



MEMORANDUM

FC 14 (01-02-07)

TO: Board of Directors

FROM: Board Audit Committee

SUBJECT: 10/21/2021 Board Audit Committee
Meeting Summary.

DATE: October 26, 2021

This memorandum summarizes the Board Audit Committee (Committee) meeting held on Wednesday, October 20, 2021, at 2:00 p.m., where the following work plan Items were discussed:

ACTION ITEMS:

4.1 Receive and Discuss the Draft 2021 Risk Assessment Report.

Recommendation: Receive and discuss the Draft 2021 Risk Assessment Report.

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

The Committee received the information without formal action, and noted the following:

- In the Financial Management Risk Area, Committee expressed concern on locating an asset due to a decentralized inventory; equipment in inventory that are in Y2K category; support of adoption of current technology to maximize use of physical space and storage; necessity of locating an inventoried equipment in case of emergency; and consider inventoried items not only for material cost, but for material function that adds to staff efficiency. Ms. Callahan added that Valley Water's has no division responsible for all the inventory within the organization.
- In the Data Management and Accuracy Risk Area, the Committee requested to add "Data Integrity" under the Issues Identified column referring to accuracy as well as a systems audit to integrate master data with other databases with the same information.
- In response to TAP International, the Committee expressed preference to organize the audit list by operational simplicity and by highest risk or most value on recommendations made. Ms. Callahan announced that TAP International will welcome any audit suggestions or concerns until tomorrow after this meeting for consideration in the risk assessment report.
- The Committee requested to include reputational risk on community satisfaction with Valley Water's operations and services.

4.2 Review and Discuss the 2021 Board Audit Committee Work Plan.

Recommendation: Review and Discuss topics of interest raised at prior Board Audit Committee (BAC) Meetings and make any necessary adjustments to the BAC Work Plan.

Chairperson Keegan announced that after a discussion with the District Counsel, the risk management unit discussion topic can be delayed for a few months.

Mr. Darin Taylor, Chief Financial Officer, informed the Committee about the following items planned for the regular Committee November meeting: presentation of a draft FY21 Annual Financial report unless INFOR implementation takes time from staff, and in that case, this will moved to the December meeting; presentation of Q1 FY22 Financial Audit status; and discussion on audit ranking and weighing.

The Committee inquired on a mechanism to bring this to the full Board. Staff recommended a report out at the next BAC meeting to review, discuss, and seek CEO input.

Chairperson Keegan requested staff to wait until after discussion with the CEO before they put together the agenda for the next BAC meeting.

The Committee noted the information without formal action.

4.3 Discuss and Approve any Updates to the Annual Audit Work Plan.

Recommendation: Discuss and approve any updates to recommend to the full Board, if necessary.

Mr. Taylor reviewed the information on this item, per the attached Committee Agenda Memo.

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.