



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:

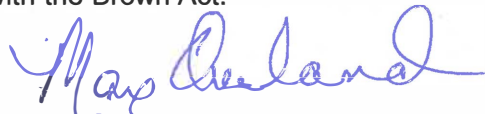
1. Review the finalized list of identified risk assessments, as adopted by the Committee at its previous meeting and amended by feedback from the Board; and
2. Solicit consultant auditor recommendations on internal vs. external execution of audits, costs, feasibility, and timelines; and
3. Develop an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

Date: November 30, 2017