



MEMORANDUM

FC 14 (01-25-23)

TO: Board of Directors
FROM: Board Audit Committee

SUBJECT: Board Audit Committee (BAC)
May 15, 2024 Regular Meeting Summary.
DATE: June 11, 2024

This memorandum summarizes agenda items from the meeting of the Board Audit Committee (BAC) held on Wednesday, May 15, 2024.

Receive Permitting Best Practices Audit Status Update.

The Committee received the information, took no formal action, and noted the general 12-week permit processing time, and the ongoing challenge of standardizing the permitting process per the complexity and uniqueness of Valley Water's operations and the potential impact on facilities. The Committee expressed support for the potential of the integration of the permit process data with other public agencies' development schedules which the Information Technology (IT) staff confirmed could be a future cloud-based option; and IT would continue to assist with keeping this item's technical options on track as scheduled. Staff confirmed that the permit customer portal's options will provide guideline reminders and timelines for permit applicants, tools to track a permit, and the potential of applicant assistance like a permit wizard and live support. The Committee expressed support for the potential for a performance audit halfway through the implementation to confirm the process workflow status and to identify if there are any further recommendations in the upcoming year as a part of the audit follow up process noted in the BAC Charter.

Receive the Fiscal Year (FY) 2023-2024 Third Quarter Financial Status Update.

The Committee received the information, took no formal action, and Vice Chairperson Beall expressed interest in reviewing a monthly cash flow analysis chart comparing budget versus actual expenditures; and staff confirmed there is a quarterly spending forecast available for Capital projects but not currently for Operations. The Committee noted most of the financial activity happens generally in the 4th quarter of the year which may create challenges for projections. The Committee expressed concern regarding the expected Subventions' funding from the Department of Water Resources (DWR) running low for the Shoreline project and staff confirmed that Valley Water is still eligible for this funding but may not receive it for several years per the state budget.

Receive and Discuss Joint Power Authority (JPA) Audit Report for the Santa Clara Valley Habitat Conservation Program.

The Committee received the information, took no formal action, and confirmed that there were no concerns with the Santa Clara Valley Habitat Conservation Program

financial audit report. The Committee noted the upcoming Pajaro River Watershed Flood Prevention Authority financial audit report will be presented at the next BAC meeting.

Discuss 2024 Annual Audit Plan and Provide Further Guidance as Needed.

The Committee received the information, took no formal action, and noted no requested changes recommended on the 2024 Annual Audit plan from the Chief Audit Executive (CAE). The Committee confirmed risk assessments are generally done at least once every 3 years with the last risk assessment completed last year for Valley Water. The Committee expressed support of the CAE being proactive with plans to present recommendations to the BAC by August 2024 for audit topics for next year and to do research to address previous BAC audit questions, changing priorities and to identify any risks.

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

The Committee received the information, took no formal action, and Chairperson Keegan confirmed to discuss with Board Chairperson Hsueh regarding scheduling a special Board meeting for audit training with the CAE.

The next special BAC meeting is scheduled for 9:00 a.m. on June 18, 2024.

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.