



BOARD AUDIT COMMITTEE MEETING

MINUTES

**TUESDAY JANUARY 22, 2018
2:00 P.M.**

(Paragraph numbers coincide with agenda item numbers)

A regular meeting of the Santa Clara Valley Water District (District) Board Audit Committee (Committee) was called to order in the District Headquarters Conference Room A-124, 5700 Almaden Expressway, San Jose, California, at 2:00 p.m.

1. CALL TO ORDER:

- 1.1. 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 M. Heller, F. Hernandez, D. Taylor, B. Hopper, M. King, A. Noriega, and M. Overland.

- 1.2. 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.

2. APPROVAL OF MINUTES

- 2.1. Approval of Minutes.

The Committee considered the attached minutes of the December 3, 2018 meeting.

It was moved by Director Hsueh, seconded by Director Kremen, and unanimously carried that the minutes be approved as presented.

3. ACTION ITEMS

- 3.1 Board Independent Auditor Report Update – TAP International, Inc.

Recommendation: A. Discuss the status of the Draft Audit Work Plan, Draft Audit Charter, and potential audits with the Board's Independent Auditor, TAP International, Inc.;

- B. Receive and discuss draft task orders for audits #1, 5, and 6;
- C. Receive copies of TAP International, Inc. task orders and invoice tracking sheet; and
- D. Direct TAP to present task orders for audits #1, 5, and 6 to the full Board for approval to initiate.

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

The Committee made the following requests:

- Ms. Tina Yoke, Chief Operating Officer, to provide a CAS update to the Committee in six months.
- TAP to present task orders 1, 5, and 6 to the full Board for approval. After which TAP to re-interview Board members as part of determining the audit scope.
- TAP to finalize the Annual Audit Work Plans for 2019 through 2020.
- Committee Chair to work with Mr. Brian Hopper, Assistant District Counsel, to prepare the final draft BAC charter for presentation to the full Board for approval.
- Staff not to include copies of task orders in future BAC agendas.

3.2 Final Draft Audit Report and Final Draft Management Response for the Performance Audit of Lower Silver Creek Flood Protection Project, Agreement No. A3277G.

- Recommendation:
- A. Discuss the Final Draft Audit Report from PMA Consultants on the status of the Performance Audit of Lower Silver Creek Flood Protection Project, Agreement No. A3277G;
 - B. Discuss the Final Draft Management Response for the Performance Audit of Lower Silver Creek Flood Protection Project, Agreement No. A3277G; and
 - C. Direct staff to have PMA Consultants present the final draft audit report and management response to the Board of Directors.

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

The Committee made the following requests:

- Staff to use QEMS (CPAR) to initiate response to PMA's audit-as-you-to recommendation.
- Ms. Anna Noriega, Assistant Officer, to return to the BAC in 3 months to provide an update on recommendation RG (Form 700 procedure for employee promotions).

3.3 District Internal Audit Schedule and Board Audit Committee Review.

Recommendation: Discuss methods of Board Audit Committee monitoring of District Internal Audits.

The Committee continued this Item to the next Committee meeting.

3.4 Review 2019 Committee Work Plan.

Recommendation: Review and make necessary adjustments to the 2019 Work Plan, and confirm regular meeting schedule for 2019.

The Committee continued this Item to the next Committee meeting.

4. INFORMATION ITEMS

4.1 Quality Environmental Management Systems (QEMS Compliance Update)

Recommendation: Receive information regarding the Quality and Environmental Management System.

Ms. Felicia Hernandez, Program Administrator, reviewed the information on this item per the attached Committee Agenda Memorandum.

The Committee made the following requests:

- TAP to research if it is typical that other government agencies are ISO certified.
- Staff to research the approximate cost of ISO certification and provide pros and cons of certification.


5. ADJOURN

5.1 Clerk Review and Clarification of Committee Requests.

Mr. Overland read the new Committee requests into the record, as follows:

5.2 Adjourn to Regular Meeting as set by the Committee Chair.

Chairperson Keegan adjourned the meeting at 4:00 p.m. to the next meeting, which will be scheduled and posted in accordance with the Brown Act.


Max Overland
Assistant Deputy Clerk II