



BOARD AUDIT COMMITTEE MEETING

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# MINUTES

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**Wednesday, March 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 2:00 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, and LeZotte attended via teleconference.

Staff in attendance were M. Overland. Staff members participating by teleconference were M. Cook, A. Fraumeni, A. Gschwind, A. Mendiola, D. Taylor, S. Tippets, K. Wong, and T. Yoke.

Also, in attendance by teleconference were 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. APPROVAL OF MINUTES:**

#### **3.1 Approval of Minutes.**

Recommendation: Approve the minutes.

The Committee considered the attached minutes of the February 17, 2021, and February 26, 2021, Committee meetings. It was moved by Director Santos, seconded by Director Kremen, and unanimously carried that the minutes be approved.

### **4. ACTION ITEMS**

#### **4.1 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.

Mr. Darin Taylor, Chief Financial Officer, reviewed the information on this item, per the attached Committee Agenda Memorandum.

It was moved by Director Kremen and seconded by Director Santos, and unanimously carried that staff recommend to the full Board, at a future Board meeting, to have District Counsel select a law firm to audit or investigate the Pacheco Reservoir Expansion Project.

#### **4.2 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.

Chairperson Keegan reviewed the information on this Item, per the attached Committee Agenda Memorandum.

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

- The Committee to consider meeting with the Financial Auditor on a quarterly basis;
- The Committee members would like the Financial Auditor to provide 1:1 meetings upon request;
- Regular financial reviews to be done quarterly, and a report to be provided to the Committee approximately 60 days after the close of the books for each quarter; and
- Staff to draft a memorandum for a future Committee meeting to discuss the parameters of future Financial audits.

4.3 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.

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

The Board noted the information and requested the following:

- Two changes to the Work Plan were discussed and will be added;
  - Staff to add the topic for the Financial Auditor report to be provided on a quarterly basis; and
  - Staff to add a topic regarding the parameters for future financial audits.
- Committee members participation on the Evaluation Committee (EC) for the two Requests for Proposals for the Committee's Chief Audit Executive and the On-Call Board Auditing Pool; and
  - Committee members to participate on the Chief Audit Executive EC; and
  - Committee members will not participate with the On-Call Auditor Pool EC.
- Committee members request staff to perform the initial review and selection for the Chief Audit Executive and On-Call Auditor Pool and will provide the following:
  - Chief Audit Executive: staff will evaluate and then provide the top 2-3 candidate firms for the Committee members to interview and select; and
  - On-Call Auditor Pool: staff to evaluate and recommend which firms will be part of the pool by providing a summary justification for the staff selection, then the Committee will approve or reject staff recommendations.

It was moved by Director Santos and seconded by Director Kremen, and unanimously carried that staff work with Contracts to update and revise the Evaluation Committee for the Board Auditor Pool and possibly the initial assessment of proposals for the Chief Audit Executive.

4.4 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, without formal action.

**5. INFORMATION ITEMS**

5.1 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. Denise Callahan, TAP International Inc., reviewed the information on this Item, per the attached Committee Agenda Memorandum.

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

- Audit report and recommendations was provided to CPRU for review and response;
- CPRU requested an extension to March 26, 2021, in order to complete their audit review and response;
- TAP was focused on CPRU permitting practices, development of an invoice tracking system, and impacts of other responsibilities as it relates to their roles and responsibilities;
- The Committee requested that Information Technologies come back to a future Committee meeting to report on CPRU technology integration.

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

6.1 Clerk Review and Clarification of Committee Requests.

None.

**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.

Chairperson Keegan adjourned the meeting at 3:20 p.m., to the 2:00 p.m. Regular Meeting 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.



Max Overland  
Assistant Deputy Clerk of the Board