



Santa Clara Valley Water District Board Audit Committee Meeting

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

3:30 PM REGULAR MEETING AGENDA

Monday, December 3, 2018
3:30 PM

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

BOARD AUDIT COMMITTEE

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

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

DARIN TAYLOR
Committee Liaison

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

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**Santa Clara Valley Water District
Board Audit Committee
3:30 PM REGULAR MEETING
AGENDA**

Monday, December 3, 2018

3:30 PM

Headquarters Building Conference Room A-124

1. CALL TO ORDER:

1.1. Roll Call.

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

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

2. APPROVAL OF MINUTES:

2.1. Approval of Minutes.

[18-1018](#)

Recommendation: Approve the minutes.

Manager: Michele King, 408-630-2711

Attachments: [Attachment 1: 092618 BAC Minutes](#)

3. ACTION ITEMS:

- 3.1. Draft Audit Report for the Performance Audit of Lower Silver Creek Flood Protection Project, Agreement No. A3277G [18-0950](#)

Recommendation: A. Receive and discuss the Final Draft Audit Report from PMA Consultants on the status of the Performance Audit of Lower Silver Creek Flood Protection Project, Agreement No. A3277G;

B. Receive and discuss the Management Response to the Final Draft Audit Report; and

C. Direct staff to have PMA Consultants finalize the audit report and present it to the Board of Directors.

Manager: Darin Taylor, 408-630-3068

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

4. INFORMATION ITEMS:

- 4.1. Board Independent Auditor Report Update - TAP International, Inc. [18-0948](#)

Recommendation: A. Discuss the status of the Audit Work Plan, Audit Charter, and Board Performance Report with the Board's Independent Auditor, TAP International, Inc.; and

B. Receive copies of TAP International, Inc. task orders and invoice tracking sheet.

Manager: Darin Taylor, 408-630-3068

Attachments: [Attachment 1: Draft Audit Work Plan](#)
[Attachment 2: Performance Based Management Background Infor](#)
[Attachment 3: Board Audit Committee Background Information](#)
[Attachment 4: TAP Invoice Tracking and Task Orders](#)

- 4.2. Review 2018 Committee Work Plan. [18-1017](#)

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

Manager: Michele King, 408-630-2711

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

5. ADJOURN:

- 5.1. Clerk Review and Clarification of Committee Requests.

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

5.2. Adjourn to Regular Meeting as Set by the Committee.

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File No.: 18-1018

Agenda Date: 11/28/2018
Item No.: 2.1.

COMMITTEE AGENDA MEMORANDUM

Board Audit Committee

SUBJECT:

Approval of Minutes.

RECOMMENDATION:

Approve the minutes.

SUMMARY:

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

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

ATTACHMENTS:

Attachment 1: 092618 BAC Minutes

UNCLASSIFIED MANAGER:

Michele King, 408-630-2711

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BOARD AUDIT COMMITTEE MEETING

MINUTES

**WEDNESDAY SEPTEMBER 26, 2018
9:00 A.M.**

(Paragraph numbers coincide with agenda item numbers)

A regular meeting of the Santa Clara Valley Water District (District) BOARD AUDIT COMMITTEE (Committee) was called to order in the District Headquarters Conference Room A-124, 5700 Almaden Expressway, San Jose, California, at 9:00 a.m.

1. CALL TO ORDER:

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

Staff members in attendance were M. Heller, F. Hernandez, D. Taylor, B. Hopper, M. King, A. Noriega, and M. Overland.

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

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

2. APPROVAL OF MINUTES

- 2.1. Approval of Minutes.

The Committee considered the attached minutes of the August 15, 2018 meeting.

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

3. ACTION ITEMS

- 3.1 Board Independent Auditor Report Update – TAP International, Inc.

Ms. Denise Callahan, TAP International, Inc., reviewed the information on this item per the attached Committee Agenda Memo, and per the information contained in Attachments 1 and 2.

The Committee requested that TAP International continue to develop the Draft Risk Assessment and Draft Audit Work Plan documents, and return to the Committee with finalized drafts that can be brought to the full Board at a future Board meeting.

3.2 Proposed Board Audit Committee Charter

Mr. Brian Hopper, Senior Assistant District Counsel, and Ms. Denise Callahan, TAP International, Inc., reviewed the information on this item per the attached Committee Agenda Memo, and per the information contained in Attachment 1.

The Committee made the following requests:

- That staff and TAP meet with the Committee Chair to continue to develop a draft Charter which can be brought back to the Committee for approval; and
- That the Charter, once approved by the Committee, be brought to the full Board for discussion and approval.

3.3 Conflict of Interest Status Update.

Ms. Anna Noriega, Program Administrator, and Mr. Hopper, reviewed the information on this item per the attached Committee Agenda Memo, and per the information contained in Attachment 1.

The Committee requested that staff provide more clarifying language pertaining to employee relationships with external organizations, and further clarification of family relationships in the COI.

3.4 Review of the 2017 Board Performance Measures and Report

Ms. Michele King, Clerk/Board of Directors, reviewed the information on this item per the attached Committee Agenda Memo, and per the information contained in Attachment 1.

The Committee requested that staff and TAP meet with the Chair of the Committee to develop the report to better reflect the Board's performance in critical areas, and to bring this item back to the Committee at a future meeting for further discussion.

3.5 Review 2018 Committee Work Plan

Mr. Max Overland, Assistant Deputy Clerk II, reviewed the information on this item per the attached Committee Agenda Memo, and per the information contained in Attachment 1.

The Committee noted the information, without formal action.

4. ADJOURN

4.1 Clerk Review and Clarification of Committee Requests.

Mr. Overland read the new Committee requests into the record, as follows:

Regarding Item 3.1:

The Committee requested that TAP International continue to develop the Draft Risk Assessment and Draft Audit Work Plan documents, and return to the Committee with finalized drafts that can be brought to the full Board at a future Board meeting.

Regarding Item 3.2:

- The Committee requested that staff and TAP meet with the Committee Chair to continue to develop a draft Charter which can be brought back to the Committee for approval; and
- The Committee requested that the Charter, once approved by the Committee, be brought to the full Board for discussion and approval.

Regarding Item 3.3:

The Committee requested that staff provide more clarifying language pertaining to employee relationships with external organizations, and further clarification of family relationships in the COI.

Regarding Item 3.4:

The Committee requested that staff and TAP meet with the Chair of the Committee to develop the report to better reflect the Board's performance in critical areas, and to bring this item back to the Committee at a future meeting for further discussion.

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

Chairperson Keegan adjourned the meeting at TIME to the next meeting, which will be scheduled and posted in accordance with the Brown Act.

Max Overland
Assistant Deputy Clerk II

Approved:

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File No.: 18-0950

Agenda Date: 12/3/2018

Item No.: 3.1.

COMMITTEE AGENDA MEMORANDUM

Board Audit Committee

SUBJECT:

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

RECOMMENDATION:

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

SUMMARY:

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

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

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

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

The Final Draft Audit Report was submitted by PMA to staff on November 13, 2018. The Management Response to the Final Draft Audit Report is being prepared and will be provided as a handout to the Board Audit Committee.

File No.: 18-0950

Agenda Date: 12/3/2018
Item No.: 3.1.

ATTACHMENTS:

Attachment 1: Final Draft Audit Report

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068

SANTA CLARA VALLEY WATER DISTRICT PERFORMANCE AUDIT (DRAFT REPORT)

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

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EXECUTIVE SUMMARY

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

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

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

CONCLUSIONS

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

CONFLICT OF INTEREST / FIREWALL

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

FINANCIAL REVIEW AND FUND REALLOCATION

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

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

DISTRICT ATTORNEY (DA) INVESTIGATION

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

SOLE SOURCING

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

PERFORMANCE REVIEW

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

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

INTRODUCTION AND APPROACH

PROJECT BACKGROUND

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

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

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

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

RMC WATER AND ENVIRONMENT – SCOPE OF SERVICES

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

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

AUDIT BACKGROUND

BACKGROUND

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

LIMITATIONS

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

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

SCHEDULE

Project Start Date: 25JAN2017

Draft Report: 31JUL2017 / 27OCT2018

Project Amended Date: 27FEB2018

Final Report Issued: NOV2018

Project Close Date: DEC2018

ANALYSIS OF POTENTIAL THREAT TO INDEPENDENCE STATEMENT

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

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

In this instance, the Client:

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

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

APPROACH

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

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

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

SUPERVISION AND QUALITY CONTROL STATEMENT

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

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

GAGAS COMPLIANCE

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

PERFORMANCE AUDIT METHODOLOGY

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

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

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

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

PERFORMANCE AUDIT PROCESS

To accomplish audit objectives, PMA:

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

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

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

IDENTIFICATION OF SOURCES AND TYPE OF EVIDENCE

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

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

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

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

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

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

FINDINGS AND RECOMMENDATIONS

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

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

CONFLICT OF INTEREST / FIREWALL

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

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

AUDIT FINDINGS

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

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

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

AUDIT RECOMMENDATIONS

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

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

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

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

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

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

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

FINANCIAL REVIEW AND FUND REALLOCATION

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

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

AUDIT FINDINGS

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

listed in the contract, and hourly rates that differed from those listed in the contract. It should be noted that not all rate discrepancies were overcharges. There were 9 instances of rate discrepancies noted in the 12 invoices selected for testing, all but one of which were related to sub-consultant charges passed through by RMC. In total, these 9 discrepancies resulted in a net undercharge to the district of \$711.75. Given the immateriality, we do not recommend further testing

- b. One instance where backup documentation was not included for immaterial subcontractor charges (\$62.50). This appeared to be an isolated instance.
- c. 25% of invoices contained discrepancies between the task invoiced per RMC and the task worked per the sub-contractor (ex. sub-contractor invoice states time was worked on task 1 while RMC bills for task 3). This could be the result of differences in billing systems. As an example, a sub-contractor who is only working on one task may generate invoices to RMC which state "Task 1" referring to the only task assigned to the sub-contractor, even though it is Task 3 of the project. While there is room for improvement in the communication between RMC and their subcontractors, we have no reason to believe RMC misclassified sub-contractor billings into the wrong task.
- d. Three of the sub-contractors did not specify which task they were billing for.
- e. None of the RMC or sub-contractor invoices contained support for "other expenses," totaling \$3,140 (out of \$536K; 0.59%). While we generally recommend requiring contractors to provide support for all expenditures, the District may wish to perform a cost/benefit analysis prior to instituting such requirements, especially if out-of-pocket expenses incurred are expected to be minimal.
- f. Several of the invoices examined (both RMC and sub-contractor invoices) did not specify the date range which the invoice covered, but rather included a "through [date]" format. While a reviewer can determine invoice date ranges based on the "through date" of previous and current invoices, we recommend a more conventional practice of specifying a date range.

F16. There is no evidence of double billing

- a. Our invoice audit revealed no evidence of double billing
- b. Those interviewed during the course of the audit, including current and previous project management, provided testimony stating that there was no double billing
- c. RMC has provided a representation letter attesting to the accuracy of invoices submitted.

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

AUDIT RECOMMENDATIONS

INVOICING

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

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

SOLE SOURCING

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

AUDIT FINDINGS

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

SANTA CLARA COUNTY DISTRICT ATTORNEY INVESTIGATIONS

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

AUDIT FINDINGS

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

PERFORMANCE REVIEW

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

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

BACKGROUND

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

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

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

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

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

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

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

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

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

AUDIT FINDINGS

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

CHANGE MANAGEMENT

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

¹ A2377G Executed Agreement

² QEMS W75101

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

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

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

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

DOCUMENT CONTROL

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

⁴ QEMS W75101

⁵ QEMS W75101

⁶ A3277G Executed Agreement

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

⁷ QEMS W42302

⁸ QEMS W42302

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

PROJECT MANAGEMENT AND EXECUTION

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

⁹ QEMS W42302

¹⁰ QEMS W75102rG

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

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

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

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

AUDIT RECOMMENDATIONS

CHANGE MANAGEMENT

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

DOCUMENT CONTROL

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

PROJECT MANAGEMENT AND EXECUTION

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

¹² Executed Agreement and QEMS Q751D01

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

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

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

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

¹³ QEMS W75102

SUMMARY OF THE VIEWS OF RESPONSIBLE OFFICIALS

Place holder for SCVWD commentary associated with review of draft

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

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

APPENDICES

The appendices include the following items.

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


Appendix A - List of Interviews


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


Appendix B - List of Key Documents


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


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


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1	Project Management and Execution	Const. Manual CM1088, Rev B, Section 2	Has written authorization been received from SCVWD prior to commencing work?	2	27-007 confirmed NTP on 6/18/09														
2	Project Management and Execution	Industry	Has the PM reviewed and signed the contract or release document prior to SCVWD signature?	2	Agreement A3277G signed by SCVWD and RMC														
3	Project Management and Execution	Industry	Was a Project Mobilization Plan, or Initiation Checklist completed?	NA	not contractually required; industry best practice suggests using a mobilization checklist as well as early audit in order to allow for course correction	AFI													
4	Project Management and Execution	Const. Manual CM1088, Rev B, Section 4	Were the appropriate insurance certificates been received and issued to SCVWD?	2	COI presented (10/17/08)														
5	Project Management and Execution	Const. Manual CM1088, Rev B, Section 4	Was a Kick-Off Meeting held with required attendees?	2	Meeting minutes confirm KO held 6/23/2009														
6	Project Management and Execution	QEMS W75102rG	Was a Project Management Plan issued in the level of detail required? Did the context of the plan match the actual execution of job? Was it updated as needed?	1	reviewed design and construction phase project work plans. Not all project objectives were captured (i.e. federal funding). Plan should have been updated when scope and/or schedule/budget changed	NCR													
7	Project Management and Execution	Const. Manual CM1088, Rev B, Section 4	Was the Project Execution Plan reviewed and approved by the SCVWD PM?	1	formally accepted copy and construction phase plans (K. Oven and A. Gurevich); plans should have been updated upon contractual or strategy changes and amendments														
8	Project Management and Execution	Industry	Was the Basis of Design completed (including performance criteria, design assumptions, listing of SCVWD documents, and applicable standards)?	2	BOD completed and transmitted JAN2010														
9	Project Management and Execution	Const. Manual CM1088, Rev B, Section 4	Were weekly project meetings held, and documented with minutes?	1	bi-weekly through initial contracting period. Agenda and minutes reviewed. Meetings with RMC were discontinued at same time as monthly reports														
10	Project Management and Execution	Const. Manual CM1088, Rev B, Section 6	Were all meetings or telephone conversations (with decisions made or significant data transferred) documented on a timely basis?	2	decisions documented in minutes of bi-weekly program meetings. Transmittals provided.														
11	Project Management and Execution	Const. Manual CM1088, Rev B, Section 6	Was an Action Item list implemented, and reviewed weekly?	2	action items covered in bi-weekly progress														

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

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

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

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

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

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File No.: 18-0948

Agenda Date: 12/3/2018

Item No.: 4.1.

COMMITTEE AGENDA MEMORANDUM

Board Audit Committee

SUBJECT:

Board Independent Auditor Report Update - TAP International, Inc.

RECOMMENDATION:

- A. Discuss the status of the Audit Work Plan, Audit Charter, and Board Performance Report with the Board's Independent Auditor, TAP International, Inc.; and
- B. Receive copies of TAP International, Inc. task orders and invoice tracking sheet.

SUMMARY:

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

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

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

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

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

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

overarching key measures.

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

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

ATTACHMENTS:

Attachment 1: Draft Audit Work Plan

Attachment 2: Performance Based Management Background Information

Attachment 3: Board Audit Committee Background Information

Attachment 4: TAP Invoice Tracking and Task Orders

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068



SANTA CLARA VALLEY WATER DISTRICT

DRAFT AUDIT WORK PLAN

SUGGESTIONS

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

11/15/2018

Contents

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Audit Process 4

Appendix A: Suggested Audit Topics

Appendix B: Audits by Topic Area

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Santa Clara Valley Water District

Annual Audit Work Plan - Executive Summary

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

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

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

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

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

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

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

The types of audits that can be conducted include:

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

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

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

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

Desk reviews: Small and quick audits.

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

Best practices reviews: Compares current operations to best practices.

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

Examples of audit objectives are:

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

Basis of Audit Plan

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

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

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

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

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

Audit Process

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

Table 2: Description of the Audit Process

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

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Appendix A: Suggested Audit Topics

*Source – RA: Risk Assessment

BD: Board Director

DS: District Staff

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

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

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

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

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

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

Appendix B: Suggested Audits by Topic Area

Best Practices

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

Business Continuity

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

Capital Project Management

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

Continuous Process Improvement

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

Contract Change Order Management

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

Financial Management / Financial

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

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

Human Resources

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

Information Technology

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

Operations

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

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

Oversight

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

Succession Planning

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

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

Business Continuity

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

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

Examples of Potential Risks

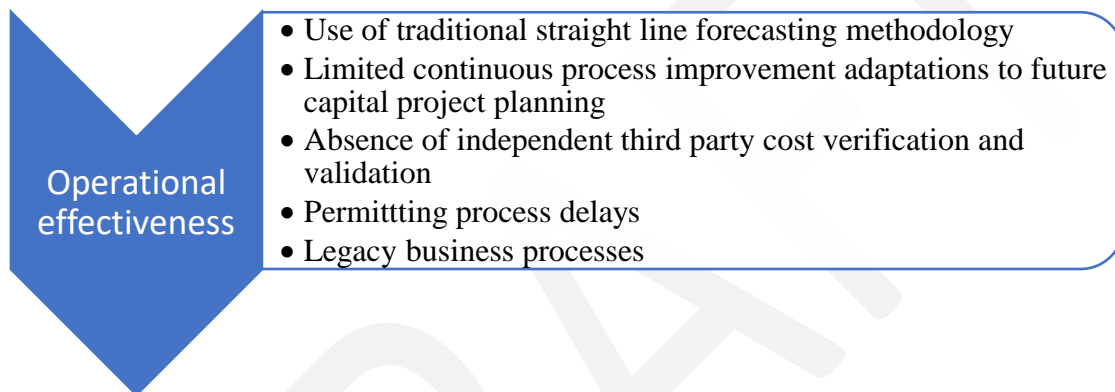


- Absence of a formal business continuity plan
- Absence of response and recovery testing
- Need for assurance over IT security activities

Capital Project Management

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

Examples of Potential Risks

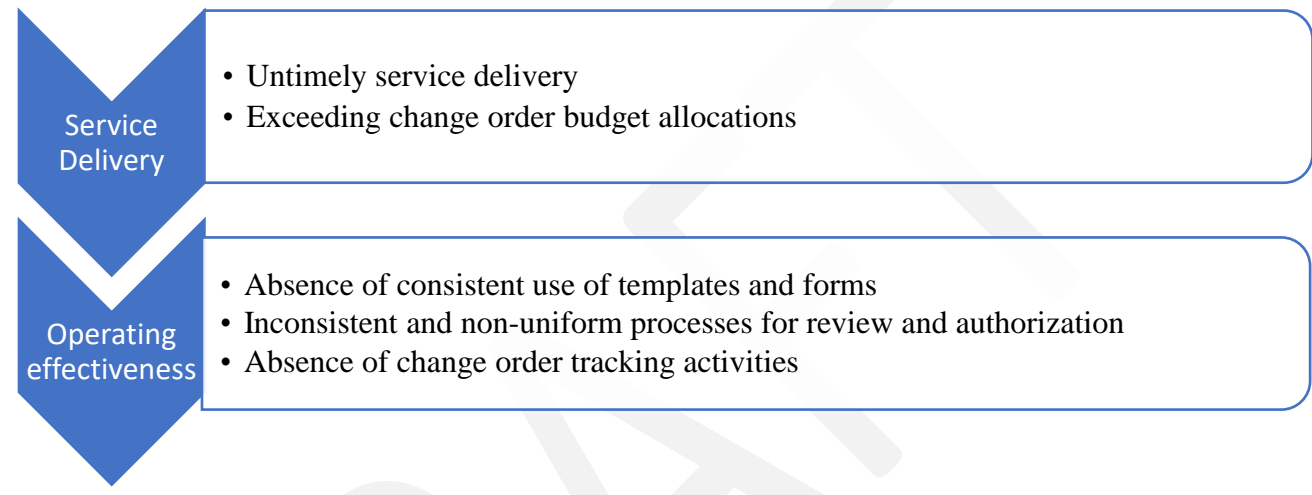


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Contract Change Order Management

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

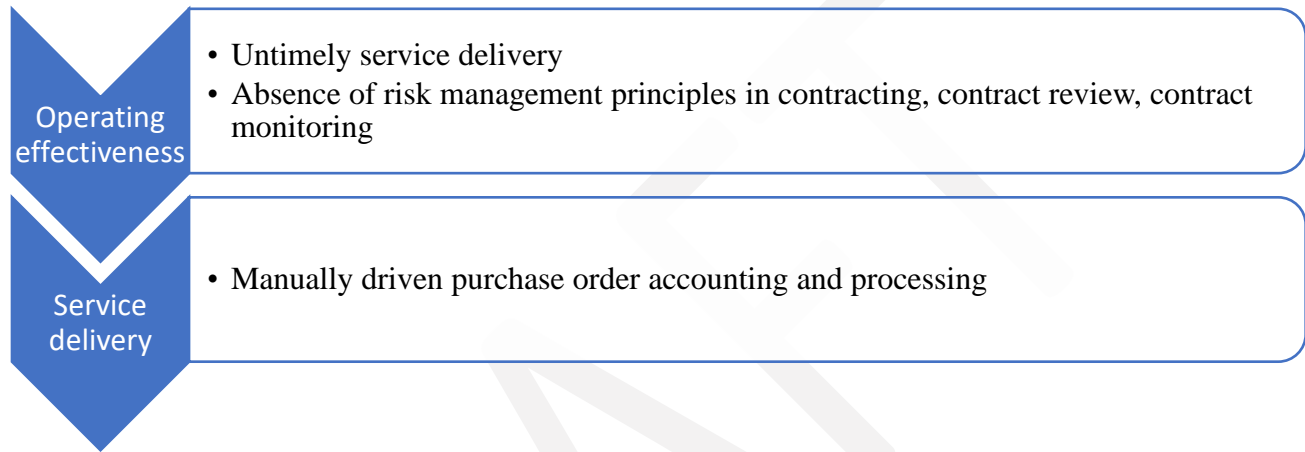
Examples of Potential Risks



Procurement and Contract Management

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

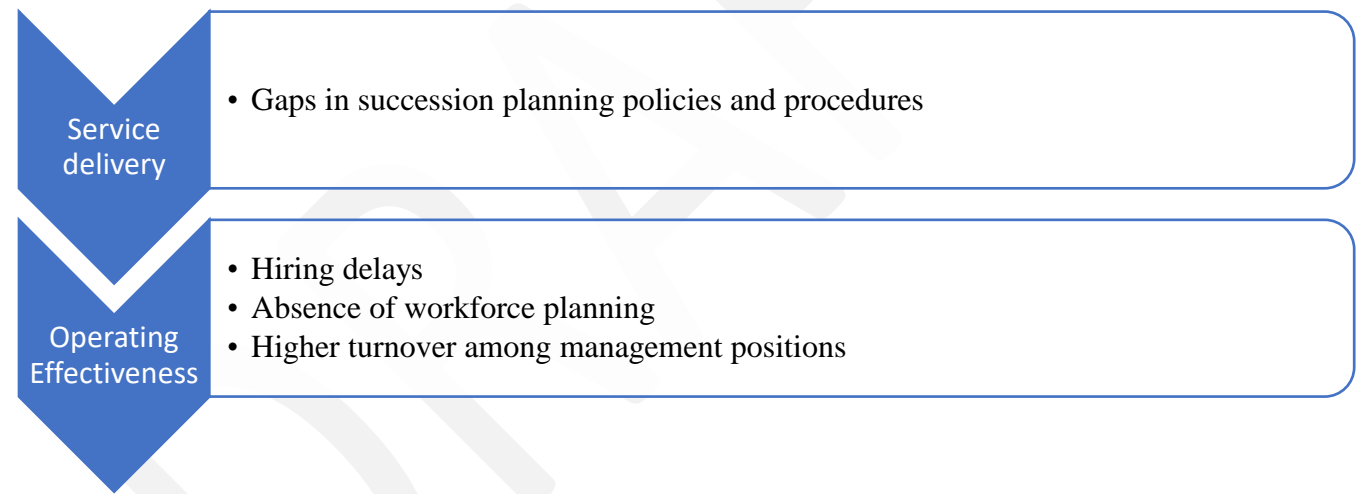
Example of Potential Risks



Succession Planning

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

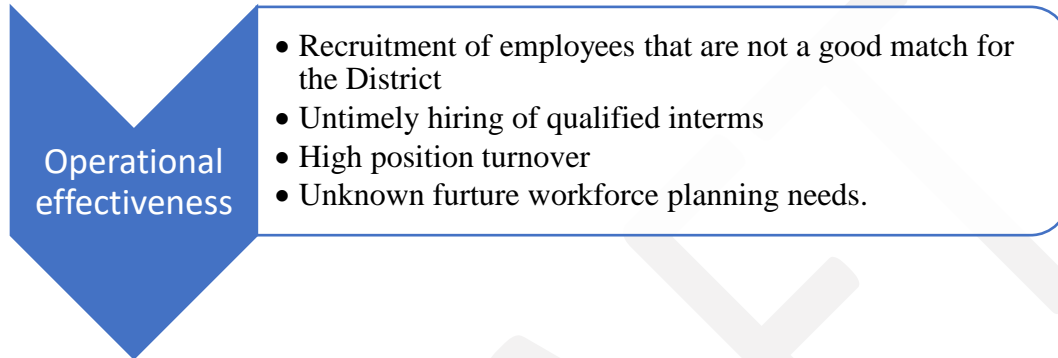
Examples of Potential Risks



Workforce Planning

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

Examples of Potential Risks



Other District-Driven Audit Suggestions

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

Specific concerns or areas of interest were identified for:

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

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

Board of Director Audit Suggestions

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

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

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

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Performance Based Management Models-Background Information
October 5, 2018 Meeting

Performance Model	Description	Key Features	Number of Performance Measures Recommended	Types of Operations Measured
Balanced Scorecard (BSC)	Strategic planning and management system to measure and monitor progress towards strategic goals and targets	Sets performance targets Measures outputs and outcomes Data driven	Up to 8 in each program, service, or organization across four operational components	Financial Performance, Customer Satisfaction, Process/Efficiency, Organizational Performance
Results-Based Management (RBM)	Management strategy that involves measures that assess how well an organization has directly or indirectly accomplished a set of desired results or outcomes	Works best in decentralized organizations Measures immediate outcomes and long-term impacts Data and qualitative driven	Up to 4 -6 that align with strategic goals	Accountability, Ownership, Inclusiveness
The Baldrige Model	Measures processes, tasks, programs, services, organizational wide	Multitude of indicators Measures inputs Data driven	Unlimited	Leadership, Strategic Planning, Customer Focus, Knowledge Management, Workforce Focus, Operations Focus, Results

Balanced Scorecard Approach

Strategic objectives	Measures	Targets	Initiatives
Financial			
Customer			
Process			
Organizational Performance			

Results Based Management Approach

Priority/Goal	Target	Means of Verification (Can be quantitative or qualitative)	Owners
Immediate outcome			
Immediate outcome			
Impact			
Output			

Characteristics of an effective audit committee:	Practice
Role and Focus	<p>Having a majority of independent and non-executive members who are financially literate</p> <p>Flexibility to meet changing and often increasing demands</p> <p>Conducting its own affairs efficiently, effectively and responsibly, with review of its own performance at least annually</p> <p>A strong focus in ensuring auditor (external and internal) independence and objectivity</p> <p>Ensuring timely and effective communication among all those involved with the audit committee process</p> <p>Championing business practices that are grounded in good ethics.</p>
External audit	<p>Actively engaging in the appointment of the external auditor</p> <p>Proactive in monitoring and evaluating the audit process</p> <p>Meeting alone from time to time, and separately with internal audit and external audit</p> <p>Having a strong and candid relationship with the external auditors</p> <p>Evaluating and assessing the performance of the external auditor, including its independence</p> <p>Determining the scope and fee of the external audit and ensuring that it provides the necessary level of assurance</p> <p>Determining what, if any, services the external auditors may provide over and above their audit role.</p>
Internal audit	<p>Proactivity in determining internal audit resourcing and plans, with regular review of progress against plan</p> <p>Ensuring there is an effective reporting process with no gaps in the overall audit</p> <p>Using internal audit to review the management of business risk to protect and enhance shareholder value</p> <p>Evaluating the performance of the internal audit</p> <p>Ensuring management responds appropriately to internal audit recommendations.</p>
Risk and control	<p>Understanding the organisation's risks, and the control systems aimed at addressing those risks</p> <p>Providing an effective risk oversight and management</p> <p>Demanding a robust control environment</p> <p>Requiring assurance that management has an effective risk management and compliance system in place</p> <p>Driving for complete and accurate financial and non-financial information disclosure that reflects substance over form.</p>
Corporate governance	<p>Providing early warning to the board on actual or potential audit, risk or control issues</p> <p>Proactive and targeted contribution to the board's corporate governance development plans, e.g. in addressing gaps between the company's existing corporate governance practices and those recommended under the Malaysian Code on Corporate Governance (MCCG).</p>

7: ENSURING THE RIGHT MIX CREATING AN EFFECTIVE AUDIT COMMITTEE

“A solid foundation must be established for the audit committee to make an effective contribution towards good corporate governance”.

Dato' Mohammad Aidid Mohd Shariff, Partner, Assurance Services, KPMG Malaysia.

7.1 Establishing an audit committee

It is the responsibility of the board to establish the audit committee, to determine its membership and ratify its term of reference or charter. For public listed companies, it is a requirement that an audit committee be established.¹

In establishing an audit committee, the board should be conscious of the limitations inherent in having too much of their financial assurance responsibility handled in committees. Such limitations may include:

- creation of power blocks within the board;
- an inability among directors who are not audit committee members to fully grasp major accounting or risk issues;
- poor communication of key issues to the full board; and at worst; and
- abdication of responsibility by the full board.

The audit committee charter should only empower the committee to make recommendations to the board and not to make decisions in its own right. As the board must sign off the financial statements, it needs to be comprehensively informed by the audit committee of any issues relating to the financial statements on an ongoing basis.

In Malaysia, as in most other jurisdictions, the responsibilities for a director of a properly constituted board committee do not differ from those of the director sitting on the full board. While the courts in Malaysia have not yet determined how the establishment of an audit committee affects the duty of care of directors, in the current environment where there are greater expectations on boards of directors, directors who are members of the audit committee should carefully assess their added responsibilities as a result of taking on this membership.

7.2 Charter

In order to clearly articulate the terms of reference of an audit committee to the committee's members, the full board and to shareholders, a charter is strongly recommended. For public listed companies, a written terms of reference which deals with its authority and duties is mandated by the MSEB LR.²

The terms of reference should be disclosed in the annual report.³

An audit committee charter should be established by resolution of the board and include the following essential elements:

- a description of duties and responsibilities of the audit committee including the review of significant financial responsibilities and disclosures, auditor independence issues, and oversight of the risk and control environment;
- an overview of the committee's monitoring role;
- membership, including a requirement that the majority of members be non-executive directors and independent;
- a description of the role of the chairman;
- the process for appointment of the secretary;
- audit committee reporting requirements to the board;
- protocols for the committee's central role in ensuring open communication between all participants in the audit process;
- powers to obtain information from and access to management;
- powers to consult directly with the internal and external auditors;
- operational matters such as, the minimum number of meetings per year, agendas, minutes, and reports;
- a general outline of the committee's purpose;

¹ MSEB LR 3.15

² MSEB LR 15.12

³ MSEB LR 15.16(3) (b)

- an understanding of the roles of the internal and external auditors;
- familiarity with the fundamental concepts of professional Auditing Standards;
- an understanding of the implications of technological change on the processes of the organisation.

7.3.3 Personal qualities of members

In addition to skills and practical experience, the board should also look for the following personal qualities when selecting committee members:

- the ability to act independently and be proactive in advising the full board of any concerns;
- the ability to ask relevant questions, evaluate the answers and continue to probe for information until completely satisfied with the answers provided;
- independence of thought;
- an ability and desire to learn;
- an openness to new ideas and a tolerance for unconventional views;
- an appreciation of the organisation's culture and values and a determination to uphold these organisation's values

coupled with a thoughtful approach to the ethical issues that might be faced;

- a professional approach to duties, including an appropriate commitment of time and effort;
- the courage to take and stand by the tough decisions;
- loyalty to the interests of shareholders and other stakeholders;
- encouragement of openness and transparency which is demonstrated by the ability to accept mistakes and not ascribe blame; and
- to demand the highest ethical standards of behaviour from the internal and external auditors.

Where audit committee members have been chosen for particular technical skills, their ability to explain technical matters in plain English (or Bahasa Malaysia, as appropriate) should be assessed.

7.4 Role of the audit committee chair

The audit committee chair should be knowledgeable of the organisation's business, financial and auditing processes and have the following responsibilities:

- planning and conducting meetings;

- overseeing reporting to the full board;
- leading verbal presentations to the full board; and
- involvement in the selection of audit committee members in conjunction with the full board.

7.5 Committee secretary

The audit committee secretary is usually the company secretary. The secretary's role is to ensure that meetings are held, minutes taken and documents circulated.

The secretary has an important role in ensuring that there are structured communication channels between the board and the audit committee and that board members receive reports which keep them adequately informed of the audit committee's activities.

The secretary must also ensure that audit committee recommendations which are provided to the board, are supported by papers, including the minutes, that explain the rationale for the committee's recommendations.

7.6 Audit committee relationships and communication

The key participants, who need to work together to carry out the governance processes entrusted to the audit committee, are:

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BOARD INDEPENDENT AUDITOR - INVOICE TRACKING SHEET AND TASK ORDERS

TASK ORDER #	DESCRIPTION	TASK ORDER BUDGET	TASK ORDER PAYMENTS	TASK ORDER REMAINING TO BE PAID	Task Complete	Previous Invoices	Invoice 563 09/30/18	Invoice 564 09/30/18	Invoice 569 09/30/18	Invoice 570 09/30/18	Invoice 575 10/31/18	Invoice 576 10/31/18	Invoice 577 10/31/18
1	06/01/17 Board Audit Committee Meeting	\$4,385.00	\$4,369.90	\$15.10	X	\$4,369.90							
2	Develop Draft Risk Assessment Model	\$25,460.00	\$25,460.00	\$0.00	X	\$25,460.00							
3	9/12/17 Board Meeting Presentation	\$3,190.00	\$3,190.00	\$0.00	X	\$3,190.00							
4a	Risk Assessment - Implementation	\$79,625.00	\$79,607.50	\$17.50	X	\$79,607.50							
4b	Risk Assessment - Analysis	\$11,400.00	\$11,400.00	\$0.00	X	\$11,400.00							
4c	Risk Assessment - Expenses	\$4,000.00	\$2,838.14	\$1,161.86	X	\$2,838.14							
5	11/30/17 Board Audit Committee Meeting	\$4,590.00	\$3,736.95	\$853.05	X	\$3,736.95							
6	01/23/18 Board Meeting Presentation	\$4,485.00	\$4,485.00	\$0.00	X	\$4,485.00							
7	02/06/18 Board Audit Committee Meeting	\$6,695.00	\$6,668.61	\$26.39	X	\$6,668.61							
8a	Expanded Risk Assessment - Implementation	\$17,500.00	\$17,500.00	\$0.00	X	\$17,500.00							
8b	Expanded Risk Assessment - Analysis	\$3,800.00	\$3,800.00	\$0.00	X	\$3,800.00							
8c	Expanded Risk Assessment - Report	\$19,000.00	\$19,000.00	\$0.00	X	\$11,875.00			\$7,125.00				
8d	Expanded Risk Assessment - Expenses	\$1,000.00	\$0.00	\$1,000.00	X	\$0.00							
9	5/3 8/15 Board Audit Committee Meeting	\$7,150.00	\$7,149.97	\$0.03	X	\$2,095.00				\$5,054.97			
10a	Annual Audit Work Plan - Interviews	\$4,650.00	\$3,515.00	\$1,135.00				\$3,515.00					
10b	Annual Audit Work Plan - Development	\$3,040.00	\$1,520.00	\$1,520.00				\$1,520.00					
10c	Annual Audit Work Plan - Expenses	\$1,000.00	\$456.45	\$543.55				\$456.45					
11	9/26/18 Board Audit Committee Meeting	\$4,055.00	\$4,052.15	\$2.85	X		\$4,052.15						
12	November Board Audit Committee Meeting	\$3,193.00	\$0.00	\$3,193.00									
13a	Board Performance - Research	\$1,900.00	\$1,140.00	\$760.00								\$1,140.00	
13b	Board Performance - Meeting	\$1,673.00	\$649.25	\$1,023.75								\$649.25	
14	Audit Charter Development Meeting	\$2,433.00	\$1,219.67	\$1,213.33									\$1,219.67
15	Full Board Meeting Attendance x10	\$6,071.50	\$627.15	\$5,444.35							\$627.15		
TOTAL		\$220,295.50	\$202,385.74	\$17,909.76			\$4,052.15	\$5,491.45	\$7,125.00	\$5,054.97	\$627.15	\$1,789.25	\$1,219.67

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

EXCESS BALANCE ON COMPLETED TASK ORDERS: \$3,076.78

OVERALL REMAINING BALANCE: \$187,781.28

AGREEMENT NUMBER = A4071A
 CONTRACT EXPIRES = May 8, 2020

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Task Order No. 001

Title: Board Audit Committee Attendance

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

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

Consultant Project Manager: Denise Callahan, President, Lead Auditor

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

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

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

7. Signatures:

5/30/2017

Signature:

TAP INTERNATIONAL INC.
Denise Callahan
President, Lead Auditor

DATE

Signature:

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

DATE

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ATTACHMENT A

Task Order No. 1

Title: Board Audit Committee Attendance

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

1. Representatives.

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

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

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

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

2. Project Objective

Attend Board Audit Committee Meeting and kick off risk assessment.

3. Tasks

Task 1—Board Audit Committee Meeting Attendance

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

4. Cost Breakdown

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

Task Order No. 002

Title: Development of Risk Assessment Model

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

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


Consultant Project Manager: Denise Callahan, President, Lead Auditor

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


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

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


7. Signatures:

Signature:  6/21/2017

TAP INTERNATIONAL INC. DATE
Denise Callahan
President, Lead Auditor

Signature:  6/21/17

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

Signature:  6/27/17

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

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ATTACHMENT A

Task Order No. 002

Title: Development of Risk Assessment Model

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

1. Representatives.

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

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

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

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

2. Project Objective

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

3. Tasks

Task 1— Development of Risk Assessment Model

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

Deliverables:

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

Task 2— Update Risk Assessment Model Per Board Input

- Receive and incorporate full Board input into Risk Assessment Model

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

4. Cost Breakdown

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

Task Order No. 003

Title: Board Meeting Attendance

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

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


Consultant Project Manager: Denise Callahan, President, Lead Auditor

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

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

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


7. Signatures:

Signature:  6/21/2017

TAP INTERNATIONAL INC. DATE
Denise Callahan
President, Lead Auditor

Signature:  6/27/17

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

Signature:  6/27/17

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

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ATTACHMENT A

Task Order No. 003

Title: Attend Board Meeting and Present Draft Risk Assessment Model

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

1. Representatives.

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

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

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

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

2. Project Objective

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

3. Tasks

Task 1—Board Meeting Attendance

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

4. Cost Breakdown

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

Task Order No. 004

Title: Risk Assessment Implementation

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

District Supervising Program Administrator: Karna DuQuite, Continual Improvement Unit


Consultant Project Manager: Denise Callahan, President


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

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

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

7. Signatures:

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

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

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Task Order No. 4

Attachment A – TAP International, Inc.

Risk Assessment Implementation

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

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

Scope of Work

District Departments

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

Operational Activities

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

Task Order No. 005

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

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

District Supervising Program Administrator: Karna DuQuite, Continual Improvement Unit

Consultant Project Manager: Denise Callahan, President

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

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

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

7. Signatures:

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

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

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Task Order 5

Attachment A – TAP International, Inc.

Board Meeting Attendance

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

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

Task Order No. 006

Title: Board Meeting Attendance, January 23, 2018

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

District Supervising Program Administrator: Karna DuQuite, Continual Improvement Unit

Consultant Project Manager: Denise Callahan, President

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

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

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

7. Signatures:

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

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

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Task Order 6

Attachment A – TAP International, Inc.

Board Meeting Attendance and Presentation of Risk Assessment Scope

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

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

Task Order No. 007

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

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

District Supervising Program Administrator: Karna DuQuite, Continual Improvement Unit

Consultant Project Manager: Denise Callahan, President

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

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

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

7. Signatures:

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

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

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Task Order 7

Attachment A – TAP International, Inc.

Board Meeting Attendance

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

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

Task Order No. 008

Title: Risk Assessment Implementation

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

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

Consultant Project Manager: Denise Callahan, President

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

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

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

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

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

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Task Order No. 8

Attachment A – TAP International, Inc.

Risk Assessment Implementation

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

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

Scope of Work

District Departments

1. Human Resources Division

Operational Activities

1. Personnel Safety
2. Transparency

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

Task Order No. 9

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

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

District Supervising Program Administrator: Felicia Hernandez

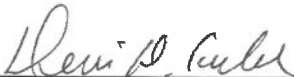
Consultant Project Manager: Denise Callahan, President

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

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

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

7. Signatures:

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

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

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Task Order 9

Attachment A – TAP International, Inc.

Board Meeting Attendance

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

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

Task Order No. 010

Title: Draft and Final ANNUAL AUDIT WORK PLAN

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

District Supervising Program Administrator: Felicia Hernandez

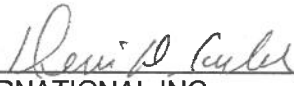
Consultant Project Manager: Denise Callahan, President

Dollar Amount of Task Order: Fixed Fee \$

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

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

7. Signatures:

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

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

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Task Order No. 010

Attachment A – TAP International, Inc.

Risk Assessment Implementation

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

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

Task Order No. 11

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

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

District Supervising Program Administrator: Felicia Hernandez

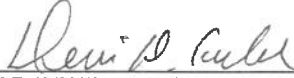
Consultant Project Manager: Denise Callahan, President

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

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

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

7. Signatures:

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

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

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Task Order No. 11

Attachment A – TAP International, Inc.

Board Meeting Attendance

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

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

Task Order No. 012

Title: BAC Meeting Attendance, November, 2018

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

District Supervising Program Administrator: Felicia Hernandez

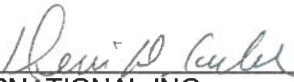
Consultant Project Manager: Denise Callahan, President


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

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

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

7. Signatures:

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

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

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Task Order No. 012

Attachment A – TAP International, Inc. Board Audit

Committee, Meeting Attendance, November 2018

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

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

Task Order No. 013

Title: Board Performance Report Performance Management Research

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

District Supervising Program Administrator: Felicia Hernandez

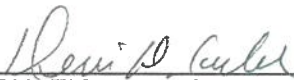
Consultant Project Manager: Denise Callahan, President

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

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

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

7. Signatures:

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

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

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Task Order No. 013

Attachment A – TAP International, Inc.

Board Performance Report Performance Management Research

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

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

Task Order No. 014

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

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

District Supervising Program Administrator: Felicia Hernandez

Consultant Project Manager: Denise Callahan, President


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

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

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

7. Signatures:

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

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

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Task Order No. 014

Attachment A – TAP International, Inc.

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

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

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

Task Order No. 015

Title: Board Meeting Attendance & Monitoring

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

District Supervising Program Administrator: Felicia Hernandez

Consultant Project Manager: Denise Callahan, President

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

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

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

7. Signatures: 

TAP INTERNATIONAL INC.
Denise Callahan
President, Lead Auditor

10/22/18
DATE

Signature: 

SANTA CLARA VALLEY WATER DISTRICT
Felicia Hernandez

10/23/18
DATE

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Task Order No.015

Attachment A – TAP International, Inc.

Board Meeting Attendance

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

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

File No.: 18-1017

Agenda Date: 11/28/2018

Item No.: 4.2.

COMMITTEE AGENDA MEMORANDUM

Board Audit Committee

SUBJECT:

Review 2018 Committee Work Plan.

RECOMMENDATION:

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

SUMMARY:

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

The 2018 Board Audit Committee Work Plan is contained in Attachment 1. Information on this document was populated by staff as follows:

Schedule for Presentation of Materials:

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

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

ATTACHMENTS:

Attachment 1: 2018 Committee Work Plan

UNCLASSIFIED MANAGER:

Michele King, 408-630-2711

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BOARD AUDIT COMMITTEE 2018 WORK PLAN

Updated: 11/28/18



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

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

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

2018 PARKING LOT

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

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

BOARD AUDIT COMMITTEE 2018 WORK PLAN

Updated: 11/28/18



2018 WORK PLAN

MEETING DATE	WORK PLAN ITEM, BOARD POLICY, & POLICY CATEGORY	ASSIGNED STAFF	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
11/28/18	2.1 Approval of Minutes	M. Overland	Approve the minutes	
	3.1 Draft Audit Report for the Performance Audit of Lower Silver Creek Flood Protection Project, Agreement No. A3277G	D. Taylor	A. Receive and discuss the Final Draft Audit Report from PMA Consultants on the status of the Performance Audit of Lower Silver Creek Flood Protection Project, Agreement No. A3277G; C. Receive and discuss the Management Response to the Final Draft Audit Report; and B. Direct staff to have PMA Consultants finalize the audit report and present it to the Board of Directors.	
	4.1 Board Independent Auditor Report Update - TAP International, Inc.	D. Taylor	A. Discuss the status of the Audit Work Plan, Audit Charter, and Board Performance Report with the Board's Independent Auditor, TAP International, Inc.; and B. Receive copies of TAP International, Inc. task orders and invoice tracking sheet.	
	4.2 Review 2018 Committee Work Plan	M. Overland	Review and make necessary adjustments to the 2018 Work Plan, and confirm regular meeting schedule for 2018.	

BOARD AUDIT COMMITTEE 2018 WORK PLAN

Updated: 11/28/18



2018 ACCOMPLISHMENTS

MEETING DATE	WORK PLAN ITEM, BOARD POLICY, & POLICY CATEGORY	ASSIGNED STAFF	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
02/06/18	2.1 Approval of Minutes	M. Overland	Approve the Minutes	Approved
	4.1 Discussion of Conflict of Interest Between Contractors and Staff.	R. Callender	<p>A. Discuss the District's process for addressing conflict of interest between contractors and staff; and</p> <p>B. Recommend to the Board of Directors that the Ethics and Equal Opportunity Programs staff continue in their efforts to have proposed conflict of interest language incorporated into to District's Ethics and Business Conduct policy and that no further actions and/or policy are warranted.</p>	<p>The Committee made the following recommendations:</p> <ul style="list-style-type: none"> • That EEO Programs staff continue efforts for proposed COI language to incorporate into District Ethics and Business Conduct Policy, and to incorporate the Committee's comments regarding: <ul style="list-style-type: none"> ○ Identifying differences between legal and cultural understanding of COI; ○ Family Hiring issues and procedures; ○ Place COI requirements on Managers' Work Plans; and ○ Review and incorporate comments by TAP International.
	4.2 Board's Independent Auditor.	D. Callahan TAP International	<p>The following actions were previously directed by the Board Audit Committee to be discussed on a future agenda:</p> <p>A. Review the finalized list of identified risk assessments, as adopted by the Committee and amended by feedback from the Board on January 23, 2018;</p> <p>B. Solicit TAP International recommendations on internal vs. external execution of audits, costs, feasibility, and timelines;</p> <p>C. Develop an execution plan to complete the risk assessments adopted by the Board;</p> <p>D. Discuss an audit charter; and</p> <p>E. Direct next steps, as needed.</p>	<p>The Committee requested the following:</p> <ul style="list-style-type: none"> • Conduct risk assessments, as defined; • Assign new Task Order for TAP to conduct risk assessments; • Establish Internal Audit Charter to be presented to full Board at future meeting for approval and incorporation into GPs. • TAP to provide Internal Audit Charter templates to District • Include TAP task orders and invoices for Committee review. • Staff to review invoices with Committee Chair before sign off

BOARD AUDIT COMMITTEE 2018 WORK PLAN

Updated: 11/28/18



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

MEETING DATE	WORK PLAN ITEM, BOARD POLICY, & POLICY CATEGORY	ASSIGNED STAFF	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
08/15/2018 11:30 AM	1.3 Election of Chair and Vice Chair	Committee	Elect Committee Officers 1. Chair – 2. Vice Chair –	Chair – Director Keegan Vice Chair – Director Hsueh
	2.1 Approval of Minutes, 11/30/2017	M. Overland	Approval of minutes.	Approved
	3.1 Status Update on the Implementation of Recommendations from the 2015 Consultant Contracts Management Process Audit Conducted by Navigant Consulting, Inc. (Navigant) and the Subsequent Fiscal Year 2017-2018 (FY18) Consultant Contracts Improvement Process.	Chair	Receive a status update on the implementation of the recommendations made by Navigant in the 2015 Consultant Contracts Management Process Audit and on the FY18 Consultant Contracts Improvements Process.	The Committee requested that staff continue to track the performance of implementing the recommendations from the 2015 Consultant Contracts Management Process Audit; provide the Board a 6-month status update via CEO Bulletin; and return to Board with full 12 month report during FY 2020 Q1.
	3.2. Board Independent Auditor Report Update - TAP International, Inc.		A. Receive an update on the Risk Assessment Implementation Project and recommended audits from the Board's Independent Auditor, TAP International, Inc.; and B. Receive copies of TAP International, Inc. task orders and invoice tracking sheet.	TAP to interview Board members and develop an audit plan then return to the Committee for approval and bring the audit plan to the full Board for consideration.
	3.3. PMA Consultants Update on the Performance Audit of Lower Silver Creek Flood Protection Project, Agreement No. A3277G.		Receive an update from PMA Consultants on the status of the Performance Audit of Lower Silver Creek Flood Protection Project, Agreement No. A3277G.	The Committee noted the information without formal action.

BOARD AUDIT COMMITTEE 2018 WORK PLAN

Updated: 11/28/18



	3.4. Conflict of Interest Status Update.		A. Receive and discuss draft Ethics Policy; and B. Receive information regarding planned Conflict of Interest avoidance measures.	Continued to the next Committee meeting.
	3.5. Review of the 2017 Board Performance Measures and Report.		A. Review the 2017 Board Performance Measures and Report and identify areas where revisions and/or additions can be made to better reflect outcomes of the Board's work; and B. Identify possible stretch goals of the Board that can be incorporated into future Board Performance Reports.	Continued to the next Committee meeting.
	3.6. Review 2018 Committee Work Plan.		Review and make necessary adjustments to the 2018 Work Plan, and confirm regular meeting schedule for 2018.	Continued to the next Committee meeting.

MEETING DATE	WORK PLAN ITEM, BOARD POLICY, & POLICY CATEGORY	ASSIGNED STAFF	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
09/26/18	2.1. Approval of Minutes, 08/15/18	M. Overland	Approval of minutes.	Approved
	3.1. Board Independent Auditor Report Update - TAP International, Inc.	M. Heller	A. Receive and discuss the draft Risk Assessment Report and the draft Audit Work Plan from the Board's Independent Auditor, TAP International, Inc.; and B. Receive copies of TAP International, Inc. task orders and invoice tracking sheet.	The Committee requested TAP continue developing Draft Risk Assessment and Audit Work Plan documents, and return with final drafts that can be brought to full Board at future meeting.
	3.2. Proposed Board Audit Committee Charter.	B. Hopper	A. Discuss the Committee's desire or need for a Board Audit Committee Charter; B. Identify desired elements for inclusion in a Board Audit Committee Charter; and C. Provide direction to staff as needed.	The Committee requested: <ul style="list-style-type: none"> Staff/TAP meet with Committee Chair to continue developing draft Charter, and bring back to Committee; and That the Committee-approved Charter be brought to full Board for discussion and approval.

BOARD AUDIT COMMITTEE 2018 WORK PLAN

Updated: 11/28/18



	3.3. Conflict of Interest Status Update. (Continued from 08/15/2018)	T. Yoke	A. Receive and discuss draft Ethics Policy; and B. Receive information regarding planned Conflict of Interest avoidance measures.	The Committee requested that staff provide more clarifying language pertaining to employee relationships with external organizations, and further clarification of family relationships in the COI.
	3.4. Review of the 2017 Board Performance Measures and Report. (Continued from 08/15/2018)	M. King	A. Review the 2017 Board Performance Measures and Report and identify areas where revisions and/or additions can be made to better reflect outcomes of the Board's work; and B. Identify possible stretch goals of the Board that can be incorporated into future Board Performance Reports.	The Committee requested that staff and TAP meet with the Chair of the Committee to develop the report to better reflect the Board's performance in critical areas, and to bring this item back to the Committee at a future meeting for further discussion.
	3.5. Review 2018 Committee Work Plan.	M. Overland	Review and make necessary adjustments to the 2018 Work Plan, and confirm regular meeting schedule for 2018.	Noted.