



BOARD AUDIT COMMITTEE MEETING

# MINUTES

**REGULAR MEETING  
WEDNESDAY, OCTOBER 20, 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, and District 2 Director Barbara Keegan, Chairperson presiding, with District 7 Director Gary Kremen participating by teleconference, constituting a quorum of the Committee.

District 4 Director Linda LeZotte attended via teleconference.

Staff in attendance were E. Sans. Staff members participating by teleconference were M. Cook, A. Gordon, B. Hopper, A. Mendiola, C. Orellana, D. Taylor, D. Wickman, K. Wong, and T. Yoke

Also, in attendance by teleconference was Ms. Denise Callahan, TAP International, Inc. (TAP).

**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 Minutes.**

Recommendation: Approve the minutes.

The Committee considered the attached minutes of the September 15, 2021, Regular Committee meeting.

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

### **4. ACTION ITEMS:**

#### **4.1 Receive and Discuss the Draft 2021 Risk Assessment Report.**

Recommendation: Receive and discuss the Draft 2021 Risk Assessment Report.

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

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

- In the Financial Management Risk Area, Committee expressed concern on locating an asset due to a decentralized inventory; equipment in inventory that are in Y2K category; support of adoption of current technology to maximize use of physical space and storage; necessity of locating an inventoried equipment in case of emergency; and consider inventoried items not only for material cost, but for material function that adds to staff efficiency. Ms. Callahan added that Valley Water's has no division responsible for all the inventory within the organization.
- In the Data Management and Accuracy Risk Area, the Committee requested to add "Data Integrity" under the Issues Identified column referring to accuracy as well as a systems audit to integrate master data with other databases with the same information.
- In response to TAP International, the Committee expressed preference to organize the audit list by operational simplicity and by highest risk or most value on recommendations made. Ms. Callahan announced that TAP International will welcome any audit suggestions or concerns until tomorrow after this meeting for consideration in the risk assessment report.
- The Committee requested to include reputational risk on community satisfaction with Valley Water's operations and services.

#### 4.2 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.

Chairperson Keegan announced that after a discussion with the District Counsel, the risk management unit discussion topic can be delayed for a few months.

Mr. Darin Taylor, Chief Financial Officer, informed the Committee about the following items planned for the regular Committee November meeting: presentation of a draft FY21 Annual Financial report unless INFOR implementation takes time from staff, and in that case, this will moved to the December meeting; presentation of Q1 FY22 Financial Audit status; and discussion on audit ranking and weighing.

The Committee inquired on a mechanism to bring this to the full Board. Staff recommended a report out at the next BAC meeting to review, discuss, and seek CEO input.

Chairperson Keegan requested staff to wait until after discussion with the CEO before they put together the agenda for the next BAC meeting.

The Committee noted the information without formal action.

#### 4.3 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:

None.

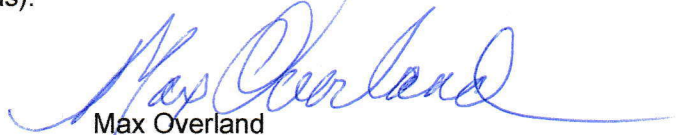
### 6. CLERK REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS:

None.

**7. ADJOURN:**

- 7.1 Adjourn to Regular Meeting at 2:00 p.m., on November 17, 2021, to be called to order in compliance with the Brown Act as currently in effect and Santa Clara Valley Water District Resolution 21-85, adopted on September 28, 2021, in compliance with the provisions of AB361 (Rivas).

Chairperson Keegan adjourned the meeting at 3:20 p.m., to the 2:00 p.m. Regular Meeting on November 17, 2021, to be called to order in compliance with the Brown Act as currently in effect and Santa Clara Valley Water District Resolution 21-85, adopted on September 28, 2021, in compliance with the provisions of AB361 (Rivas).



Max Overland  
Assistant Deputy Clerk II