

TO: Board of Directors
FROM: Board Audit Committee
SUBJECT: 12/16/2020 Board Audit Committee Meeting Notes Summary
DATE: December 17, 2020

This memorandum summarizes the Board Audit Committee (Committee) meeting held on December 16, 2020, where the following work plan Items were discussed:

- 4.1 Receive and Discuss the District Counsel Audit Final Report and Management Response; and Approve the District Counsel Audit Final Report for Presentation to the Full Board.

Recommendation: A. Receive and discuss the District Counsel Audit Final Report and Management Response; and
 B. Approve the District Counsel Audit Final Report and direct staff and TAP International, Inc. to present to the full Board at a future Board meeting.

Ms. Denise Callahan, TAP International, Inc. (TAP), reviewed the information on this Item, per the attached Committee Agenda Memorandum, and per the information contained in Attachment 1.

The Committee considered the attached District Counsel Audit Final Report, and it was moved by Director LeZotte, seconded by Director Kremen, and unanimously carried that the District Counsel Audit Final Report is approved, and that staff and TAP present the report to the full Board at a future Board meeting, by roll call vote.

- 4.2 Discuss Options to Conduct the October 2021 Risk Assessment given that the Board Independent Auditing Services Agreement with TAP International Expires on June 30, 2021 and Provide Direction to Staff.

Recommendation: Discuss options to conduct the October 2021 Risk Assessment given that the Board Independent Auditing Services Agreement with TAP International expires on June 30, 2021 and provide direction to staff.

Mr. Darin Taylor, Chief Financial Officer, reviewed the options.

It was moved by Director LeZotte, seconded by Director Kremen, and unanimously carried that the Committee recommend to the full Board that:

- TAP to initiate the Risk Assessment such that it can be completed prior to TAP's agreement expiration on June 30, 2021; and
- Staff to initiate a procurement process for a "Chief Audit Executive" that would begin service on July 1, 2021.

4.3 Review and Approve the Updated 2020 Board Audit Committee Work Plan and Proposed 2021 Board Audit Committee Work Plan.

- Recommendation:
- A. Review and Discuss topics of interest raised at prior Board Audit Committee (BAC) Meetings and make any necessary adjustments to the BAC Work Plan; and
 - B. Approve the updated 2020 BAC Work Plan and proposed 2021 BAC Work Plan.

Mr. Taylor reviewed the information on this Item, per the attached Committee Agenda Memorandum.

The Committee considered the attached Updated 2020 BAC Work Plan and proposed 2021 BAC Work Plan, and it was moved by Director Kremen, seconded by Director LeZotte, and unanimously carried that the Committee approved the Updated 2020 BAC Work Plan and proposed 2021 BAC Work Plan, by roll call vote.

4.4 Recommended Updates to Annual Audit Work Plan.

- Recommendation: Discuss the Annual Audit Work Plan and approve any updates to the Board, if necessary

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

The Committee noted the information without formal action.

5.1 Follow up Discussion on Valley Water Comprehensive Annual Financial Report Transparency Related to Recording the Allowance for Doubtful Accounts.

- Recommendation: Receive the information and discuss the process of recognizing allowance for Doubtful Accounts.

The Committee noted the information without formal action.

5.2 Receive an Update on the Status of the Safe, Clean Water Program Grant Management Audit.

- Recommendation: Receive an update on the status of the on-going Safe, Clean Water Program Grant Management Audit.

Mr. Drummond Kahn and Ms. Greta McDonald, TAP International, Inc. (TAP), reviewed the information on this Item, per the attached Committee Agenda Memorandum.

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

- The Committee requested that staff bring this back to the Committee at a future meeting to discuss the payment policy processes.

5.3 Receive an Update on the Status of the Permitting Best Practices Audit.

Recommendation: Receive an update on the status of the on-going Permitting Best Practices Audit.

Ms. Callahan reviewed the information on this Item, per the attached Committee Agenda Memorandum.

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

- Staff to bring this item back to the Committee at the next meeting.

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.

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