



BOARD AUDIT COMMITTEE MEETING

MINUTES

**REGULAR MEETING
WEDNESDAY, APRIL 19, 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, Ingrid Bella, Sarah Berning, Kevin Brown, Theresa Chinte, Jessica Collins, John Devadoss, Alicia Fraumeni, Concepcion Gayotin, Walter Gonzalez, Alexander Gordon, Chris Hakes, Brian Hopper, Jennifer Martin, Anthony Mendiola, Janet Middleton, Nicole Merritt, Tony Ndah, Carlos Orellana, Luz Penilla, Alison Phagan, Manpreet Sra, Darin Taylor, Sherilyn Tran, Zuberi White, Kristen Yasukawa, and Tina Yoke.

Guest in attendance was: George Skiles (Sjoberg Evashenk Consulting).

Public in attendance was: None.

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 March 15, 2023 Board Audit Committee Meeting Minutes.

Recommendation: Approve the minutes.

The Committee considered the attached minutes of the March 15, 2023 Committee meeting.

Public Comments:
None.

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

4. REGULAR AGENDA:

4.1. Receive and Discuss Information Compiled by Chief Audit Executive (CAE) Related to Risk Assessment and Potential Annual Audit Work Plan Adjustments, and Provide Further Direction as Needed.

Recommendation: A. Receive and discuss the information compiled by CAE related to Risk Assessment and potential Annual Audit Work Plan adjustments; and
B. Provide further direction as needed.

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

Public Comments:
None.

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

- The Committee noted the 5 high-interest audit topics: Human Resources, Pacheco Dam, Board Governance, District Revenues/Demands, and Capital Project Management/Project Delivery Protocols.
- The Committee directed staff to proceed with a new Risk Assessment and the BAC Chairperson will report this Committee decision to the full Board during the next Board Committee Reports.

- The Committee directed staff to confirm available funding for the Risk Assessment, ensure the inclusion of the consideration of environmental impacts and the preparation for future emergencies, and updating the BAC Work Plan accordingly.
- The Committee confirmed that generally 3 to 4 audits can be completed per year per the approved budget and available staffing.

4.2. Discuss Process to Close Board-Directed Audits, and Provide Additional Direction as Necessary.

- Recommendation: A. Discuss process to close Board-directed audits; and
B. Provide additional direction as necessary.

Darin Taylor and 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, took no formal action, and noted the following:

- The Committee confirmed that the Independent Auditor should provide the status updates and follow-up reports for the Board-directed audits and any recommendations requiring additional funding, upgrades, equipment, or staffing should be highlighted for Board consideration during budget discussions along with input from staff.
- The Committee confirmed that the CAE will review all Board-directed audits still in process, noted staff to close out management-directed audits, and Legal Counsel to review the Charter and recommend edits corresponding with the BAC's guidance.

4.3. Consider Staff Recommendation to Use Moss Adams LLP to Conduct Close-Out Audit of 2012 Safe, Clean Water Program, and Discuss Board Audit Committee Role in "Program Directed Audits."

- Recommendation: A. Consider staff recommendation to use Moss Adams LLP to conduct close-out audit of 2012 Safe, Clean Water Program; and
B. Discuss Board Audit Committee role in "program directed audits."

Darin Taylor 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 directed staff to proceed with using Moss Adams LLP to conduct the close-out audit of the 2012 SCW Program and arrange a Scope of Services (SoS) meeting with Moss Adams.
- The Committee directed Legal Counsel to proceed with preparing a May BAC Agenda Item with Charter language proposing Program Audits being treated as Management Audits unless noted otherwise by the Board in the upcoming BAC Charter discussion.

4.4. 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.

Public Comments:
None.

Darin Taylor was available to answer questions.

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

- The Committee directed staff to post pone the Quarterly Financial Update from the May BAC meeting to the June BAC meeting.
- The Committee requested staff to create a future meeting Agenda Item regarding a process to include the BAC Chairperson in the review of the BAC Agenda Memos.
- The Committee noted staff will be creating a new Agenda Item regarding "CIP Audit Draft Report to BAC" for the May BAC meeting, adding a line item for the new Risk Assessment to the BAC Work Plan, and working with the CAE to determine when to report back to the BAC regarding the new Risk Assessment.

4.5. Discuss the 2022-2024 Annual Audit Work Plan.

- Recommendation: A. Discuss the 2022-2024 Annual Audit Work Plan; and
B. Provide further direction as needed.

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

Public Comments:
None.

George Skiles was available to answer questions.

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

- The Committee confirmed that an updated Annual Audit Work Plan would be necessary for the May BAC meeting per the Committee's discussions under Item 4.1.

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 action Items for Board consideration, but noted the Committee gave direction to staff regarding a new risk assessment under Item 4.1, closing Board-directed audits under Item 4.2, proceeding with Moss Adams LLP under Item 4.3, updating the BAC Work Plan and including the process to include the BAC Chairperson's review of Committee Agenda Memos under Item 4.4, and updating the Annual Audit Work Plan under Item 4.5.

6. Adjourn:

6.1. Adjourn to Special Meeting at 1:30 p.m. on May 15, 2023.

Chairperson Keegan adjourned the meeting at 3:17 p.m., to the special meeting at 1:30 p.m. on May 15, 2023.

Nicole Merritt
Assistant Deputy Clerk II

Date Approved: May 15, 2023

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