



BOARD AUDIT COMMITTEE MEETING

MINUTES

**REGULAR MEETING SESSION
WEDNESDAY, MARCH 19, 2025
1:00 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 1:00 p.m.

1.1 Roll Call.

Committee members in attendance were: District 2 Director and Vice Chairperson Shiloh Ballard, and District 4 Director Jim Beall, Chairperson presiding, constituting a quorum of the Committee.

The Board Member in attendance via Zoom utilizing AB 2449 due to illness was District 6 Director Tony Estremera.

Nicole Merritt requested that Director Estremera state for the record if there are any individuals over 18 years of age present in the room, and if so, state the general relationship to the individual and confirmed that all votes for the meeting would be roll call votes in compliance with AB 2449.

Director Estremera confirmed there were no individuals over the age of 18 present in the room.

Staff members in attendance were: Yvonne Arroyo, Emmanuel Aryee, Salam Baqleh, Lisa Bankosh, Ingrid Bella, Wade Blackard, Chris Cannard, Jessica Collins, Andy Gschwind, Robert Ewing, Rachael Gibson, Walter Gonzalez, Brian Hopper, Diahann Hudson, Candice Kwok-Smith, Cecil Lawson, Anna Lee, Dave Leon, Jennifer Martin, Patrice McElroy, Anthony Mendiola, Nicole Merritt, Olive Manaloto, Tony Ndah, Carlos Orellana, Max Overland, Luz Penilla, Alison Phagan, Mario Rivas, Don Rocha, Manpreet Sra, Kirsten Struve, Darin Taylor, Cheryl Togami, Kristen Yasukawa, Tina Yoke, and Beckie Zisser.

Public in attendance were: Valley Water District 7 Director Rebecca Eisenberg, Tammy Lohr-Schweitzer (Moss Adams), Kyle Miller and Scott Petree (Plante Moran), George Skiles (Sjoberg Evashenk Consulting), and Paul.

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

Chairperson Beall 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:

3.1. Approval of February 19, 2025 Board Audit Committee Meeting Minutes.

Recommendation: Approve the minutes.

The Committee considered the attached minutes of the February 19, 2025 Committee meeting.

Public Comments:
None.

It was moved by Director Estremera and seconded by Vice Chairperson Ballard and was carried by unanimous vote that the minutes be approved by roll call vote.

4. REGULAR AGENDA:

4.1. Receive and Discuss 2024 Human Resources (HR) Performance Audit Report with Management Response; Refer the Final 2024 HR Performance Audit Report to the Board.

Recommendation: A. Receive and discuss the 2024 HR Performance Audit Report with Management Response; and
B. Refer the final 2024 HR Performance Audit Report to the Board.

Tammy Lohr-Schweitzer reviewed the information on this item, per the attached Committee Agenda Memo, and reviewed the information contained in Attachment 2.

Darin Taylor, Tammy Lohr-Schweitzer, Patrice McElroy, and Anna Lee were available to answer questions.

Public Comments:
None.

The Committee received the information, and noted the following:

- The auditor reviewed the seven commendations and five recommendations that resulted from the audit review.
- The BAC addressed questions covering the areas of trust and communication in change management initiatives in HR Operations. The auditor confirmed that HR staff have been and continue to work on best practice initiatives to increase trust and communication in HR operation processes.

- The BAC asked about how staff would track progress towards meeting their Key Performance Indicators (KPIs), and staff confirmed that specific staff are responsible for monitoring and ensuring follow-through, and that they utilize a number of Employee Engagement studies to help guide their efforts.
- The BAC expressed appreciation for the auditor's recommendation to develop a departmental operating plan and asked staff if there were enough resources to do the work. Staff confirmed that with the completion of a current recruitment as well as the procurement of additional consulting services that resource levels would be sufficient.
- The BAC expressed concern about technology and asked about guidance on how to pick the next Human Resources Information System (HRIS). HR staff confirmed that they are taking an active role with the right subject matter experts in the selection process of a new system.
- The BAC asked about the volume of EEO complaints at Valley Water and how that compares to other agencies. Staff confirmed that EEO complaints increased during the COVID pandemic, but that substantiated complaints were relatively low. Staff also informed the committee that they are in the process of hiring additional staff to assist in this area.

It was moved by Chairperson Beall and seconded by Vice Chairperson Ballard and unanimously approved the following Recommendation as amended by roll call vote:

- B. Refer the final 2024 HR Performance Audit Report to the Board with the comments and discussion from the BAC.

4.2. Receive a Status Update on the Implementation of Audit Recommendations; and Discuss Timing of Next Update.

- Recommendation:
- A. Receive a status update on the implementation of audit recommendations; and
Audit Report with Management Response; and
 - B. Discuss timing of the next update.

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

Anthony Mendiola, Darin Taylor, Lisa Bankosh, and Luz Penilla were available to answer questions.

Public Comments:
None.

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

- Chairperson Beall noted interest in identifying the high priority audit recommendations not yet completed prior to the next 6-month report.
- The Committee confirmed that the challenges in implementing the 2021 Permitting Best Practices Audit recommendations are due to fluctuating staffing resources and crucial technology upgrades scheduled to be

completed by fiscal year 2026.

- The Committee confirmed that concerns and feedback are being requested from the Advisory Committees regarding Valley Water's proposed amended Conflict of Interest (COI) Code to assist with providing a recommendation to the Board.
- The Committee noted the potential of considering an alternative requirement/process other than the Form 700 to address the COI Code and reporting requirements for the Advisory Committee members.

4.3. Discuss Proposed Updates to the Board Audit Committee Audit Charter and Provide Further Direction as Needed.

Recommendation: A. Discuss proposed updates to the Board Audit Committee Audit Charter; and
B. Provide further direction as needed.

Brian Hopper reviewed the information on this item, per the attached Committee Agenda Memo, and reviewed the information contained in Attachments 1, 2 and Handout 4.3-A.

Copies of Handout 4.3-A were distributed to the Committee and made available to the public.

Brian Hopper and George Skiles were available to answer questions.

Public Comments:
None.

The Committee received the information, and noted the following:

- The Committee confirmed the process of developing the final draft of an audit report.

It was moved by Director Estremera and seconded by Vice Chairperson Ballard and unanimously approved by roll call vote for the proposed updates to the BAC Audit Charter to be referred to the Board for consideration.

4.4. Discuss the Results of the Board Audit Committee's (BAC) Annual Self-Evaluation for Calendar Year (CY) 2024.

Recommendation: Discuss the results of the BAC's Annual Self-Evaluation for CY 2024.

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

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

Public Comments:
None.

The Committee received the information, and noted the following:

- The Committee confirmed that the limited investigations clause noted in the BAC Charter is not an audit, and that the Committee is authorized to use this tool if there is sufficient cause and concern regarding the potential of fraud, waste, or a violation of law/policy with Board oversight.

It was moved by Director Estremera and seconded by Vice Chairperson Ballard and unanimously approved by roll call vote for the results of the BAC's Annual Self-Evaluation for CY 2024 to be referred to the Board for consideration.

4.5. Receive and Discuss Report From Independent Chief Audit Executive (CAE), Sjoberg Evashenk Consulting, Regarding Their Performance in Calendar Year (CY) 2024, and Evaluate Performance of CAE.

- Recommendation:
- A. Receive and discuss a report from the independent CAE, Sjoberg Evashenk Consulting, regarding their performance in CY 2024; and
 - B. Evaluate the performance of the CAE.

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

George Skiles was available to answer questions.

Public Comments:
None.

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

- The Committee expressed support and appreciation for the CAE and the existing audit function/process and interest in a public outreach coordinated to highlight the work of the BAC.

4.6. Discuss the Process and Scope of the 2025 Annual Audit Training from Chief Audit Executive (CAE).

- Recommendation:
- Discuss the process and scope of the 2025 Annual Audit Training from CAE.

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

George Skiles, 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 following:

- The Committee noted support for the following potential audit training

topics: risk assessments, fundamentals of internal control in public sector agencies, and incorporating Diversity, Equity, and Inclusion (DEI) in performance auditing in the public.

- 4.7. Discuss 2025 Annual Audit Plan, (Capital Project Delivery; Contracting Practices; Conservation Strategies; Water Usage/Demand Forecasting), and Provide Feedback as Needed.

Recommendation: A. Discuss 2025 Annual Audit Plan,
B. Provide feedback as needed.

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

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 2025 Annual Audit plan is on schedule.

- 4.8. Review and Discuss the 2025 Board Audit Committee (BAC) Work Plan.

Recommendation: Review and discuss topics of interest raised at prior BAC meetings and approve any necessary adjustments to the 2025 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 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 update and expressed support for canceling the BAC April 2025 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 approved to refer the final 2024 HR Performance Audit Report to the Board with the comments and discussion from the BAC under Item 4.1; received the status update on the Implementation of

Audit Recommendations and noted interest in identifying the high priority audit recommendations not yet completed under Item 4.2; approved the proposed updates to the BAC Audit Charter to be referred to the Board for consideration under Item 4.3; approved the results of the BAC's Annual Self-Evaluation for CY 2024 to be referred to the Board for consideration under Item 4.4; received and discussed performance report in CY 2024 from CAE and noted support for CAE's performance and noted request for interest in a public outreach highlighting the work of the BAC under Item 4.5; discussed and noted support for the potential audit training topics under Item 4.6; noted on schedule update for 2025 Annual Audit Plan under Item 4.7; and noted BAC Work Plan update and support for BAC April meeting cancellation under Item 4.8.

6. CLOSED SESSION:

6.1. CLOSED SESSION
THREAT TO PUBLIC SERVICES OR FACILITIES
Pursuant to Government Code Section 54957(a)
Consultation with Alex Gordon, Acting 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 with Director Estremera via teleconference and took no reportable action.

7. ADJOURN:

7.1. Adjourn. The Next Regular Meeting is Scheduled at 1:00 p.m. on April 16, 2025.

Chairperson Beall adjourned the meeting at 3:37 p.m. The next regular meeting is scheduled to occur at 1:00 p.m. on May 21, 2025, per the Committee's support of canceling the BAC April 2025 meeting.

Nicole Merritt, Assistant Deputy Clerk II

Date approved: June 17, 2025

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