



BOARD AUDIT COMMITTEE MEETING

MINUTES

**Wednesday, February 17, 2021
2:00 PM**

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER:

A regular meeting of the Santa Clara Valley Water District (Valley Water) Board Audit Committee (Committee) was called to order in the District Headquarters Conference Room A-124, 5700 Almaden Expressway, San Jose, California, at 3:00 PM.

1.1 Roll Call.

Committee members in attendance were District 2 Director Barbara Keegan, Chairperson presiding. Committee members participating by teleconference were District 3 Director Richard P. Santos, and District 7 Director Gary Kremen, constituting a quorum of the Committee.

Directors Estremera, LeZotte, and Varela attended via teleconference.

Staff in attendance were M. Overland. Staff members participating by teleconference were A. Blackmon, R. Blank, U. Chatwani, A. Fraumeni, B. Hopper, T. Kane, M. Lugo, H. McMahon, S. Middleton, A. Mendiola, D. Taylor, S. Tippetts, S. Tran, K. Wong, K. Yasukawa, and T. Yoke.

Also, in attendance by teleconference were D. Callahan, D. Kahn, and G. MacDonald, TAP International, Inc. (TAP).

2. PUBLIC COMMENT:

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

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

3. APPROVAL OF MINUTES:

3.1 Approval of Minutes.

Recommendation: Approve the minutes.

The Committee considered the attached minutes of the December 16, 2020, and January 13, 2021, Committee meetings. It was moved by Director Kremen, seconded by Chairperson Keegan, and unanimously carried that the minutes be approved. Director Santos abstained as he was not at these meetings.

4. ACTION ITEMS

4.1 Election of 2021 Board Audit Committee Chair and Vice Chair.

Recommendation: Nominate and Elect the 2021 Board Audit Committee Chair and Vice Chair.

It was moved by Director Kremen and seconded by Director Santos, and unanimously carried that Chairperson Keegan remain Chairperson, and moved by Director Santos and seconded by Director Kremen, and unanimously carried that Director Kremen remain Vice Chairperson.

4.2 Accept the Safe, Clean Water (SCW) Program Grant Management Audit Final Report; and Recommend that the Board Receive the Report at a Future Meeting and Recommend Authorization from the Board to Allow the Subconsultants to Present the Report to the SCW Independent Monitoring Committee (IMC).

Recommendation: A. Accept the Safe, Clean Water Program (SCW) Grant Management Audit Final Report;
B. Recommend that the Board receive the report at a future Board meeting; and
C. Recommend authorization from the Board to allow the subconsultants to present the report to the SCW Independent Monitoring Committee (IMC).

Mr. Darin Taylor, Chief Financial Officer, reviewed the information on this Item, per the attached Committee Agenda Memorandum, and per the information contained in Attachment 1.

The Committee considered the Recommendations A, B, and C, regarding the Safe, Clean Water Program Grant Management Audit Final Report, and it was moved by Director Santos, seconded by Director Kremen, and unanimously carried that the Committee approved Recommendations A, B, and C, by roll call vote.

4.3 Board Audit Committee's 2020 Annual Self-Evaluation.

Recommendation: A. Conduct the Annual Self-Evaluation; and
B. Prepare a formal report to provide to the full Board.

The Committee continued this item to the March 17, 2021 Regular Board Audit Committee meeting.

4.4 Scope of Work for the 2021 Risk Assessment.

- Recommendation:
- A. Discuss Scope of Work for the 2021 Risk Assessment; and
 - B. Recommend Board approval of the Scope of Work for the 2021 Risk Assessment at a future Board meeting.

Ms. Denise Callahan, TAP International, Inc. (TAP), reviewed the information on this Item, per the attached Committee Agenda Memorandum, and per the information contained in Attachment 2.

The Committee noted the information without formal action, and requested the following:

- The Risk Assessment will come back to the Committee at a Special Meeting on 02/26/2021 at 11:00 a.m. to discuss what to bring to the full Board:
 - A decision on the scope of work; and
 - A survey interviewing executive management, stakeholders, and the Board on where to audit.
 - Including the cost for a limited survey and the increasing price list for enhancements to the survey.

4.5 Discuss the Scope of the 2021 Annual Audit Training from the Board's Independent Auditor.

- Recommendation: Discuss the Scope of the 2021 Annual Audit Training from the Board's Independent Auditor.

Mr. Taylor reviewed the information on this Item, per the attached Committee Agenda Memorandum.

The Committee noted the information, without formal action, and requested the following:

- Board Scheduler to place a 2020 BAC Audit Training on the Directors schedules; and
- Staff will draft at BAC Agenda Item to reintroduce the scope for the 2021 training on a financial auditor statement and update the BAC Work Plan for March.

4.6 Review and Approve the Updated 2021 Board Audit Committee Work Plan.

- Recommendation:
- A. Review and discuss topics of interest raised at prior Board Audit Committee (BAC) Meetings and make any necessary adjustments to the BAC Work Plan; and
 - B. Approve the updated 2021 BAC Work Plan.

Mr. Taylor reviewed the information on this Item, per the attached Committee Agenda Memorandum, and per the information contained in Attachment 1.

The Committee noted the information and requested the following:

- Staff will add a line item on the BAC Work Plan

The Committee considered the attached updated 2021 Board Audit Committee Work Plan, and it was moved by Director Kremen, seconded by Director Santos, and unanimously carried that the Committee approved the updated 2021 Board Audit Committee Work Plan, by roll call vote.

4.7 Recommended Considerations for and Updates to the Annual Audit Work Plan.

- Recommendation: Discuss recommended considerations for the Annual Audit Work Plan and approve any updates to recommend to the Board, if necessary.

Mr. Taylor reviewed the information on this Item, per the attached Committee Agenda Memorandum, and per the information contained in Attachment 1.

The Committee noted the information and requested the following:

- Staff will update the Annual Audit Work Plan to include the Pacheco Cost Increase Audit (Lessons-Learned Audit); and
- Committee Chairperson Keegan will request direction from the full Board regarding the Encroachment topic raised by Director Hsueh.

The Committee considered the attached updated 2021 Board Audit Committee Work Plan, and it was moved by Director Kremen, seconded by Director Santos, and unanimously carried that the Committee approved the updated 2021 Board Audit Committee Work Plan, by roll call vote.

5. INFORMATION ITEMS

- 5.1 Status Update on the Implementation of Recommendations from the 2015 Consultant Contracts Management Process Audit Conducted by Navigant Consulting, Inc. (Navigant), the Fiscal Year 2017-2018 (FY18) status update Consultant Contracts Improvement Process and subsequent update for the Fiscal Year 2020-2021 (FY21) 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 the FY18 Consultant Contracts Improvement Process

Ms. Tina Yoke, Chief Operating Officer, reviewed the information on this Item, per the attached Committee Agenda Memorandum, and per the information contained in Attachment 2.

The Committee noted the information, without formal action, and requested the following:

- Staff to add audit recommendation updates to the audit recommendation tracker and Intellex System.

- 5.2 Financial Analysis Regarding the Board Independent Auditing Services Contract with TAP International, Inc.

Recommendation: Receive and discuss financial analysis regarding the Board Independent Auditing Services Contract with TAP International, Inc.

Mr. Taylor reviewed the information on this Item, per the attached Committee Agenda Memorandum.

The Committee noted the information, without formal action.

- 5.3 Board Auditory Activity Report from TAP International, Inc. to Evaluate Board Auditor Performance.

Recommendation: Receive and discuss Board Auditor Activity Report from TAP International, Inc. to evaluate Board Auditor performance.

Ms. Callahan reviewed the information on this Item, per the attached Committee Agenda Memorandum.

The Committee noted the information, without formal action.

5.4 Receive an Update on the Status of the Permitting Best Practices Audit.

Recommendation: Receive an update on the status of the on-going Permitting Best Practices Audit.

Ms. Callahan reviewed the information on this Item, per the attached Committee Agenda Memorandum.

The Committee noted the information, without formal action, and requested the following:

- TAP will provide the preliminary draft report to the CPRU by the end of February; and
- Staff will draft a Committee agenda item to discuss the draft report and update the BAC Work Plan for March 2021.

6. CLERK REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS.

6.1 Clerk Review and Clarification of Committee Requests.

Mr. Max Overland, Assistant Deputy Clerk of the Board, read the new Committee Member Requests into the record.

7. ADJOURN

7.1 Adjourn to Regular Meeting at 2:00 p.m., on February 17, 2021, to be called to order in compliance with the State Emergency Services Act, the Governor's Emergency Declaration related to COVID-19, and the Governor's Executive Order N-29-20.

Chairperson Keegan adjourned the meeting at 4:00 p.m., to the 11:00 a.m. Special Meeting on February 26, 2021, to be called to order in compliance with the State Emergency Services Act, the Governor's Emergency Declaration related to COVID-19, and the Governor's Executive Order N-29-20.



Max Overland
Assistant Deputy Clerk of the Board