



BOARD AUDIT COMMITTEE MEETING

MINUTES

Wednesday, December 16, 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 J. Aranda, A. Baker, D. Cahen, R. Chan, G. Del Rosario, A. Fulcher, A. Gordon, B. Hopper, M. Lugo, H. McMahon, A. Mendiola, C. Narayanan, L. Orta, M. Rosado, T. Sandhu, D. Taylor, S. Tran, K. Yasukawa, and T. Yoke.

Also, in attendance by teleconference were D. Callahan, 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 November 18, 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 the District Counsel Audit Final Report and Management Response; and Approve the District Counsel Audit Final Report for Presentation to the Full Board.

Recommendation: A. Receive and discuss the District Counsel Audit Final Report and Management Response; and
 B. Approve the District Counsel Audit Final Report and direct staff and TAP International, Inc. to present to the full Board at a future Board meeting.

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

The Committee considered the attached District Counsel Audit Final Report, and it was moved by Director LeZotte, seconded by Director Kremen, and unanimously carried that the District Counsel Audit Final Report is approved, and that staff and TAP present the report to the full Board at a future Board meeting, by roll call vote.

4.2 Discuss Options to Conduct the October 2021 Risk Assessment given that the Board Independent Auditing Services Agreement with TAP International Expires on June 30, 2021 and Provide Direction to Staff.

Recommendation: Discuss options to conduct the October 2021 Risk Assessment given that the Board Independent Auditing Services Agreement with TAP International expires on June 30, 2021 and provide direction to staff.

Mr. Darin Taylor, Chief Financial Officer, reviewed the options.

It was moved by Director LeZotte, seconded by Director Kremen, and unanimously carried that the Committee recommend to the full Board that:

- TAP to initiate the Risk Assessment such that it can be completed prior to TAP's agreement expiration on June 30, 2021; and
- Staff to initiate a procurement process for a "Chief Audit Executive" that would begin service on July 1, 2021.

- 4.3 Review and Approve the Updated 2020 Board Audit Committee Work Plan and Proposed 2021 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 and proposed 2021 BAC Work Plan.

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

The Committee considered the attached Updated 2020 BAC Work Plan and proposed 2021 BAC Work Plan, and it was moved by Director Kremen, seconded by Director LeZotte, and unanimously carried that the Committee approved the Updated 2020 BAC Work Plan and proposed 2021 BAC Work Plan, by roll call vote.

- 4.4 Recommended Updates to Annual Audit Work Plan.

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

Mr. Darin Taylor, Chief Financial Officer, 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 Follow up Discussion on Valley Water Comprehensive Annual Financial Report Transparency Related to Recording the Allowance for Doubtful Accounts.

Recommendation: Receive the information and discuss the process of recognizing allowance for Doubtful Accounts.

The Committee noted the information without formal action.

- 5.2 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, and requested the following:

- The Committee requested that staff bring this back to the Committee at a future meeting to discuss the payment policy processes.

5.3 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. Callahan 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 bring this item back to the Committee at the next meeting.

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 January 20, 2021, 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. Special Meeting on January 13, 2021, 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