



# Santa Clara Valley Water District Board Audit Committee Meeting

Via Zoom Teleconference

## 2:00 PM REGULAR MEETING AGENDA

Wednesday, March 17, 2021  
2:00 PM

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

BOARD AUDIT COMMITTEE  
Barbara Keegan, Chair - District 2  
Gary Kremen, Vice Chair - District 7  
Richard P. Santos - District 3

During the COVID-19 restrictions, all public records relating to an open session 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 to the public through the legislative body agenda web page at the same time that the public records are distributed or made available to the legislative body, or through a link in the Zoom Chat Section during the respective meeting. Santa Clara Valley Water District will make reasonable efforts to accommodate persons with disabilities wishing to participate in the legislative body's 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 Act.**

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

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Wednesday, March 17, 2021

2:00 PM

Via Zoom Teleconference

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**IMPORTANT NOTICES**

This meeting is being held in accordance with the Brown Act as currently in effect under the State Emergency Services Act, the Governor's Emergency Declaration related to COVID-19, and the Governor's Executive Order N-29-20 issued on March 17, 2020 that allows attendance by members of the Committee, staff, and the public to participate and conduct the meeting by teleconference, videoconference, or both.

Members of the public wishing to address the Committee during a video conferenced meeting on an item not listed on the agenda, or any item listed on the agenda, should use the "Raise Hand" or "Chat" tools located in Zoom meeting link listed on the agenda. Speakers will be acknowledged by the Committee Chair in the order requests are received and granted speaking access to address the Committee.

Santa Clara Valley Water District (Valley Water) in complying with the Americans with Disabilities Act (ADA), requests individuals who require special accommodations to access and/or participate in Valley Water Committee meetings to please contact the Clerk of the Board's office at (408) 630-2711, at least 3 business days before the scheduled meeting to ensure that Valley Water may assist you.

This agenda has been prepared as required by the applicable laws of the State of California, including but not limited to, Government Code Sections 54950 et. seq. and has not been prepared with a view to informing an investment decision in any of Valley Water's bonds, notes or other obligations. Any projections, plans or other forward-looking statements included in the information in this agenda are subject to a variety of uncertainties that could cause any actual plans or results to differ materially from any such statement. The information herein is not intended to be used by investors or potential investors in considering the purchase or sale of Valley Water's bonds, notes or other obligations and investors and potential investors should rely only on information filed by Valley Water on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures and Valley Water's Investor Relations website, maintained on the World Wide Web at <https://emma.msrb.org/> and <https://www.valleywater.org/how-we-operate/financebudget/investor-relations>, respectively.

Under the Brown Act, members of the public are not required to provide identifying information in order to attend public meetings. Through the link below, the Zoom webinar program requests entry of a name and email address, and Valley Water is unable to modify this requirement. Members of the public not wishing to provide such identifying information are encouraged to enter "Anonymous" or some other reference under name and to enter a fictional email address (e.g., attendee@valleywater.org) in lieu of their actual address. Inputting such values will not impact your ability to access the meeting through Zoom.

**Join Zoom Meeting:**  
**<https://valleywater.zoom.us/j/91608079873>**  
**Meeting ID: 916 0807 9873**  
**Join by Phone:**  
**1 (669) 900-9128, 91608079873#**

**1. CALL TO ORDER:**

1.1. Roll Call.

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

*Notice to the Public: Members of the public who wish to address the Committee on any item not listed on the agenda should access the "Raise Hand" or "Chat" tools located in Zoom meeting link listed on the agenda. Speakers will be acknowledged by the Committee Chair in order requests are received and granted speaking access to address the Committee. 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.*

**3. APPROVAL OF MINUTES:**

3.1. Approval of Minutes.

[21-0272](#)

Recommendation: Approve the minutes.

Manager: Michele King, 408-630-2711

Attachments: [Attachment 1: 021721 BAC Minutes](#)

[Attachment 2: 022621 Special BAC Minutes](#)

Est. Staff Time: 5 Minutes

**4. ACTION ITEMS:**

- 4.1. Discuss the Timing of the Pacheco Reservoir Expansion Audit and the Audit Firm that would Conduct the Work. [21-0304](#)  
Recommendation: Discuss the timing of the Pacheco Reservoir Expansion Audit and the audit firm that would conduct the work.  
Manager: Darin Taylor, 408-630-3068  
Est. Staff Time: 5 Minutes
- 4.2. Board Audit Committee's 2020 Annual Self-Evaluation. [21-0249](#)  
Recommendation: A. Conduct the Annual Self-Evaluation; and  
B. Prepare a formal report to provide to the full Board.  
Manager: Darin Taylor, 408-630-3068  
Attachments: [Attachment 1: BAC Self-Evaluation-Keegan](#)  
[Attachment 2: BAC Self-Evaluation-LeZotte](#)  
[Attachment 3: BAC Self-Evaluation-Santos](#)  
[Attachment 4: BAC Self-Evaluation-Kremen](#)  
Est. Staff Time: 5 Minutes
- 4.3. Review and Approve the Updated 2021 Board Audit Committee Work Plan. [21-0205](#)  
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;  
B. Discuss BAC member participation as the review panel for the Chief Audit Executive and On-Call Board Auditor Pool RFPs; and  
C. Approve the updated 2021 BAC Work Plan.  
Manager: Darin Taylor, 408-630-3068  
Attachments: [Attachment 1: 2021 BAC Work Plan](#)  
Est. Staff Time: 5 Minutes
- 4.4. Updates to the Annual Audit Work Plan. [21-0207](#)  
Recommendation: Discuss and approve any updates to recommend to the Board, if necessary.  
Manager: Darin Taylor, 408-630-3068  
Attachments: [Attachment 1: Annual Audit Work Plan](#)  
Est. Staff Time: 5 Minutes

## 5. INFORMATION ITEMS:

- 5.1. Receive an Update on the Status of the Permitting Best Practices Audit. [21-0259](#)

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

Manager: Darin Taylor, 408-630-3068

Est. Staff Time: 5 Minutes

**6. CLERK REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS.**

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

**7. ADJOURN:**

- 7.1. Adjourn to Regular Meeting at 2:00 p.m., on April 21, 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.



# Santa Clara Valley Water District

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**File No.:** 21-0272

**Agenda Date:** 3/17/2021

**Item No.:** 3.1.

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## 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: 021721 BAC Minutes

Attachment 2: 022621 Special BAC Minutes

**UNCLASSIFIED MANAGER:**

Michele King, 408-630-2711

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BOARD AUDIT COMMITTEE MEETING

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# MINUTES

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**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. Tippets, 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



SPECIAL BOARD AUDIT COMMITTEE MEETING

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# MINUTES

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Friday, February 26, 2021  
11:00 AM

(Paragraph numbers coincide with agenda item numbers)

**1. CALL TO ORDER:**

A special 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 11:00 AM.

1.1 Roll Call.

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

Staff in attendance were M. Overland. Staff members participating by teleconference were A. Gschwind, B. Hopper, T. Kane, H. McMahon, A. Mendiola, D. Taylor, K. Wong, and T. Yoke.

Also, in attendance by teleconference was D. Callahan, 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. ACTION ITEMS:**

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

The Committee considered Recommendations A, and B, regarding the Scope of Work for the 2021 Risk Assessment, and it was moved by Director Santos, seconded by Director Kremen, and unanimously carried that the Committee approved Option 3 in Attachment 1, Pages 1-3, for the Scope of Work for the 2021 Risk Assessment and approved to extend TAP International Inc's. contract to complete Option 3 by bringing a Recommendation to the full Board at a future meeting, by roll call vote.

**4. CLERK REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS.**

4.1 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.

**5. ADJOURN**

5.1 Adjourn to Regular Meeting at 2:00 p.m., on March 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 special meeting at 11:45 a.m., to the 2:00 p.m., Regular Meeting on March 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.

Max Overland  
Assistant Deputy Clerk of the Board





# Santa Clara Valley Water District

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**File No.:** 21-0304

**Agenda Date:** 3/17/2021  
**Item No.:** 4.1.

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## COMMITTEE AGENDA MEMORANDUM

### Board Audit Committee

#### **SUBJECT:**

Discuss the Timing of the Pacheco Reservoir Expansion Audit and the Audit Firm that would Conduct the Work.

#### **RECOMMENDATION:**

Discuss the timing of the Pacheco Reservoir Expansion Audit and the audit firm that would conduct the work.

#### **SUMMARY:**

At its February 17th, 2021 meeting the Board Audit Committee (BAC) approved an update to the BAC Work Plan to include an audit of the Pacheco Reservoir Expansion Project, specifically to understand the timeline associated with cost increases during the exploratory phase of the effort.

The Board Audit Committee expressed a preference to have one of the firms from the Board's Auditor Pool conduct the audit. However, the Board's Auditor Pool is still being established. Staff expects to complete the negotiations with selected firm(s) around the July/August timeframe of this year.

Upon further consideration, BAC Chair Keegan and CEO Callender have expressed concern about the timing if staff were to wait until the Board's Auditor Pool has been established. There are two additional alternatives that the BAC may consider to complete this work.

1. Assign the work to TAP International and start the work as soon as possible; or
2. Assign the work to one of management's two Auditing firms to start work as soon as possible.

The BAC is being asked to further consider its direction on the firm that will conduct the work and the associated timing.

#### **ATTACHMENTS:**

None

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**File No.:** 21-0304

**Agenda Date:** 3/17/2021  
**Item No.:** 4.1.

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**UNCLASSIFIED MANAGER:**  
Darin Taylor, 408-630-3068



# Santa Clara Valley Water District

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**File No.:** 21-0249

**Agenda Date:** 3/17/2021

**Item No.:** 4.2.

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## COMMITTEE AGENDA MEMORANDUM

### Board Audit Committee

#### **SUBJECT:**

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.

#### **SUMMARY:**

The Board Audit Committee (BAC) 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 August 27, 2019, the Board approved the BAC Audit Charter to provide detailed guidance regarding how the BAC should carry out its functions and to guide the work of TAP International, Inc.

According to Article 9, paragraph 4 of the BAC Audit Charter, the BAC shall conduct a self-evaluation of its performance annually. The Committee shall conduct the evaluation of its performance to determine whether it is functioning effectively and to discuss with the Independent Auditor any observations related to the effectiveness of the Committee. The Committee shall prepare a formal report based upon each such self-evaluation and shall provide such report to the full Board following its adoption by the Committee.

At the January 13, 2021 Committee meeting, the BAC requested staff to e-mail the Annual Self-Evaluation to the BAC members to fill out and then e-mail their completed forms to the Clerk of the Board. At the February 17, 2021 Committee meeting more time was allocated to allow the Directors to complete the self-evaluation forms. The BAC will review their completed forms for self-evaluation at the March 17, 2021 Committee meeting.

#### **ATTACHMENTS:**

- Attachment 1: Self-Evaluation - Director Keegan
- Attachment 2: Self-Evaluation - Director LeZotte
- Attachment 3: Self-Evaluation - Director Santos

Attachment 4: Self-Evaluation - Director Kremen

**UNCLASSIFIED MANAGER:**  
Darin Taylor, 408-630-3068

**ANNUAL BOARD AUDIT COMMITTEE SELF-ASSESSMENT**

This self-assessment to be completed by Board Audit Committee (BAC) members and BAC invited stakeholders provides a basis for evaluating the performance of the BAC. Follow-up action should be taken as appropriate.

This assessment evaluates BAC governance, composition, operations and relationships.

**ASSESSMENT (PLEASE CHECK YES, NO, AND/OR NEEDS ENHANCED PERFORMANCE)**

<b>BAC Governance</b>	<b>Yes</b>	<b>No</b>	<b>Needs Enhanced Performance</b>
1. BAC operates pursuant to a written charter and assesses its charter annually?	✓		
2. BAC Members has a clear understanding of the roles and responsibilities of the BAC?	✓		
3. BAC Members obtain the information required for decision-making?	✓		
4. BAC operates openly and with trust among members to resolve issues fully and completely?	✓		
5. BAC reports regularly to the Board of Directors on its activities?	✓		
<b>BAC Composition</b>			
6. BAC acts independently of Valley Water executive management.	✓		
7. BAC is the right size with adequate representation of diverse knowledge, skills and abilities?	✓		
<b>Meetings</b>			
8. BAC holds an adequate number of meetings and scheduled appropriately to facilitate the audit process?	✓		

9. BAC plans meetings of adequate length and all issues are discussed fully.	✓		
10. BAC ensures the right individuals attend to provide input on agenda items.	✓		
<b>Interaction with Stakeholders (Commingled Responsibilities)</b>			
11. BAC maintains open lines of communication with the Valley Water Board and the Independent Auditor?			✓
12. BAC reviews annual audit work plans, ensuring attention to Board priority areas.	✓		
13. Board external financial auditors communicate routinely with the BAC.	✓		
14. BAC does not provide management direction to Valley Water staff.	✓		
15. BAC allows independent auditor and external auditors to raise sensitive issues in compliance with the Brown Act and the information is received constructively.			✓
16. BAC discusses the audit process, encouraging candid discussions for continuous process improvement.	✓		
17. BAC reviews key decisions made by management that may impose material risk to Valley Water business areas.			✓
18. BAC discusses the audit results with the Independent Auditor and External Auditor and reviews management's response for proposed implementation of audit recommendations to ensure alignment to Board priorities, financial feasibility, strategic objectives, and efficiency and effectiveness of operations.	✓		
19. BAC reviews the audit results with the independent auditor and external auditors.	✓		

<b>Continuous Monitoring</b>			
20. BAC has enough resources and availability to carry out responsibilities defined by the BAC Charter.	✓		
21. BAC determines whether audit recommendations have been implemented by Valley Water management.	✓		

**Comments**

**Suggestions:**

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## ANNUAL BOARD AUDIT COMMITTEE SELF-ASSESSMENT

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This self-assessment to be completed by Board Audit Committee (BAC) members and BAC invited stakeholders provides a basis for evaluating the performance of the BAC. Follow-up action should be taken as appropriate.

This assessment evaluates BAC governance, composition, operations and relationships.

### ASSESSMENT (PLEASE CHECK YES, NO, AND/OR NEEDS ENHANCED PERFORMANCE)

BAC Governance	Yes	No	Needs Enhanced Performance
1. BAC operates pursuant to a written charter and assesses its charter annually?			I don't recall that we assessed the Charter last year
2. BAC Members has a clear understanding of the roles and responsibilities of the BAC?	X		
3. BAC Members obtain the information required for decision-making?	X		
4. BAC operates openly and with trust among members to resolve issues fully and completely?	X		
5. BAC reports regularly to the Board of Directors on its activities?	X		
<b>BAC Composition</b>			
6. BAC acts independently of Valley Water executive management.	X		
7. BAC is the right size with adequate representation of diverse knowledge, skills and abilities?	X in 2020	X in 2021	
<b>Meetings</b>			
8. BAC holds an adequate number of meetings and scheduled appropriately to facilitate the audit process?	X		

9. BAC plans meetings of adequate length and all issues are discussed fully.			X Generally, but sometimes the meetings are too long and topics needing time to assess
10. BAC ensures the right individuals attend to provide input on agenda items.	X		
<b>Interaction with Stakeholders (Commingled Responsibilities)</b>			
11. BAC maintains open lines of communication with the Valley Water Board and the Independent Auditor?	X		
12. BAC reviews annual audit work plans, ensuring attention to Board priority areas.	X		
13. Board external financial auditors communicate routinely with the BAC.	X		
14. BAC does not provide management direction to Valley Water staff.			I DON'T UNDERSTAND THIS QUESTION
15. BAC allows independent auditor and external auditors to raise sensitive issues in compliance with the Brown Act and the information is received constructively.	X		
16. BAC discusses the audit process, encouraging candid discussions for continuous process improvement.	X		
17. BAC reviews key decisions made by management that may impose material risk to Valley Water business areas.	X		X WHEN THOSE ARE RELAYED TO THE COMMITTEE
18. BAC discusses the audit results with the Independent Auditor and External Auditor and reviews management's response for proposed implementation of audit recommendations to ensure alignment to Board priorities, financial feasibility, strategic objectives, and efficiency and effectiveness of operations.	X		
19. BAC reviews the audit results with the independent auditor and external auditors.	X		

<b>Continuous Monitoring</b>			
20. BAC has enough resources and availability to carry out responsibilities defined by the BAC Charter.	X		
21. BAC determines whether audit recommendations have been implemented by Valley Water management.	X		

**Comments**

**Suggestions:**

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## ANNUAL BOARD AUDIT COMMITTEE SELF-ASSESSMENT

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This self-assessment to be completed by Board Audit Committee (BAC) members and BAC invited stakeholders provides a basis for evaluating the performance of the BAC. Follow-up action should be taken as appropriate.

This assessment evaluates BAC governance, composition, operations and relationships.

### ASSESSMENT (PLEASE CHECK YES, NO, AND/OR NEEDS ENHANCED PERFORMANCE)

BAC Governance	Yes	No	Needs Enhanced Performance
1. BAC operates pursuant to a written charter and assesses its charter annually?	X		
2. BAC Members has a clear understanding of the roles and responsibilities of the BAC?	X		
3. BAC Members obtain the information required for decision-making?	X		
4. BAC operates openly and with trust among members to resolve issues fully and completely?	X		
5. BAC reports regularly to the Board of Directors on its activities?	X		
<b>BAC Composition</b>			
6. BAC acts independently of Valley Water executive management.	X		
7. BAC is the right size with adequate representation of diverse knowledge, skills and abilities?	X		
<b>Meetings</b>			
8. BAC holds an adequate number of meetings and scheduled appropriately to facilitate the audit process?	X		

9. BAC plans meetings of adequate length and all issues are discussed fully.	X		
10. BAC ensures the right individuals attend to provide input on agenda items.	X		
<b>Interaction with Stakeholders (Commingled Responsibilities)</b>			
11. BAC maintains open lines of communication with the Valley Water Board and the Independent Auditor?	X		
12. BAC reviews annual audit work plans, ensuring attention to Board priority areas.	X		
13. Board external financial auditors communicate routinely with the BAC.	X		
14. BAC does not provide management direction to Valley Water staff.	X		
15. BAC allows independent auditor and external auditors to raise sensitive issues in compliance with the Brown Act and the information is received constructively.	X		
16. BAC discusses the audit process, encouraging candid discussions for continuous process improvement.	X		
17. BAC reviews key decisions made by management that may impose material risk to Valley Water business areas.	X		
18. BAC discusses the audit results with the Independent Auditor and External Auditor and reviews management's response for proposed implementation of audit recommendations to ensure alignment to Board priorities, financial feasibility, strategic objectives, and efficiency and effectiveness of operations.	X		
19. BAC reviews the audit results with the independent auditor and external auditors.	X		

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<b>Continuous Monitoring</b>			
20. BAC has enough resources and availability to carry out responsibilities defined by the BAC Charter.	X		
21. BAC determines whether audit recommendations have been implemented by Valley Water management.	X		

**Comments**

As I am new to the committee, I will learn more as we go. Looking forward to making sure all of the above governance conforms to board policies and direction.

**Suggestions:**

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**ANNUAL BOARD AUDIT COMMITTEE SELF-ASSESSMENT**

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This assessment evaluates BAC governance, composition, operations and relationships.

**ASSESSMENT (PLEASE CHECK YES, NO, AND/OR NEEDS ENHANCED PERFORMANCE)**

BAC Governance	Yes	No	Needs Enhanced Performance
1. BAC operates pursuant to a written charter and assesses its charter annually?	X		
2. BAC Members has a clear understanding of the roles and responsibilities of the BAC?	X		
3. BAC Members obtain the information required for decision-making?	X		
4. BAC operates openly and with trust among members to resolve issues fully and completely?	X		
5. BAC reports regularly to the Board of Directors on its activities?	X		
<b>BAC Composition</b>			
6. BAC acts independently of Valley Water executive management.	X		
7. BAC is the right size with adequate representation of diverse knowledge, skills and abilities?	X		
<b>Meetings</b>			
8. BAC holds an adequate number of meetings and scheduled appropriately to facilitate the audit process?	X		

9. BAC plans meetings of adequate length and all issues are discussed fully.	/		
10. BAC ensures the right individuals attend to provide input on agenda items.	/		
<b>Interaction with Stakeholders (Commingled Responsibilities)</b>			
11. BAC maintains open lines of communication with the Valley Water Board and the Independent Auditor?			
12. BAC reviews annual audit work plans, ensuring attention to Board priority areas.			
13. Board external financial auditors communicate routinely with the BAC.		X	never provided quarterly
14. BAC does not provide management direction to Valley Water staff.	X		
15. BAC allows independent auditor and external auditors to raise sensitive issues in compliance with the Brown Act and the information is received constructively.		X	
16. BAC discusses the audit process, encouraging candid discussions for continuous process improvement.	X		
17. BAC reviews key decisions made by management that may impose material risk to Valley Water business areas.	X		
18. BAC discusses the audit results with the Independent Auditor and External Auditor and reviews management's response for proposed implementation of audit recommendations to ensure alignment to Board priorities, financial feasibility, strategic objectives, and efficiency and effectiveness of operations.	<del>X</del>		<del>X</del>
19. BAC reviews the audit results with the independent auditor and external auditors.		X	

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Continuous Monitoring			
20. BAC has enough resources and availability to carry out responsibilities defined by the BAC Charter.		X	
21. BAC determines whether audit recommendations have been implemented by Valley Water management.	X		

Comments

Suggestions:

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# Santa Clara Valley Water District

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**File No.:** 21-0205

**Agenda Date:** 3/17/2021

**Item No.:** 4.3.

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## COMMITTEE AGENDA MEMORANDUM

### Board Audit Committee

#### **SUBJECT:**

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;
- B. Discuss BAC member participation as the review panel for the Chief Audit Executive and On-Call Board Auditor Pool RFPs; and
- C. Approve the updated 2021 BAC Work Plan.

#### **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.

At the February 17, 2021 BAC meeting, it was decided that a line item will be added to the Annual Audit Work Plan to include an Ad Hoc Board Audit related to the Pacheco Reservoir Expansion project. The audit will focus on the evolution of the project scope and costs from a lessons learned perspective. The audit has also been added to the BAC Work Plan.

As part of the Request for Proposal (RFP) process, a review panel must be identified that will assess and rate the RFPs submitted. Staff has assumed that for both potential contracts (Chief Audit Executive and On-Call Board Auditor Pool) that the BAC members would desire to be the Review Panel. Staff would like to get confirmation of this assumption.

Attachment 1 is the updated 2021 Board Audit Committee Work Plan. Upon review, the Committee may approve the updated 2021 Board Audit Committee Work Plan and/or make changes, as determined by the Committee.

#### **ATTACHMENTS:**

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**File No.:** 21-0205

**Agenda Date:** 3/17/2021  
**Item No.:** 4.3.

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Attachment 1: 2021 BAC Work Plan

**UNCLASSIFIED MANAGER:**  
Darin Taylor, 408-630-3068

**BOARD AUDIT COMMITTEE 2021 WORKPLAN**

January 1, 2021 to December 31, 2021

#	ACTIVITY/SUBJECT	Q1			Q2			Q3			Q4			NOTES/RECOMMENDATIONS
		13-Jan	17-Feb	17-Mar	21-Apr	19-May	16-Jun	21-Jul	18-Aug	15-Sep	20-Oct	17-Nov	15-Dec	
<b>Board Audit Committee Meeting Dates</b>														
	Number of Agenda Items per Meeting Date	10	11	5	3	5	2	4	4	2	2	4	3	Note: For informational purposes only.
	Meeting Dates	•	•	•	•	•	•	•	•	•	•	•	•	Note: The BAC approved a regular meeting schedule for 2021, to meet monthly, on the third Wednesdays at 2:00 p.m.
<b>Board Audit Committee Management</b>														
1	Election of 2021 BAC Chair and Vice Chair		•											Recommendation: Nominate and elect the 2021 Board Audit Committee Chair and Vice Chair.
2	Board Audit Committee Audit Charter													Recommendation: Propose modifications to the Board Audit Committee Audit Charter to be presented to the full Board.
3	Review and Update 2021 BAC Work Plan	•	•	•	•	•	•	•	•	•	•	•	•	Recommendation: A. Review and Discuss topics of interest raised at prior Board Audit Committee Meetings and make any necessary adjustments to the Board Audit Committee Work Plan; and B. Approve the updated 2021 Board Audit Committee Work Plan.
4	Discuss Scope of Annual Audit Training from Board Independent Auditor		•											Recommendation: Discuss scope of Annual Audit Training from Board Independent Auditor.
5	Receive Annual Audit Training from Board Independent Auditor													Note: Training will be given to the full Board. Management to identify staff to attend the training. Recommendation: Receive Annual Audit Training from Board Independent Auditor.
6	Conduct Annual Self-Evaluation	•	•	•										Recommendation: A. Conduct Annual Self-Evaluation; and B. Prepare Formal Report to provide to the full Board.
7	Receive and Discuss Board Auditor Activity Report to Evaluate Board Auditor Performance	•	•											Recommendation: Receive and discuss Board Auditor Activity Report from TAP International, Inc. to evaluate Board Auditor Performance.
8	Discuss Extension or Termination of Board Independent Auditor Contract for Board Independent Auditing Services Prior to Expiration of the Agreement Effective June 30, 2021.													Recommendation: A. Discuss option to extend Board Independent Auditor Contract with TAP International, Inc. for Board Independent Auditing Services currently scheduled to expire effective June 30, 2021; and B. Approve recommendation to the full Board to: 1. Allow the expiration of the Board Independent Auditor Contract with TAP International; or 2. Exercise option to extend Board Independent Auditor Contract with TAP International, Inc.
9	Chief Board Auditor - Request for Proposal: Review Panel					•								Note: Review Panel for the role of the Chief Board Auditor will be the BAC members

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BOARD AUDIT COMMITTEE 2021 WORKPLAN

January 1, 2021 to December 31, 2021

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10	Tri-annual Risk Assessment		•											<u>Note:</u> Next Risk Assessment scheduled to be completed in October 2021. <u>Recommendation:</u> Discuss the scope of work for the 2021 Risk Assessment.
<b>Board Audit Committee Special Requests</b>														
11	External Financial Auditor Meeting with Individual Board members													<u>Note:</u> Schedule as needed.
12	Provide status report to full Board quarterly													<u>Note:</u> Report to be provided to Board in non-agenda the month after each BAC meeting.
13	Discuss the Scope and Approach of the Ad-hoc Desk Reviews													<u>Recommendation:</u> Discuss the scope and approach of the ad-hoc Desk Reviews.
14	Receive and Discuss Financial Analysis Regarding the Board Independent Auditing Services Contract		•											<u>Recommendation:</u> Receive and discuss Financial Analysis regarding the Board Independent Auditing Services Contract with TAP International, Inc.
15	QEMS & ISO Overview and Continuous Improvement Methodology Benchmarking Analysis													<u>Note:</u> At the Dec '19 BAC meeting, the BAC approved new PO for \$25K min for Tanner Pacific, Inc. to prepare QEMS Methodology Benchmarking Analysis. <u>Recommendation:</u> Review and discuss overview of QEMS Process Improvement post ISO de-certification, and Benchmarking Analysis for 2020.
16	Risk Management Organization	•												<u>Note:</u> At the Dec '20 BAC meeting, the BAC requested this item to be brought forth at the 1/13/2021 Committee meeting. <u>Recommendation:</u> Review and discuss Risk Management Organization.
17	Valley Water Policies Related to Financial Auditor Responsibility	•												<u>Note:</u> At the Dec '20 BAC meeting, the BAC requested this item to be brought forth at the 1/13/2021 Committee meeting. <u>Recommendation:</u> Review and discuss Valley Water Policies Related to Financial Auditor Responsibility.
<b>Management and Third Party Audits</b>														
18	Review Draft Audited Financial Statements	•										•		<u>Recommendation:</u> A. Review draft Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2021; and B. Direct staff to have Financial Auditor to contact Board Members and present, if necessary.
19	Audit Report of the Water Utility Enterprise Funds for the Fiscal Year							•						<u>Recommendation:</u> Receive and Discuss the Audit Report of the Water Utility Enterprise Funds for the Fiscal Year.
20	Receive QEMS Annual Internal Audit Report								•					<u>Recommendation:</u> Receive information regarding the Quality and Environmental Management System.

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BOARD AUDIT COMMITTEE 2021 WORKPLAN

January 1, 2021 to December 31, 2021

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21	Status Update on the Implementation of Recommendations from the 2015 Consultant Contracts Management Process Audit Conducted by Navigant Consulting, Inc. and the Consultant Contracts Improvement Process.		•					•						<p><u>Note:</u> Staff CAS update every 6 months.</p> <p><u>Recommendation:</u> Receive and discuss a status update on the implementation of the recommendations made by Navigant in the 2015 Consultant Contracts Management Process Audit and on the Consultant Contracts Improvement Process.</p>
22	Review Contract Change Order Audit Report					•						•		<p><u>Note:</u> Staff periodic update.</p> <p><u>Recommendation:</u> Receive and discuss a status update on the implementation of the recommendations made by TAP International, Inc. in the Contract Change Order Audit Report.</p>
23	Audit Recommendations Implementation Status	•											•	<p><u>Recommendation:</u> Receive and discuss a status update on the implementation of audit recommendations.</p>
<b>Board Independent Auditor - TAP International, Inc. Items</b>														
24	Review and Update Annual Audit Work Plan	•	•	•	•	•	•	•	•	•	•	•	•	<p><u>Recommendation:</u> Discuss the Annual Audit Work Plan and update, if necessary.</p>
<b>Audit - Grants Management</b>														
25	Receive notification of initiated Grants Management Audit													<p><u>Note:</u> Audit Objectives - Performance audit of the efficiency and effectiveness of grant management and administration.</p>
26	Review Grants Management Audit Progress Report													<p><u>Recommendation:</u> Receive an update on the status of the on-going audit.</p>
27	Review Grants Management Audit Draft Report Presentation	•												<p><u>Recommendation:</u> Receive and discuss the Final Draft Audit Report.</p>
28	Review Response to Grants Management Audit Final Draft Report		•											<p><u>Recommendation:</u> A. Receive and discuss the Management Response to the Final Draft Audit Report; and B. Direct staff to have TAP International, Inc. finalize the Audit Report and present it to the Board of Directors.</p>
<b>Audit - Permitting Best Practices</b>														
29	Receive notification of initiated Permitting Best Practices Audit													<p><u>Note:</u> Audit Objectives - How does Valley Water's permitting process compare with other agencies? Can alternative permit processing activities benefit Valley Water?</p>
30	Review Permitting Best Practices Audit Progress Report	•	•	•										<p><u>Recommendation:</u> Receive an update on the status of the on-going audit.</p>
31	Review Permitting Best Practices Audit Draft Report Presentation				•									<p><u>Recommendation:</u> Receive and discuss the Final Draft Audit Report.</p>
32	Review Response to Permitting Best Practices Audit Final Draft Report					•								<p><u>Recommendation:</u> A. Receive and discuss the Management Response to the Final Draft Audit Report; and B. Direct staff to have TAP International, Inc. finalize the Audit Report and present it to the Board of Directors.</p>
<b>Audit - Pacheco Reservoir Expansion</b>														
33	Receive notification of initiated Pacheco Project Audit			•					•					<p><u>Note:</u> Audit Objectives - Determine how and why the initial Project Scope &amp; Cost evolved and increased over time?</p>

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**BOARD AUDIT COMMITTEE 2021 WORKPLAN**

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		13-Jan	17-Feb	17-Mar	21-Apr	19-May	16-Jun	21-Jul	18-Aug	15-Sep	20-Oct	17-Nov	15-Dec	
34	Review Pacheco Project Audit Progress Report													<u>Recommendation:</u> Receive an update on the status of the on-going audit.
35	Review Pacheco Project Audit Draft Report Presentation													<u>Recommendation:</u> Receive and discuss the Final Draft Audit Report.
36	Review Response to Pacheco Project Audit Final Draft Report													<u>Recommendation:</u> A. Receive and discuss the Management Response to the Final Draft Audit Report; and B. Direct staff to have TAP International, Inc. finalize the Audit Report and present it to the Board of Directors.
<b>Audit - Construction Project Management (Tentative)</b>														
37	Receive notification of initiated Construction Project Management Audit													<u>Note:</u> Audit Objectives - What areas of Valley Water's capital project budgeting practices can benefit from adopting best practices?
38	Review Construction Project Management Audit Progress Report													<u>Recommendation:</u> Receive an update on the status of the on-going audit.
39	Review Construction Project Management Audit Draft Report Presentation													<u>Recommendation:</u> Receive and discuss the Final Draft Audit Report.
40	Review Response to Construction Project Management Audit Final Draft Report													<u>Recommendation:</u> A. Receive and discuss the Management Response to the Final Draft Audit Report; and B. Direct staff to have TAP International, Inc. finalize the Audit Report and present it to the Board of Directors.
<b>Audit - Supervisory Control and Data Acquisition (Tentative)</b>														
41	Receive notification of initiated Supervisory Control and Data Acquisition Audit													<u>Note:</u> Audit Objectives - Does Valley Water's Supervisory Control and Data Acquisition (SCADA) systems meet established SCADA security frameworks?
42	Review Supervisory Control and Data Acquisition Audit Progress Report													<u>Recommendation:</u> Receive an update on the status of the on-going audit.
43	Review Supervisory Control and Data Acquisition Audit Draft Report Presentation													<u>Recommendation:</u> Receive and discuss the Final Draft Audit Report.
44	Review Response to Supervisory Control and Data Acquisition Audit Final Draft Report													<u>Recommendation:</u> A. Receive and discuss the Management Response to the Final Draft Audit Report; and B. Direct staff to have TAP International, Inc. finalize the Audit Report and present it to the Board of Directors.
<b>Audit - Risk Management (Tentative)</b>														
45	Receive notification of initiated Risk Management Audit													<u>Note:</u> Audit Objectives - Can risk management business processes be implemented more effectively? (i.e. contract claims, workers compensation, small claims).

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46	Review Risk Management Audit Progress Report													<u>Recommendation:</u> Receive an update on the status of the on-going audit.
47	Review Risk Management Audit Draft Report Presentation													<u>Recommendation:</u> Receive and discuss the Final Draft Audit Report.
48	Review Response to Risk Management Audit Final Draft Report													<u>Recommendation:</u> A. Receive and discuss the Management Response to the Final Draft Audit Report; and B. Direct staff to have TAP International, Inc. finalize the Audit Report and present it to the Board of Directors.
<b>Audit - Billing and Collections (Tentative)</b>														
49	Receive notification of initiated Billing and Collections Audit													<u>Note:</u> Audit Objectives - Are there opportunities to enhance Valley Water's billing and collection processes?
50	Review Billing and Collections Audit Progress Report													<u>Recommendation:</u> Receive an update on the status of the on-going audit.
51	Review Billing and Collections Audit Draft Report Presentation													<u>Recommendation:</u> Receive and discuss the Final Draft Audit Report.
52	Review Response to Billing and Collections Audit Final Draft Report													<u>Recommendation:</u> A. Receive and discuss the Management Response to the Final Draft Audit Report; and B. Direct staff to have TAP International, Inc. finalize the Audit Report and present it to the Board of Directors.
<b>Audit - Accountability (Tentative)</b>														
53	Receive notification of initiated Accountability Audit													<u>Note:</u> Audit Objectives - Are there opportunities to enhance safe clean water audits?
54	Review Accountability Audit Progress Report													<u>Recommendation:</u> Receive an update on the status of the on-going audit.
55	Review Accountability Audit Draft Report Presentation													<u>Recommendation:</u> Receive and discuss the Final Draft Audit Report.
56	Review Response to Accountability Audit Final Draft Report													<u>Recommendation:</u> A. Receive and discuss the Management Response to the Final Draft Audit Report; and B. Direct staff to have TAP International, Inc. finalize the Audit Report and present it to the Board of Directors.
<b>Audit - Community Engagement (Tentative)</b>														
57	Receive notification of initiated Community Engagement Audit													<u>Note:</u> Audit Objectives - Can Valley Water benefit from updating its purchasing practices for multi-media, advertising, and other community engagement vendor related activities? What are the best practices in planning and facilitating community engagement?
58	Review Community Engagement Audit Progress Report													<u>Recommendation:</u> Receive an update on the status of the on-going audit.

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**BOARD AUDIT COMMITTEE 2021 WORKPLAN**

January 1, 2021 to December 31, 2021

#	ACTIVITY/SUBJECT	Q1			Q2			Q3			Q4			NOTES/RECOMMENDATIONS
		13-Jan	17-Feb	17-Mar	21-Apr	19-May	16-Jun	21-Jul	18-Aug	15-Sep	20-Oct	17-Nov	15-Dec	
59	Review Community Engagement Audit Draft Report Presentation													<u>Recommendation:</u> Receive and discuss the Final Draft Audit Report.
60	Review Response to Community Engagement Audit Final Draft Report													<u>Recommendation:</u> A. Receive and discuss the Management Response to the Final Draft Audit Report; and B. Direct staff to have TAP International, Inc. finalize the Audit Report and present it to the Board of Directors.
<b>Audit - Property Management (Tentative)</b>														
61	Receive notification of initiated Property Management Audit													Note: Audit Objectives - Is Valley Water implementing encroachment licensing program consistent with the Board's guiding principles?
62	Review Property Management Audit Progress Report													<u>Recommendation:</u> Receive an update on the status of the on-going audit.
63	Review Property Management Audit Draft Report Presentation													<u>Recommendation:</u> Receive and discuss the Final Draft Audit Report.
64	Review Response to Property Management Audit Final Draft Report													<u>Recommendation:</u> A. Receive and discuss the Management Response to the Final Draft Audit Report; and B. Direct staff to have TAP International, Inc. finalize the Audit Report and present it to the Board of Directors.
<b>Audit - Homelessness Analysis (Tentative)</b>														
65	Receive notification of initiated Homelessness Analysis Audit													<u>Note:</u> Audit Objectives - How can Valley Water enhance its homelessness encampment clean-up activities that protect health and safety?
66	Review Homelessness Analysis Audit Progress Report													<u>Recommendation:</u> Receive an update on the status of the on-going audit.
67	Review Homelessness Analysis Audit Draft Report Presentation													<u>Recommendation:</u> Receive and discuss the Final Draft Audit Report.
68	Review Response to Homelessness Analysis Audit Final Draft Report													<u>Recommendation:</u> A. Receive and discuss the Management Response to the Final Draft Audit Report; and B. Direct staff to have TAP International, Inc. finalize the Audit Report and present it to the Board of Directors.
<b>Audit - Classified Information (Tentative)</b>														
69	Receive notification of initiated Classified Information Audit													<u>Note:</u> Audit Objectives - To what extent does Valley Water's Counsel's Office appropriately classify confidential information?
70	Review Classified Information Audit Progress Report													<u>Recommendation:</u> Receive an update on the status of the on-going audit.
71	Review Classified Information Audit Draft Report Presentation													<u>Recommendation:</u> Receive and discuss the Final Draft Audit Report.

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BOARD AUDIT COMMITTEE 2021 WORKPLAN

January 1, 2021 to December 31, 2021

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		13-Jan	17-Feb	17-Mar	21-Apr	19-May	16-Jun	21-Jul	18-Aug	15-Sep	20-Oct	17-Nov	15-Dec	
72	Review Response to Classified Information Audit Final Draft Report													<p><u>Recommendation:</u>                      A. Receive and discuss the Management Response to the Final Draft Audit Report; and                      B. Direct staff to have TAP International, Inc. finalize the Audit Report and present it to the Board of Directors.</p>
<b>Audit - Local Workforce Hiring (Tentative)</b>														
73	Receive notification of initiated Local Workforce Hiring Audit													<p>Note: Audit Objectives - What are the financial and service delivery disadvantages and advantages of RFPs that require preferences for local workforce hiring?</p>
74	Review Local Workforce Hiring Audit Progress Report													<p><u>Recommendation:</u>                      Receive an update on the status of the on-going audit.</p>
75	Review Local Workforce Hiring Audit Draft Report Presentation													<p><u>Recommendation:</u>                      Receive and discuss the Final Draft Audit Report.</p>
76	Review Response to Local Workforce Hiring Audit Final Draft Report													<p><u>Recommendation:</u>                      A. Receive and discuss the Management Response to the Final Draft Audit Report; and                      B. Direct staff to have TAP International, Inc. finalize the Audit Report and present it to the Board of Directors.</p>
<b>Audit - Equipment Maintenance (Tentative)</b>														
77	Receive notification of initiated Equipment Maintenance Audit													<p>Note: Audit Objectives - Is Valley Water adequately meeting the needs of equipment maintenance?</p>
78	Review Equipment Maintenance Audit Progress Report													<p><u>Recommendation:</u>                      Receive an update on the status of the on-going audit.</p>
79	Review Equipment Maintenance Audit Draft Report Presentation													<p><u>Recommendation:</u>                      Receive and discuss the Final Draft Audit Report.</p>
80	Review Response to Equipment Maintenance Audit Final Draft Report													<p><u>Recommendation:</u>                      A. Receive and discuss the Management Response to the Final Draft Audit Report; and                      B. Direct staff to have TAP International, Inc. finalize the Audit Report and present it to the Board of Directors.</p>
<b>Audit - Delta Conveyance (Tentative)</b>														
81	Receive notification of initiated Delta Conveyance Audit													<p>Note: Audit Objectives - What potential financial risks could occur on the California Water Fix project?</p>
82	Review Delta Conveyance Audit Progress Report													<p><u>Recommendation:</u>                      Receive an update on the status of the on-going audit.</p>
83	Review Delta Conveyance Audit Draft Report Presentation													<p><u>Recommendation:</u>                      Receive and discuss the Final Draft Audit Report.</p>
84	Review Response to Delta Conveyance Audit Final Draft Report													<p><u>Recommendation:</u>                      A. Receive and discuss the Management Response to the Final Draft Audit Report; and                      B. Direct staff to have TAP International, Inc. finalize the Audit Report and present it to the Board of Directors.</p>
<b>BAC Work Plan Items Outside of the Current Term</b>														

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BOARD AUDIT COMMITTEE 2021 WORKPLAN

January 1, 2021 to December 31, 2021

#	ACTIVITY/SUBJECT	Q1			Q2			Q3			Q4			NOTES/RECOMMENDATIONS
		13-Jan	17-Feb	17-Mar	21-Apr	19-May	16-Jun	21-Jul	18-Aug	15-Sep	20-Oct	17-Nov	15-Dec	
37	BAC Self-Evaluation Report													<u>Note:</u> Per the February 19, 2020 BAC meeting, the 2019 BAC Self-Evaluation form is to be completed and a formal report provided to the full Board at a future meeting. At the January 13, 2021 BAC meeting, the 2020 BAC Self-Evaluation form is to be completed by the Committee and a formal report provided to the full Board at a future meeting.
38	Sponsorship Program													<u>Recommendation:</u> Discuss the potential for a desk review or audit of the Sponsorship Program.
39	Establishment of Additional Board Auditors													<u>Recommendation:</u> Discuss the potential master services agreement to recommend to the full Board for the establishment of additional Board Auditors.
40	Participate in financial statement audit procurement process													<u>Note:</u> Next procurement scheduled for January 2022.

Note: The • denotes that an item is on the BAC meeting agenda for the corresponding month in which the • is listed. The shading represents that the items have been completed.



# Santa Clara Valley Water District

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**File No.:** 21-0207

**Agenda Date:** 3/17/2021

**Item No.:** 4.4.

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## COMMITTEE AGENDA MEMORANDUM

### Board Audit Committee

#### **SUBJECT:**

Updates to the Annual Audit Work Plan.

#### **RECOMMENDATION:**

Discuss and approve any updates to recommend to the Board, if necessary.

#### **SUMMARY:**

On January 14, 2020, the Board approved updates to the Annual Audit Work Plan to include the FY 2020-2021 Property Management Audit, to audit whether Valley Water is implementing the encroachment program consistent with the Board's guiding principles, and to include three desk reviews to be performed by TAP International, Inc. (TAP): key controls and financial management regarding the extension of grants; risk management review of Valley Water hiring practices; and review of the Board Agenda preparation process.

On July 21, 2020, the Board approved an update to the Annual Audit Work Plan to include the FY 2020-2021 Grants Management Audit, for a performance audit of the efficiency and effectiveness of grant management and administration.

On October 13, 2020, the Board approved updates to the Annual Audit Work Plan to include: 1) the Permitting Best Practices Audit as the next audit to be undertaken by TAP; 2) modification of the Annual Audit Work Plan such that the two community engagement audits (ID 21 and ID 30) are combined into one audit (ID 21); and 3) modification of the Annual Audit Work Plan to note that the SCADA audit (ID 2) will be deferred and reconsidered during the next Risk Assessment given the master planning efforts currently underway for Valley Water's SCADA systems.

On January 12, 2021 the Board recommended that an audit be performed by the BAC to determine the timeline associated with cost increases for the Pacheco Reservoir Expansion Project. At its February 17, 2021 meeting, the BAC added the Ad Hoc Board Audit to the Annual Audit Work Plan.

The BAC is requested to identify any potential changes to the Annual Audit Work Plan (Attachment 1) to recommend to the Board for approval.

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**File No.:** 21-0207

**Agenda Date:** 3/17/2021  
**Item No.:** 4.4.

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**ATTACHMENTS:**

Attachment 1: Annual Audit Work Plan

**UNCLASSIFIED MANAGER:**

Darin Taylor, 408-630-3068



# Santa Clara Valley Water District Annual Audit Work Plan, FY 18/19 to FY 20/21.

DRAFT AUDIT WORK PLAN – MARCH 1, 2021

SANTA CLARA VALLEY WATER DISTRICT BOARD OF DIRECTORS DRAFT  
ANNUAL WORK PLAN, FY 18/19 TO FY 20/21

## OVERVIEW

The selection of audits is an important responsibility of the Audit Committee. The formulation of this audit work began in 2018 when the Valley Water's Board of Director provided input and approved the enterprise risk assessment that was administered across agency operations. The audit work plan is a culmination of a comprehensive effort to consider input on auditable areas from Valley Water employees, mid-level management, executive management, and Board Directors.

The proposed audit work plan considers factors that, if addressed, will provide opportunities to mitigate those risks and improve operations. These factors include:

- **Operational** – Are Valley Water programs/activities performed and services delivered in the most efficient, effective, and economical manner possible, and do they represent sound business decisions, including appropriate responses to changes in the business environment?
- **Financial** – Is there an opportunity to improve how Valley Water manages, invests, spends, and accounts for its financial resources?
- **Regulatory** – Do Valley Water programs and activities comply with applicable laws and regulations?
- **Health and Safety** – Are Valley Water services delivered in a manner that protects our residents and employees from unnecessary exposure to environmental factors?
- **Information Security** – Are Valley Water's information systems and networks protected against unauthorized access, use, disclosure, disruption, modification, inspection, recording, or destruction?

In addition, the proposed audit work plan considers several other factors in the selection of audits.

- **Relevance** – Does the audit have the potential to affect Board decision-making or impact Valley Water customers and residents?
- **Best Practices** – Does the audit provide the opportunity to compare current performance to best practices?
- **Return on Investment** – Does the audit have the potential for cost savings, cost avoidance, or revenue generation?
- **Improvement** – Does the audit have the potential to result in meaningful improvement in how Valley Water does its business?
- **Risk** - The audit work plan also considers risks related to major functions, as identified through a 2017 enterprise risk assessment conducted by TAP International.
- **Audit Frequency** – Individual Divisions at Valley Water should not be subject to more than two audits per year.

## AUDIT WORK PLAN, FY 18/19 TO FY 20/21

This proposed audit work plan is divided into section. Section A describes ongoing non-audit (e.g. advisory) responsibilities of the Independent auditor and well as other quality assurance activities planned by executive management. Section B describes the audits planned for implementation by the Independent Auditor and other audits planned by Valley Water’s executive management.

### SECTION A

#### NON-AUDIT SERVICES AND SPECIAL PROJECTS

The following table lists non-audit services and special projects for the FY 2019-20 audit work plan:

Project	Scope	Planned Hours
<b>Board of Director/Audit Committee Requests for Information</b>	<b>Ongoing.</b> Should the Board of Directors request information on activities implemented by other public agencies or on other matters of interests applicable to enhancing the efficiency and effectiveness of operations, the independent auditor will collect and summarize information.	80
<b>Audit Training</b>	<b>Annual.</b> The Board Audit Committee Charter describes a requirement to provide audit training to BAC committee members at least annually.	2
<b>Support services</b>	<b>Ongoing.</b> Provide support services to Board Directors and Valley Water staff applicable to specific initiatives or planning projects to prevent potential service delivery risks, such as the planning of a new ERP system.	40
<b>QEMS – Independent Auditor</b>	<b>Ongoing.</b> Provide services to ensure proper oversight and accountability.	As needed
<b>Management reviews</b>	<b>Ongoing.</b> Valley Water ‘s CEO as needed will initiate internal quality assurance reviews of business practices and operations. These reviews are to be shared with the audit committee.	As needed

**SECTION B: AUDIT SERVICES****AUDIT WORK PLAN – INDEPENDENT AUDITOR****FY 2018-19**

The following audits have been approved in FY 2018-19 by the Board of Directors and will continue into the FY 2019-20 audit work plan.

<b>ID</b>	<b>Audit</b>	<b>Audit Objectives</b>	<b>Planned Hours</b>
<b>1</b>	District Counsel Office Review	Are there structural, organizational, and process improvement opportunities for the District Counsel's Office?	664
<b>5</b>	Contract Change Order Processing	What types of business process improvements are necessary for contract change order processing?	429
<b>6</b>	Real Estate Review	How can the Real Estate improve its financial and service delivery performance?	574
<b>Total</b>	<b>3 audits</b>		<b>1,667</b>

**FY 2019-20**

The following audits have been selected for approval for the FY 2019-20 audit work plan.

<b>ID</b>	<b>Audit Name</b>	<b>Audit Objectives</b>	<b>Planned Hours</b>	<b>Factors Considered</b>
	Ad-hoc Board Audits	TBD	500-800	Relevance
	Audit Follow up	Review and monitor the status of audit recommendations	120	Relevance
	<b>Sub Total</b>		<b>620-800</b>	
<b>13</b>	Construction project management	What areas of Valley Water's capital project budgeting practices can benefit from adopting best practices?	314-371	Financial Improvement Risk Best practices
<b>2</b>	SCADA audit*	Does Valley Water's Supervisory Control and Data Acquisition (SCADA) systems meet established SCADA security frameworks?	714-857	Information Security Relevance Improvement Risk
<b>7</b>	Permitting best practices	How does Valley Water's permitting process compare with other agencies? Can alternative permit processing activities benefit Valley Water?	171-229	Operational Best practices Improvement

<b>4</b>	Risk Management	Can risk management business processes be implemented more effectively? (i.e. contract claims, workers compensation, small claims).	143-260	Relevance Financial Operational Best practices
<b>3</b>	Billing and Collections audit	Are there opportunities to enhance Valley Water's billing and collection processes?	343-429	Relevance Financial Regulatory Improvement Risk Return on Investment
<b>11</b>	Accountability audit	Are there opportunities to enhance safe clean water audits?	115-171	Health and Safety Relevance Improvement
<b>Sub Total</b>	<b>5</b>		<b>1,800-2,317</b>	

\*The SCADA audit (ID 2) will be deferred and reconsidered during the next Risk Assessment given the master planning efforts underway for Valley Water's SCADA systems.

**FY 2020-21**

The following audits have been selected for approval for the FY 2020-21 audit work plan.

<b>ID</b>	<b>Audit Name</b>	<b>Audit Objectives</b>	<b>Planned Hours</b>	<b>Factors Considered</b>
	Ad-hoc Board Audits**	TBD	500-800	Relevance
	Audit Follow up	Review and monitor the status of audit recommendations	120	Relevance
	<b>Subtotal</b>		<b>620-800</b>	
	<u>Grants Management</u>	<u>Performance audit of the efficiency and effectiveness of grant management and administration</u>	<u>Outsourced-TBD</u>	<u>Financial improvement</u> <u>Operational Best practices</u>
<b>Ad Hoc Board Audit</b>	Pacheco Reservoir Expansion (Lessons Learned)	(1) Develop a timeline of project costs (including contract change orders and professional services agreement amendments) and identify the types of expenses incurred.	220-270	Financial, Operational, and best practices improvements

		(2) Identify key drivers for project cost increases that were within and outside of VW's control. (3) Identify lessons learned in the planning, design and construction phases of the project.		
<b>21</b>	Community engagement	Can Valley Water benefit from updating its purchasing practices for multi-media, advertising, and other community engagement vendor related activities? What are the best practices in planning and facilitating community engagement?	417-543	Financial Improvement Operational Best practices
	Property Management	<u>Is Valley Water implementing its encroachment licensing program consistent with the Board's guiding principles?</u>	400	Operational
<b>20</b>	Homelessness analysis	How can the Valley Water enhance its homelessness encampment clean-up activities that <u>protect health and safety</u> ?	290-371	Health and Safety Relevance Financial Operational
<b>8</b>	Classified information***	To what extent does the Valley Water's Counsel's office appropriately classify confidential information?	143-200	Relevance Operational
<b>26</b>	Local workforce hiring	What are the financial and service delivery disadvantages and advantages of RFPs that require preferences for local workforce hiring?	200-229	Operational
<b>27</b>	Equipment maintenance	Is Valley Water adequately meeting the needs of equipment maintenance?	143-229	Health and safety Operational Financial
<b>33</b>	Water Fix	What potential financial risks could occur on the California Water Fix project?	160-286	Financial Relevance
<b>Sub Total</b>	<b>9</b>		<b>1,973-2,528</b>	

\*\*Ad-Hoc Audits to be added to the Board performance plan upon identification and approval of reviews.

\*\*\*This issue was included in the project plan for the performance audit of the District Counsel's office.

## AUDIT WORK PLAN – VALLEY WATER RESPONSIBILITY

FY 18/19 THRU FY 19-20

## QEMS

QUALITY ENVIRONMENTAL MANGEMENT SYSTEM INTERNAL AUDITS	
AUDIT DESCRIPTION AND UNIT #	
<b>Treated Water O&amp;M DOO: TW Survey (customer service w/ WS DOO)</b>	#515
Laboratory Services Unit	#535
North Water Treatment Operations Unit	#565
South Water Treatment Operations Unit	#566
Treatment Plant Maintenance Unit (North & South WTP)	#555
Water Quality Unit	#525
<b>Water Utility Capital Division</b>	
Capital Program Planning and Analysis Unit	#335
Construction Services Unit	#351
Pipelines Project Delivery Unit	#385
East Side Project Delivery Unit	#375
West Side Project Delivery Unit	#376
<b>Dam Safety &amp; Capital Delivery Division</b>	
CADD Services Unit	#366
Dam Safety Program & Project Delivery Unit	#595
Design and Construction Unit #3	#333
Pacheco Project Delivery Unit	#377
<b>Water Supply Division DOO: TW Survey (customer service w/ TW O&amp;M DOO)</b>	#415
Wells & Water Measurement Unit	#475
<b>Watersheds Design and Construction Division</b>	
Design and Construction Unit #1	#331
Design and Construction Unit #2	#332
Design and Construction Unit #4	#334
Design and Construction Unit #5	#336
Land Surveying and Mapping Unit	#367
Real Estate Services Unit	#369
<b>Associated Business Support Areas</b>	
Facilities Management Unit	#887
Infrastructure Services Unit/IT	#735
Equipment Management Unit	#885
Business Support & Warehouse Unit	#775
Purchasing & Consultant Contracts Services Unit	#820

Emergency Services & Security	#219
Environmental, Health & Safety Unit	#916
Workforce Development (Training)	#915
Core ISO Procedures: Continual Improvement Unit	#116
Office of Communications (Customer Service)	#172
Office of the Clerk of the Board (Customer Service)	#604

**COMPLIANCE AND FINANCIAL AUDITS**

<b>FINANCIAL AUDITS</b>
Financial Audits
Treasurer's Report
Appropriation's Limit
Compensation and Benefit Compliance (odd years)
Travel Expenses Reimbursement (even years)
Single Audit (if applicable)
WUE Fund Audit





# Santa Clara Valley Water District

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**File No.:** 21-0259

**Agenda Date:** 3/17/2021  
**Item No.:** 5.1.

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## COMMITTEE AGENDA MEMORANDUM

### Board Audit Committee

**SUBJECT:**

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.

**SUMMARY:**

The Board Audit Committee (BAC) was established by the Santa Clara Valley Water District Board of Directors (Board) to identify potential areas for audit and audit priorities, and to review, update, plan, and coordinate execution of Board audits.

At the September 16, 2020, Board Audit Committee meeting, the Committee requested Staff to seek full Board approval that the Permitting Best Practices Audit be selected as the next audit from the Annual Audit Work Plan to be undertaken by TAP International, Inc. At the full Board meeting held on October 13, 2020, the Board approved the update to the Annual Audit Work Plan as recommended by the BAC that the Permitting Best Practices Audit be the next audit to be undertaken by TAP International, Inc.

Following initiation of the audit, the Committee shall discuss the status of the on-going audit until the audit is completed.

**ATTACHMENTS:**

None

**UNCLASSIFIED MANAGER:**

Darin Taylor, 408-630-3068

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