



BOARD AUDIT COMMITTEE MEETING

MINUTES

**REGULAR MEETING
WEDNESDAY, SEPTEMBER 15, 2021
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), conducted by Zoom teleconference, was called to order in the District Headquarters Conference Room A-124, 5700 Almaden Expressway, San Jose, California, at 2:00 p.m.

1.1 Roll Call.

Committee members in attendance were District 3 Director Richard P. Santos. District 2 Director Barbara Keegan, Chairperson presiding, participating by teleconference, constituting a quorum of the Committee.

District 7 Director Gary Kremen was absent.

District 1 Director John Varela, and District 4 Director Linda LeZotte attended via teleconference.

Staff in attendance were M. Overland. Staff members participating by teleconference were L. Bankosh, R. Blank, R. Chan, A. Fonseca, R. Gibson, B. Hopper, M. Lugo, H. McMahon, A. Mendiola, C. Orellana, L. Orta, M. Richardson, D. Taylor, S. Tippetts, D. Wickman, and T. Yoke.

Also, in attendance by teleconference were Mr. Adam Probolsky, Probolsky Research; Mr. David Alvey, Maze and Associates; and Ms. Denise Callahan, 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 August 18, 2021, Regular Committee meeting.

Move to Approve: R. Santos
Second: B. Keegan
Yeas: R. Santos, B. Keegan
Nays: None
Abstains: None
Recuses: None
Absent: G. Kremen
Summary: 2 Yeas; 0 Nays; 0 Abstains; 1 Absent.

4. ACTION ITEMS:

4.1 Audit Report of the Water Utility Enterprise Funds for the Fiscal Year Ended June 30, 2020.

Recommendation: Receive and discuss the Audit Report of the Water Utility Enterprise Funds for the Fiscal Year Ended June 30, 2020.

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

The Committee noted the information without formal action.

4.2 Progress Report on Implementing the Grants Management Performance Audit Recommendations.

Recommendation: Receive information on the progress of implementing the recommendations from the Grants Management Performance Audit.

Ms. Marta Lugo, Assistant Officer, provided opening remarks, and Ms. Amy Fonseca, Senior Management Analyst, reviewed the information on this item, per the attached Board Agenda Memorandum, and per the information contained in Attachment 1; and Mr. Adam Probolsky, Probolsky Research, reviewed the information contained in Attachment 2.

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

- The Committee requested that staff provide a timeline for completion of the following outstanding recommendations to be completed:
 - Right Sizing and Fiscal View, Attachment 1, Page 4;
 - Grantee Orientation and Guide, Attachment 1, Page 5;

- Right Size, Reporting Requirements, Attachment 1, Page 8;
- Base Requirements on Risk, Attachment 1, Page 9; and
- Financial Review of Grantees, Attachment 1, Page 10.

4.3 Discuss Process to Follow-up on Completed Audits.

Recommendation: A. Discuss process to follow-up on completed audits;
 and
 B. Approve the recommendation process for follow-up
 on completed audits.

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

The Committee reviewed this information and requested the following:

- The Committee requested that staff add this item to the Annual Audit Work Plan; and
- The Committee to develop draft work plan for the following year to capture Audit Updates from audits completed in the current year.

Motion: Approve staff's recommendation to process for follow-up
 on completed audits.

Move to Approve: R. Santos
Second: B. Keegan
Yeas: R. Santos, B. Keegan
Nays: None
Abstains: None
Recuses: None
Absent: G. Kremen
Summary: 2 Yeas; 0 Nays; 0 Abstains; 1 Absent.

4.4 Review and Discuss the 2021 Board Audit Committee Work Plan.

Recommendation: Review and Discuss topics of interest raised at prior Board
 Audit Committee (BAC) Meetings and make any necessary
 adjustments to the BAC Work Plan.

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

The Committee noted the information without formal action.

4.5 Discuss and Approve any Updates to the Annual Audit Work Plan.

Recommendation: Discuss and approve any updates to recommend to the full Board, if necessary.

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

The Committee noted the information without formal action.

5. INFORMATION ITEMS:

5.1 Receive an Update on the 2021 Risk Assessment.

Recommendation: Receive an update on the 2021 risk Assessment.

Ms. Denis Callahan, TAP International Inc., reviewed the information on this item, per the attached Board Agenda Memo.

The Committee noted the information without formal action, with the following request:

- The Committee requested that this item be added to the October 20, 2021 Board Audit Committee meeting agenda.

5.2 Fiscal Year 2020-21 Fourth Quarter Financial Status Update.

Recommendation: Receive the Fiscal Year 2020-21 fourth quarter financial status update as of June 30, 2021.

Mr. Taylor reviewed the information on this item, per the attached Board Agenda Memo, and per the information contained in Attachment 1.

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

- The Committee requested staff to follow up with Director Kremen to determine if he would like an update since he was unable to attend today's meeting.

6. CLOSED SESSION:

Chairperson Keegan confirmed that the Committee would adjourn to Closed Session for consideration of Item 6.1.

6.1 CLOSED SESSION
CONFERENCE WITH LEGAL COUNSEL
INITIATION OF LITIGATION Government Code Section
54956.9(d)(4)INITIATION OF LITIGATION Government Code Section
One Potential Case

6.2 District Counsel Report

Mr. Brian Hopper, Senior Assistant District Counsel, reported that in regard to Item 6.1, the Committee met in Closed Session with all members present, excluding Director Kremen, and took no reportable action.

7. **CLERK REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS:**

7.1 Clerk Review and Clarification of Committee Requests.

None.

8. **ADJOURN:**

8.1 Adjourn to Regular Meeting at 2:00 p.m., on October 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 3:50 p.m., to the 2:00 p.m. Regular Meeting on October 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.


Max Overland
Assistant Deputy Clerk II