



BOARD AUDIT COMMITTEE MEETING

MINUTES

**REGULAR MEETING
WEDNESDAY, JUNE 21, 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 and District 2 Director Barbara F. Keegan, Chairperson presiding, constituting a quorum of the Committee.

Committee Vice Chairperson Jim Beall (District 4) arrived as noted below.

Staff members in attendance were: Emmanuel Aryee, Salam Baqleh, Sarah Berning, Todd Bridgen, Kevin Brown, Jessica Collins, Enrique De Anda, Andrew Gschwind, Brian Hopper, Candice Kwok-Smith, Patrice McElroy, Anthony Mendiola, Nicole Merritt, Tony Ndah, My Nguyen, Carlos Orellana, Alison Phagan, Mario Rivas, Manpreet Sra, Charlene Sun, Darin Taylor, Sherilyn Tran, and Tina Yoke.

Guests in attendance were: Katja Irvin (Sierra Club-Loma Prieta Chapter), George Skiles (Sjoberg Evashenk Consulting), and Cid Conde, Emer Fabro, Elisa Stilwell (Vasquez & Company LLP).

Public in attendance was: XXX-XXX-1209.

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 May 15, 2023 Board Audit Committee Meeting Minutes.

Recommendation: Approve the minutes.

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

Public Comments:
None.

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

4. REGULAR AGENDA:

Chairperson Keegan confirmed that Item 4.1, the BAC Audit Charter Update and Item 4.2, the 2023 Annual Audit Training from CAE would be considered after Vice Chairperson Beall's arrival.

Chairperson Keegan moved the agenda to Item 4.3.

4.3. Receive the Fiscal Year 2022-2023 Third Quarter Financial Status Update as of March 31, 2023.

Recommendation: Receive the fiscal year 2022-2023 third quarter financial status update as of March 31, 2023.

Charlene Sun and Enrique De Anda reviewed the information on this item, per the attached Committee Agenda Memo, and the corresponding presentation materials contained in Attachment 1 were reviewed by staff as follows: Charlene Sun reviewed Slides 1 through 5 and Enrique De Anda reviewed Slides 6 through 9.

Charlene Sun, Enrique De Anda, 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 the third quarter financial status update as on track with an expectation of a prelim report out in September 2023 followed by the year-end annual comprehensive financial report in November 2023.

Chairperson Keegan moved the agenda to Item 4.4.

4.4. Receive and Discuss the Fiscal Year 2022-23 Financial Audit, presented by Vasquez and Company LLP.

Recommendation: Receive and discuss information regarding the upcoming Fiscal Year 2022-23 financial audit, presented by Vasquez and Company LLP.

Elisa Stilwell, Cid Conde, and Emer Fabro reviewed the information on this item, per the attached Committee Agenda Memo, and the corresponding presentation materials contained in Attachment 1 were reviewed by staff as follows: Cid Conde reviewed Slides 1 through 11 and Emer Fabro reviewed Slides 12 through 17.

Elisa Stilwell, Cid Conde, Emer Fabro, and Darin Taylor were available to answer questions.

Vice Chairperson Beall arrived.

Public Comments:
None.

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

- The Committee noted the next report out to the BAC is targeted for November 2023 with a report to the full Board in December 2023.
- The Committee noted that Vasquez & Company LLP will be scheduling 1:1 meetings with each Board member.

Chairperson Keegan returned the agenda to Item 4.1.

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

Recommendation: A. Discuss proposed updates to Board 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 2.

Brian Hopper was available to answer questions.

Public Comments:
None.

The Committee noted the proposed updates, requested no further changes, and by consensus directed for to this Item to be considered by the full Board in August 2023 without official action.

4.2. Discuss Process and Scope of 2023 Annual Audit Training from Chief Audit Executive.

Recommendation: Discuss process and scope of 2023 Annual Audit Training from Chief Audit Executive.

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

George Skiles, Brian Hopper, 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 requested staff to follow up with adding for discussion, a future Agenda Item regarding Valley Water's contractual responsibility to confirm best practices with Joint Powers Authorities (JPA), non-profit organizations, and public/private partnerships; and whether annual audits are legally required prior to Valley Water's involvement.
- The Committee identified audit training topics: the audit process, risk assessment, audit selection, audit planning, field work, and reporting with an emphasis on risk assessment to occur in August 2023.

Chairperson Keegan moved the agenda to Item 4.5.

4.5. 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.

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 noted a draft risk assessment report is targeted for September 2023 to be presented to the BAC in October 2023.
- The Committee confirmed that this topic been reported to the full Board and noted no changes will be made to the audit schedule without full Board approval.

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

- The Committee noted the CIP Audit Management Response Review is targeted to be presented to the BAC in August 2023.
- The Committee directed staff to include the audit topic discussion item regarding JPAs from Item 4.2 to the BAC's September 2023 agenda and ensure audit training is confirmed for August 2023.

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

Recommendation: A. Discuss the 2022-2024 Annual Audit Work Plan; and
B. Provide further guidance 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 received the information, took no formal action, and noted the following:

- The Committee noted no changes to the Annual Audit Work Plan until the completion of the current risk assessment is complete upon approval of the full Board.

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 4.1 was approved for Board consideration and direction was given to staff for a future agenda item under Item 4.2.

6. Adjourn:

6.1. Adjourn to Regular Meeting at 2:00 p.m. on August 16, 2023.

Chairperson Keegan adjourned the meeting at 3:20 p.m., to the regular meeting at 2:00 p.m. on August 16, 2023.

Nicole Merritt
Assistant Deputy Clerk II

Date Approved: August 16, 2023