



BOARD AUDIT COMMITTEE MEETING

MINUTES

**Wednesday, June 26, 2019
10:00 AM**

(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 District Headquarters Conference Room A-124, 5700 Almaden Expressway, San Jose, California, at 10:00 a.m.

1.1 Roll Call.

Committee members in attendance were District 5 Director N. Hsueh, and District 2 Director B. Keegan, Chairperson presiding, constituting a quorum of the Committee.

District 7 Director G. Kremen arrived as noted below.

Staff members in attendance were N. Camacho, A. Blackmon, A. Cruz, T. Esch, A. Fraumeni, M. Heller, F. Hernandez, B. Hopper, T. Kane, M. Meredith, A. Noriega, N. Rodriguez, D. Taylor, N. Vye, T. Yoke, and M. Overland.

Also in attendance was Valley Water consultant contractor D. Callahan, TAP International, Inc (TAP).

1.2 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.

2. TIME OPEN FOR PUBLIC COMMENT:

2.1 Time Open for Public Comment on any Item not on the Agenda.

Chairperson Keegan declared time open for public comment on any subject not on the agenda. There was no one present who wished to speak.

3. APPROVAL OF MINUTES

3.1 Approval of Minutes.

Recommendation: Approve the minutes of the January 22, 2019, and May 5, 2019 meetings.

The Committee considered the attached minutes of the January 22, 2019, and May 5, 2019 meetings. It was moved by Director Hsueh, seconded by Chairperson Keegan, and carried that the minutes be approved as presented. Director Kremen was absent.

Director Kremen arrived.

4. ACTION ITEMS

4.1 Board Audit Committee Audit Charter.

Recommendation: Approve final draft Audit Charter to be presented to the full Board.

Ms. Denise Callahan, TAP, reviewed the information on this Item, per the attached Committee Agenda Memorandum and per the information contained in Attachment 1.

The Committee made the following comments:

- In September 2018, the Committee requested the Clerk, Senior Assistant District Counsel, and TAP to prepare a Draft Committee Charter.
- The resulting Draft Charter was then reviewed, discussed, and revised by the Committee three times.
- At the June 26, 2019 meeting, the Committee approved the Charter as final and requested staff prepare it, and a detailed overview and purpose and duties contained therein, for presentation to the full Board of Directors at an upcoming meeting.

4.2 Review and Update 2019 Board Audit Committee Work Plan.

Recommendation: Review and make necessary adjustments to the 2019 Board Audit Committee Work Plan.

Mr. Darin Taylor, Chief Financial Officer, reviewed the information on the Item, per the attached Committee Agenda Memorandum.

The Committee made the following requests:

- Change the format to identify the status of Work Plan items more clearly.
- Discussed holding monthly or alternating monthly Committee meetings.
- Revise the Work Plan to include August 2019 discussions on an upcoming CalPERS Audit and Water Utility Enterprise Financial Audit.
- The Committee discussed the advantages and common industry practice of auditors meeting directly with Boards, outside of the presence of staff, and

requested that staff discuss this with the financial auditor and come back with further discussion.

5. INFORMATION ITEMS

- 5.1 CalPERS Office of Audit Services Review of Valley Water's Employment of Retired Annuitants.

Recommendation: Receive information on April 2019 CalPERS Office of Audit Services Employment of Retired Annuitants Review.

Ms. Anna Noriega, Chief People Officer, reviewed the information on the Item, per the attached Committee Agenda Memorandum.

The Committee noted the information without formal action.

- 5.2 Board Independent Auditor Report Update – TAP International, Inc.

Recommendation: A. Discuss the Annual Audit Work Plan and update, if necessary; and
B. Discuss the status of on-going audits.

Ms. Callahan reviewed the information on the Item, per the attached Committee Agenda Memorandum.

The Committee received, and noted without formal action, information on the Change Order Audit.

6. CLERK REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS.

- 6.1 Clerk Review and Clarification of Committee Requests.

Mr. Max Overland, Assistant Deputy Clerk, read the new Committee requests into the record.

7. ADJOURN

- 7.1 Adjourn to Regular Meeting as set by the Committee Chair.

Chairperson Keegan adjourned the meeting at 11:30 a.m. to the next meeting, which will be scheduled and posted in accordance with the Brown Act.

Max Overland
Assistant Deputy Clerk

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