



BOARD AUDIT COMMITTEE MEETING

MINUTES

**Wednesday, November 18, 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. Staff members participating by teleconference were R. Callender, Chief Executive Officer (CEO), M. King, Clerk, Board of Directors, J. Aranda, R. Blank, G. Del Rosario, A. Fulcher, R. Fuller, B. Hopper, H. McMahon, N. Nguyen, L. Orta, D. Rocha, D. Taylor, S. Turner, K. Yasukawa, B. Yerrapotu, and T. Yoke.

Also, in attendance by teleconference were D. Callahan, K. Kousser, D. Kahn, and G. Macdonald, TAP International, Inc. (TAP); and Mr. J. Mahoney, Tanner Pacific.

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 October 21, 2020, meeting. It was moved by Director LeZotte, seconded by Director Kremen, and unanimously carried that the minutes be approved.

4. ACTION ITEMS

4.1 Receive and Discuss a Status Update on Recommendations from the Contract Change Order Audit Conducted by TAP International, Inc.

Recommendation: Receive and discuss a status update on recommendations from the Contract Change Order Audit conducted by TAP International, Inc.

Ms. Roslyn Fuller, Deputy Administrative Officer, reviewed the information on this item, per the attached Committee Agenda Memorandum, and per the information contained in Attachment 1.

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

- Ms. Fuller to ascertain if there is support that the Board can provide to expedite the implementation of the Contract Change Order Recommendations and to report back to the Committee at a future meeting.

4.2 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.

Mr. Darin Taylor, Chief Financial Officer, reviewed the information on this item, per the attached Committee Agenda Memorandum, and per the information contained in Attachment 1.

The Committee noted the information and requested the following:

- Staff to move, Attachment 1, Page 8, Line Item 79, from the December BAC meeting to the January 2021, BAC meeting; and
- Committee Chair Keegan and Mr. Taylor to meet regarding the CAFR and financial information Attachment 1, Page 2, Line Item 20.

The Committee considered the attached Updated 2020 Board Audit Committee Work Plan, and it was moved by Director LeZotte, seconded by Director Kremen, and unanimously carried that the Committee approved the Updated 2020 BAC Work Plan, by roll call vote.

4.3 Discuss the Potential for a Desk Review or Audit of the Sponsorship Program.

Recommendation: Discuss the potential for a desk review or audit of the Sponsorship Program.

Chairperson Keegan reviewed the information on this item, per the attached Committee Agenda Memorandum.

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

- Staff to defer the Sponsorship Desk Audit until the Grants Management audit is completed, then bring to the full Board for discussion.

4.4 Recommended Updates to the Annual Audit Work Plan.

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

Mr. Taylor reviewed the information on this item, per the attached Committee Agenda Memorandum.

The Committee noted the information without formal action.

5. INFORMATION ITEMS

5.1 Valley Water Comprehensive Annual Financial Report Transparency and Policy Issues. (Continued from August 19, 2020)

Recommendation: Discuss content and format of the Valley Water Comprehensive Annual Financial Report (CAFR) and determine whether or not to recommend policy changes to the full Board.

The Committee noted the information and requested the following:

- The Popular Annual Financial Report (PAFR) was received favorably and may be added as a supplemental item to the CAFR in the future;
- The discussion regarding water as an item on the balance sheet will be taken to the full Board for consideration as it is a policy issue;
- The issue regarding "Doubtful Accounts" will be brought back to the Committee for further discussion after District Counsel provides some details regarding past litigations related to unpaid accounts;
 - Staff to provide information regarding the point at which Valley Water writes off a Doubtful Account; and
- Mr. Taylor to follow up with Committee Chair Keegan on this item and research the best practices related to Doubtful Accounts.

- 5.2 Receive an Update on the Status of the Quality and Environmental Management System (QEMS) Methodology Benchmarking Analysis.

Recommendation: Receive an update on the status of the on-going QEMS Methodology Benchmarking Analysis.

Mr. John Mahoney, Tanner Pacific, reviewed the information on this item, per the attached Committee Agenda Memorandum.

The Committee noted the information without formal action.

- 5.3 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 McDonald, TAP International Inc. (TAP), reviewed the information on this item, per the attached Committee Agenda Memorandum.

The Committee noted the information without formal action.

- 5.4 Receive an Update on the Status of the Permitting Best Practices Audit.

Recommendation: Receive an update on the status of the on-going Permitting Best Practices Audit.

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

The Committee noted the information without formal action.

6. CLERK REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS.

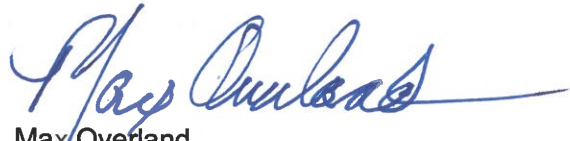
- 6.1 Clerk Review and Clarification of Committee Requests.

Mr. Max Overland, Assistant Deputy Clerk of the Board, read the new Committee Member Requests into the record.

7. ADJOURN

- 7.1 Adjourn to Regular Meeting at 2:00 p.m., on December 16, 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 December 16, 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

