



# MEMORANDUM

FC 14 (01-25-23)

**TO:** Board of Directors **FROM:** Board Audit Committee

**SUBJECT:** Board Audit Committee (BAC) **DATE:** April 23, 2024  
March 20, 2024 Regular Meeting Summary.

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This memorandum summarizes agenda items from the meeting of the Board Audit Committee (BAC) held on Wednesday, March 20, 2024.

**Receive and Discuss the Management Response to the 2012 Safe, Clean Water and Natural Flood Protection Program’s Close-out Performance Audit Recommendations and Provide Feedback to Staff.**

The Committee received the information, took no formal action, and confirmed staff were highly engaged in identifying process improvements with Moss Adams. The Committee confirmed that 5,000 are enrolled in receiving property tax exemptions and outreach is done through the library, newspapers, county senior programs, online ads, and phone calls. Vice Chairperson Beall expressed interest in confirming how many people could be enrolled in receiving tax exemptions who are 65 years or older, own a home, and meet the low-income threshold; and what other systems are available for increased enrollment; and the Committee noted support for the potential of a statistical analysis. The Committee confirmed that Key Performance Indicators (KPIs) are a great way to communicate progress to the community, but most noted were activity/workload based or money spent instead of outcome based which is a best practice. The Committee confirmed that staff is continuing to work on incorporating lessons learned and have put processes in place to capture and implement these lessons for Capital project delivery. The Committee confirmed a report back from staff confirming the successes, trends, and follow up actions to lessons learned. The Committee expressed interest in examples of conflict of interest, confirmed no identified conflict of interest issues during audit period; and the potential for an extension of the conflict-of-interest policy to the Independent Monitoring Committee.

**Discuss the Results of the Board Audit Committee’s (BAC) Annual Self-Evaluation for Calendar Year (CY) 2023.**

The Committee received the information, took no formal action, and Vice Chairperson Beall expressed interest in increasing follow up discussions on audits; and the Committee noted the importance of the benefits of report outs on audits for measurements; risk reduction, and to address financial or staffing impediments. The Committee noted that the CAE follow up has changed with Board directed audits; and the CAE is currently engaged in following up and analyzing the outcomes on 4 Board directed audits. The Committee noted that the BAC has a less active role with Management directed audits and the potential of possible changes to the BAC Charter.

**Receive and Discuss Report from the Independent Chief Audit Executive (CAE), Sjoberg Evashenk Consulting Regarding Their Performance in Calendar Year (CY) 2023, and Evaluate Performance of CAE.**

The Committee received the information, took no formal action, and confirmed The Committee confirmed the BAC and Valley Water improve at their roles every year per the net benefits of the CAE's audit work and follow up practices, and staff's implementation of the audit recommendations.

**Discuss Process and Scope of 2024 Annual Audit Work Plan from Chief Audit Executives.**

The Committee received the information, took no formal action, and noted support for the CAE's recommendation for audit standards as a training topic. Vice Chairperson Beall expressed interest in audit best practices from the state/country and potential of inclusion of AI with audits for comparing and analyzing data. The Committee expressed support of inviting the other Board members to the audit training to increase audit education.

**Discuss Proposed Updates to the Board Audit Committee Audit Charter and Provide Further Direction as Needed.**

The Committee noted that changes can be made to the Board Audit Charter as needed at any time. Vice Chairperson Beall requested a statement on Valley Water's financial obligations with JPAs for the current and future annual operating and capital budgets and noted this was not included in the BAC Charter.

The Committee noted support of the proposed BAC Charter Amendments and by consensus directed for this item without official action to be considered by the full Board at the May 14, 2024 meeting.

**Discuss Joint Power Authority (JPA) Audits to Review at the April 2024 Board Audit Committee (BAC) meeting.**

The Committee received the information, took no formal action, and noted interest in risk and financial exposure, the importance of a meaningful financial analysis of the JPAs and adequate auditors. Vice Chairperson Beall noted interest in reviewing financial audit reports related to contracts with outside agencies. The Committee confirmed support of reviewing all 7 of the JPAs' audit details at the April 2024 meeting.

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

The Committee noted the information, and took no formal action, and confirmed the April 17, 2024 meeting would be rescheduled.

The next BAC special meeting was scheduled for April 12, 2024 at 11:00 a.m.

Board member comments and suggestions can be forwarded to Nicole Merritt, Assistant Deputy Clerk II at (408) 630-3262 or by email to nmerritt@valleywater.org.