



BOARD AUDIT COMMITTEE MEETING

MINUTES

**REGULAR MEETING & CLOSED SESSION
WEDNESDAY, AUGUST 16, 2023
2:00 PM**

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER:

A regular meeting and closed session 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, District 4 Director Jim Beall, Vice Chairperson, and District 2 Director Barbara F. Keegan, Chairperson presiding, constituting a quorum of the Committee.

Staff members in attendance were: Yvonne Arroyo, Emmanuel Aryee, Lisa Bankosh, Sarah Berning, Patrick Carter, Rosie Cofre, Jessica Collins, Walter Gonzalez, Alexander Gordon, Brian Hopper, Michele King, Candice Kwok-Smith, Dave Leon, Jennifer Martin, Patrice McElroy, Anthony Mendiola, Nicole Merritt, Tony Ndah, Carlos Orellana, Max Overland, Luz Penilla, Alison Phagan, Don Rocha, Blanca Sanchez-Cruz, Michelle San Miguel, Manpreet Sra, Darin Taylor, Sherilyn Tran, Kristen Yasukawa, and Tina Yoke.

Public in attendance were: Mike Brown, (PMA Consultants), George Skiles (Sjoberg Evashenk Consulting), Katja Irvin (Sierra Club-Loma Prieta Chapter), Emer Fabro, Roger Martinez, Elisa Stilwell, and Hing Wan (Vasquez & Company LLP).

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.

3. APPROVAL OF MINUTES:

3.1. Approval of June 21, 2023 Board Audit Committee Meeting Minutes.

Recommendation: Approve the minutes.

The Committee considered the attached minutes of the June 21, 2023 Committee meeting.

Public Comments:
None.

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

4. REGULAR AGENDA:

4.1. Receive an Update on the Status of the 2023 Risk Assessment.

Recommendation: Receive an update on the status of the on-going 2023 Risk Assessment.

George Skiles reviewed the information on this item, per the attached Committee Agenda Memo, and per the information contained in Attachments 1 and 2.

George Skiles and Darin Taylor were available to answer questions.

Public Comments:
None.

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

- The Committee noted interviews are currently being conducted, and the 2023 Risk Assessment is on track with a draft report scheduled for the September or October 2023 BAC meeting.

4.2. Receive and Discuss 2023 Capital Improvement Program (CIP) Process Performance Audit Report with Management's Response, and Recommend to the Board that Staff Present to CIP Committee and Full Board at a Future Date.

Recommendation: A. Receive and discuss 2023 CIP Process Performance Audit Report with Management's Response; and

- B. Recommend that the Board direct staff to present the Audit to the CIP Committee and to the Board at a future date.

George Skiles reviewed the information on this item, per the attached Committee Agenda Memo, and per the information on Pages 55 – 59 contained in Attachment 2.

George Skiles, Darin Taylor, Luz Penilla, and Jessica Collins were available to answer questions.

Public Comments:

None.

It was moved by Vice Chairperson Beall and seconded by Director Santos, that the Committee approved as amended the recommendation that the audit report be referred to the CIP Committee to include research of financial and staffing resources and presented to the Board at a future date.

- 4.3. Receive a Status Update on the Implementation of Audit Recommendations and Completed Audits Pending Final Review by Chief Audit Executive (CAE); and Discuss Timing of Next Update.

- Recommendation:
- A. Receive a status update on the implementation of audit recommendations and completed audits pending final review from the CAE; and
 - B. Discuss timing of the next update.

Anthony Mendiola reviewed the information on this item, per the attached Committee Agenda Memo, and per the information contained in Attachment 1.

Anthony Mendiola and Darin Taylor were available to answer questions.

Public Comments:

None.

The Committee received the information, took no formal action, and noted the next status update would be in 6 months (February 2024.)

- 4.4. Receive and Discuss the Audit Report of the Water Utility Enterprise Funds for the Fiscal Year Ended June 30, 2022.

Recommendation: Receive and discuss the audit report of the Water Utility Enterprise funds for the fiscal year ended June 30, 2022.

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

Darin Taylor was available to answer questions.

Public Comments:
None.

The Committee noted the information and took no formal action.

4.5. Receive Information Regarding the Quality and Environmental Management System (QEMS) Internal Audit Program.

Recommendation: Receive information regarding the QEMS Internal Audit Program.

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

Darin Taylor, Anthony Mendiola, and Mike Brown were available to answer questions.

Public Comments:
None.

The Committee noted the information and took no formal action.

4.6. Receive Information on the Quality and Environmental Management System (QEMS) Improvements Implementation Effort.

Recommendation: Receive information regarding the QEMS Improvements Implementation effort.

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

Darin Taylor, Anthony Mendiola, and Blanca Sanchez-Cruz were available to answer questions.

Public Comments:
None.

The Committee noted the information and took no formal action.

4.7. Review and Discuss the 2023 Board Audit Committee(BAC) Work Plan.

Recommendation: Receive and discuss topics of interest raised at prior BAC meetings and make any necessary adjustments to the 2023 BAC Work Plan.

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

Darin Taylor, George Skiles, and Jessica Collins were available to answer questions.

Public Comments:
None.

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

- The Committee noted for staff to continue the discussion of construction cost indexes during the Covid pandemic and potential future costs for public works' construction and materials for Director Beall at a future CIP Committee meeting.

Chairperson Keegan moved the Agenda to Item 6.1.

6. CLOSED SESSION:

6.1. CLOSED SESSION
THREAT TO PUBLIC SERVICES OR FACILITIES
Pursuant to Government Code Section 54957(a)
Consultation with Alex Gordon, Assistant Officer

6.2. District Counsel Report on Closed Session.

Brian Hopper reported that in regard to Item 6.1., the Committee met in Closed Session with all members participating and took no reportable action.

Chairperson Keegan returned the Agenda to Item 5.

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 Item 4.2 was approved as amended to be referred to the CIP Committee and to be presented for Board consideration.

7. Adjourn:

7.1. Adjourn to Regular Meeting at 2:00 p.m. on September 20, 2023.

Chairperson Keegan adjourned the meeting at 3:50 p.m., to the regular meeting at 2:00 p.m. on September 20, 2023.

Nicole Merritt
Assistant Deputy Clerk II

Date Approved: September 20, 2023

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