

## REVISED 12/06/17

November 22, 2017

### NOTICE OF MEETING – REQUEST FOR RSVPS

Members of the BOARD AUDIT COMMITTEE:

Director Tony Estremera, *Chairperson*  
Director Barbara Keegan, *Vice Chairperson*  
Director Gary Kremen, *Committee Member*

And Supporting Staff Members:

Norma J. Camacho, Chief Executive Officer  
Stan Yamamoto, District Counsel  
Nina Hawk, Chief Operating Officer, Water Utilities  
Melanie Richardson, Interim Chief Operating Officer, Watersheds  
Anil Comelo, Acting Chief Operating Officer, Administration  
Rick Callender, Chief External Affairs  
Brian Hopper, Senior Assistant District Counsel  
Leslie Orta, Senior Assistant District Counsel  
Katherine Oven, Deputy Operating Officer  
Tina Yoke, Deputy Administrative Officer  
Christopher Hakes, Assistant Officer  
Ngoc Nguyen, Assistant Officer  
Anna Noriega, Program Administrator  
Karna DuQuite, Program Administrator  
Shree Dharasker, Senior Management Analyst  
Max Overland, Board Administrative Assistant II

Attached please find the Amended Agenda for the 12:00 p.m., November 30, 2017 meeting of the Santa Clara Valley Water District Board Audit Committee, which is scheduled to be held in the District Headquarters Building, Board Conference Room A-124, 5700 Almaden Expressway, San Jose, CA 95118.

For your convenience, items appended to the agenda since its November 17, 2017, original publication date have been indicated by an asterisk (\*).

If you haven't already done so, please RSVP at your earliest convenience by calling 408-630-2749 or by email to [moverland@valleywater.org](mailto:moverland@valleywater.org).

Sincerely,

*Maximillion H. Overland*

Maximillion H. Overland  
Board Administrative Assistant II  
Office of Clerk of the Board

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**\*AMENDED AGENDA**  
**BOARD AUDIT COMMITTEE**  
**Board Conference Room A-124**  
**5700 Almaden Expressway, San Jose, CA 95118**

**November 30, 2017**  
**12:00 PM**

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

**Time Certain:**

12:00 p.m.

1. **Call to Order/Roll Call.**
2. **Time Open for Public Comment on Any Item Not on the Agenda.**  
*Comments should be limited to two minutes. If the Committee wishes to discuss a subject raised by the speaker, it can request placement on a future agenda.*
3. **Approval of Minutes:** September 28, 2017  
  
Recommendation: Approve the minutes.

**4. Action Items:**

- \*4.1 Lower Silver Creek Flood Protection Project Performance Audit: Response to Information Requested during the September 28, 2017, Board Audit Committee Meeting.** (Norma Camacho) (Approximate Time: 45 Minutes)

Recommendation: Receive and discuss responses to information requested at the September 28, 2017, Board Audit Committee meeting

- \*4.2 Board Independent Auditing Services: Discussion of List of Risk Assessments from the September 12, 2017, Board Meeting and Determination of Next Steps.** (Norma Camacho) (Approximate Time: 45 Minutes)

Recommendation:

- A. Receive and discuss the list of risk assessments based on the September 12, 2017, Board meeting, to be conducted by the Board Independent Auditor (TAP International); and
- B. Following today's discussion, identify the date for TAP International to present the list to the full Board for final comment and approval; and
- C. Upon receiving the Board's final direction, the Committee to meet with TAP International to:
  1. Review the finalized list of identified risk assessments, as adopted by the Committee and amended by feedback from the Board; and
  2. Solicit TAP International recommendations on internal vs. external execution of audits, costs, feasibility, and timelines; and
  3. Develop an execution plan to complete the risk assessments adopted by the Board; and
- D. Direct further next steps, as needed.

(OVER)

**5. Review Committee Workplan and Meeting Schedule for 2018.**

(Committee) (Approximate Time: 15 Minutes)

**6. Clerk Review and Clarification of Committee Requests and Recommendations.**

*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 discussion of Item 4. (Clerk) (Approximate Time: 5 Minutes)*

**7. Adjourn:**

Adjourn.

REASONABLE EFFORTS TO ACCOMMODATE PERSONS WITH DISABILITIES WISHING TO ATTEND COMMITTEE MEETINGS WILL BE MADE. PLEASE ADVISE THE CLERK OF THE BOARD'S OFFICE OF ANY SPECIAL NEEDS BY CALLING (408) 630-2277.

Meetings of this committee will be conducted in compliance with all Brown Act requirements. All public records relating to an open session 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 same time that the public records are distributed or made available to the legislative body, at the following locations:

Santa Clara Valley Water District  
Clerk of the Board Unit  
5700 Almaden Expressway  
San José, Ca 95118

Board Audit Committee Purpose: The Board Audit Committee is established to assist the Board of Directors, 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.



BOARD AUDIT COMMITTEE MEETING

# MINUTES

THURSDAY, SEPTEMBER 28, 2017  
1:00 PM

(Paragraph numbers coincide with agenda item numbers)

## 1. CALL TO ORDER

A meeting of the Santa Clara Valley Water District (District) Board Audit Committee (Committee) was called to order in District Headquarters Building Conference Room A-124, 5700 Almaden Expressway, San Jose, California, at 1:00 p.m.

### 1.1. Roll Call.

Committee members in attendance were District 2 Director Barbara Keegan, District 7 Director Gary Kremen, and District 6 Director Tony Estremera, Chairperson presiding, constituting a quorum of the Committee.

Staff members in attendance were S. Yamamoto, B. Hopper, N. Nguyen, K. Oven, C. Hakes, T. Yoke, S. Dharasker, and M. Overland.

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

Chairperson Estremera 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

The Committee considered the attached minutes of the June 1, 2017, meeting. It was moved by Director Keegan, seconded by Director Kremen, and unanimously carried that the minutes be approved as presented.

## 4. ACTION ITEMS

### 4.1. Presentation: Lower Silver Creek Flood Protection Project Performance Audit Results

Mr. Shree Dharasker, Senior Management Analyst, reviewed the information on this item, per the attached Committee Agenda Memo; and

Mr. Mike Brown and Mr. John Mahoney, PMA Consultants Managing Directors, reviewed the attached presentation materials contained in Attachment 2, and Mr. Chris Hakes, Assistant Officer, reviewed the information contained in Attachment 3.

The Committee directed to expand the audit scope to include:

1. A financial review to ensure that there was no double billing and no billing for work that was not done, including additional analysis on the October 27, 2015, verbal report to the Board that considers whether the invoices followed appropriate financial review and approval processes and followed appropriate preparation and submittal processes; and
2. Review media allegations in newspaper reports and video and ensure that they have been addressed.

The Committee directed staff to return to the next scheduled meeting with the following:

1. Information associated with the decision to exclude financial reviews from the audit scope; and
2. Confirmation that Conflict of Interest (Form 700) forms had been submitted by all necessary project participants; and
3. Revised Management Response to Audit Recommendation 7 to more explicitly state that Customer Satisfaction Surveys will consider the District's satisfaction with consultant performance.

Additionally, the Committee made the following individual comments:

- Director Keegan specified that monthly performance reports should always be performed on District Projects; and
- Directors Keegan and Kremen specified that a more explicit guidelines and definitions are needed to help staff identify which projects qualify for a Risk Registry requirement; and
- Director Kremen specified that training may be necessary to ensure all staff members possess full understanding of the District's document management system's functions and operations; and
- Director Keegan suggested that a District/Consultant blended approach to Project Management is not effective.

## **5. REVIEW AND DISCUSS 2017 COMMITTEE WORK PLAN**

Chairperson Estremera confirmed that he would work with staff to establish the next Committee meeting time and date and confirmed that the next Committee meeting agenda would contain the following items:

1. Staff to come back with the information requested herein; and
2. The list of the risk assessments to be conducted by the Board's independent auditor, TAP International, for finalization and acceptance, based on the September 12, 2017, Board meeting. TAP International to return to the next scheduled Committee meeting with this list. Following Committee discussion, TAP International to present the list to the full Board for final comment and approval.

Chairperson Estremera clarified that upon receiving the Board's final direction, the Committee would meet with TAP International to conduct the following:

1. Review the finalized list of identified risk assessments, as adopted by the Committee at its previous meeting and amended by feedback from the Board; and
2. Solicit consultant auditor recommendations on internal vs. external execution of audits, costs, feasibility, and timelines; and
3. Develop an execution plan to complete the risk assessments adopted by the Board.

**6. CLERK'S REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS AND RECOMMENDATIONS:**

The new Committee Recommendations and Requests were not read into the record.

**7. ADJOURN**

Chairperson Estremera adjourned the meeting at 2:30 p.m., to the next meeting, to be scheduled and posted in accordance with the Brown Act.

Max Overland  
Board Administrative Assistant II

Approved:

Date: November 30, 2017

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Committee: Board Audit  
Committee  
Meeting Date: November 30, 2017  
Agenda Item No.: \*4.1  
Unclassified Manger: Norma Camacho  
Email: ncamacho@valleywater.org

## COMMITTEE AGENDA MEMO

**SUBJECT:** Lower Silver Creek Flood Protection Project Performance Audit: Response to Information Requested during the September 28, 2017, Board Audit Committee Meeting

### RECOMMENDED ACTION:

- A. Receive and discuss responses to information requested at the September 28, 2017, Board Audit Committee meeting

### SUMMARY:

At the September 28, 2017, Board Audit Committee (Committee) meeting, the Committee directed staff to return to the next scheduled meeting with the following:

#### 1. Information associated with the decision to exclude financial reviews from the audit scope

Previous Committee meeting agenda items and minutes related to this topic indicate that the Lower Silver Creek Flood Protection Project (Project) Performance Audit was originally designed as a performance audit to focus on policies, procedures, people, and resources rather than a financial audit of expenditures and accounts.

A financial review of the Project's finances and grants was conducted through the Chief Financial Officer's (CFO's) Office and the results were presented to the Board on October 27, 2015. The Committee discussed commissioning a performance audit on March 25, 2016, and approved the audit scope on July 7, 2016. A financial review was not included in the original scope.

The Committee subsequently directed, during its September 28, 2017, meeting, to expand the audit scope to include:

1. A financial review to ensure that there was no double billing and no billing for work that was not done, including additional analysis on the October 27, 2015, verbal report to the Board that considers whether the invoices followed appropriate financial review and approval processes and followed appropriate preparation and submittal processes; and
2. A review of media allegations in newspaper reports and video and ensure that they have been addressed.

Per this direction, an expanded scope of work is developed and included for the Committee's review and comment. The expanded scope of work will be presented to the Board on December 12, 2017, to authorize the CEO to execute the amended contract in conformance with Executive Limitations Policy-5.1.2.

## **2. Confirmation that Conflict of Interest (Form 700) forms had been submitted by all necessary project participants**

Enacted in 1974, the Political Reform Act requires California public officials (including consultants) to regularly file a Statement of Economic Interest (the Form 700). Information disclosed on the Form 700 helps government agencies identify and avoid potential conflicts of interest. Contractors are deemed "consultants" and thus have to file Form 700's, if they (1) make governmental decisions or (2) provide services continuously to the government agency for more than a year and either (a) participate in making governmental decisions or (b) perform similar duties as someone who has Form 700 filing obligations.

The District' Ethics and Equal Opportunity (EEO) Program Office researched whether Form 700 forms were filed by necessary Project participants. All District staff working on the Project, who were required to file Form 700 forms, did so. EEO has no record that the District notified any of Project contractors and sub-contractors of a requirement to file Form 700 forms with respect to the RMC contract. The Project contract with RMC Water and Environment (RMC) was executed in 2009, prior to the EEO Office taking over responsibility of Form 700 consultant determinations. After reviewing all available records, the EEO Office is not able to confirm whether a determination was made to exempt RMC staff and sub-contractors from Form 700 filing obligations or whether an analysis was performed. Some of the sub-contractors for the 2009 RMC contract have filed Form 700's on other, recent District projects.

### **Legal Implication/requirements of Consultants not filing Form 700**

The California Fair Political Practices Commission (FPPC) has held that public agencies have a duty to take adequate safeguards in adopting their conflict of interest codes and reviewing the duties of individuals (including consultants) to ensure that disclosure is tailored to their actual duties. (FPPC Advice Letter I-16-062 (2016) (Bakker). Where contractors have a legal obligation to file Statements of Economic Interest (Form 700), public agencies have an obligation to notify them of the obligation and report violations to the appropriate agency if the consultant/contractor fails to file a Form 700 after receiving notice. If the FPPC pursues an individual for violating his or her obligation to file a Form 700, it has discretion to issue an order requiring the violator to: (a) cease and desist violations of the Political Reform Act; (b) file any reports, statements or other documents or information required by the Act; and (c) pay a monetary penalty of up to five thousand dollars per violation. (California Government Code sec. 83116.)

However, there is generally a five-year limitations period to enforce violations of the Political Reform Act administratively (Govt Code sec. 91000.5) and a four-year limitations period in which to bring civil actions. (Govt. Code sec. 91011). Since the contract dates back to 2009, staff will need to determine when the obligation to file should have arisen and whether this is essentially time-barred.

### **Current EEO Process**

In 2015, EEO, in partnership with the Purchasing, Consultant Contracts & Warehouse Services Unit (Contracts), implemented a process to ensure that all contracts are reviewed and determinations are made on whether contractors and sub-contractors have Form 700 filing obligations. Essentially, once a contract is finalized, Contracts will forward the contract and other relevant documents to EEO. With assistance from the Project Manager, EEO will analyze the agreement and make a determination. If anyone has filing obligations, EEO will assist them in filing their Form 700 in a timely manner. There is

a draft procedure of that process available.

**3. Revised Management Response to Audit Recommendation 7 to more explicitly state that Customer Satisfaction Surveys will consider the District's satisfaction with consultant performance**

Performance Audit Recommendation 7 states that *“the District develop and implement a District expectation and satisfaction procedure in order to better assess continuous improvement. Procedure should address objectives, requirements, process, and reporting as well as roles and responsibilities, tools, and templates.”* This recommendation suggests the District evaluate consultant performance on an on-going basis.

Revised response: Management concurs with the recommendation and currently evaluates consultant performance for compliance with agreement requirements in terms of scope, schedule, and budget. The District's expectations for consultant performance are stated in agreements using a task and correlating deliverable format, including specific deadlines and financial limits per task. An assessment regarding the quality of consultant performance can best be determined at certain increments after the finished work is implemented and tested to operational standards and the passage of time.

**BACKGROUND:**

The Lower Silver Creek Flood Protection Project was identified in the 1986 Benefit Assessment Program and was enabled to protect the surrounding area by removing 3,800 parcels from the 1 percent floodplain and to improve stream habitat values. The Lake Cunningham Project was also necessary to provide 1% flood protection to areas along Lower Silver Creek. The Federal sponsor is the United States Department of Agriculture (USDA), through its Natural Resources Conservation Service (NRCS). The NRCS was the lead agency in the development of the original 1983 Watershed Plan and the 1988 Alternative Analysis Plan Update. In 2000, the Santa Clara Valley Water District (District) initiated the Coyote Watershed Program to accelerate work in the Watershed which included the Lower Silver Creek Project and the Lake Cunningham Project. Improvements for Lower Silver Creek Reaches 1-3 were constructed. Although project designs were nearly completed for Reaches 4-6, improvements to these reaches and to the Lake Cunningham facility were not constructed due to funding limitations, and were consequently deferred.

Due to the completeness of design (ranging from 90-100%), District staff identified Reaches 4-6 (the Project) as a “shovel ready” project eligible for federal funds. On April 16, 2009, the USDA Secretary Vilsack announced that the Lower Silver Creek project would receive \$2 million in federal economic stimulus funds through the NRCS as part of the American Recovery and Reinvestment Act (ARRA) of 2009. The terms and conditions applicable to the District's award of the federal economic stimulus funds associated with Reaches 4-6 required the District to award the first contract for project construction no later than August 2009; a very tight timeline. As the District did not have the management and services staff available to support the Project, and since the short timeline was deemed as critical, a sole-source procurement strategy was made to utilize consultant staffing associated with previous Reaches. In June 2009, RMC Water and Environment (RMC) was contracted and issued a notice-to-proceed for the Project.

To comply with the August 2009 deadline, the first contract awarded (allowing for access to federal stimulus funding) was the construction of Reach 6B Early Grading work, from Moss Point Drive to Cunningham Avenue. As a condition upon receiving initial grant funding, water district let a construction contract for the Early Grading work. It was the first phase prior to final design and construction of the preferred channel configuration.

In order to receive an additional approximate \$16 million of federal stimulus funding for the previously deferred Reaches 4- 6A Project, the District was required to award the subsequent professional services contracts for project management, permitting, design and coordination during construction by August 2010. On June 17, 2009, the District issued a notice to proceed with Agreement A3277G to RMC.

In October 2015, the Board took action to refer an audit of the Project to the Committee. During the March 2016 meeting, the Committee requested that staff prepare a scope and schedule for Committee review. Scope and schedule were developed, approved by the Committee and advertised as part of a Request for Proposals (RFP) for Independent Performance Audit Services. The District and the Committee evaluated proposals received, conducted interviews, and selected PMA to proceed with the Audit in January 2017. In August 2017, PMA prepared a Final Draft Audit Report and submitted it to the District for management response.

In September 2017, PMA presented the final draft audit report and a power point presentation describing the key findings and recommendations to the Committee. The Committee also received the draft management response to the audit recommendations, requested further information related to the performance audit, expanded the audit scope to include a financial review and assessment of media allegations, and reviewed and discussed the 2017 Committee work plan.

At this meeting, the Committee will receive and discuss responses to information requested during its September 28, 2017, Committee meeting.

**ATTACHMENT(S):**

Attachment 1: PMA Consultants: Lower Silver Creek Performance Audit - Amendment to Agreement A4046F

A copy of *ATTACHMENT 1: PMA Consultants: Lower Silver Creek Performance Audit - Amendment to Agreement A4046F* may be obtained by contacting the Clerk's office at (408) 630-2277 or by email at [clerkoftheboard@valleywater.org](mailto:clerkoftheboard@valleywater.org).



Committee: Board Audit  
Committee  
Meeting Date: November 30, 2017  
Agenda Item No.: \*4.2  
Unclassified Manger: Norma Camacho  
Email: ncamacho@valleywater.org

## COMMITTEE AGENDA MEMO

**SUBJECT:** Board Independent Auditing Services: Discussion of List of Risk Assessments from the September 12, 2017, Board Meeting and Determination of Next Steps

### RECOMMENDED ACTION:

- A. Receive and discuss the list of risk assessments based on the September 12, 2017, Board meeting, to be conducted by the Board Independent Auditor (TAP International); and
- B. Following today's discussion, identify the date for TAP International to present the list to the full Board for final comment and approval; and
- C. Upon receiving the Board's final direction, the Committee to meet with TAP International to:
  1. Review the finalized list of identified risk assessments, as adopted by the Committee and amended by feedback from the Board; and
  2. Solicit TAP International recommendations on internal vs. external execution of audits, costs, feasibility, and timelines; and
  3. Develop an execution plan to complete the risk assessments adopted by the Board; and
- D. Direct further next steps, as needed.

### SUMMARY:

At the September 28, 2017, Board Audit Committee (Committee) meeting, the Committee directed staff to return to the next scheduled meeting with the following information:

- o The list of the risk assessments to be conducted by the Board's independent auditor, TAP International, for finalization and acceptance, based on the September 12, 2017, Board meeting. TAP International to return to the next scheduled Committee meeting with this list. Following Committee discussion, TAP International to present the list to the full Board of Directors (Board) for final comment and approval.
- o Upon receiving the Board's final direction, the Committee would discuss next steps including:
  1. Review the finalized list of identified risk assessments, as adopted by the Committee at its previous meeting and amended by feedback from the Board

2. Solicit TAP International recommendations on internal vs. external execution of audits, costs, feasibility, and timelines, and
3. Develop an execution plan to complete the risk assessments adopted by the Board.

**BACKGROUND:**

On May 23, 2017, the Board approved an on-call consultant agreement with TAP International, Inc. (TAP International) for Board Independent Auditing Services. The agreement requires TAP International to work with the Board and the Committee to develop an annual audit program, assess operational risks, advise on potential audits to ensure the District is in full compliance with its policies, procedures, and regulations, and conduct audits as directed by the Board and the Committee.

On June 1, 2017, TAP International presented a preliminary draft Risk Assessment Model to the Committee to assess operational risks to the District and provide a list of potential audits to consider. The Committee provided input on the potential District risk areas and directed TAP to incorporate their comments and return to the full Board to present the Draft Risk Assessment Model for Board input and approval.

On September 12, 2017, TAP International presented the Draft Risk Assessment Model to the full Board. After review and discussion, the Board directed TAP International to include the following in the proposed list of risk assessments:

1. Management of projects during construction, specifically the change control process
2. Disaster recovery for internal operations
3. Collection of succession planning, leadership training, institutional knowledge capture and transfer associated with workforce retirements

TAP International is returning to the Committee, today, with a revised Risk Assessment Scope of Work based on direction received from the Committee's September 28, 2017 meeting (Attachment 1).

**ATTACHMENT(S):**

Attachment 1: TAP International: Risk Assessment Scope of Work

SANTA CLARA VALLEY WATER DISTRICT  
BOARD AUDIT COMMITTEE MEETING  
RISK ASSESSMENT SCOPE OF WORK



November 30, 2017



PURPOSE OF DISCUSSION:

- Finalize Risk Assessment Scope of Work



## DEPARTMENTS AND DIVISIONS

- |  |  |
|--|--|
| 1. Water Utility Capital Division                  | 7. Office of COO Watershed                     |
| 2. Water Supply Division                           | 8. Information Technology Division             |
| 3. Watershed Design & Construction Division        | 9. General Services Division                   |
| 4. Treated Water Operations & Maintenance Division | 10. Financial Planning and Management Division |
| 5. Watershed Operations & Maintenance Division     | 11. Watershed Stewardship & Planning Division  |
| 6. Office of COO Water Utility                     | 12. Office of District Counsel                 |

Departments and divisions comprise 60% of the District's FY 17-18 budgeted expenditures by project.

SCVWD RISK ASSESSMENT 3

## ACTIVITY AREAS

- |   |   |
|---|---|
| 1. Capital Improvement Planning & Budgeting | 7. Equal Employment Opportunity                                   |
| 2. Performance Based Budgeting              | 8. Purchasing/Contracting   |
| 3. Financial Management                     | 9. Change Order Management, applicable to construction management |
| 4. Internal Controls                        | 10. Succession Planning   |
| 5. Strategic Goals & Objectives             | 11. Business Continuity Planning                                  |
| 6. Fraud Prevention                         | 12. Environmental Sustainability                                  |

Activity areas chosen based upon coordination with the Board and audit committee. Areas represent functions and activities that are potentially subject to stakeholder scrutiny and public attention, should a risk event occur.

SCVWD RISK ASSESSMENT 4

## OTHER DISCUSSION ITEMS

- District Approved Task Order #4
  - Implementation
    - Notification letter to Divisions
    - Scheduling of interviews (management and supervisors)
    - Collection and review of documents
    - Analysis of risk areas
    - Development of graphs and charts
  - Timeline – 4 months upon issuance of audit notification letter to District management.
  - Cost - \$95,025
- Discussion of Audit Committee Charter



# BOARD AUDIT COMMITTEE

Updated: 11/21/17



Committee Purpose: The Board Audit Committee is established to assist the Board of Directors, 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.

The Board Audit Committee was enacted during the September 9, 2004 Board meeting, Agenda Item 3. The Committee was initially established as an ad hoc committee to *assist in the preparation for, and performance of, a comprehensive management audit and come back to the Board with recommendations on audit scope and stakeholder participation.* The Committee fulfilled this purpose in 2007, was inactive in 2008, and redefined its purpose at its March 20, 2009 meeting as follows: *The Audit Ad Hoc Committee of the Santa Clara Valley Water District is established to assist the Board of Directors, consistent with direction from the full Board, to develop the Board's pilot Management Audit Plan and Program.*

The annual work plan establishes a framework for committee discussion and action during the annual meeting schedule. The committee work plan is a dynamic document, subject to change as external and internal issues impacting the District occur and are recommended for committee discussion. Subsequently, an annual committee accomplishments report is developed based on the work plan and presented to the District Board of Directors.

## 2018 PARKING LOT

*The Parking Lot contains unscheduled items referred to the Committee by the Board of Directors, or requested to by the Committee to be brought back by staff.*

Date Requested	Requesting Body	Assigned Staff	Discussion Subject	Intended Outcome(s)

# BOARD AUDIT COMMITTEE

Updated: 11/21/17



## 2018 WORK PLAN

MEETING DATE	WORK PLAN ITEM, BOARD POLICY, & POLICY CATEGORY	ASSIGNED STAFF	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
*Tentative January 2018 12:00 PM	Election of Chair and Vice Chair	M. Overland	Elect Committee Officers 1. Chair – 2. Vice Chair	
	Approval of Minutes, 11/30/17	M. Overland	Approval of minutes.	
	Action Items:	Chair		
	Review Committee Work Plan	Chair	Establish topics/schedule discussions at upcoming meeting(s)	
	Schedule Next Meeting	Chair	Schedule next meeting date(s)	

**BOARD AUDIT COMMITTEE**

Updated: **11/21/17**



**2018 WORK PLAN (Cont'd)**

MEETING DATE	WORK PLAN ITEM, BOARD POLICY, & POLICY CATEGORY	ASSIGNED STAFF	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
<p><i>*Tentative</i></p> <p><b>April 2018</b></p> <p><b>12:00 PM</b></p>	Approval of Minutes, XX/XX/18	M. Overland	Approval of minutes.	
	Action Items:	Chair		
	Review Committee Work Plan	Chair	Establish topics/schedule discussions at upcoming meeting(s)	
	Schedule Next Meeting	Chair	Schedule next meeting date(s)	

**BOARD AUDIT COMMITTEE**

Updated: **11/21/17**



**2018 WORK PLAN (Cont'd)**

MEETING DATE	WORK PLAN ITEM, BOARD POLICY, & POLICY CATEGORY	ASSIGNED STAFF	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
<p><i>*Tentative</i></p> <p><b>July 2018</b></p> <p><b>12:00 PM</b></p>	Approval of Minutes, XX/XX/18	M. Overland	Approval of minutes.	
	Action Items:	Chair		
	Review Committee Work Plan	Chair	Establish topics/schedule discussions at upcoming meeting(s)	
	Schedule Next Meeting	Chair	Schedule next meeting date(s)	

**BOARD AUDIT COMMITTEE**

Updated: **11/21/17**



**2018 WORK PLAN (Cont'd)**

MEETING DATE	WORK PLAN ITEM, BOARD POLICY, & POLICY CATEGORY	ASSIGNED STAFF	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
<p><i>*Tentative</i>  <b>October 2018</b>  <b>12:00 PM</b></p>	Approval of Minutes, XX/XX/18	M. Overland	Approval of minutes.	
	Action Items:	Chair		
	Review Committee Work Plan	Chair	Establish topics/schedule discussions at upcoming meeting(s)	
	Schedule Next Meeting	Chair	Schedule next meeting date(s)	



## 2018 ACCOMPLISHMENTS

MEETING DATE	WORK PLAN ITEM, BOARD POLICY, & POLICY CATEGORY	ASSIGNED STAFF	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME

**2018 ACCOMPLISHMENTS (Cont'd)**

MEETING DATE	WORK PLAN ITEM, BOARD POLICY, & POLICY CATEGORY	ASSIGNED STAFF	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME



# BOARD AUDIT COMMITTEE

Updated: 11/21/17



Committee Purpose: The Board Audit Committee is established to assist the Board of Directors, 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.

The Board Audit Committee was enacted during the September 9, 2004 Board meeting, Agenda Item 3. The Committee was initially established as an ad hoc committee to *assist in the preparation for, and performance of, a comprehensive management audit and come back to the Board with recommendations on audit scope and stakeholder participation.* The Committee fulfilled this purpose in 2007, was inactive in 2008, and redefined its purpose at its March 20, 2009 meeting as follows: *The Audit Ad Hoc Committee of the Santa Clara Valley Water District is established to assist the Board of Directors, consistent with direction from the full Board, to develop the Board's pilot Management Audit Plan and Program.*

The annual work plan establishes a framework for committee discussion and action during the annual meeting schedule. The committee work plan is a dynamic document, subject to change as external and internal issues impacting the District occur and are recommended for committee discussion. Subsequently, an annual committee accomplishments report is developed based on the work plan and presented to the District Board of Directors.

## PARKING LOT

*The Parking Lot contains unscheduled items referred to the Committee by the Board of Directors, or requested to by the Committee to be brought back by staff.*

Date Requested	Requesting Body	Assigned Staff	Discussion Subject	Intended Outcome(s)
09/28/17	Committee Chair	TBD	Prepare item for full Board of Directors to consider and provide feedback on the Committee's list of identified auditing needs.	Receive the Board's feedback on the Committee's list of identified auditing needs.
09/28/17	Committee Chair	Committee Consultant Auditor	Consideration of Identified Auditing Needs and Audit Execution Plan.	<ul style="list-style-type: none"> <li>A. Receive feedback from the Board of Directors on identified auditing needs;</li> <li>B. Receive Auditing Consultant feedback on Prioritization, Feasibility, Cost, Timelines, etc; and</li> <li>C. Establish an Audit Execution Schedule and Plan.</li> </ul>

# BOARD AUDIT COMMITTEE

Updated: 11/21/17



## 2017 WORK PLAN

MEETING DATE	WORK PLAN ITEM, BOARD POLICY, & POLICY CATEGORY	ASSIGNED STAFF	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
11/30/17 12:00 PM	Approval of Minutes, 09/28/17	M. Overland	Approved minutes.	
	Performance Audit of the Lower Silver Creek Flood Protection Project Agreement with RMC Water and Environment (A3277G).	S. Dharasker	A. Receive information on: <ul style="list-style-type: none"> <li>i. Compliance of Payments with Scope of Work;</li> <li>ii. Risk Register BMPs;</li> <li>iii. Audit Scope Exclusion of Financial Reviews;</li> <li>iv. Analysis of Invoice Preparation and Submittal Processes;</li> <li>v. Submittal of Form 700 filings by necessary project participants;</li> <li>vi. Audit Address of Media Allegations; and</li> </ul> B. Consider Expansion of Consultant Auditing Services to Address Allegations of Consultant Payment for Work Not Performed.	
	Review and Assessment of Identified Auditing Needs	District Auditing Consultant	A. Review and assess the Committee's identified list of auditing needs; <ul style="list-style-type: none"> <li>B. Receive District Auditing Consultant feedback and recommendations; and</li> <li>C. Provide feedback to staff to revise/amend the Committee's identified list of auditing needs; and</li> <li>D. Approve staff presentation of the list of auditing needs to the District Board of Directors.</li> </ul>	
	Review Committee Work Plan & Schedule Next Meeting Date	Chair	Establish topics/schedule discussions at upcoming meeting(s)	

# BOARD AUDIT COMMITTEE

Updated: 11/21/17



## 2017 ACCOMPLISHMENTS

MEETING DATE	WORK PLAN ITEM, BOARD POLICY, & POLICY CATEGORY	ASSIGNED STAFF	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
02/02/17	Election of Chair and Vice Chair	M. Overland	Elect Committee Officers 1. Chair 2. Vice Chair	Elected as follows: Chair – Director Estremera Vice Chair – Director Keegan
	Approval of Minutes, 11/01/16	M. Overland	Approved minutes.	Approved.
	Action Items: A. Safe, Clean Water and Natural Flood Protection Program Audit Project Update	C. Kwok-Smith	Receive Project Update.	Noted.
	B. Board Independent Audit Consultant Services Contract.	C. Kwok-Smith	Receive update, direct staff to negotiate agreement with TAP International, direct staff to submit RFP for on-call auditor.	Directed staff to negotiate agreement with TAP International to conduct a risk assessment, prepare an annual audit plan, advise on potential audits, and submit a Request for Proposal for an on-call auditor to conduct audits identified in the risk assessment and annual audit plan.
	C. Performance Audit of the Lower Silver Creek Flood Protection Project Agreement with RMC Water and Environment	C. Kwok-Smith	Receive Update.	Noted.
	Review Committee Work Plan	Chair	Establish topics/schedule discussions at upcoming meeting(s)	No action.
	Schedule Next Meeting	Chair	Schedule next meeting date(s)	No action.

**2017 ACCOMPLISHMENTS (Cont'd)**

MEETING DATE	WORK PLAN ITEM, BOARD POLICY, & POLICY CATEGORY	ASSIGNED STAFF	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
<b>06/01/17</b>	Approval of Minutes, 05/20/16, 08/05/16, 10/26/16, 02/02/17	M. Overland	Approve minutes.	Approved.
	Action Items: Safe, Clean Water and Natural Flood Protection Program Audit Project Update	M. Heller	Receive Draft Audit Report and management response.	Directed staff to have Moss Adams present the final draft audit report to the full Board.
	Board Independent Audit Consultant Services Contract	M. Heller	Receive Update, Discuss Risk Assessment.	Requested that staff have TAP International, Inc. deliver a risk assessment to the full Board before the next Board Audit Committee meeting.
	Performance Audit of the Lower Silver Creek Flood Protection Project Agreement with RMC Water and Environment	M. Heller	Receive Update.	Noted.
	Review Committee Work Plan	Chair	Establish topics/schedule discussions at upcoming meeting(s).	No action.
	Schedule Next Meeting	Chair	Schedule next meeting date(s).	No action.

## 2017 ACCOMPLISHMENTS (Cont'd)

MEETING DATE	WORK PLAN ITEM, BOARD POLICY, & POLICY CATEGORY	ASSIGNED STAFF	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
09/28/17	Approval of Minutes, 06/01/17	M. Overland	Approved minutes.	Approved
	Action Item: Performance Audit of the Lower Silver Creek Flood Protection Project Agreement with RMC Water and Environment (A3277G).	S. Dharasker	Receive a presentation of the final draft audit report from PMA Consultants; receive and discuss management response to final draft audit report; and direct staff to have PMA Consultants present the final draft audit report to the Board of Directors.	Staff/PMA Consultants to come back with: - Info on whether payments were made or expenses were incurred, for work performed not included in original scope; - Risk Register practice recs; - Justification for decision to exclude financial reviews from audit scope; - Analysis on 10/27/15 verbal report to Board that considers whether invoices followed appropriate prep and submittal processes; - Confirmation that Form 700 forms had been submitted by all necessary project participants; - Confirmation that audit addresses all media allegations; and - Proposal to expand consultant auditing services to address allegations of consultant payment for work not being completed
	Review Committee Work Plan & Schedule Next Meeting Date	Chair	Establish topics/schedule discussions at upcoming meeting(s)	Next mtg to be held Nov. 2017, with following on agenda: - A Committee/District auditing consultant review and assessment of identified audit needs; and - Consideration of a recommendation that the Board review and provide feedback on the list of identified needs.  Note: Upon receipt of the Board's feedback on audit needs, the Committee will begin working with the auditing consultant to prioritize audits and develop an audit execution plan.



