



BOARD AUDIT COMMITTEE MEETING

# MINUTES

---

**REGULAR MEETING SESSION  
WEDNESDAY, NOVEMBER 15, 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, Sarah Berning, Jessica Collins, Queen Douglas, Meenakshi Ganjoo, Walter Gonzalez, Brian Hopper, Michael Lee, Jennifer Martin, Patrice McElroy, Anthony Mendiola, Nicole Merritt, Tony Ndah, Carlos Orellana, Luz Penilla, Steve Peters, Alison Phagan, Charlotte Reinthaler, Mario Rivas, Jimmy Salandanan, Diahann Soleno, Manpreet Sra, Darin Taylor, Kristen Yasukawa, and Tina Yoke.

Public in attendance were: Valley Water Director Rebecca Eisenberg, Valley Water Director Tony Estremera, Katja Irvin (Sierra Club), Cid Conde, Emer Fabro, and Roger Martinez (Vasquez & Company LLP), and George Skiles (Sjoberg Evashenk Consulting).

**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 October 18, 2023 Board Audit Committee Meeting Minutes.**

Recommendation: Approve the minutes.

The Committee considered the attached minutes of the October 18, 2023 Committee meeting.

Public Comments:  
None.

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

### **4. REGULAR AGENDA:**

#### **4.1. Receive and Discuss the Final Report on the Tri-Annual Risk Assessment (CY 2023) from the Chief Audit Executive (CAE); Discuss Potential Audit Topics for the CY 2024 Annual Audit Work Plan; and Refer the Final Report on the Tri-Annual Risk Assessment (CY 2023) to the Board of Directors for Discussion.**

Recommendation: A. Receive and discuss the final report on the Tri-Annual Risk Assessment (Cy 2023) from the CAE.  
B. Discuss potential audit topics for the CY 2024 Annual Audit Work Plan.  
C. Refer the final report on the Tri-Annual Risk Assessment (CY 2023) to the Board of Directors for discussion.

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

George Skiles, Darin Taylor, Tina Yoke, Patrice McElroy, and Luz Penilla 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 top 12 audit topics recommended by the CAE with Capital Project Delivery, Board Policies, Clerk of the Board, and Human Resources being in the top 4 of the Tri-Annual Risk Assessment final report.

- The Committee expressed support for the Capital Project Delivery as a top audit topic per the large capital budget and potential for more savings and requested staff to follow up on additional costs per year for project delays and the benefits for expediting per inflation rates for the Capital Improvement Program (CIP) in preparation for this item to go before the Board.
- The Committee noted the request from Luz Penilla to consider postponing the Capital Project Delivery audit until the CIP team completes implementing the recommendations from the previous audit. The Committee expressed support for the audit as a top priority for the 2024 calendar year and expressed the intent for the audit to identify additional opportunities for improvement without overlapping areas already addressed in prior audits.
- The Committee noted support for Human Resources as an audit topic with the potential to include cost and productivity comparisons when using contractors versus permanent employees and increasing efforts within workforce development upon confirmation from the Chief Executive Officer.

The Committee by consensus and without official action referred the final report on the Tri-Annual Risk Assessment (CY 2023) to the Board of Directors for discussion at the December 12, 2023 meeting and this item will return to the BAC at the December 20, 2023 meeting to discuss the 2024-2026 Annual Audit work plan per feedback from the Board.

- 4.2. Discuss the Valley Water Draft Annual Comprehensive Financial Report (ACFR) for the Fiscal Year (FY) Ending on June 30, 2023; and Recommend Acceptance by the Full Board.

Recommendation: Discuss the Valley Water draft ACFR for the FY ending on June 30, 2023 and recommend acceptance by the Full Board.

Darin Taylor reviewed the information on this item, per the attached Committee Agenda Memo, and Roger Martinez reviewed the information contained in Attachment 1.

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

Public Comments:  
None.

The Committee received the information and noted the following:

- The Committee noted the status report for this item to be 85% complete and reflects no irregularities that would impact financial statements.

- Vice Chairperson Beall requested staff to follow up on the inclusion of an additional detailed explanation for the cost difference for pension liability.

Director Santos stepped out of the meeting and returned as noted below.

It was moved by Vice Chairperson Beall and seconded by Chairperson Keegan and carried by majority vote for the ACFR for the FY ending on June 30, 2023 upon final completion, free of new findings or weaknesses to be recommended accepted by the full Board at the December 12, 2023 Board meeting.

- 4.3. Receive Board Audit Committee (BAC) Charter Amendments for the Review of Joint Power Agency (JPA) Audit Reports; Provide Input on the Amendments; and Further Direction Regarding BAC Recommendations to the Board.

Recommendation: A. Receive information regarding Valley Water's receipt of JPA audit reports;  
 B. Provide input on amendments to the BAC Charter regarding JPA audit reports; and  
 C. Provide further direction regarding BAC recommendations to the Board regarding Charter amendments.

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

Director Santos returned to the meeting.

Brian Hopper was available to answer questions.

Public Comments:  
 None.

The Committee received the information and noted the following:

- The Committee expressed support for the potential creation of a common location for quick reference of the JPA audit reports.
- Vice Chairperson Beall requested staff to follow up on common key questions for JPAs regarding financial commitments and agreement terms to provide Board members with tools to monitor their progress.

The Committee noted the proposed BAC Charter Amendments for the review of JPA audit reports, requested no further changes, and by consensus directed for this item without official action to be considered by the full Board at the December 12, 2023 meeting.

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.

Darin Taylor was available to answer questions.

Public Comments:  
None.

The Committee received the information and noted the following:

- The Committee noted potential BAC Work Plan changes forthcoming upon receiving audit feedback from the upcoming December 12, 2023 Board meeting.
- The Committee expressed support for eliminating the Quarterly Financial Status Update (Q1) Report per the Q1 being so early in the year unless there is a significant outcome requiring the BAC to review.

**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 by consensus referred without official action the final report on the Tri-Annual Risk Assessment (CY 2023) to the Board for discussion under Item 4.1, approved by majority vote to recommend the ACFR for the FY ending on June 30, 2023 for acceptance by the Board under Item 4.2, by consensus directed without official action the proposed BAC Charter Amendments for the review of JPA audit reports to be considered by the Board under Item 4.3, and expressed support for eliminating the Quarterly Financial Status Update Q1 report under Item 4.4.

**6. ADJOURN:**

6.1. Adjourn to Regular Meeting at 2:00 p.m. on December 20, 2023.

Chairperson Keegan adjourned the meeting at 3:39 p.m., to the regular meeting at 2:00 p.m. on December 20, 2023.

Date Approved: December 20, 2023

Nicole Merritt  
Assistant Deputy Clerk II