</p>	<p>A. Percent of board meetings in accordance with the District Act and the Brown Act. <i>Target = 100%</i></p> <p>100%</p> <p>B. Percent of board committee meetings in accordance with the Brown Act. <i>Target = 100%</i></p> <p>100%</p>	<p>12 Monitoring</p> <p>Secure outside monitoring assistance as necessary, including for fiscal audit, to assure governing with excellence</p>	<p>A. Conduct annual board-commissioned audit planning. <i>Target = Yes</i></p> <p>YES</p> <p>B. Percent of board-commissioned audits completed, or underway as scheduled, as identified in the multi-year audit plan. <i>Target ≥ 90%</i></p> <p>100%</p> <p>C. Percent of required financial audits reviewed. <i>Target = 100%</i></p> <p>100%</p>
<p>8 Loyalty</p> <p>Members must have loyalty to the district and community and not be conflicted by loyalties to staff, other organizations or any personal interest</p>	<p>A. Percent of board members that comply with state mandated training requirement on ethics in public service for public officials in California. <i>Target = 100%</i></p> <p>100%</p> <p>B. Percent of board members that timely file CA Form 700. <i>Target = 100%</i></p> <p>100%</p>	<p>13 Expenses</p> <p>Implementation of Board-directed audit recommendations identified through internal and external audits</p>	<p>A. Applicable Board-directed audit recommendations are implemented according to plan. <i>Target = 100%</i></p> <p>100%</p>
		<p>14 Expenses</p> <p>Review individual and collective board member expenses in open session quarterly, and make a determination whether reimbursements comply with board reimbursement policies</p>	<p>A. Percent of quarterly board member expense reports reviewed by the board. <i>Target = 100%</i></p> <p>100%</p> <p>B. Number of board member reimbursements that do not comply with board reimbursement policies. <i>Target = Zero</i></p> <p>0</p>

2017 Annual Board Performance Report

15
Compensation
 Conduct board compensation adjustments in open session, annually

A. Percent of board compensation adjustments discussed in open session, following the standard board agenda process. **100%**
Target = 100%

16
EEO / D&I
 Demonstrate actions and behaviors as a board member in alignment with board commitment to Equal Employment Opportunity, diversity and inclusion

A. Number of board members that demonstrated actions and behaviors not in alignment with GP-11 that resulted in admonition, censure, sanction, or referral to District Attorney. **0**
Target = Zero

B. Percent of board members that comply with state mandated training requirement on sexual harassment prevention for public officials in California. **100%**
Target = 100%

20
Community
 Conduct review of board linkage with community, including board member service on external committees

A. Conduct review of board linkage with community by annually reviewing proposed board member representation on external committees to determine if that representation serves in the best interest of the district. **YES**
Target = Yes

21
Outreach
 Use outreach mechanisms that enhance board ability to listen to a broad range of viewpoints and values

A. Percent of board meetings that provide an opportunity for public comment. **100%**
Target = 100%

II. Linkage with the Community

Indicator	Measure
17 Budget Provide at least three opportunities for public input on development of operating budget (e.g., second pass budget, third pass budget, budget work study sessions)	A. Number of opportunities for public input in development of the annual operating budget. 4 <i>Target ≥ 3</i>

18 CIP Provide at least two opportunities for public input into development of capital budget (e.g., draft CIP, and final CIP)	A. Number of opportunities for public input in development of the Capital Improvement Program, annually. 5 <i>Target ≥ 2</i>
--	--

19 Correspondence Respond timely to correspondence received by the board from the public	A. Percent of board correspondence responded to within 14 calendar days of receipt, or in situations where it is not possible for the BAOs to respond completely to an inquiry, responses sent to originators, acknowledging receipt of the inquiry and an explanation of actions being taken and timelines for preparing the complete response is acceptable for complying with this 14 day response time. 98% <i>Target ≥ 90%</i>
--	---

III. Policy Setting

Indicator	Measure
22 Policy Input Provide opportunities for public input in policy related Board and Committee actions	A. The public is given opportunity to provide input in Board and Committee policy related actions. YES <i>Target = Yes</i>

23 Policies Initiate, produce, and maintain broad written policies that address each category of organizational decision, with a major policy focus on intended results, not on the administrative or programmatic means of attaining those effects	A. Board has adopted Board Governance Policies that include four categories: Governance Process, Board Appointed Officer Linkage, Ends, and Executive Limitations. YES <i>Target = Yes</i>
	B. Board and BAOs regularly review and the Board adopts new or revised Board Governance Policies. YES <i>Target = Yes</i>

2017 Annual Board Performance Report

Adopt Budget

24
Adopt district capital and operating budget no later than June 15

A. Adopt district capital and operating budget no later than June 15. *Target = Yes*

YES

Water Rates

25
Adopt water rate adjustments annually no later than June 1 and review for mid year water rate adjustment no later than December 15

A. Adopt water rate adjustments annually no later than June 1. *Target = Yes*

YES

B. Review for mid year water rate adjustment no later than December 15. *Target = Yes*

YES

Planning

26
Adopt Board Policy Planning and Performance Monitoring Calendars for the upcoming fiscal year by the end of June

A. Adopt Board Policy Planning and Performance Monitoring Calendars for the upcoming fiscal year by the end of June. *Target = Yes*

YES

Planning

27
Conduct reviews of the Board Policy Planning and Performance Monitoring Calendars when determined necessary by the Board

A. Conduct at least quarterly reviews of the Board Policy Planning and Performance Monitoring Calendars. *Target = Yes*

YES

IV. Monitor and Review BAO Performance

Indicator	Measure		
BAO Review	28 Conduct BAO performance reviews no less than twice per year (mid-year by end of April, annual by end of September), and conduct annual salary adjustment in open session at a regular meeting in accordance with BAO Performance Evaluation procedure	A. Conduct mid-year BAO performance reviews by end of April. <i>Target = Yes</i>	NO
		B. Conduct annual BAO performance reviews by end of September. <i>Target = Yes</i>	YES
		C. Conduct annual BAO salary adjustment in open session, at a regular board meeting. <i>Target = Yes</i>	YES

V. Naming of District-Owned Facilities and Land

Indicator	Measure		
Naming	29 Approve or deny nominations to name or rename district-owned land, facilities and amenities in accordance with the naming procedure	A. Naming actions were approved or denied in accordance with the naming procedure. <i>Target = Yes</i>	A*

A* No board action taken in 2017

File No.: 18-0217

Agenda Date: 8/15/2018

Item No.: 3.6.

COMMITTEE AGENDA MEMORANDUM

Board Audit Committee

SUBJECT:

Review 2018 Committee Work Plan.

RECOMMENDATION:

Review and make necessary adjustments to the 2018 Work Plan, and confirm regular meeting schedule for 2018.

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 2018 Board Audit Committee Work Plan is contained in Attachment 1. Information on this document 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: 2018 Committee Work Plan

UNCLASSIFIED MANAGER:

Michele King, 408-630-2711

BOARD AUDIT COMMITTEE 2018 WORK PLAN

Updated: 8/10/18



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.

2018 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 2018 WORK PLAN

Updated: 8/10/18



2018 WORK PLAN

MEETING DATE	WORK PLAN ITEM, BOARD POLICY, & POLICY CATEGORY	ASSIGNED STAFF	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
08/15/2018 11:30 AM	1.3 Election of Chair and Vice Chair	Committee	Elect Committee Officers 1. Chair – 2. Vice Chair –	
	2.1 Approval of Minutes, 11/30/2017	M. Overland	Approval of minutes.	
	<p>Action Items:</p> <p>3.1. Status Update on the Implementation of Recommendations from the 2015 Consultant Contracts Management Process Audit Conducted by Navigant Consulting, Inc. (Navigant) and the Subsequent Fiscal Year 2017-2018 (FY18) Consultant Contracts Improvement Process.</p> <p>3.2. Board Independent Auditor Report Update - TAP International, Inc.</p>	Chair	<p>Recommendation:</p> <p>Receive a status update on the implementation of the recommendations made by Navigant in the 2015 Consultant Contracts Management Process Audit and on the FY18 Consultant Contracts Improvements Process.</p> <p>Recommendation:</p> <p>A. Receive an update on the Risk Assessment Implementation Project and recommended audits from the Board's Independent Auditor, TAP International, Inc.; and</p> <p>B. Receive copies of TAP International, Inc. task orders and invoice tracking sheet.</p>	

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	<p>3.3. PMA Consultants Update on the Performance Audit of Lower Silver Creek Flood Protection Project, Agreement No. A3277G.</p> <p>3.4. Conflict of Interest Status Update.</p> <p>3.5. Review of the 2017 Board Performance Measures and Report.</p>		<p>Recommendation:</p> <p>Receive an update from PMA Consultants on the status of the Performance Audit of Lower Silver Creek Flood Protection Project, Agreement No. A3277G.</p> <p>Recommendation:</p> <p>A. Receive and discuss draft Ethics Policy; and</p> <p>B. Receive information regarding planned Conflict of Interest avoidance measures.</p> <p>Recommendation:</p> <p>A. Review the 2017 Board Performance Measures and Report and identify areas where revisions and/or additions can be made to better reflect outcomes of the Board's work; and</p> <p>B. Identify possible stretch goals of the Board that can be incorporated into future Board Performance Reports.</p>	
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	3.6. Review 2018 Committee Work Plan.		Recommendation: Review and make necessary adjustments to the 2018 Work Plan, and confirm regular meeting schedule for 2018.	

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2018 WORK PLAN (Cont'd)

MEETING DATE	WORK PLAN ITEM, BOARD POLICY, & POLICY CATEGORY	ASSIGNED STAFF	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
*Tentative October 2018 12:00 PM	2.1. Approval of Minutes, 08/15/18	M. Overland	Approval of minutes.	
	Action Items:	Chair		
	Review Committee Work Plan	Chair	Establish topics/schedule discussions at upcoming meeting(s)	
	Schedule Next Meeting	Chair	Schedule next meeting date(s)	

2018 ACCOMPLISHMENTS

MEETING DATE	WORK PLAN ITEM, BOARD POLICY, & POLICY CATEGORY	ASSIGNED STAFF	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
02/06/18	3.1 Approval of Minutes	M. Overland	Approval of Minutes.	Approved
	4.1 Discussion of Conflict of Interest Between Contractors and Staff.	R. Callender	<p>A. Discuss the District’s process for addressing conflict of interest between contractors and staff; and</p> <p>B. Recommend to the Board of Directors that the Ethics and Equal Opportunity Programs staff continue in their efforts to have proposed conflict of interest language incorporated into to District’s Ethics and Business Conduct policy and that no further actions and/or policy are warranted.</p>	<p>The Committee received and discussed the proposed Conflict of Interest between contractors and staff language and made the following recommendations:</p> <ul style="list-style-type: none"> • That the Ethics and Equal Opportunity Programs staff continue in their efforts for proposed Conflict of Interest (COI) language to incorporate into the District’s Ethics and Business Conduct Policy and to incorporate the Committee’s comments regarding: <ul style="list-style-type: none"> ○ Identifying the differences between the legal and cultural understanding of COI; ○ Family Hiring issues and procedures; ○ Place COI requirements on the Manager’s Work Plan; and ○ Review and incorporate comments by the Internal Auditor TAP International.

BOARD AUDIT COMMITTEE 2018 WORK PLAN

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	<p>4.2 Board's Independent Auditor.</p>	<p>D. Callahan TAP International</p>	<p>The following actions were previously directed by the Board Audit Committee to be discussed on a future agenda:</p> <ul style="list-style-type: none"> A. Review the finalized list of identified risk assessments, as adopted by the Committee and amended by feedback from the Board on January 23, 2018; B. Solicit TAP International recommendations on internal vs. external execution of audits, costs, feasibility, and timelines; C. Develop an execution plan to complete the risk assessments adopted by the Board; D. Discuss an audit charter; and E. Direct next steps, as needed. 	<p>The Committee received and discussed a presentation contained in Attachment 1, on proposed risk assessments from the Board's Independent Auditor and requested the following of staff:</p> <ul style="list-style-type: none"> • Conduct the risk assessments, as defined; • Assign a new Task Order for TAP International to conduct risk assessments; • Establish an Internal Audit Charter which will be presented to the full Board, at a future Board meeting, for approval by the full Board and incorporated into the Governance Policy. TAP International (TAP) to provide Internal Audit Charter templates to the District • Include TAP task orders and invoices for Board Audit Committee (Committee) review. District staff to check-in with the Committee Chair to review and approve invoices before sign off
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BOARD AUDIT COMMITTEE 2018 WORK PLAN

Updated: **8/10/18**



2018 ACCOMPLISHMENTS (Cont'd)

MEETING DATE	WORK PLAN ITEM, BOARD POLICY, & POLICY CATEGORY	ASSIGNED STAFF	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
05/03/18	BAC Meeting Canceled			

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Updated: 8/10/18



2018 ACCOMPLISHMENTS (Cont'd)

MEETING DATE	WORK PLAN ITEM, BOARD POLICY, & POLICY CATEGORY	ASSIGNED STAFF	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
08/15/18	Pending Meeting Outcome.			

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