



BOARD AUDIT COMMITTEE MEETING

MINUTES

TUESDAY, FEBRUARY 6, 2018
12:00 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 12:00 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 N. Camacho, Chief Executive Officer, R. Callender, A. Comelo, S. Dharasker, N. Hawk, B. Hopper, A. Noriega, D. Taylor, 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 November 30, 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. Discussion of Conflict of Interest Between Contractors and Staff.

- Recommendation:
- A. Discuss the District's process for addressing conflict of interest between contractors and staff; and
 - B. Recommend to the Board of Directors that the Ethics and Equal Opportunity Programs staff continue in their efforts to have proposed conflict of

interest language incorporated into to District's Ethics and Business Conduct policy and that no further actions and/or policy are warranted.

Mr. Rick Callender, Chief of External Affairs, reviewed the information on this item, per the attached Committee Agenda Memorandum.

The Committee received and discussed the proposed Conflict of Interest between contractors and staff language and made the following recommendations:

- That the Ethics and Equal Opportunity Programs staff continue in their efforts for proposed Conflict of Interest (COI) language to incorporate into the District's Ethics and Business Conduct Policy and to incorporate the Committee's comments regarding:
 - Identifying the differences between the legal and cultural understanding of COI;
 - Family Hiring issues and procedures;
 - Place COI requirements on the Manager's Work Plan; and
 - Review and incorporate comments by the Internal Auditor TAP International.

4.2. Board's Independent Auditor.

Recommendation: The following actions were previously directed by the Board Audit Committee to be discussed on a future agenda:

- A. Review the finalized list of identified risk assessments, as adopted by the Committee and amended by feedback from the Board on January 23, 2018;
- B. Solicit TAP International recommendations on internal vs. external execution of audits, costs, feasibility, and timelines;
- C. Develop an execution plan to complete the risk assessments adopted by the Board;
- D. Discuss an audit charter; and
- E. Direct next steps, as needed.

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

The Committee received and discussed a presentation contained in Attachment 1, on proposed risk assessments from the Board's Independent Auditor and requested the following of staff:

- Conduct the risk assessments, as defined;
- Assign a new Task Order for TAP International to conduct risk assessments;
- Establish an Internal Audit Charter which will be presented to the full Board, at a future Board meeting, for approval by the full Board and incorporated into the Governance Policy. TAP International (TAP) to provide Internal Audit Charter templates to the District
- Include TAP task orders and invoices for Board Audit Committee (Committee) review. District staff to check-in with the Committee Chair to review and approve invoices before sign off

5. REVIEW AND DISCUSS 2018 COMMITTEE WORK PLAN

Chairperson Estremera continued this item to the next Committee meeting.

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

Mr. Max Overland, Board Administrative Assistant II, read the new Committee Member Requests into the record.

Item 4.1 - The Committee received and discussed the proposed Conflict of Interest between contractors and staff language and made the following recommendations:

- That the Ethics and Equal Opportunity Programs staff continue in their efforts for proposed Conflict of Interest (COI) language to incorporate into the District’s Ethics and Business Conduct Policy and to incorporate the Committee’s comments regarding:
 - Identifying the differences between the legal and cultural understanding of COI;
 - Family Hiring issues and procedures;
 - Place COI requirements on the Manager’s Work Plan; and
 - Review and incorporate comments by the Internal Auditor TAP International.

Item 4.2 - The Committee received and discussed a presentation contained in Attachment 1, on proposed risk assessments from the Board’s Independent Auditor and directed the following:


- Conduct the risk assessments, as defined;
- Assign a new Task Order for TAP International to conduct risk assessments;
- Establish an Internal Audit Charter which will be presented to the full Board, at a future Board meeting, for approval by the full Board and

incorporated into the Governance Policy. TAP International (TAP) to provide Internal Audit Charter templates to the District

- Include TAP task orders and invoices for Board Audit Committee (Committee) review. District staff to check-in with the Committee Chair to review and approve invoices before sign off

7. ADJOURN

Chairperson Estremera adjourned the meeting at 2:00 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: August 15, 2018