



BOARD AUDIT COMMITTEE MEETING

MINUTES

**REGULAR MEETING SESSION
WEDNESDAY, MAY 15, 2024
1:00 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 1:00 p.m.

1.1 Roll Call.

Committee members in attendance were District 1 Director John L. Varela, 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: Yvonne Arroyo, Emmanuel Aryee, Lisa Bankosh, Sarah Berning, Jessica Collins, Enrique De Anda, Amy Fonseca, Walter Gonzalez, Brian Hopper, Diahann Hudson Soleno, Candice Kwok-Smith, Cecil Lawson, Jennifer Martin, Patrice McElroy, Anthony Mendiola, Nicole Merritt, Tony Ndah, Carlos Orellana, Luz Penilla, Steven Peters, Alison Phagan, Manpreet Sra, Darin Taylor, Kristen Yasukawa, and Tina Yoke.

Public in attendance were: Valley Water Director Rebecca Eisenberg (District 7), 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 April 12, 2024 Board Audit Committee Meeting Minutes.

Recommendation: Approve the minutes.

The Committee considered the attached minutes of the April 12, 2024 Committee meeting.

Public Comments:
None.

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

4. REGULAR AGENDA:

4.1. Receive Permitting Best Practices Audit Status Update.

Recommendation: Receive an update on the status of the Permitting Best Practices audit recommendation implementation.

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

Yvonne Arroyo, Lisa Bankosh, Cecil Lawson, and George Skiles 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 general 12-week permit processing time, and the ongoing challenge of standardizing the permitting process per the complexity and uniqueness of Valley Water's operations and the potential impact on facilities.
- The Committee expressed support for the potential of the integration of the permit process data with other public agencies' development schedules which the Information Technology (IT) staff confirmed could be a future cloud-based option; and IT would continue to assist with keeping this item's technical options on track as scheduled.
- The Committee noted the permit customer portal's options to provide guideline reminders and timelines for permit applicants, tools to track a permit, and potential applicant assistance like a permit wizard and live support.
- The Committee expressed support for the potential for a performance audit halfway through the implementation to confirm the process workflow status and to identify if there are any further recommendations in the upcoming year as a part of the audit follow up process noted in the BAC Charter.

4.2. Receive the Fiscal Year (FY) 2023-2024 Third Quarter Financial Status Update.

Recommendation: Receive the FY 2023-2024 third quarter financial status update as of March 31, 2024.

Steven Peters and Enrique De Anda reviewed the information on this item, per the attached Committee Agenda Memo, and the corresponding materials contained in Attachment 1 were reviewed by staff as follows: Steven Peters reviewed Slides 1 through 5 and Enrique De Anda reviewed Slides 6 through 9.

Enrique De Anda, Steven Peters, and Darin Taylor were available to answer questions.

Public Comments:
None.

The Committee received the information, took no formal action, and noted the following:

- Vice Chairperson Beall expressed interest in reviewing a monthly cash flow analysis chart comparing budget versus actual expenditures; and staff confirmed there is a quarterly spending forecast available for Capital projects but not currently for Operations.
- The Committee noted most of the financial activity happens generally in 4th quarter of the year which may create challenges for projections.
- The Committee expressed concern regarding the expected Subventions' funding from the Department of Water Resources (DWR) running low for the Shoreline project and staff confirmed that Valley Water is still eligible for this funding but may not receive it for several years per the state budget.

4.3. Receive and Discuss Joint Power Authority (JPA) Audit Report for the Santa Clara Valley Habitat Conservation Program.

Recommendation: Receive and discuss JPA audit report for the Santa Clara Valley Habitat Conservation Program.

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

Darin Taylor and George Skiles were available to answer questions.

Public Comments:
None.

The Committee received the information, took no formal action, and noted the following:

- The Committee confirmed that there were no concerns with the Santa Clara Valley Habitat Conservation Program financial audit report.

- The Committee noted the upcoming Pajaro River Watershed Flood Prevention Authority financial audit report will be presented at the next BAC meeting.

4.4. Discuss 2024 Annual Audit Plan and Provide Further Guidance as Needed.

Recommendation: A. Discuss 2024 Annual Audit Plan; and
B. Provide further guidance as needed.

Darin Taylor and George Skiles reviewed the information on this item, per the attached Committee Agenda Memo.

Darin Taylor and George Skiles were available to answer questions.

Public Comments:
None.

The Committee received the information, took no formal action, and noted the following:

- The Committee noted no requested changes recommended on the 2024 Annual Audit plan from the Chief Audit Executive (CAE).
- The Committee confirmed risk assessments are generally done at least once every 3 years with the last risk assessment completed last year for Valley Water.
- The Committee expressed support of the CAE being proactive with plans to present recommendations to the BAC by August 2024 for audit topics for next year and to do research to address previous BAC audit questions, changing priorities, and to identify any risks.

4.5. Review and Discuss the 2024 Board Audit Committee (BAC) Work Plan.

Recommendation: Review and discuss topics of interest raised at prior BAC meetings and approve any necessary adjustments to the 2024 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, Nicole Merritt, and George Skiles 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 next BAC meeting was rescheduled to 9:00 a.m. on June 18, 2024 through the Board Scheduler.

- Chairperson Keegan confirmed to discuss with Board Chairperson Hsueh regarding scheduling a special Board meeting for audit training with the CAE.

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.

None.

6. ADJOURN:

6.1. Adjourn to Regular Meeting at 1:00 p.m. on June 19, 2024.

Chairperson Keegan adjourned the meeting at 2:22 p.m., to the rescheduled special meeting at 9:00 a.m. on June 18, 2024.

Date approved: June 18, 2024

Nicole Merritt
Assistant Deputy Clerk II

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