



BOARD AUDIT COMMITTEE MEETING

MINUTES

**SPECIAL MEETING SESSION
WEDNESDAY, NOVEMBER 20, 2024
1:00 PM**

(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 1:32 p.m.

1.1 Roll Call.

Committee members in attendance were: 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, Sarah Berning, Jessica Collins, Enrique De Anda, Queen Douglas, Walter Gonzalez, Brian Hopper, Michele King, Candice Kwok-Smith, Cecil Lawson, Oliva Manaloto, Jennifer Martin, Patrice McElroy, Anthony Mendiola, Nicole Merritt, Tony Ndah, Carlos Orellana, Alison Phagan, Metra Richert, Jimmy Salandanhan, Manpreet Sra, Cheryl Togami, Darin Taylor, Kristen Yasukawa, and Tina Yoke.

Public in attendance were: Valley Water District 7 Director Rebecca Eisenberg, Emer Jayson Fabro, Roger Martinez, Jay Toledo (Vasquez & 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 present who wished to speak.

3. APPROVAL OF MINUTES:

3.1. Approval of October 25, 2024 Board Audit Committee Meeting Minutes.

Recommendation: Approve the minutes.

The Committee considered the attached minutes of the October 25, 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.

4. REGULAR AGENDA:

4.1. Discuss the Valley Water Draft Annual Comprehensive Financial Report (ACFR) for the Fiscal Year (FY) Ending on June 30, 2024; and Recommend Acceptance by the Full Board.

Recommendation: Discuss the Valley Water draft ACFR for the FY ending on June 30, 2024, and recommend acceptance by the full Board.

Darin Taylor reviewed the information on this item, per the attached Committee Agenda Memo, and Roger Martinez reviewed the information contained in Attachment 1 and Handout 4.1-A.

Copies of Handout 4.1-A were distributed to the Committee and made available to the public.

Vice Chairperson Beall left the meeting briefly and the meeting resumed upon Vice Chairperson Beall's return.

Roger Martinez and Darin Taylor were available to answer questions.

Public Comments:
None.

The Committee received the information, and noted the following:

- The Committee confirmed the timeline as normal for this type audit report for governmental agencies with a FY ending on June 30, 2024 with the target to present to the Board at the December 10, 2024 meeting or the January 14th, 2025 meeting.
- The Committee inquired about the contractual obligations for when audit reports are presented to the Board, confirmed that audit schedules are negotiated to not hinder the independent audit process, and noted support of the Board having time to review the audit reports prior to budget/policy decisions.
- The Committee thanked the consultant and acknowledged Darin Taylor and staff's hard work and for listening to the BAC's concerns to hire a robust and rigorous audit firm experienced with Valley Water's size and complexity.

It was moved by Vice Chairperson Beall and seconded by Chairperson Keegan and carried by unanimous vote for the ACFR for the FY ending on June 30, 2024 upon final completion, free of new findings or weaknesses to recommend acceptance by the full Board.

4.2. Discuss and Identify Potential Audit Topics for 2025 Annual Audit Plan and Recommend Proposed Audit Topics for 2025 to the Board.

Recommendation: A. Discuss and identify potential audit topics for 2025 Annual Audit Plan; and
B. Recommend Proposed Audit Topics for 2025 to the Board.

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

George Skiles and Tony Ndah were available to answer questions.

Public Comments:
None.

The Committee received the information, and noted the following:

- The Committee confirmed the scope for the Centralized and decentralized contracting processes audit topic includes review of the ability to cut down the cycle time to deliver projects relating to the procurement of Capital and Operational professional services contracts to assist with and incentivize meeting project deadlines and limiting change orders.
- The Committee noted support of the Chief Audit Executive's (CAE) recommendation to have the Valley Water's intergovernmental agreements/approach to Joint Powers Authorities as a lower priority audit topic that can be flushed out by management and to propose only 3 or 4 audit topics to avoid a heavy strain on staff.
- The Committee noted support of the following proposed audit topics: Capital project delivery activities, Centralized and decentralized contracting processes, Water conservation strategies, and Water usage and demand forecasting with Capital project delivery activities being the highest priority audit topic.
- The Committee noted the importance of the Water conservation strategies and Water usage and demand forecasting audit topics and confirmed that the Capital project delivery activities audit is anticipated to take up most of the calendar year.

It was moved by Vice Chairperson Beall and seconded and amended by Chairperson Keegan to identify Capital project delivery activities as the highest priority recommended audit topic and carried by unanimous vote that the BAC recommend acceptance by the full Board the following proposed audit topics of Capital project delivery activities, Centralized and decentralized contracting processes, Water conservation strategies, and Water usage and demand forecasting for consideration and inclusion in the 2025 Annual Audit Work Plan.

4.3. Discuss 2024 Annual Audit Plan (Including Information Technology (IT), Human Resources (HR), and Board Policies Audits) and Provide Feedback as Needed.

Recommendation: A. Discuss 2024 Annual Audit Plan;
B. Provide feedback 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, took no formal action, and noted the following:

- The Committee noted the audits for IT, HR, and Board Policies are progressing with the HR audit in the draft report phase, IT audit in fieldwork, and the Board Policies audit meetings scheduled. HR audit is targeted for completion potentially by the end of 2024 and the IT and Board Policies audits are targeted for completion potentially in early 2025.

4.4. 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 the information, took no formal action, and noted the following:

- The Committee noted support of canceling the BAC December 2024 meeting.

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 by unanimous vote the ACFR for FY ending on June 30, 2024 be recommended for acceptance by the full Board under Item 4.1; approved by unanimous vote to recommend proposed audit topics of Capital project delivery activities, Centralized and decentralized contracting processes, Water conservation strategies, and Water usage and demand forecasting with Capital project delivery activities as recommended highest priority to be considered and included in the 2025 Annual Audit Work Plan under Item 4.2; noted update for 2024 Annual Audit Plan under Item 4.3; and noted support for canceling the BAC December 2024 meeting.

6. ADJOURN:

6.1. Adjourn to Regular Meeting at 1:00 p.m. on December 18, 2024.

Chairperson Keegan thanked staff and the CAE and adjourned the meeting at 2:33 p.m., to the regular meeting at 1:00 p.m. on January 15, 2025 per the Committee's approval of the cancellation of the BAC December 2024 meeting.

Nicole Merritt, Assistant Deputy Clerk II

Date approved: January 15, 2025

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