



TO: Board of Directors

FROM: Board Audit Committee

SUBJECT: 05/02/2019 Board Audit Committee Meeting Summary

DATE: May 7, 2019

This memorandum summarizes the Board Audit Committee (Committee) meeting held on May 2, 2019, where the following work plan items were discussed:

4.1 District Internal Audit Schedule and Board Audit Committee Review.

Recommendation: Discuss methods of Board Audit Committee monitoring of Santa Clara Valley Water District Internal Audits.

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. The Internal Audit Schedule should include management reviews, CEO audits, and Board Audits. Add the purchasing management review to the schedule.
- B. TAP International, Inc. (TAP) to incorporate the internal audit schedule into the Annual Audit Work Plan.

4.2 Review 2019 Committee Work Plan.

Recommendation: Review and make necessary adjustments to the 2019 Work Plan, and confirm regular meeting schedule for 2019.

Mr. Max Overland, Assistant Deputy Clerk II, reviewed the information on this item, per the attached Committee Agenda Memorandum.

The Committee requested the following actions:

- A. TAP to update the BAC Work Plan using the new format.
- B. TAP to add scheduled Audit Charter items to the BAC Work Plan.

4.3 Board Audit Committee Audit Charter.

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

Mr. Brian Hopper, Assistant District Counsel, reviewed the information on this item, per the attached Committee Agenda Memorandum.

The Committee requested the following actions:

- A. Director Hsueh to work with Mr. Hopper to prepare the final draft Committee Charter.
- B. Mr. Hopper to present the final Committee Charter to the full Board for approval at a future Board meeting.

5.1 Form 700 Procedure for Employee Promotions.

Recommendation: Review and discuss the Form 700 procedure for employee promotions.

Ms. Anna Noriega, Interim Administrative Officer, and Ms. Angelica Cruz, Employment Services Manager, reviewed the information on this item, per the attached Committee Agenda Memorandum.

The Committee took no formal action.

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

Recommendation: A. Discuss the status of the Draft Annual Audit Work Plan; and
B. Discuss the status of the Contract Change Order Audit.

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

The Committee requested the following actions:

- A. To minimize staff burden, conduct no more than two audits in one operational area per year.
- B. TAP to add as-needed hours for QEMS review to the Non-Audit Services section.
- C. TAP to move Construction Project Management, and Risk Management audits higher on the priority list.
- D. TAP to move Community Engagement audits lower on the priority list.
- E. TAP to bring the revised Annual Audit Work Plan to the full Board.

5.3 Quality Environmental Management System (QEMS) and ISO Certification.

Recommendation: Receive and discuss information regarding the Quality and Environmental Management System and ISO Certification.

Ms. Felicia Hernandez, Program Administrator, reviewed the information on this item, per the attached Committee Agenda Memorandum.

The Committee took no 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