



Santa Clara Valley Water District Board Audit Committee Meeting

Headquarters Building Conference Room A-124
5700 Almaden Expressway
San Jose, CA 95118

***AMENDED/APPENDED** **10:00 AM REGULAR MEETING** **AGENDA**

Wednesday, October 23, 2019
10:00 AM

***ITEMS AMENDED AND/OR APPENDED SINCE THE ORIGINAL PUBLICATION OF THIS AGENDA
ARE IDENTIFIED BY AN ASTERISK (*) HEREIN**

District Mission: Provide Silicon Valley safe, clean water for a healthy life, environment and economy.

BOARD AUDIT COMMITTEE

Barbara Keegan, Chair, District 2
Nai Hsueh, Vice Chair, District 5
Gary Kremen, District 7

All public records relating to an item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at the Office of the Clerk of the Board at the Santa Clara Valley Water District Headquarters Building, 5700 Almaden Expressway, San Jose, CA 95118, at the same time that the public records are distributed or made available to the legislative body. Santa Clara Valley Water District will make reasonable efforts to accommodate persons with disabilities wishing to attend Board of Directors' meeting. Please advise the Clerk of the Board Office of any special needs by calling (408) 265-2600.

DARIN TAYLOR
Committee Liaison

MAX OVERLAND
Assistant Deputy Clerk II
Office/Clerk of the Board
(408) 630-2749
moverland@valleywater.org
www.valleywater.org

Note: The finalized Board Agenda, exception items and supplemental items will be posted prior to the meeting in accordance with the Brown Act.

THIS PAGE INTENTIONALLY LEFT BLANK

**Santa Clara Valley Water District
Board Audit Committee**

***AMENDED/APPEDED
AGENDA**

***ITEMS AMENDED AND/OR APPEDED SINCE THE ORIGINAL PUBLICATION OF THIS AGENDA
ARE IDENTIFIED BY AN ASTERISK (*) HEREIN**

Wednesday, October 23, 2019

10:00 AM

Headquarters Building Conference Room A-124

1. CALL TO ORDER:

1.1. Roll Call.

2. TIME OPEN FOR PUBLIC COMMENT ON ANY ITEM NOT ON THE AGENDA.

Notice to the public: This item is reserved for persons desiring to address the Committee on any matter not on this agenda. Members of the public who wish to address the Committee on any item not listed on the agenda should complete a Speaker Form and present it to the Committee Clerk. The Committee Chair will call individuals in turn. Speakers comments should be limited to three minutes or as set by the Chair. The law does not permit Committee action on, or extended discussion of, any item not on the agenda except under special circumstances. If Committee action is requested, the matter may be placed on a future agenda. All comments that require a response will be referred to staff for a reply in writing. The Committee may take action on any item of business appearing on the posted agenda.

3. APPROVAL OF MINUTES:

3.1. Approval of Minutes.

[19-0868](#)

Recommendation: Approve the minutes.

Manager: Michele King, 408-630-2711

Attachments: [Attachment 1: 082819 BAC Minutes](#)

Est. Staff Time: 5 Minutes

4. ACTION ITEMS:

4.1. Board Independent Auditor Report Update - TAP International, Inc. [19-0877](#)

- Recommendation: A. Discuss the Annual Audit Work Plan and update, if necessary;
 B. Discuss the status of on-going audits; and
 C. Discuss the Change Order Audit Management Response to Draft Report.

Manager: Darin Taylor, 408-630-3068

Attachments: [Attachment 1: Annual Audit Work Plan](#)

Est. Staff Time: 20 Minutes

*4.2. Review and Update 2019 Board Audit Committee Work Plan. [19-0876](#)

- Recommendation: A. Review the 2019 Board Audit Committee Work Plan; and
 B. Discuss topics of interest raised at prior Board Audit Committee Meetings and make any necessary adjustments to the Board Audit Committee Work Plan.

Manager: Darin Taylor, 408-630-3068

Attachments: [*Attachment 1: 2019 BAC Work Plan](#)

Est. Staff Time: 5 Minutes

4.3. Review Proposed Board Performance Framework. [19-0982](#)

- Recommendation: Review and provide input on the Proposed Board Performance Framework.

Manager: Michele King, 408-630-2711

Attachments: [Attachment 1: Proposed Board Performance Framework](#)

Est. Staff Time: 10 Minutes

5. INFORMATION ITEMS:

*5.1. Status Update on the Implementation of Recommendations from the 2015 [19-1039](#)

Consultant Contracts Management Process Audit Conducted by Navigant Consulting, Inc. (Navigant) and the Consultant Contracts Improvement Process.

- Recommendation: Receive and discuss a verbal status update on the implementation of the recommendations made by Navigant in the 2015 Consultant Contracts Management Process Audit and on the Consultant Contracts Improvement Process.

Manager: Tina Yoke, 408-630-2385

Est. Staff Time: 10 Minutes

6. CLERK REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS.

This is an opportunity for the Clerk to review and obtain clarification on any formally moved, seconded, and approved requests and recommendations made by the Committee during the meeting.

7. ADJOURN:

7.1. Adjourn to Regular meeting as set by the Committee.

THIS PAGE INTENTIONALLY LEFT BLANK



Santa Clara Valley Water District

File No.: 19-0868

Agenda Date: 10/23/2019

Item No.: 3.1.

COMMITTEE AGENDA MEMORANDUM

Board Audit Committee

SUBJECT:

Approval of Minutes.

RECOMMENDATION:

Approve the minutes.

SUMMARY:

In accordance with the Ralph M. Brown Act, a summary of Committee discussions, and details of all actions taken by the Board Audit Committee, during all open and public Committee meetings, is transcribed and submitted to the Committee for review and approval.

Upon Committee approval, minutes transcripts are finalized and entered into the Committee's historical records archives and serve as historical records of the Committee's meetings.

ATTACHMENTS:

Attachment 1: 082819 BAC Minutes

UNCLASSIFIED MANAGER:

Michele King, 408-630-2711

THIS PAGE INTENTIONALLY LEFT BLANK



BOARD AUDIT COMMITTEE MEETING

MINUTES

**Wednesday, August 28, 2019
12:00 PM**

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER:

A regular meeting of the Santa Clara Valley Water District (Valley Water) Board Audit Committee (Committee) was called to order in the District Headquarters Conference Room A-124, 5700 Almaden Expressway, San Jose, California, at 12:10 p.m.

1.1 Roll Call.

Committee members in attendance were District 5 Director N. Hsueh, District 7 Director G. Kremen, and District 2 Director B. Keegan, Chairperson presiding, constituting a quorum of the Committee.

Staff members in attendance were N. Camacho, Chief Executive Officer (CEO), S. Yamamoto, District Counsel, A. Blackmon, G. Del Rosario, T. Esch, C. Hakes, B. Hopper, F. Hernandez, N. Nguyen, K. Oven, D. Taylor, and M. Overland.

Also in attendance were D. Callahan, TAP International, Inc (TAP); Mr. Ahmad Gharaibeh, Vavrinek, Trine, Day and Co.; and [Mr. David Alvey, Maze and Associates](#).

2. TIME OPEN FOR PUBLIC COMMENT:

2.1 Time Open for Public Comment on any Item not on the Agenda.

Chairperson Keegan declared time open for public comment on any subject not on the agenda. There was no one present who wished to speak.

3. APPROVAL OF MINUTES

3.1 Approval of Minutes.

Recommendation: Approve the minutes of the June 26, 2019 meeting.

The Committee considered the attached minutes of the June 26, 2019, meeting. It was moved by Director Hsueh, seconded by Director Kremen, and unanimously carried that the minutes be approved as presented.

4. ACTION ITEMS

4.1 Board Independent Auditor Report Update – TAP International, Inc. (TAP).

Recommendation: A. Discuss the Annual Audit Work Plan and update, if necessary;
 B. Discuss the status of on-going audits; and
 C. Discuss the Change Order Audit Progress.

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

The Committee requested the following actions:

- TAP to meet with individual Committee Directors by mid-September;
- TAP to send the Change Order Performance Audit report to the CEO by the end of September for formal agency response; and
- TAP to present the finalized Change Order Performance Audit report and responses at the October 23, 2019 Committee meeting.

4.2 Review and Update 2019 Board Audit Committee Work Plan.

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

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

The Committee requested the following actions:

- Staff to add open discussion for topics of interest raised at previous Committee meetings; and
- Audit report findings to be presented at separate Committee meetings: Real Estate (February 2020 Committee meeting) and District Counsel (December 2019 Committee meeting).

5. INFORMATION ITEMS

- 5.1 Audit Report of the Water Utility Enterprise Funds for the Fiscal Year Ended June 30, 2018.

Recommendation: Receive and discuss the Audit Report of the Water Utility Enterprise Funds for the Fiscal Year Ended June 30, 2018.

Mr. Ahmad Gharaibeh, Vavrinek, Trine, Day and Co., reviewed the information on this item, per the attached Committee Agenda Memorandum, and per the information contained in Attachment 1.

The Committee took no formal action.

- 5.2 Introduction of Maze and Associates, Valley Water's new Financial Auditor.

Recommendation: Receive and discuss information regarding the Statement of Auditing Standards (SAS) 114 and an overview of the financial audit process, presented by Maze and Associates, Valley Water's new Financial Auditor.

Mr. David Alvey, Maze and Associates (Maze), reviewed the information on this item, per the attached Committee Agenda Memorandum, and per the information contained in Attachment 1.

The Committee requested the following action:

- Maze to schedule a meeting with the Committee members.

6. CLERK REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS.

- 6.1 Clerk Review and Clarification of Committee Requests.

Mr. Max Overland, Assistant Deputy Clerk, read the new Committee requests into the record.

7. ADJOURN

- 7.1 Adjourn to Regular Meeting at 10:00 a.m., on October 23, 2019, in the Santa Clara Valley Water District (HQ Boardroom/Board Conference Room A-124), 5700 Almaden Expressway, San Jose, California.

Chairperson Keegan adjourned the meeting at 2:30 p.m., to the 10:00 a.m. Regular Board Audit Committee meeting on October 23, 2019, in the Valley Water Headquarters Building Board Conference Room A-124, 5700 Almaden Expressway, San Jose, California.

Max Overland
Assistant Deputy Clerk II

THIS PAGE INTENTIONALLY LEFT BLANK



Santa Clara Valley Water District

File No.: 19-0877

Agenda Date: 10/23/2019

Item No.: 4.1.

COMMITTEE AGENDA MEMORANDUM

Board Audit Committee

SUBJECT:

Board Independent Auditor Report Update - TAP International, Inc.

RECOMMENDATION:

- A. Discuss the Annual Audit Work Plan and update, if necessary;
- B. Discuss the status of on-going audits; and
- C. Discuss the Change Order Audit Management Response to Draft Report.

SUMMARY:

The Board Audit Committee (BAC) was established to assist the Board of Directors (Board), consistent with direction from the full Board, to identify potential areas for audit and audit priorities, and to review, update, plan, and coordinate execution of Board audits.

On May 23, 2017, the Board, approved an on-call consultant agreement with TAP International, Inc. (TAP) for Board independent auditing services.

On September 26, 2018, TAP International presented the final Risk Assessment Model to the BAC assessing operational risks to the Santa Clara Valley Water District ("Valley Water"). The Risk Assessment Model developed heat maps of Valley Water operational areas based on risk impact (low, moderate, and high risk). The results of the risk assessment include input from Valley Water's Board of Directors, management, and staff and would be used to assist in the development of an Annual Audit Work Plan. The highest risk areas include procurement, contract change order management, succession planning, and fraud prevention.

On February 26, 2019, the Board approved the Board Audit Committee's recommendation for TAP to conduct three performance audits recommended by the Board Audit Committee. The three audits include performance audits of the District Counsel's office, contract change order management processes, and real estate services.

Following Board approval of the three performance audits, TAP initiated the audit of contract change order management processes and discussed the audit scope with the BAC Chair. Additionally, an amendment to the Board independent auditing services agreement was initiated to increase the not-to-exceed amount from \$405,000 to \$1,005,000 to complete all three proposed audits and approximately three additional future audits. On June 7, 2019, the amendment was completed, therefore, TAP will initiate the performance audits of the District Counsel's office and real estate services.

On June 25, 2019, the Board approved the Annual Audit Work Plan for FY 2018-2019 through FY 2020-2021 (Attachment 1).

On August 27, 2019, the Board approved the BAC Audit Charter to provide detailed guidance regarding how the BAC should carry out its functions and to guide the work of TAP International, Inc.

ATTACHMENTS:

Attachment 1: Annual Audit Work Plan

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068

Santa Clara Valley Water District Annual Audit Work Plan, FY 18/19 to FY 20/21.

DRAFT AUDIT WORK PLAN

SANTA CLARA VALLEY WATER DISTRICT BOARD OF DIRECTORS DRAFT
ANNUAL WORK PLAN, FY 18/19 TO FY 20/21

OVERVIEW

The selection of audits is an important responsibility of the Audit Committee. The formulation of this audit work began in 2018 when the Valley Water's Board of Director provided input and approved the enterprise risk assessment that was administered across agency operations. The audit work plan is a culmination of a comprehensive effort to consider input on auditable areas from Valley Water employees, mid-level management, executive management, and Board Directors.

The proposed audit work plan considers factors that, if addressed, will provide opportunities to mitigate those risks and improve operations. These factors include:

- **Operational** – Are Valley Water programs/activities performed and services delivered in the most efficient, effective, and economical manner possible, and do they represent sound business decisions, including appropriate responses to changes in the business environment?
- **Financial** – Is there an opportunity to improve how Valley Water manages, invests, spends, and accounts for its financial resources?
- **Regulatory** – Do Valley Water programs and activities comply with applicable laws and regulations?
- **Health and Safety** – Are Valley Water services delivered in a manner that protects our residents and employees from unnecessary exposure to environmental factors?
- **Information Security** – Are Valley Water's information systems and networks protected against unauthorized access, use, disclosure, disruption, modification, inspection, recording, or destruction?

In addition, the proposed audit work plan considers several other factors in the selection of audits.

- **Relevance** – Does the audit have the potential to affect Board decision-making or impact Valley Water customers and residents?
- **Best Practices** – Does the audit provide the opportunity to compare current performance to best practices?
- **Return on Investment** – Does the audit have the potential for cost savings, cost avoidance, or revenue generation?
- **Improvement** – Does the audit have the potential to result in meaningful improvement in how Valley Water does its business?
- **Risk** - The audit work plan also considers risks related to major functions, as identified through a 2017 enterprise risk assessment conducted by TAP International.
- **Audit Frequency** – Individual Divisions at the District should not be subject to more than two audits per year.

AUDIT WORK PLAN, FY 18/19 TO FY 20/21

This proposed audit work plan is divided into section. Section A describes ongoing non-audit (e.g. advisory) responsibilities of the Independent auditor and well as other quality assurance activities planned by District's executive management. Section B describes the audits planned for implementation by the Independent Auditor and other audits planned by District's executive management.

SECTION A

NON-AUDIT SERVICES AND SPECIAL PROJECTS

The following table lists non-audit services and special projects for the FY 2019-20 audit work plan:

Project	Scope	Planned Hours
Board of Director/Audit Committee Requests for Information	Ongoing. Should the Board of Directors request information on activities implemented by other public agencies or on other matters of interests applicable to enhancing the efficiency and effectiveness of operations, the independent auditor will collect and summarize information.	80
Audit Training	Annual. The Board Audit Committee Charter describes a requirement to provide audit training to BAC committee members at least annually.	2
Support services	Ongoing. Provide support services to Board Directors and Valley Water staff applicable to specific initiatives or planning projects to prevent potential service delivery risks, such as the planning of a new ERP system.	40
QEMS – Independent Auditor	Ongoing. Provide services to ensure proper oversight and accountability.	As needed
Management reviews	Ongoing. The District's CEO as needed will initiate internal quality assurance reviews of business practices and operations. These reviews are to be shared with the audit committee.	As needed

SECTION B: AUDIT SERVICES**AUDIT WORK PLAN – INDEPENDENT AUDITOR****FY 2018-19**

The following audits have been approved in FY 2018-19 by the Board of Directors and will continue into the FY 2019-20 audit work plan.

ID	Audit	Audit Objectives	Planned Hours
1	District Counsel Office Review	Are there structural, organizational, and process improvement opportunities for the District Counsel's Office?	664
5	Contract Change Order Processing	What types of business process improvements are necessary for contract change order processing?	429
6	Real Estate Review	How can the Real Estate improve its financial and service delivery performance?	574
Total	3 audits		1,667

FY 2019-20

The following audits have been selected for approval for the FY 2019-20 audit work plan.

ID	Audit Name	Audit Objectives	Planned Hours	Factors Considered
	Ad-hoc Board Audits	TBD	500-800	Relevance
	Audit Follow up	Review and monitor the status of audit recommendations	120	Relevance
	Sub Total		620-800	
13	Construction project management	What areas of Valley Water's capital project budgeting practices can benefit from adopting best practices?	314-371	Financial Improvement Risk Best practices
2	SCADA audit	Does the District's Supervisory Control and Data Acquisition (SCADA) systems meet established SCADA security frameworks?	714-857	Information Security Relevance Improvement Risk
7	Permitting best practices	How does Valley Water's permitting process compare with other agencies? Can alternative permit processing activities benefit Valley Water?	171-229	Operational Best practices Improvement

4	Risk Management	Can risk management business processes be implemented more effectively? (i.e. contract claims, workers compensation, small claims).	143-260	Relevance Financial Operational Best practices
3	Billing and Collections audit	Are there opportunities to enhance Valley Water's billing and collection processes?	343-429	Relevance Financial Regulatory Improvement Risk Return on Investment
11	Accountability audit	Are there opportunities to enhance safe clean water audits?	115-171	Health and Safety Relevance Improvement
Sub Total	6		1,800-2,317	

FY 2020-21

The following audits have been selected for approval for the FY 2020-21 audit work plan.

ID	Audit Name	Audit Objectives	Planned Hours	Factors Considered
	Ad-hoc Board Audits	TBD	500-800	Relevance
	Audit Follow up	Review and monitor the status of audit recommendations	120	Relevance
	Subtotal		620-800	
21	Community engagement	Can the District benefit from updating its purchasing practices for multi-media, advertising, and other community engagement vendor related activities?	371-457	Financial Improvement Operational Best practices
20	Homelessness analysis	How can the District enhance its homelessness encampment clean-up activities that protect the health and safety of District employees?	290-371	Health and Safety Relevance Financial Operational
8	Classified information	To what extent does the District's Counsel's office appropriately classify confidential information?	143-200	Relevance Operational
26	Local workforce hiring	What are the financial and service delivery disadvantages and advantages	200-229	Operational

		of RFPs that require preferences for local workforce hiring?		
27	Equipment maintenance	Is Valley Water adequately meeting the needs of equipment maintenance?	143-229	Health and safety Operational Financial
30	Community engagement	What are the best practices in planning and facilitating community engagement?	46-86	Best practices Operational
33	Water Fix	What potential financial risks could occur on the California Water Fix project?	160-286	Financial Relevance
Sub Total	7		1,353 -1,858	

AUDIT WORK PLAN – DISTRICT RESPONSIBILITY

FY 18/19 THRU FY 19-20

QUALITY AND ENVIRONMENTAL MANAGEMENT SYSTEM PROCESS AUDITS

AUDIT DESCRIPTION	Proposed Audit Schedule 2019											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
QUALITY ENVIRONMENTAL MANGEMENT SYSTEM INTERNAL AUDITS												
Treated Water O&M DOO: Customer Service Survey								X				
Laboratory Services Unit												X
North Treatment Operations Unit												X
South Water Treatment Operations Unit												X
Treatment Plant Maintenance Unit												X
Water Quality Unit										X		
Water Utility Capital Division												
Capital Program Planning and Analysis Unit										X		
Construction Services Unit										X		
Pipelines Project Delivery Unit										X		
East Side Project Delivery Unit				X								
West Side Project Delivery Unit										X		
Dam Safety & Capital Delivery Division												
CADD Services Unit					X							
Dam Safety Program & Project Delivery Unit									X			
Design and Construction Unit 3											X	
Pacheco Project Delivery Unit											X	
Water Supply Division DOO: Customer Service Survey												
Wells & Water Measurement Unit				X				X				
Watershed Design and Construction Division												
Design and Construction Unit 1									X			
Design and Construction Unit 2										X		
Design and Construction Unit 4											X	
Design and Construction Unit 5											X	
Land Survey and Mapping Unit											X	
Real Estate Services Unit						X						
Associated Business Support Areas												
Facilities Management						X						
Infrastructure Services/IT					X							
Equipment Management								X				
Purchasing, Consultant Contract, and Warehouse				X								
Security and Emergency Services							X					
Environmental Health and Safety					X							
Workforce Development (Training)							X					
Core ISO Procedures: Continual Improvement Unit						X						
Office of External Affairs (Communications)						X						
Office of the Clerk of the Board (Communications)				X								

COMPLIANCE AND FINANCIAL AUDITS

FINANCIAL AUDITS													
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
Financial Audits													X
Treasurer's Report													X
Appropriation's Limit													X
Compensation and Benefit Compliance (odd years)													X
Travel Expenses Reimbursement (even years)													X
Single Audit (if applicable)		X											
WUE Fund Audit						X							



Santa Clara Valley Water District

File No.: 19-0876

Agenda Date: 10/23/2019

Item No.: *4.2.

COMMITTEE AGENDA MEMORANDUM

Board Audit Committee

SUBJECT:

Review and Update 2019 Board Audit Committee Work Plan.

RECOMMENDATION:

- A. Review the 2019 Board Audit Committee Work Plan; and
- B. Discuss topics of interest raised at prior Board Audit Committee Meetings and make any necessary adjustments to the Board Audit Committee Work Plan.

SUMMARY:

Under direction of the Clerk, Work Plans are used by all Board Committees to increase Committee efficiency, provide increased public notice of intended Committee discussions, and enable improved follow-up by staff. Work Plans are dynamic documents managed by Committee Chairs and are subject to change. Committee Work Plans also serve as Annual Committee Accomplishments Reports.

At the August 2019 Board Audit Committee Meeting, the Committee requested to agendize a time period to discuss topics of interest raised at prior Board Audit Committee Meetings that may result in adjustment to the Work Plan. A topic of interest was the idea of a Quarterly financial review. The questions before the Committee include:

- What should the committee review versus the full Board?
- What frequency should reviews occur?

Additional topics of interest were raised that pertain to the annual financial audit, including facility impairment testing and CalPERS unfunded liability. The questions before the Committee include:

- How to engage staff and Valley Water's financial auditor regarding topics of concern related to the annual financial audit?
- How to engage staff and Valley Water's financial auditor regarding topics of a sensitive or confidential nature?

The 2019 Board Audit Committee Work Plan is included in Attachment 1.

ATTACHMENTS:

*Attachment 1: 2019 Committee Work Plan

File No.: 19-0876

Agenda Date: 10/23/2019
Item No.: *4.2.

UNCLASSIFIED MANAGER:
Darin Taylor, 408-630-3068

BOARD AUDIT COMMITTEE 2019 WORKPLAN

January 1, 2019 to December 31, 2019

#	ACTIVITY	Q1			Q2			Q3			Q4			NOTES	
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
Board Audit Committee Meeting Dates															
1	Meeting Dates	•				•	•		•		•	•	•	On-going.	
Board Audit Committee Management															
2	Draft Audit Charter	•												Complete.	
3	Finalize Audit Charter						•							Complete. The Board approved the Audit Charter on August 27, 2019.	
4	Review and update BAC Work Plan	•				•	•		•		•	•	•	On-going.	
5	Review and Update Annual Audit Work Plan						•		•		•	•	•	Full Board approved Annual Audit Work Plan on 6/25/19.	
6	Prepare risk assessment tri-annually													Next Risk Assessment scheduled to be completed in October 2021.	
7	Evaluate Board Auditor performance												•		
8	Provide status report to full Board quarterly													Report to be provided to Board in non-agenda the month after each BAC meeting.	
9	Receive training from independent auditor annually													Scheduled for first meeting in 2020.	
10	Conduct self evaluation annually													Scheduled for first meeting in 2020.	
11	External Financial Auditor meeting with individual Board members													Schedule as needed.	
12	BAC Open Discussion											•	•	•	Schedule as needed for open discussion on topics of interest raised at prior BAC meetings.
Board Audit Committee Special Requests															
13	Review staff CAS update every 6 months												•	On-going. Combined with Procurement/CAS Mgmt Audit Review.	
14	Review staff Form 700 procedure presentation					•								Complete.	
15	Review staff presentation on QEMS & ISO Certification					•								Complete.	

Note: The • denotes that an item is on the BAC meeting agenda for the corresponding month in which the • is listed. The shading represents that the items have been completed.

BOARD AUDIT COMMITTEE 2019 WORKPLAN

January 1, 2019 to December 31, 2019

#	ACTIVITY	Q1			Q2			Q3			Q4			NOTES
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
16	Review information on ISO Certification at other agencies					•								Complete.
Management and 3rd Party Audits														
17	Review QEMS Annual Report													Scheduled for early 2020.
18	Participate in financial statement audit procurement process													Next procurement scheduled for January 2022.
19	Review draft audited financial statements											•		Financial auditor to present and contact Board members.
20	Review Procurement/CAS Management Audit Report											•		
21	Water Utility Fund Audit								•					Complete. Revenue/Cost Allocation audit between North/South zones. Results available at August BAC Meeting.
22	FEMA Audits													FEMA National Flood Insurance Program Community Rating System 5-year Verification Audit to begin 8/6/19. Completion TBD.
23	Grant Audits													No upcoming audits.
24	CalPERS Employment of Retired Annuitants Audit												•	Audit Results: Valley Water did not fully complete the process of enrolling/reporting the hours of 3 out of 30 retired annuitants. Staff reported having made the required adjustments since the audit was conducted.
25	CalPERS Special Compensation Audit													In the process of reclassifying the plant operators' shift premium payments retroactively to 2013 as the last step to complete this audit. Staff will bring the audit report to the BAC meeting immediately following the availability of results.

Note: The • denotes that an item is on the BAC meeting agenda for the corresponding month in which the • is listed. The shading represents that the items have been completed.

BOARD AUDIT COMMITTEE 2019 WORKPLAN

January 1, 2019 to December 31, 2019

#	ACTIVITY	Q1			Q2			Q3			Q4			NOTES
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
26	CalPERS Temporary Upgrade Pay Audit											•		Audit to determine whether temporary upgrade pay reported by employers was in compliance with the Public Employees' Retirement Law. Auditors scheduled to perform audit onsite on 8/12/19 - 8/13/19. Staff will bring the audit report to the BAC meeting immediately following the availability of results.
Audit - Lower Silver Creek														
27	Review Lower Silver Creek Final Draft Audit Report	•												Complete. Final Audit Report presented to full Board on 2/26/19.
28	Review Lower Silver Creek Final Draft Mgmt Response	•												Complete.
Audit - Change Order														
29	Initiate Change Order Audit			•										Complete.
30	Review Change Order Audit Progress Report						•	•				•		On-going until audit complete.
31	Review Change Order Audit Draft Report Presentation											•		
32	Review Response to Change Order Audit Final Draft Report											•		
Audit - District Counsel (Tentative)														
33	Initiate District Counsel Audit					•								Complete.
34	Review District Counsel Audit Progress Report						•	•				•	•	On-going until audit complete.
35	Review District Counsel Audit Draft Report Presentation												•	
36	Review Response to District Counsel Audit Final Draft Report												•	
Audit - Real Estate (Tentative)														
37	Initiate Real Estate Audit					•								Complete.

Note: The • denotes that an item is on the BAC meeting agenda for the corresponding month in which the • is listed. The shading represents that the items have been completed.

BOARD AUDIT COMMITTEE 2019 WORKPLAN

January 1, 2019 to December 31, 2019

#	ACTIVITY	Q1			Q2			Q3			Q4			NOTES
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
38	Review Real Estate Audit Progress Report						•		•		•	•	•	On-going until audit complete.
39	Review Real Estate Audit Draft Report Presentation													
40	Review Response to Real Estate Audit Final Draft Report													

Note: The • denotes that an item is on the BAC meeting agenda for the corresponding month in which the • is listed. The shading represents that the items have been completed.



Santa Clara Valley Water District

File No.: 19-0982

Agenda Date: 10/23/2019

Item No.: 4.3.

COMMITTEE AGENDA MEMORANDUM

Board Audit Committee

SUBJECT:

Review Proposed Board Performance Framework.

RECOMMENDATION:

Review and provide input on the Proposed Board Performance Framework.

SUMMARY:

At the September 26, 2018 meeting, the Committee requested that staff and TAP meet with the Chair of the Committee to develop a report that better reflect the Board's performance in critical areas, and to bring this item back to the Committee at a future meeting for further discussion.

Staff met with TAP and the Committee Chair and have identified areas where the Board's performance is critical and where fiduciary oversight, transparency, and accountability are monitored.

Attachment 1 contains the draft Board Performance Framework which identifies four performance indicator areas, along with associated objectives, outcomes, and measurements/successes.

This item allows the Committee to review the draft Board Performance Framework and provide input as necessary prior to presenting to the full Board for consideration.

ATTACHMENTS:

Attachment 1: Proposed Board Performance Framework

UNCLASSIFIED MANAGER:

Michele King, 408-630-2711

THIS PAGE INTENTIONALLY LEFT BLANK

BOARD PERFORMANCE FRAMEWORK

#	Objective	Outcome	Measurements/Successes
I. The Board provides transparent governance with a commitment to ethical, business-like and lawful conduct.			
1	Annually, adopt a district capital and operating budget that represents Valley Water's mission of providing Silicon Valley safe, clean water for healthy life, environment and economy.	A. On or before June 15, hold a hearing to receive public input on the proposed capital and operating budget, and to review financial reserves and reserve management policy. B. By June 30, adopt by resolution, a <i>balanced</i> capital and operating budget for upcoming fiscal year.	Board conducts budget study sessions and discussion(s) on financial reserves and reserve management policy, where public input is collected and considered. Board adopts final budget in accordance to the District Act.
2	Annually, adopt groundwater rate adjustments, and review for mid-year water rate adjustment; if required.	Adopt water rate adjustments annually, no later than June 1; and review for mid-year water rate adjustment no later than December 15.	Board conducts outreach and holds public meetings and hearings, including a public hearing in South County, prior to adopting groundwater water rates and mid-year adjustment review, if necessary, in accordance with Proposition 218.
3	Ensure that District and Board business is conducted in a transparent, ethical, business-like, and lawful manner.	A. Comply with state mandated training and form filing requirements and ensure that District business is conducted in an ethical, business-like, and lawful manner. B. All Board and Committee meetings allow for and encourage public participation and engagement, and meet all Brown Act, District Act and Board Governance Policies requirements.	Board members comply with requirements of AB1825, AB1234, the Political Reform Act, Brown Act, and Board Governance Policies.
4	Conduct, monitor and implement annual board-commissioned audit planning.	Regularly review board-commissioned audits and provide input and approve Board Audit Work Plan through the Board Audit Committee and regular reports to the Board.	Number of audits conducted and reviewed by the Board. Percentage of audit recommendations implemented.
5	Publically review Board compensation, meeting limit determination, and board member expense reports.	Annually hold a public hearing by February to discuss monthly Board compensation and determine number of compensated days per month; and quarterly review and approve board member expense reports.	Board convenes a public hearing and receives public input on Board compensation and monthly meeting limites. Board regularly reviews Director expense reports during open session Board meetings.
II. The Board provides linkage to the Community.			
1	The Board is committed to providing excellent service to all customers, and engaging the community by working with governmental agencies and regulatory organizations, sharing information, holding public information meetings, and participating on external committees.	A. Yearly, by the end of February, the Board Chair will nominate for Board approval, appointments to internal and external committees. B. Directors will regularly provide committee reports at monthly Board meetings. C. The Board will regularly communicates District business with the public via social media, news media, email communication, public meetings, etc.	Board reviews, provides input and approves the Chair's committee nominations, by end of February. Board reviews committee agendas/reports at all regular board meetings. Board engages with the public via in-person meetings, telephone, public meetings, social media, news media, email communication, public meetings, etc.

BOARD PERFORMANCE FRAMEWORK

#	Objective	Outcome	Measurements/Successes
III. The Board develops, implements and monitors organizational governance policies and priorities.			
1	Board develops Annual Board Work Plan identifying long-term goals, related strategies, and appropriate monitoring methods.	A. Board develops annual Board Work Plan by engaging in an annual strategic planning and goal setting session.	Board develops annual Board Work plan and shares with Board Committees and the public.
		B. Board monitors annual goals and strategies set by Board.	Board receives monitoring reports through board-requested agenda items and regular Board committee reports as identified on the Board's calendars.
IV. The Board conducts and monitors BAO Performance			
1	Board will produce assurance of BAO performance and determine BAO Compensation.	The Board will conduct regular BAO evaluations and discuss BAO compensation annually in accordance with BAO performance evaluation process.	Board conducts regular BAO evaluations and compensation review.



Santa Clara Valley Water District

File No.: 19-1039

Agenda Date: 10/23/2019

Item No.: *5.1.

COMMITTEE AGENDA MEMORANDUM

Board Audit Committee

SUBJECT:

Status Update on the Implementation of Recommendations from the 2015 Consultant Contracts Management Process Audit Conducted by Navigant Consulting, Inc. (Navigant) and the Consultant Contracts Improvement Process.

RECOMMENDATION:

Receive and discuss a verbal status update on the implementation of the recommendations made by Navigant in the 2015 Consultant Contracts Management Process Audit and on the Consultant Contracts Improvement Process.

SUMMARY:

To address a request made by the Board Audit Committee Chair, staff will provide a verbal update on the Implementation of Recommendations from the 2015 Consultant Contracts Management Process Audit conducted by Navigant Consulting, Inc. (Navigant) and the Consultant Contracts Improvement Process.

ATTACHMENTS:

None

UNCLASSIFIED MANAGER:

Tina Yoke, 408-630-2385

THIS PAGE INTENTIONALLY LEFT BLANK