



BOARD AUDIT COMMITTEE MEETING

MINUTES

**Wednesday, January 22, 2020
10:00 AM**

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER:

A regular meeting of the Santa Clara Valley Water District (Valley Water) Board Audit Committee (Committee) was called to order in the District Headquarters Conference Room A-124, 5700 Almaden Expressway, San Jose, California, at 10:00 AM.

1.1 Roll Call.

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 N. Camacho, Chief Operating Officer, A. Blackmon, T. Bramer, M. Cook, T. Esch, R. Fuller, C. Hakes, N. Hawk, F. Hernandez, B. Hopper, N. Nguyen, A. Noriega, D. Taylor, S. Tran, B. Yerrapotu, and T. Yoke.

Also in attendance was D. Callahan, TAP International, Inc. (TAP).

2. TIME OPEN FOR PUBLIC COMMENT:

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

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

3. APPROVAL OF MINUTES

None.

4. ACTION ITEMS

4.1 Election of 2020 Board Audit Committee Chairperson and Vice Chairperson.

Recommendation: Nominate and elect the 2020 Board Audit Committee Chairperson and Vice Chairperson.

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

4.2 Conduct Annual Self-Evaluation.

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

Ms. Denise Callahan, TAP International, Inc. (TAP) reviewed the information on the Item, per the attached Committee Agenda Memorandum.

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

- Staff to make changes to Item 13: Board external financial auditors communicate routinely with the Committee;
- Staff to make changes to Item 15: regarding the discussion of sensitive issues and how it relates to the Brown Act;
- Staff to make changes to Item 17: staff to provide more information as to how this relates to staff;
- Make changes to Item 19: staff to change the word “discusses” to “reviews”;
- Make changes to Item 20: this item is related to the full Board and doesn't pertain to the BAC. If this is to remain on the list staff to show how this relates to the Committee;
- Highlight comingled responsibilities in Attachment 1, pages 1-3.; and
- Updated Self-Evaluation Framework to be reviewed at the February BAC meeting.

5. INFORMATION ITEMS

5.1 Review and Update 2020 Board Audit Committee Work Plan.

Recommendation: A. Review the 2020 Board Audit Committee Work Plan; and
B. Discuss topics of interest raised at prior Board Audit Committee Meetings and make any necessary adjustments to the Board Audit Committee Work Plan.

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

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

- Staff to make changes to the Audit Charter to be added as a line Item on the Work Plan and discussed at a later Committee meeting;
- Add a note to “Review draft audited financial statements” line Item to connect to “Valuing Water as an Asset” line Item;
- Staff to add Encroachment audit as a line Item on the Work Plan;
- Staff to change “Water Fix” to “Delta Conveyance”;
- Staff to bring the SCADA Audit and Staff SCADA Master Plan (AWIA) for full Board Closed Session meeting; and
- Staff to bring the Fiscal Year 2019 CAFR to the February Committee meeting for discussion.

5.2 Board Independent Audit Report Update – TAP International, Inc.

- Recommendation:
- A. Discuss the Annual Audit Work Plan and update, if necessary; and
 - B. Discuss the status of on-going audits.

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

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

- TAP International, Inc. to conduct closeout meeting with staff before audit results are brought to the Committee for discussion; and
- Classified Information Audit is to be separate from the District Counsel's Audit.

5.3 Final Draft Management Response for the Contract Change Order Audit Conducted by TAP International, Inc.

- Recommendation: Discuss the Final Draft Management Response to Draft Contract Change Order Audit Report.

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

- The Committee does not need to see a third revised Management Response Report;
- The February Committee meeting will include the Auditor's response to the Management Response; and
- The Management Response to be presented to the full Board following the approval of the Committee at the February Committee meeting.

5.4 Discuss the Scope of Annual Audit Training from Board Independent Auditor.

Recommendation: Discuss Scope of Annual Audit Training from Board Independent Auditor.

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

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

- The Committee requested that the Audit Training Process be provided to staff;
- The Committee requested that Management identify which staff is to attend the training;
- The Committee confirmed that the full Board be requested to attend the training; and
- TAP to present proposed Annual Audit Training at the February Committee meeting.

5.5 Discuss the Scope and Approach of the Ad-hoc Desk Reviews

Recommendation: Discuss the scope and approach of the Ad-hoc Desk Reviews.

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

The Committee noted the information without formal action.

5.6 Receive and Discuss Board Auditor Activity Report from TAP International, Inc. to Evaluate Board Auditor Performance.

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

The Committee continued this Item to the February 19, 2020, Committee meeting.

5.7 Receive and Discuss Financial Analysis Regarding the Board Independent Auditing Services Contract with TAP International, Inc.

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

The Committee continued this Item to the February 19, 2020, Committee meeting.

6. CLERK REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS.

6.1 Clerk Review and Clarification of Committee Requests.

Ms. Michelle Meredith, Deputy Clerk of the Board, confirmed that there were no new Committee Recommendations or Requests.

7. ADJOURN

7.1 Adjourn to Regular Meeting at 12:00 p.m., on January 22, 2020, in the Santa Clara Valley Water District, Headquarters Board Conference Room A-124, 5700 Almaden Expressway, San Jose, California.

Chair Keegan adjourned the meeting at 1:30 p.m., to the 12:00 p.m. Regular Meeting on January 22, 2020, in the Santa Clara Valley Water District, Headquarters Board Conference Room A-124, 5700 Almaden Expressway, San Jose, California


Max Overland
Assistant Deputy Clerk II