



BOARD AUDIT COMMITTEE MEETING

MINUTES

**REGULAR MEETING SESSION
WEDNESDAY, DECEMBER 20, 2023
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, 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: Emmanuel Aryee, Sarah Berning, Walter Gonzalez, Brian Hopper, Michael Lee, Jennifer Martin, Patrice McElroy, Anthony Mendiola, Nicole Merritt, Tony Ndah, Carlos Orellana, Luz Penilla, Mario Rivas, Manpreet Sra, Darin Taylor, Cheryl Togami, Kristen Yasukawa, and Tina Yoke.

Public in attendance were: Valley Water Director Rebecca Eisenberg, Katja Irvin (Sierra Club), George Skiles (Sjoberg Evashenk Consulting), and XXX-XXX- 7078.

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 November 15, 2023 Board Audit Committee Meeting Minutes.

Recommendation: Approve the minutes.

The Committee considered the attached minutes of the November 15, 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. 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 and 2.

Darin Taylor was available to answer questions.

Public Comments:
None.

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

- The Committee noted the new simplified format for the 2024 BAC Work Plan and confirmed support of the more detailed work plan available upon request.

4.2. Discuss Comments Received Regarding 2023 Risk Assessment; Discuss Proposed 2024-2026 Annual Audit Work Plan; and Provide Further Guidance.

Recommendation: A. Discuss comments received at the December 12, 2023 Board meeting;
B. Discuss the proposed 2024-2026 Annual Audit Work Plan; and
C. Provide further guidance as needed.

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

George Skiles, Darin Taylor, Cecil Lawson, and Brian Hopper were available to answer questions.

Public Comments:
None.

The Committee received the information and noted the following:

- The Committee noted the Board's comments regarding the 2024 Audits for consideration and discussed the importance of financial transparency, reviewing/identifying compatible auditors, and staggering the initiation of audits in addition to the following:
 1. **Capital Project Delivery** – significant priority and the Committee supports audit proceeding with awareness of potential audit fatigue, mindful of staff's time/workload, utilization of benchmarking and the scope to not include duplicate work
 2. **Board Policies** – important priority and the Committee supports audit proceeding with awareness that the scope may not be broad enough, audit topic to focus on transparency and compliance, and ensuring information is available to public and other agencies
 3. **Human Resources** – significant priority and the Committee supports audit proceeding to assist with ensuring compliance with federal, state, and local laws and attracting, retaining, and motivating a qualified workforce
 4. **Clerk of the Board** – lower priority audit and the Committee supports this audit being deferred for Information Technology
 5. **Information Technology** – potential high security risk and the Committee supports audit proceeding to scope out audit, periodic IT audits are beneficial, and will replace Clerk of the Board as priority #4
- The Committee noted support for staff to discuss possible Management Audits with the CEO.
- The Committee noted support for staff and the CAE to coordinate the addition of a breakdown of the number of budgeted staff by audit & function to be provided as a future supplemental non-agenda item per approval from the CEO.
- The Committee expressed their gratitude for the hard work from staff and the CAE for this agenda item.

It was moved by Director Santos and seconded by Vice Chairperson Beall and carried by unanimous vote that the BAC Committee recommend the following performance audit topics of Capital Project Delivery, Board Policies, Human Resources, and Information Technology to be approved by the full Board as the 2024 Annual Audit Work Plan at the January 23, 2024 Board meeting.

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 the Committee reviewed and noted the new simplified format for the 2024 BAC Work Plan and the availability of the detailed workplan upon request under Item 4.1; approved by unanimous vote to recommend the the audit topics of Capital Project Delivery, Board Policies, Human Resources, and Information Technology to be approved by the full Board as the 2024 Annual Audit Work Plan and the noted support for the addition of a breakdown of the number of budgeted staff by audit & function per approval from the CEO under Item 4.2.

6. ADJOURN:

6.1. Adjourn to Regular Meeting at 2:00 p.m. on January 17, 2024.

Chairperson Keegan noted Director Santos' request for an earlier meeting start time for future BAC meetings.

Chairperson Keegan adjourned the meeting at 3:12 p.m., to the regular meeting at 2:00 p.m. on January 17, 2024.

Date Approved: January 17, 2024

Nicole Merritt
Assistant Deputy Clerk II