



## BOARD AUDIT COMMITTEE MEETING

# MINUTES

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**REGULAR MEETING SESSION  
WEDNESDAY, AUGUST 21, 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 joined the meeting via teleconference, 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: Emmanuel Aryee, Lisa Bankosh, Sarah Berning, Todd Bridgen, Kevin Brown, Rick Callender, Rita Chan, Theresa Chinte, Jessica Collins, Amy Fonseca, Alicia Fraumeni, Rachael Gibson, Vincent Gin, Walter Gonzalez, Alexander Gordon, Christoper Hakes, Brian Hopper, Diahann Hudson, Brian Hopper, Michele King, Candice Kwok-Smith, Cecil Lawson, Sadie Lum, Becky Manchester, Jennifer Martin, Patrice McElroy, Anthony Mendiola, Nicole Merritt, Tony Ndah, My Nguyen, Luz Penilla, Alison Phagan, Don Rocha, Manpreet Sra, Kirsten Struve, Darin Taylor, Odilia Teixeira, Cheryl Togami, Kristen Yasukawa, and Tina Yoke.

Public in attendance were: Shiloh Ballard, Emer Jayson Fabro, Jason Tagasa, and Jay Toledo (Vasquez and Company LLP.), Katja Irvin (Sierra Club), Samsung SM-F936U1, 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 present who wished to speak.

### **3. APPROVAL OF MINUTES:**

**3.1. Approval of August 6, 2024 Board Audit Committee Meeting Minutes.**

Recommendation: Approve the minutes.

The Committee considered the attached minutes of the August 6, 2024 Committee meeting.

Public Comments:

None.

It was moved by Vice Chairperson Beall and seconded by Chairperson Keegan and was carried by unanimous vote that the minutes be approved by roll call vote.

Yea: J. Beall, B. Keegan, J. Varela.

Nay: None.

Abstain: None.

Recuse: None.

Absent: None.

Summary: 3 Yea; 0 Nay; 0 Abstain; 0 Absent.

**4. REGULAR AGENDA:**

Chairperson Keegan moved the agenda to Item 4.4.

**4.4. Discuss Potential Audit Topics for 2025 Annual Audit Plan and Provide Further Guidance as Needed.**

Recommendation: Discuss potential audit topics 2025 Annual Audit Plan, and provide further guidance as needed.

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

George Skiles was available to answer questions.

Public Comments:

None.

The Committee received the information, and noted the following:

- The Committee noted support for the previously deferred Capital Project Delivery audit to be next in the audit cycle, the potential of high-risk internal audits completed on a regular basis of possibly 3-5 years and soliciting Board feedback to include their constituents' concerns.
- The Committee noted the Chief Audit Executive (CAE's) process and goal to have a final proposed 2025 audit plan in November 2024.

Chairperson Keegan returned the agenda to Item 4.1.

**4.1. Receive Update on the Implementation of the Management Response to the 2023 Capital Improvement Program (CIP) Process Performance Audit.**

Recommendation: Receive update on the implementation of the Management Response to the 2023 CIP Process Performance Audit.

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

Luz Penilla, George Skiles, Jessica Collins, Patrice McElroy, Rachael Gibson Brian Hopper, Darin Taylor, and Emmanuel Aryee 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 CAE's support of staff's ongoing efforts for automation of information to ensure accuracy, and consistency, and to implement reasonable measures in line with the intent of the recommendations which may take some time per the 2026 full implementation timeline.
- Director Varela expressed concern over the amount of staff time and costs that go into such a large presentation report and noted staff's confirmation of the automation process/tools being put in place to enhance efficiencies and decrease staff's preparation time.
- Vice Chairperson Beall expressed interest in confirming disclosure details for lobbying within the project priority process, and the Committee noted Legal staff will work with the External Affairs staff to follow up on the lobbyist ordinance and its enforcement, and the Committee noted that the CIP project priority process has a separate method outside of lobbying that integrates the review of disadvantaged communities with final approval by the Board.
- The Committee confirmed that an independent cost estimator for the Llagas estimate was not utilized due to the project cost being under 100 million dollars and noted support for the determination process to include the duration of the project.
- The Committee confirmed the workforce planning and reporting software will be true resource loading allowing for verification of staffing resources needed throughout the years for projects.
- The Committee noted support of awareness of Operation & Maintenance(O&M) costs making a small or big impact earlier in the phase of projects to assist with Board consideration, noted benefits of review of past budget/schedule to identify trends and root cause of issues, and interest in utilizing the stakeholder requested section noted on Page 12 of 35 of Attachment 1 to indicate if the stakeholder used the proper request process.
- Vice Chairperson Beall noted support for staff continuing to look at a potential grant tracking system to assist with streamlining the

matching of projects to federal/state grants and noted CIP's grant rating tool.

- The Committee noted support for tracking delays within the planning/design phase and confirmed that Projectmates will assist with refining the contractor payment schedule.
- The Committee noted support for staff's work and for the inclusion of the BAC's feedback with the recommendations.

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

Recommendation: Receive progress report on implementing the Grants Management Performance Audit recommendations.

Kristen Yasukawa reviewed the information on this item, per the attached Committee Agenda Memo, and per information contained in Attachments 1 and 2.

Kristen Yasukawa was available to answer questions.

Public Comments:  
None.

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

- The Committee noted positive results of the 2024 grants survey and confirmed that interns are working on a capstone project to identify grants by location.
- The Committee confirmed that the grants screening criteria incorporates Diversity, Equity, & Inclusion (DEI) principles to reduce barriers for communities in need and noted planned trainings/workshops for outreach for past grantees.
- Vice Chairperson Beall expressed support for a collective statistic grant report reflecting how many are involved in projects who are volunteers or student interns; and the Committee noted that a final individual project fact sheet is submitted at the end of a project that can include those statistics depending on the project scope and past pushback was received regarding obtaining grantee demographics.
- The Committee noted support for the Grants team remaining fully staffed to meet the needs of the community.

4.3. Receive a Status Update on the Implementation of Audit Recommendations; and Discuss Timing of Next Update.

Recommendation: A. Receive a status update on the implementation of audit recommendations; and  
B. Discuss timing of the next update.

Anthony Mendiola reviewed the information on this item, per the attached Committee Agenda Memo, and per information contained in Attachments 1 and 2.

Anthony Mendiola was available to answer questions.

Public Comments:

None.

The Committee received and noted the next update is scheduled for February 2025, and took no formal action.

Chairperson Keegan moved the agenda to Item 4.5

4.5. Discuss 2024 Annual Audit Plan (Including Information Technology (IT), Human Resources (HR), 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.

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

Darin Taylor and Patrice McElroy 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 IT, HR, and Board Policies Audits will be underway by the end of August 2024; and confirmed that the IT audit was delayed per security protocols.
- Vice Chairperson Beall confirmed the scope of the HR audit will be comprehensive including all the HR processes/procedures and connections/collaborations with other departments like payroll and IT.

4.6. 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 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.*

None.

**6. CLOSED SESSION:**

6.1. **CLOSED SESSION**

THREAT TO PUBLIC SERVICES OR FACILITIES

Pursuant to Government Code Section 54957(a)

Consultation with Mary Harvey, Acting Assistant Officer

6.2. District Counsel Report on Closed Session.

Brian Hopper reported that in regard to Item 6.1., the Committee met in Closed Session with all members participating with Director Varela via teleconference and took no reportable action.

**7. ADJOURN:**

7.1. Adjourn to Regular Meeting at 1:00 p.m. on September 18, 2024.

Chairperson Keegan adjourned the meeting at 3:34 p.m., to the regular meeting at 1:00 p.m. on September 18, 2024.

Nicole Merritt, Assistant Deputy Clerk II

Date approved: September 18, 2024