



BOARD AUDIT COMMITTEE MEETING

# MINUTES

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**SPECIAL MEETING SESSION**

**TUESDAY, JUNE 18, 2024**

**9:00 AM**

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(Paragraph numbers coincide with agenda item numbers)

**1. CALL TO ORDER:**

A special 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 9:00 a.m.

**1.1 Roll Call.**

Committee members in attendance were District 1 Director John L. Varela, and District 2 Director Barbara F. Keegan, Chairperson presiding, constituting a quorum of the Committee.

Staff members in attendance were: Ingrid Bella, James Bohan, Jessica Collins, Alicia Fraumeni, Walter Gonzalez, Brian Hopper, Cecil Lawson, Patrice McElroy, Anthony Mendiola, Nicole Merritt, Carmen Narayanan, Tony Ndah, Carlos Orellana, Jimmy Salandanan, Manpreet Sra, Kristen Yasukawa, and Tina Yoke.

Public in attendance were: Emer Jayson Fabro, Roger Martinez, Jay Toledo (Vasquez and Company LLP.), 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 May 15, 2024 Board Audit Committee Meeting Minutes.**

Recommendation: Approve the minutes.

The Committee considered the attached minutes of the May 15, 2024 Committee meeting.

Public Comments:  
None.

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

#### **4. REGULAR AGENDA:**

- 4.1. Discuss the Options to Extend, Allow to Expire, or Terminate the On-Call Services Agreement with Chief Audit Executive (CAE), Sjoberg Evashenk Consulting, Inc., Which is Set to Expire Effective November 22, 2024.

Recommendation:   A. Discuss the options to extend, allow to expire, or terminate the On-Call Services Agreement with CAE, Sjoberg Evashenk Consulting, Inc. which is currently scheduled to expire effective November 22, 2024; and  
                              B. Approve recommendation to the full Board to:  
                                  i. Exercise option to extend the On-Call Services Agreement with CAE, Sjoberg Evashenk Consulting, Inc. for one year;  
                                  ii. Allow the expiration of the On-Call Services Agreement with CAE, Sjoberg Evashenk Consulting, Inc.; or  
                                  iii. Exercise option to terminate the On-Call Services Agreement with CAE, Sjoberg Evashenk Consulting, Inc. prior to the expiration date of November 22, 2024.

The Committee considered this item without a staff presentation.

George Skiles was available to answer questions and was requested to remain outside the Boardroom while the Committee discussed and voted on this item.

Public Comments:  
None.

The Committee received the information, and noted the following:

- The Committee noted the CAE's good job and the efficiency and continuity of allowing the agreement extension rather than soliciting for a new auditor which may be problematic at this time.
- The Committee confirmed there is no awareness of external or internal issues with the CAE and noted the CAE services as prompt, diligent, and responsive.

It was moved by Director Varela and seconded by Chairperson Keegan and unanimously carried for Recommendation:

- B. Approve recommendation to the full Board to:
  - i. Exercise option to extend the On-Call Services Agreement with CAE, Sjoberg Evashenk Consulting, Inc. for one year.

4.2. Receive and Discuss Information Regarding the Upcoming Fiscal Year (FY) 2023-2024 Financial Audit, Presented by Vasquez and Company LLP.

Recommendation: Receive and discuss information regarding the upcoming FY 2023-2024 financial audit, presented by Vasquez and Company LLP.

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

Roger Martinez, Emer Jayson Fabro, and Jay Toledo 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 timeline goal of presenting the upcoming audit of the FY24 Financial Statement no later than November 20, 2024 to the BAC and no later than December 10, 2024 to the Board.
- The Committee confirmed Vasquez and Company LLP will be collaborating closely with Valley Water management on status reports and can implement additional resources if needed to stay on the projected timeline.
- The Committee noted support of Darin Taylor as the first line of communication to provide BAC progress reports and the importance of biweekly status reports provided by Vasquez and Company LLP.
- The Committee noted Vasquez and Company LLP will reach out if any significant risk matters are identified and are available to Board members as needed.
- The Committee noted the Clerk of the Board and District Council were not noted for fraud interviews, confirmed a legal representation letter of an assessment of the legal exposures will be received from District Council, and noted support of Vasquez and Company LLP working with Darin Taylor to determine who is interviewed.
- The Committee noted the upcoming changes of the standards for the Governmental Accounting Standards Board (GASB) will not make a significant impact on Valley Water's reports and the guidance provided through Vasquez and Company LLP will prepare management to remain in compliance.

- The Committee noted the Information Technology Controls as one of the significant audit areas and expressed confidence of this review being successful.
- The Committee noted interest in audit results from Information Technology Controls, Implementation of new GASB Standards, Capital Assets, and Net Pension Liability.

4.3. Receive and Discuss Financial Report for the Pajaro River Watershed Flood Prevention Authority (PRWFPA).

Recommendation: Receive and discuss financial audit report for the PRWFPA.

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

Anthony Mendiola was available to answer questions.

Public Comments:  
None.

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

- The Committee noted the financially, healthy audited statements for the PRWFPA and that Director Varela and Board Vice Chairperson Richard Santos are on the Board of Directors for the PRWFPA.
- The Committee expressed support of bundling financial audit reports in the future for time efficiency.

4.4. Discuss 2024 Annual Audit Plan (Including Information Technology, Human Resources, and Board Policies Audits) and Provide Further Guidance as Needed.

Recommendation: A. Discuss 2024 Annual Audit Plan;  
B. Provide further guidance as needed;  
C. Receive information regarding initiation of Information Technology Audit and Human Resources Audit.

Anthony Mendiola reviewed the information on this item, per the attached Committee Agenda Memo.

Anthony Mendiola 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 Human Resources and the Information Technology audits are a little behind schedule by a couple of months, but the CAE still anticipates completion on track within the calendar year.
- The Committee noted the CAE will work with management on the July 2024 initiation of the Board Policy audit to ensure the workload is manageable for staff but does not anticipate any major delays.

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.

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

Anthony Mendiola was available to answer questions.

Public Comments:  
None.

The Committee received and noted the information and took no formal action.

**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.*

Nicole Merritt confirmed the Committee approved the recommendation to the full Board to exercise the option to extend the On-Call Services agreement with the CAE under Item 4.1; received and discussed the FY 2023-2024 financial audit report from Vasquez and Company LLP and noted support for staying on schedule and receiving status reports through Darin Taylor under Item 4.2; received and noted the financial audit report for the PRWFPA and support for the bundling of financial audit reports in the future under Item 4.3; and noted the updates for the 2024 Annual Audit Plan and the 2024 BAC Work Plan under Items 4.4 and 4.5.

**6. ADJOURN:**

6.1. Adjourn to Regular Meeting at 1:00 p.m. on July 17, 2024.

Chairperson Keegan adjourned the meeting at 9:47 a.m., to the regular meeting at 1:00 p.m. on July 17, 2024 which was subsequently canceled and rescheduled to a special meeting at 2:00 p.m. on August 6, 2024.

Date approved: August 6, 2024

Nicole Merritt  
Assistant Deputy Clerk II

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