



BOARD AUDIT COMMITTEE MEETING

# MINUTES

**Wednesday, October 21, 2020  
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 District Headquarters Conference Room A-124, 5700 Almaden Expressway, San Jose, California, at 2:00 PM.

**1.1 Roll Call.**

Committee members in attendance were District 2 Director Barbara Keegan, Chairperson presiding. Committee members participating by teleconference were District 4 Director Linda J. LeZotte, and District 7 Director Gary Kremen, constituting a quorum of the Committee.

Staff in attendance were M. Overland and E. Sans. Staff members participating by teleconference were R. Callender, Chief Executive Officer (CEO), M. King, Clerk, Board of Directors, G. Del Rosario, B. Hopper, N. Nguyen, D. Taylor, B. Yerrapotu, and T. Yoke.

Also, in attendance by teleconference were D. Callahan, K. Kousser, D. Kahn, and G. Macdonald, TAP International, Inc. (TAP).

**2. PUBLIC COMMENT:**

**2.1 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 Minutes.**

Recommendation: Approve the minutes.

The Committee considered the attached minutes of the September 16, 2020, meeting. It was moved by Director LeZotte, seconded by Director Kremen, and unanimously carried that the amended minutes be approved.

### **4. ACTION ITEMS**

#### **4.1 Receive an Update on the Status of the Safe, Clean Water Program Grant Management Audit.**

Recommendation: Receive an update on the status of the on-going Safe, Clean Water Program Grant Management Audit.

Mr. Drummond Kahn, and Ms. Greta Macdonald, TAP International Inc., reviewed the information on this item, per the attached Committee Agenda Memorandum, and the corresponding presentation materials contained in Attachment 1 were reviewed by TAP as follows: Mr. Kahn reviewed Slides 1 through 3; and Ms. MacDonald reviewed Slides 4 through 7.

The Committee noted the information, without formal action, and requested the following:

- Staff to place the progress report item on the November 18, 2020 Committee meeting agenda.

#### **4.2 Approve the Final Audit Report for the Real Estate Services Audit for Presentation to the Full Board.**

Recommendation: Approve the final audit report for the Real Estate Services Audit and direct staff and TAP International, Inc. to present to the full Board at a future Board meeting.

Ms. Denise Callahan, TAP International, Inc., reviewed the information on this item, per the attached Committee Agenda Memorandum.

The Committee considered the attached Final Audit Report for the Real Estate Services Audit for Presentation to the full Board, and it was moved by Director LeZotte, seconded by Director Kremen, and unanimously carried that staff bring to the full Board the Final Audit Report for the Real Estate Services Audit for presentation to the full Board at the next available Board meeting, by roll call vote.

#### **4.3 Receive and Discuss the District Counsel Audit Report.**

Recommendation: A. Receive and Discuss the District Counsel Audit Draft Report; and  
B. Approve Issuance of District Counsel Audit Draft Report.

Ms. Callahan reviewed the information on this item, per the attached Committee Agenda Memorandum, and Ms. Kate Kousser, TAP International, Inc., reviewed the information contained in Attachment 1.

The Committee noted the information and requested the following:

- TAP to make updates to the report for the term “entrepreneurial” and research Master Services Agreements for legal firms, TAP will issue the report to the District Counsel to kick-off the 15-day management response.

The Committee considered the attached District Counsel Audit Draft Report, and it was moved by Director LeZotte, seconded by Director Kremen, and unanimously carried the issuance of District Counsel Audit Draft Report, by roll call vote.

Chairperson Keegan moved the agenda to Item 5.1.

Mr. Taylor reviewed the information on items 5.1, and 5.2, per the attached Committee Agenda Memorandums.

5.1     Audit Report of the Water Utility Enterprise Funds for the Fiscal Year Ended June 30, 2019.

Recommendation:     Receive and discuss the Audit Report of the Water Utility Enterprise Funds for the Fiscal Year Ended June 30, 2019.

The Committee noted the information without formal action and requested the following:

- Staff to draft a full Board agenda item for presentation at the next available Board meeting.

5.2     Discuss Strategy to Establish Additional Auditors via a Master Services Agreement in conjunction with Options to Conduct the October 2021 Risk Assessment given that the Board Independent Auditing Services Agreement with TAP International expires on June 30, 2021.

Recommendation:     Discuss strategy to establish additional auditors via a Master Services Agreement in conjunction with options to conduct the October 2021 Risk Assessment given that the Board Independent Auditing Services Agreement with TAP International expires on June 30, 2021.

The Committee noted the information without formal action and requested the following:

- Staff to proceed with Master Services Request for Proposal (RFP) for additional auditors to complement “Chief Audit Executive”;
  - Direct Keegan, Brian Hopper, and TAP to make additional updates to the BAC Audit Charter; and
- Staff to bring Risk Assessment discussion back to the Committee at the December 16, 2020 Committee meeting.

Chairperson Keegan returned the agenda to Item 4.4.

Mr. Darin Taylor, Chief Financial Officer, reviewed the information on items 4.4, and 4.5, per the attached Committee Agenda Memorandums.

**4.4 Review and Approve the Updated 2020 Board Audit Committee Work Plan.**

- Recommendation:
- A. Review and discuss topics of interest raised at prior Board Audit Committee (BAC) Meetings and make any necessary adjustments to the BAC Work Plan; and
  - B. Approve the updated 2020 BAC Work Plan.

The Committee noted the information, without formal action, and requested the following:

- Staff to bring Line Item 100, Sponsorship Program, to the November 18, 2020 Committee meeting;
- District Counsel Classified Information item to be brought to the Committee at the December 16, 2020, Committee meeting; and
- Staff to add the progress report item for the Permitting Best Practices Audit to the November 18, 2020 Committee meeting agenda.

**4.5 Recommend Updates to Annual Audit Work Plan.**

- Recommendation: Discuss the Annual Audit Work Plan and approve any updates to recommend to the Board, if necessary.

The Committee noted the information, without formal action, and requested the following:

- Staff to include updates as previously approved by the full Board as the updated attachment for this standing BAC agenda item.

**5. INFORMATION ITEMS**

**6. CLERK REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS.**

**6.1 Clerk Review and Clarification of Committee Requests.**

None.

**7. ADJOURN**

- 7.1 Adjourn to Regular Meeting at 2:00 p.m., on November 18, 2020, to be called to order in compliance with the State Emergency Services Act, the Governor's Emergency Declaration related to COVID-19, and the Governor's Executive Order N-29-20.

Chairperson Keegan adjourned the meeting at 4:00 p.m., to the 2:00 p.m. Regular Meeting on November 18, 2020, to be called to order in compliance with the State Emergency Services Act, the Governor's Emergency Declaration related to COVID-19, and the Governor's Executive Order N-29-20.



Max Overland  
Assistant Deputy Clerk of the Board

