



BOARD AUDIT COMMITTEE MEETING

MINUTES

**REGULAR MEETING SESSION
WEDNESDAY, JANUARY 17, 2024
2:00 PM**

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER:

A regular meeting of the Santa Clara Valley Water District (Valley Water) Board Audit Committee (Committee) was called to order in the Valley Water Headquarters Building Boardroom at 5700 Almaden Expressway, San Jose, California, and by Zoom teleconference, at 2:00 p.m.

1.1 Roll Call.

Committee members in attendance were District 3 Director Richard P. Santos, and District 2 Director Barbara F. Keegan, Chairperson presiding, constituting a quorum of the Committee.

Committee Vice Chairperson Jim Beall (District 4) arrived as noted below.

Staff members in attendance were: Joseph Aranda, Emmanuel Aryee, Ingrid Bella, Sandra Benavidez, Sarah Berning, Theresa Chinte, Jessica Collins, Amy Fonseca, Rachael Gibson, Walter Gonzalez, Alexander Gordon, Michele King, Candice Kwok-Smith, Cecil Lawson, Marta Lugo, Janice Lum, Robert Marmito, Jennifer Martin, Anthony Mendiola, Nicole Merritt, Tony Ndah, Carlos Orellana, Allison Phagan, Andrew Quan, James Randol, Mario Rivas, Don Rocha, Michelle San Miguel, Clarissa Sangalang, Manpreet Sra, Darin Taylor, Kristen Yasukawa, and Tina Yoke.

Public in attendance was: Deb Kramer (Keep Coyote Creek Beautiful), George Skiles (Sjoberg Evashenk Consulting, Alex Von Feldt (Grassroots Eco Systems).

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

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

Chairperson Keegan confirmed Item 4.1 would be considered after Items 4.2 and 4.3 to allow for the arrival of Vice Chairperson Beall.

3. APPROVAL OF MINUTES:

3.1. Approval of December 20, 2023 Board Audit Committee Meeting Minutes.

Recommendation: Approve the minutes.

The Committee considered the attached minutes of the December 20, 2023 Committee meeting.

Public Comments:
None.

It was moved by Director Santos and seconded by Chairperson Keegan, and unanimously carried that the minutes be approved with Vice Chairperson Beall absent.

4. REGULAR AGENDA:

Chairperson Keegan moved the agenda to Item 4.2.

4.2. Discuss the Board Audit Committee's (BAC) Annual Self-Evaluation Process of Calendar Year 2023 Activities; Provide Guidance Regarding Preferred Method to Conduct Process; and Request the Chief Audit Executive (CAE) to Conduct Self-Evaluation Process and Return to Provide Summary of Discussions.

Recommendation: A. Discuss the BAC's annual self-evaluation process of calendar year 2023 activities;
B. Provide guidance regarding preferred method to conduct process; and
C. Request the CAE to conduct self-evaluation process and return to provide summary of discussions.

Darin Taylor and George Skiles reviewed the information on this item, per the attached Committee Agenda Memo.

Darin Taylor and George Skiles were available to answer questions.

Public Comments:
None.

The Committee received the information, took no formal action, and noted the following:

- The Committee noted support for the interview process as the preferred method previously used last year; and requested the CAE to conduct the self-evaluation process and report back at a future BAC meeting.

4.3. Request Chief Audit Executive (CAE) Activity Report from Sjoberg Evashenk Consulting, Inc. to Evaluate CAE Performance, and Direct CAE to Return to Present Report at a Later Date.

- Recommendation: A. Request CAE Activity Report from Sjoberg Evashenk Consulting, Inc. to evaluate CAE performance; and
B. Direct CAE to return to present report at a later date.

Darin Taylor and George Skiles reviewed the information on this item, per the attached Committee Agenda Memo.

Darin Taylor and George Skiles were available to answer questions.

Public Comments:
None.

The Committee received the information and noted the following:

- The Committee confirmed this item is a requirement from the BAC Charter and is in line with best practices and promotes accountability for the Committee and the CAE.
- The Committee noted support for highlighting the positives and successes of external audits to show the benefits to Valley Water and the community.
- The Committee noted the importance of audited staff feedback; and the CAE confirmed the potential to use a follow-up questionnaire to address any questions or clarifications.
- The Committee requested the activity report and directed the CAE to present the report at a future BAC meeting.

Chairperson Keegan returned the agenda to Item 4.1.

4.1. Receive Progress Report on Implementing the Grants Management Performance Audit Recommendations.

Recommendation: Receive progress report on implementing the Grants Management Performance Audit recommendations.

Don Rocha reviewed the information on this item, per the attached Committee Agenda Memo and Attachment 1, and the corresponding presentation materials contained in Attachment 2 were reviewed by staff as follows: Kristin Yasukawa reviewed Slides 1-11 and Don Rocha reviewed Slide 12.

Vice Chairperson Beall arrived.

Don Rocha, Kristin Yasukawa, and Carlos Orellana were available to answer questions.

Public Comments:

Alex Von Feldt expressed support for staff's recommendations to be incorporated into the grant process, and support for using benchmarking agencies for guidance on grant insurance practices.

Deb Kramer expressed support for staff's responsiveness and effort to review and improve the grant process, support for projects being fully funded, making the grant tools easier to use, right sizing and increasing grants, and addressing outstanding invoices.

The Committee received the information and noted the following:

- The Committee confirmed the industry standards noted on Slide 5 of Attachment 2 referred to procedural standards vs. technical standards.
- The Committee confirmed the challenges of meeting grant timelines with staff vacancies are currently being addressed by hiring internally; and noted staff's recommendation of balancing workloads and streamlining the grant process to assist with staff retention.
- The Committee noted support for staff's recommendation of fully funding standard grant requests, not requiring burdensome insurance, and removal of match requirements for education and planning.
- The Committee noted support for staff to follow up on the potential of scoring projects higher for planned funding while adhering to best practices; and demonstrating contributions in the Environmental Justice and Equity Impact area.
- Director Beall requested legal to follow up on a potential blanket liability insurance coverage program for grant applicants; and the Committee requested staff to follow up with insurance coverage practices of other benchmarking agencies like Coastal Conservancy and Open Space Authority.

Chairperson Keegan moved the agenda to Item 4.4.

4.4. Discuss Proposed 2024 Annual Audit Work Plan and Provide Further Guidance as Needed.

- Recommendation:
- A. Discuss the proposed 2024 Annual Audit Work Plan; and
 - B. Provide further guidance as needed.

Darin Taylor and George Skiles reviewed the information on this item, per the attached Committee Agenda Memo; and George Skiles reviewed the information contained in Attachment 1, and the Client Memorandum: Proposed Audit of Capital Project Delivery, identified as Handout 4.4-A.

Copies of the Handout were distributed to the Committee and made available to the public.

Chairperson Keegan acknowledged receipt of the Handout 4.4-A.

Darin Taylor, George Skiles, and Tina Yoke were available to answer questions.

Tina Yoke provided a verbal report out regarding the 2019 Capital Improvement Program (CIP) 10-year staffing impact projection for construction projects and will follow up to confirm when this projection was reviewed by the full Board.

Public Comments:
None.

The Committee received the information and noted the following:

- The Committee confirmed that the Board needs to have a good understanding of resources needed for staff.
- Director Beall noted that expedited results for the Capital Project Delivery Audit would inform a possible upcoming ballot measure as well as the Board's upcoming decision on increasing water rates; and Director Santos noted the potential of educating the public on project delivery restrictions.
- The Committee noted the importance of realistic and achievable goals to assist with expediting the delivery of projects, timeframes, locking in prices to avoid costly delays, identifying external constraints, and reviewing the current process to ensure optimal efficiency.
- The Committee requested staff follow up to ensure that the full Board and the public are aware of the status of the implementation of the 2019 CIP 10-year staffing impact projection.

Public Comments:
None.

4.5. Review and Discuss the 2024 Board Audit Committee (BAC) Work Plan.

Recommendation: Review and discuss topics of interest raised at prior BAC meetings and make any necessary adjustments to the 2024 BAC Work Plan.

Darin Taylor reviewed the information on this item, per the attached Committee Agenda Memo, and per the information contained in Attachments 1.

Darin Taylor and George Skiles were available to answer questions.

Public Comments:
None.

The Committee received the information and noted the following:

- The Committee confirmed the general objective, scope, and schedule process for the upcoming 4 audits for the 2024 Annual Audit Work Plan previously discussed under Item 4.4.
- The Committee noted the BAC February meeting would be rescheduled and reconfirmed an earlier meeting start time per Director Santos.

5. 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.

Nicole Merritt confirmed there were no items for Board consideration and noted the Committee received the progress report and provided supportive feedback on the implementing the Grants Management Performance Audit recommendations and requested for staff follow up on benchmarking agencies for insurance purposes under 4.1; the Committee noted support and positive feedback for the interview method for the Annual Self-Evaluation and requested the CAE to conduct the process and report back under Item 4.2; the Committee provided feedback and requested the activity report from the CAE and a report back under Item 4.3; the Committee discussed the proposed 2024 annual audit work plan and provided feedback and noted support for expediting the Capital Project Delivery audit and educating the public on the external constraints under Item 4.4; and the Committee noted February BAC meeting will be rescheduled under Item 4.5.

6. ADJOURN:

6.1. Adjourn to Regular Meeting at 2:00 p.m. on February 21, 2024.

Chairperson Keegan adjourned the meeting at 3:37 p.m., to the subsequently rescheduled special meeting at 1:00 p.m. on February 23, 2024.

Date approved: February 23, 2024

Nicole Merritt
Assistant Deputy Clerk II