



TO: Board of Directors
FROM: Board Audit Committee
SUBJECT: 10/23/2019 Board Audit Committee Meeting Summary
DATE: October 30, 2019

This memorandum summarizes the Board Audit Committee (Committee) meeting held on August 28, 2019, where the following work plan items were discussed:

4.1 Board Independent Auditor Report Update – TAP International, Inc (TAP).

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

Ms. Denise Callahan, TAP, reviewed the information on this item, per the attached Committee Agenda Memorandum.

The Committee requested the following actions:

- A. Audit Review:
 - TAP to follow up in 6 to 8 months on the implementation of the Encroachment Remediation Program which was approved by the full Board on October 22, 2019, Item number 2.9.
- B. Desk Review:
 - TAP to perform a Desk Review of key controls and financial management regarding the extension of grants. These extensions were approved by the full Board on October 22, 2019, Items 7.3, 7.4, and 7.5.
 - TAP to perform a Risk Management review of Valley Water hiring practices.
 - TAP to perform a desk review of the Board Agenda preparation process.

4.2 Review and Update 2019 Board Audit Committee Work Plan.

- Recommendation:
- A. Review the 2019 Board Audit Committee Work Plan; and
 - B. Discuss topics of interest raised at prior Board Audit Committee meetings and make any necessary adjustments to the Board Audit Committee Work Plan.

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

The Committee requested the following actions:

- A. Add QEMS Process Improvement Overview to the BAC Work Plan.
- B. District Counsel to provide BAC with memorandum on closed session special topics.

4.3 Review Proposed Board Performance Framework.

Recommendation: Review and provide input on the Proposed Board Performance Framework.

Mr. Michele King, Clerk, Board of Directors, reviewed the information on this item, per the attached Committee Agenda Memorandum.

The Committee noted the information without formal action.

5.1 Status Update on the Implementation of Recommendations from the 2015 Consultant Contracts Management Process Audit Conducted by Navigant Consulting, Inc. (Navigant) and the Consultant Contracts Improvement Process.

Recommendation: Receive and discuss a verbal status update on the implementation of the recommendations made by Navigant in the 2015 Consultant Contracts management Process Audit and on the Consultant Contracts Improvement Process.

Ms. Tina Yoke, Chief Operating Officer, reviewed the information on this item, per the attached Committee Agenda Memorandum.

The Committee noted the information without formal action.

Board member comments and suggestions can be forwarded to Mr. Max Overland, Assistant Deputy Clerk at (408) 630-2749 or by email to moverland@valleywater.org.

Barbara Keegan

Director, District 2
Board Audit Committee Chairperson