



TO: Board of Directors
SUBJECT: 06/26/2019 Board Audit Committee
Meeting Summary

FROM: Board Audit Committee
DATE: July 9, 2019

This memorandum summarizes the Board Audit Committee (Committee) meeting held on June 26, 2019, where the following work plan items were discussed:

4.1 Board Audit Committee Charter.

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

In September 2018, the Committee requested the Clerk, Senior Assistant District Counsel, and TAP International prepare a Draft Committee Charter. The resulting Draft Charter was then reviewed, discussed, and revised by the Committee three times. At the June 26, 2019 meeting, the Committee approved the Charter as final and requested staff prepare it, and a detailed overview the purpose and duties contained therein, for presentation to the full Board of Directors at an upcoming meeting.

4.2 Review 2019 Committee Work Plan.

Recommendation: Review and make necessary adjustments to the 2019 Work Plan.

The Committee requested format changes to identify status of Work Plan items more clearly; discussed holding monthly, or alternating monthly meetings; and requested that the Work Plan be revised to include August 2019 discussions on an upcoming CalPERS Audit, and on the Water Utility Enterprise Financial Audit. The Committee also discussed the advantages and common industry practice of auditors meeting directly with Boards, outside of the presence of staff, and requested that staff discuss this with the financial auditor and come back with further discussion.

5.1 CalPERS Office of Audit Services review of Valley Water's Employment of Retired Annuitants.

Recommendation: Receive information on April 2019 CalPERS Office of Audit Services Employment of Retired Annuitants Review.

The Committee received information on a CalPERS audit of hiring practices for CalPERS retired annuitants. Valley Water participated as one of 60 agencies, submitting records for 30 post-retirement, temporarily-hired employees. Audit results found that Valley water did not fully complete the process of enrolling and/or reporting the hours of three of the 30 retired annuitants. One retired annuitant exceeded the 960-hour limit by 24 hours, and five retired annuitants worked for multiple fiscal years. Staff reported having made the required adjustments since the audit was conducted; and the Committee noted the information without formal action.

5.2 Board Independent Auditor Update.

Recommendation: Discuss the Annual Audit Work Plan and update, if necessary; and discuss the status of on-going audits.

The Committee received, and noted without formal action, information on the Change Order Audit.

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

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