



BOARD AUDIT COMMITTEE MEETING

MINUTES

**SPECIAL MEETING
MONDAY, MAY 15, 2023
1:30 PM**

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER:

A special 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 1:30 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, Lisa Bankosh, Sarah Berning, Kevin Brown, Rick Callender, Jessica Collins, Enrique De Anda, Amy Fonseca, Concepcion Gayotin, Walter Gonzalez, Rachael Gibson, Alexander Gordon, Chris Hakes, Jeff Ham, Brian Hopper, Candice Kwok-Smith, Jennifer Martin, Patrice McElroy, Anthony Mendiola, Nicole Merritt, Tony Ndah, Carlos Orellana, Luz Penilla, Alison Phagan, Melanie Richardson, Clarissa Sangalang, Manpreet Sra, Darin Taylor, Cheryl Togami, Sherilyn Tran, Kristen Yasukawa, Tina Yoke, and Beckie Zisser.

Guests in attendance were: Katja Irvin (Sierra Club-Loma Prieta Chapter), George Skiles and Nicole Dyer (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 April 19, 2023 Board Audit Committee Meeting Minutes.

Recommendation: Approve the minutes.

The Committee considered the attached minutes of the April 19, 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:

Chairperson Keegan confirmed Items 4.1 and 4.2 would be considered after Items 4.3 and 4.4 and Item 4.5 would be continued to the June 2023 meeting.

Chairperson Keegan moved the agenda to Item 4.3.

4.3. Receive and Discuss 2023 Capital Improvement Program Process Performance Audit Draft Report.

Recommendation: Receive and discuss 2023 Capital Improvement Program (CIP) Process Performance Audit draft report.

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

George Skiles, Nicole Dyer, Darin Taylor, Chris Hakes, 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 inquired regarding additional examples of best practices at other similar agencies regarding performance measurement systems, identification of required staffing levels to deliver projects, examples of failures of other public agencies related

to CIP planning, practices related to exploring further funding sources for the CIP Budget and identifying additional information the BOD needs to know to make CIP decisions.

- The Committee noted operation and maintenance cost impacts as a deficiency within Valley Water's CIP.
- The Committee noted the CAE's positive draft report regarding Valley Water exhibiting a majority of the leading best practices with the continuation of improvement including revenue forecast and debt management.
- The Committee directed staff to develop management's response to the audit and report back to the BAC and CIP Committee in possibly August or September 2023.

Chairperson Keegan moved the agenda to Item 4.4.

4.4. 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 per the information contained in Attachment 1.

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 noted the amendments and directed Legal to incorporate BAC's comments including directions given on the process of reviewing and distribution of future audit draft reports, and to report back to the BAC in June 2023 with the updated Charter.

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.

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

Sherilyn Tran, Kristen Yasukawa, and Amy Fonseca were available to answer questions.

Public Comments:
None.

The Committee noted the information without formal action.

4.2. Receive Permitting Best Practices Audit Status Update.

Recommendation: Receive an update on the status of the Permitting Best Practices audit recommendation implementation.

Lisa Bankosh reviewed the information on this item, per the attached Committee Agenda Memo and per the information contained in Attachment 4.

Lisa Bankosh, Yvonne Arroyo, and Kevin Brown were available to answer questions.

Public Comments:
None.

The Committee noted the information without formal action.

Chairperson Keegan moved the agenda to Item 4.6.

4.6. 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 was available to answer questions.

Public Comments:
None.

The Committee noted the information without formal action.

4.7. 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.

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 noted the information without formal action.

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.

None.

6. Adjourn:

6.1. Adjourn to Regular Meeting at 2:00 p.m. on June 21, 2023.

Chairperson Keegan adjourned the meeting at 3:16 p.m., to the regular meeting at 2:00 p.m. on June 21, 2023.

Nicole Merritt
Assistant Deputy Clerk II

Date Approved: June 21, 2023

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