



San Gabriel Basin Water Quality Authority

1720 W. Cameron Avenue, Suite 100, West Covina, CA 91790 • 626-338-5555 • Fax 626-338-5775

**WQA ADMINISTRATIVE/FINANCE COMMITTEE
AND SPECIAL MEETING OF THE BOARD OF DIRECTORS
TO BE HELD ON TUESDAY, AUGUST 11, 2020 AT 10:00 A.M.
AT
1720 W. CAMERON AVE., SUITE 100 IN WEST COVINA, CA**

To attend the meeting please register at:

<https://attendee.gotowebinar.com/register/6002743458656295437>

After registering, you will receive a confirmation email containing information about joining the webinar.

In light of the Governor's Executive Orders N-25-20 dated March 12, 2020 and N-29-20 dated March 17, 2020 (collectively, the "Executive Order") issued in response to the Covid-19 outbreak, the WQA Board Has Suspended Application of Certain Public Meeting Requirements otherwise required under Brown Act during the term of the Executive Order, Including Restrictions and Noticing Requirements Relating to the Conduct of Teleconferenced Board Meetings. Due to the essential nature of the WQA Board Meetings in conducting Authority business, the WQA Board meeting will take place via online and teleconference. Copies of Executive Order will be made available to members of the public upon request.

Public Comments can be emailed prior to the meeting to Stephanie@wqa.com

**The Administrative/Finance Committee meeting is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board that are not assigned to the Administrative/Finance Committee may attend and participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the Committee as advisory to the Board, members of the Board who are not assigned to the Administrative/Finance Committee will not vote on matters before the Committee*

AGENDA

Committee Members: Mike Whitehead, Bob Kuhn and Mark Paulson

Liaison Member: Dave Michalko

- I. Call to Order
- II. Public Comment
- III. Discussion Regarding Disposal of Surplus Personal Property [enc]
- IV. Discussion Regarding Re-Affirming WQA Investment Policy and Guidelines [enc]
- V. Discussion Regarding SAS 114 Planning Letter for the Audit of Fiscal Year Ended June 30, 2020 [enc]

- VI. Discussion Regarding Assistant Executive Director/Senior Project Manager
Job Description Modification [enc]
- VII. Executive Director's Report
- VIII. Adjournment



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AGENDA SUBMITTAL

To: WQA Administrative / Finance Committee
From: Randy Schoellerman, Executive Director
Date: August 11, 2020
Subject: Disposal of Surplus Personal Property

Background and Discussion

Under WQA Administrative Procedure 35, the Executive Director has the authority and responsibility for the disposal of surplus personal property that has been maintained as fixed assets of the WQA. If it is determined that the items are either broken, obsolete or of no further use for the purposes of the WQA, the Executive Director shall submit the items to the Board of Directors to be declared surplus.

WQA wishes to dispose of surplus equipment as listed on the attached schedule that is either broken, worn out or has been replaced with updated technology, and is of no further use. These items have been fully depreciated and have a net book value of \$0.

Under Guideline #1 of Administrative Procedure 35, the value of the property shall be determined by the Executive Director after contacting appraisers or dealers, vendors, or other businesses which buy used equipment or take such items as trade-in. After review of the list of surplus items and further examination of the actual equipment, it was determined that the iPads currently have a trade-in value of \$40 each. All other items proposed for disposal do not have any resale value. Guideline #3 states that if the property has no reasonable resale value, the Executive Director may determine to donate the property to another governmental agency or a charitable institution.

Recommendation / Proposed Action

Recommend that the furniture and equipment items listed on the attached schedule be declared surplus allowing the Executive Director to dispose of the property in accordance with Administrative Procedure 35.

SCHEDULE OF SURPLUS / OBSOLETE EQUIPMENT AUGUST 11, 2020					
Date Acquired	Equipment Description	Original Cost	Accum Depr	Net Book Value	Explanation for Disposal
04/23/93	Low Back Work Chairs (3)	1,190.31	(1,190.31)	0.00	Chairs are no longer operational
08/15/05	3 flat panel monitors	982.28	(982.28)	0.00	Obsolete
11/21/05	Dell Dim 9100 Pentium	1,254.23	(1,254.23)	0.00	Obsolete, no longer operational
06/28/07	Dell Dim 9200 2GB DDR2 SDRAM	1,527.82	(1,527.82)	0.00	Obsolete, no longer operational
08/31/07	Mas90 upgrade to v 4.3	3,181.75	(3,181.75)	0.00	Software; replaced with SAGE upgrade
06/30/10	Vostro Laptop 3500	1,102.71	(1,102.71)	0.00	Obsolete, no longer operational
12/31/10	Mas90 additional user license	2,519.91	(2,519.91)	0.00	Software; replaced with SAGE upgrade
05/04/11	MS Windows 7 Upgrade	1,193.91	(1,193.91)	0.00	Software; replaced with upgrade
05/21/11	MS Office 2010 (7 users)	1,891.81	(1,891.81)	0.00	Software; replaced with Office 365
05/24/11	New Website - live on 7/1/2011	3,600.00	(3,600.00)	0.00	Replaced by new website
06/04/12	1 Dell Vostro 470 CTO Desktop	1,112.17	(1,112.17)	0.00	Obsolete, no longer operational
06/22/13	8 iPads for 7 board & 1 staff	4,922.19	(4,922.19)	0.00	Obsolete; need to be replaced
10/27/16	Website Upgrade	800.00	(800.00)	0.00	Replaced by new website
		<u>25,279.09</u>	<u>(25,279.09)</u>		



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AGENDA SUBMITTAL

To: WQA Administrative / Finance Committee
From: Randy Schoellerman, Executive Director
Date: August 11, 2020
Subject: Affirm WQA Investment Policy and Guidelines

Recommendation / Proposed Action

Staff is requesting that the Committee recommend that Administrative Procedure No. 26, Investment Policy and Guidelines be affirmed by the Board as of August 19, 2020 as part of the procedures for the fiscal year 20/21.

Discussion

WQA's Administrative Procedure No. 26, Investment Policy and Guidelines was last updated on September 25, 2013 in accordance with the relevant Government Code Sections and the Local Agency Investment Guidelines. It is WQA's policy to submit the Investment Policy for affirmation by the Board at the beginning of each fiscal year. Procedure No. 26 was affirmed by the Board last fiscal year on August 21, 2019.

The investment guidelines require that WQA invest its public funds in a manner which will provide the highest investment return while meeting the daily cash flow demands, maintaining an appropriate risk level and conforming to all state and local statutes. Procedure No. 26 itemizes the acceptable investment instruments for the WQA and includes a specific requirement that investments be limited to a 12-month term.

The WQA Investment Policy was discussed briefly at the March 18, 2020 Board meeting. The discussion arose during the presentation of the audited financial statements for the fiscal year 18/19 and was not a separate discussion item for that meeting. At that time, the Board agreed that the policy was acceptable as is and did not need to be modified. At the June 17, 2020 Board meeting, WQA staff submitted the Investment Policy for affirmation. At that time, the Board requested staff submit the policy at the next Administrative/Finance committee meeting for further review and discussion.

Attachments:

Administrative Procedure No. 26

SGBWQA Schedule of Allowable Investments – Procedure 26

MAG (Market-at-a-Glance) 8-6-2020

PMIA LAIF Performance Report 7-29-2020

SAN GABRIEL BASIN WATER QUALITY AUTHORITY
Policy and Procedure Manual

ADMINISTRATIVE PROCEDURES

No. 26

Date: 6/19/95; Revised: 9/25/13; Affirmed: 6/21/17; Affirmed: 6/20/18; Affirmed: 8/21/19

INVESTMENT POLICY AND GUIDELINES

Approve: _____

POLICY

The Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern.

The legislative body of a local agency may invest monies not required for the immediate necessities of the local agency in accordance with the provisions of California Government Code Section 53601.

It is the policy of the San Gabriel Basin Water Quality Authority (WQA) to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands and conforming to all statutes governing the investment of public funds.

PRUDENCE

Investments shall be made with judgment and care, under circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the WQA, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard (California Government Code Section 53600.3) and shall be applied in the context of managing an overall portfolio. WQA's Board of Directors, acting in accordance with WQA written procedures and this investment policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

SCOPE

WQA's Board of Directors may invest that portion of WQA funds not required for immediate expenditure as is deemed wise or expedient and in compliance with the governing provision of law as set forth in this investment policy.

Any reference to portfolio shall mean the total of the WQA's cash and securities under management by WQA's Board of Directors. Those securities held in trust or escrow by a trustee or escrow agent on behalf of the WQA are invested under the direction of WQA's Board of Directors and the authority and terms of the specific trust agreements and indentures related to those securities.

OBJECTIVES

When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing WQA funds, the primary objectives, in priority order, of the investment activities shall be:

- a. **Safety:** Safety and preservation of principal is the foremost objective of the investment program. Investments of the WQA shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification and maturity limitations are required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- b. **Liquidity:** The investment portfolio will remain sufficiently liquid to enable the WQA to meet all operating requirements which might be reasonably anticipated. Securities should mature concurrent with cash needs to meet anticipated demands.
- c. **Return on Investments:** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk restrictions and the cash flow characteristics of the portfolio. Return on investment is of secondary importance compared to the safety and liquidity objectives.

INVESTMENT AUTHORITY

The authority of WQA's Board of Directors to invest funds is derived from Section 53601 of the California Government Code. WQA's Board of Directors shall establish procedures for the management of investment activities, including the activities of WQA staff in strict accordance with this policy. WQA's Board of Directors may retain the services of an outside investment advisor or manager to assist it with WQA's investment program. Any investment advisor selected shall make all investment decisions and transactions in strict accordance with State law, and this policy.

ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall not engage in any personal business activity which could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The Executive Director shall maintain a list of approved security broker/dealers who are authorized to provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by federal and state laws

For broker/dealers of government securities and other investments, the WQA shall select only broker/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, WQA's Board of Directors shall have received from said firm a signed Certification Form. This form shall attest that the individual responsible for the WQA's account with that firm has reviewed this investment policy and that the firm understands the policy and intends to present investment recommendations and transactions to the WQA that are appropriate under the terms and conditions of this investment policy.

ACCEPTABLE INVESTMENT INSTRUMENTS

Funds required to meet daily cash flow demands shall be held in checking accounts (interest bearing and/or non-interest bearing) of a nationally or state chartered bank or a state or federal association located within the State of California. The account balances are to be secured by federal insurance and maintained at levels that are considered necessary for the purposes for which the accounts were established.

The classes of investments, as listed below, that most adequately meet the above-mentioned criteria shall be allowed for purchase. Adequate diversification, when appropriate, from the range of authorized instruments and acceptable institutions shall be applied to these investments. For purposes of diversification, pooled-type investment funds are acceptable and the liquidity of assets in case of immediate requirements as well as the marketability of the security should be considered at the time of purchase. The investments specifically identified below which are authorized by the Government Code are allowed to be included in the WQA investment portfolio. Other types of investments that are authorized by the Government Code can be added as an amendment to the approved policy if conditions ever warrant their use.

Investments under this policy are restricted to a term of 12 months or less. Long-term investments (over one year) can be added as an amendment to the approved policy.

For each category of investment set forth below, information is first provided regarding the portfolio and maturity limitations established by California law and is then followed by the portfolio and maturity limitations that are permitted under this policy.

A. STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND (LAIF) (California Government Code Section 16429.1)

State law: No portfolio percentage or maturity limitations.
This policy: No portfolio percentage or maturity limitations.

B. NEGOTIABLE CERTIFICATES OF DEPOSITS (California Government Code Section 53601(i))

State law: 30% portfolio limitation, 5 year maturity limitation.
This policy: 30% portfolio limitation, 1 year maturity limitation.

Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by California Financial Code Section 5102), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed 30 percent of WQA's funds that may be invested pursuant to Government Code Section 53601. WQA's Board of Directors is prohibited from investing WQA funds, or funds in the custody of WQA in negotiable certificates of deposit issued by a state or federal credit union if a member of WQA's Board of Directors or a person with investment decision-making authority at WQA also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

C. U.S. TREASURIES (California Government Code Section 53601(b))

State Law: No portfolio percentage limitation, 5 year maturity limitation.
This Policy: No portfolio percentage limitation, 1 year maturity limitation.

United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

D. U.S. AGENCIES (California Government Code Section 53601(f))

State Law: No portfolio percentage limitation, 5 year maturity limitation.
This policy: No portfolio percentage limitation, 1 year maturity limitation.

Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to

principal and interest by federal agencies or United States government-sponsored enterprises.

SAFEKEEPING AND CUSTODY

All security transactions entered into by the WQA shall be conducted on a delivery-vs.-payment basis. All securities purchased or acquired shall be delivered to the WQA by book entry, physical delivery or by third party custodial agreement.

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by the California Government Code, the California Water Code, and the Authority's Investment Policy

The following table identifies the investment types that are authorized for the Authority by the California Government Code, and the Authority's investment policy, whichever is most restrictive. The table also identifies certain provisions of the California Government Code, and the Authority's investment policy that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the Authority, rather than the general provisions of the California Government Code or the Authority's investment policy.

Authorized Investment type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment In One Issuer
Local agency bonds (c)	5 years	None	None
* U.S. Treasury obligations (a)(b)	5 years	None	None
* U.S. Agency securities (a)(b)	5 years	None	None
Banker's acceptances (c)	180 days	40%	30%
Commercial paper (c)	270 days	25%	10%
* Negotiable certificates of deposit (a)(b)	5 years	30%	None
Repurchase agreements (c)	1 year	None	None
Reverse repurchase agreements (c)	92 days	20%	None
Medium-term notes (c)	5 years	30%	None
Money market mutual funds (c)	N/A	20%	10%
Mortgage pass-through securities (c)	5 years	20%	None
Orange County Investment Pool (c)	N/A	None	None
* Local Agency Investment Fund (LAIF) (a)	N/A	None	None

(a) Investment authorized by the Authority's Investment Policy

(b) The Authority's investment policy allows a term of 12 months or less

(c) Investment is not authorized by the Authority's investment policy

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

Market at a Glance

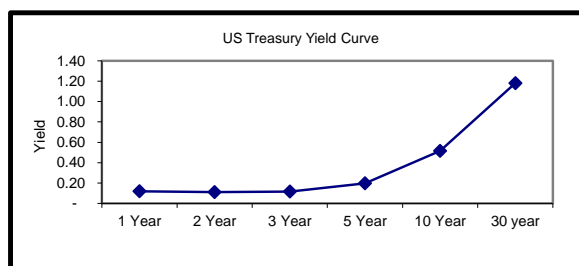
August 6, 2020

MONEY MARKET	RATE
Fed Funds (OPEN)	0.08
Prime Rate	3.25

OTHER INDICES	
Dow Jones (previous close)	27,201.52
World Spot Gold	\$2,064.17
Crude Oil Futures	\$42.37

INVESTMENT RATES (1MM)	O/N	1 WK	1M	3M	6M	12M
BOTW Time Deposits (250m FDIC)		0.06	0.06	0.14	0.20	0.25
Brokered CDs (250m FDIC)				0.10	0.10	0.10
Treasury Bills (discount rate) *			0.02	0.05	0.06	0.06
Agency Discount Notes*			0.05	0.05	0.06	0.06
Repurchase Agreements	0.01	0.01	0.01	0.01		
Commercial Paper		0.07	0.04	0.05	0.09	n/a

TREASURY YIELDS	YIELD
1 Year	0.12
2 Year	0.11
3 Year	0.12
5 Year	0.20
10 Year	0.51
30 Year	1.18



Source: Bloomberg LP

For more information, please call Fixed Income Sales / Trading

Paul Montaquila, Tony Pham, Nataliya Hytonen, Lou Rose @ 866-748-6862

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BANK OF THE WEST
BNP PARIBAS

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Form #810-01089 (Rev. 07/17)



PMIA/LAIF Performance Report as of 07/23/20



PMIA Average Monthly Effective Yields⁽¹⁾

Jun	1.217
May	1.363
Apr	1.648

Quarterly Performance Quarter Ended 06/30/20

LAIF Apportionment Rate ⁽²⁾ :	1.36
LAIF Earnings Ratio ⁽²⁾ :	0.000037106682614
LAIF Fair Value Factor ⁽¹⁾ :	1.004912795
PMIA Daily ⁽¹⁾ :	1.08%
PMIA Quarter to Date ⁽¹⁾ :	1.41%
PMIA Average Life ⁽¹⁾ :	191

Pooled Money Investment Account Monthly Portfolio Composition ⁽¹⁾ 06/30/20 \$101.0 billion

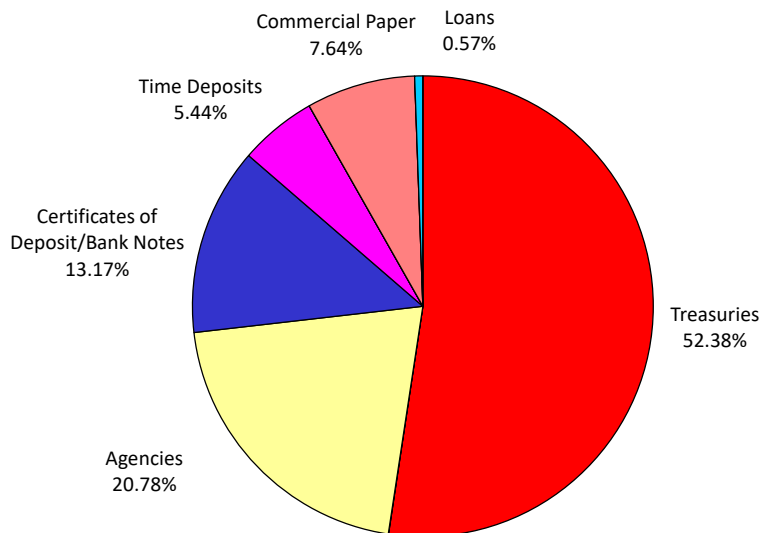


Chart does not include 0.02% of mortgages. Percentages may not total 100% due to rounding.

Daily rates are now available here. [View PMIA Daily Rates](#)

Notes: The apportionment rate includes interest earned on the CalPERS Supplemental Pension Payment pursuant to Government Code 20825 (c)(1) and interest earned on the Wildfire Fund loan pursuant to Public Utility Code 3288 (a).

Source:

⁽¹⁾ State of California, Office of the Treasurer

⁽²⁾ State of California, Office of the Controller



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AGENDA SUBMITTAL

To: WQA Administrative / Finance Committee
From: Randy Schoellerman, Executive Director
Date: August 11, 2020
Subject: **SAS 114 Planning Letter for the Audit of Fiscal Year Ended June 30, 2020**

Background and Discussion

Attached for your review is the Statement on Auditing Standards (SAS) 114 Planning Letter for the audit of fiscal year ended June 30, 2020. SAS 114 is an auditing standard that requires certain information be communicated between auditors and those charged with oversight of the organization being audited. WQA's auditors, Vasquez & Company LLP are communicating the information via this Planning Letter which they have addressed to the Board of Directors.

Mr. Roger Martinez, CPA, the audit partner, has requested that he be contacted directly if you have questions or need additional information. He can be reached via telephone at (213) 873-1703 or email at ram@vasquezcpa.com

Mr. Martinez is asking that he be contacted if any Board member has knowledge of any fraud, internal control weaknesses, improper accounting practices, or any other matters that may be relevant. If you have no knowledge of any of these items, no communication is required.

The SAS 114 letter also communicates the following information:

Timing: Vasquez & Company LLP has scheduled audit field work commencing the week of October 12, 2020. Reports will be issued to the Committee and the Board at the completion of the audit.

Recommendation / Proposed Action - This letter is for informational purposes only.

Attachment: SAS 114 Planning Letter



Water Quality Authority

**SAS 114 Letter to the Board of Directors Regarding
The Planned Scope And Timing Of The Audit
San Gabriel Basin Water Quality Authority
*Year Ended June 30, 2020***

August 6, 2020

**Honorable Members of the Board of Directors
San Gabriel Basin Water Quality Authority**

This letter is intended to communicate certain matters related to the planned scope and timing of our audit of San Gabriel Basin Water Quality Authority's (the Authority) financial statements and compliance as of and for the year ended June 30, 2020.

Communication

Effective two-way communication between our Firm and the Board of Directors is important to understanding matters related to the audit and in developing a constructive working relationship.

Your insights may assist us in understanding the Authority and its environment, identifying appropriate sources of audit evidence and providing information about specific transactions or events. We will discuss with you your oversight of the effectiveness of internal control and any areas where you request additional procedures to be undertaken. We expect that you will timely communicate to us any matters you consider relevant to the audit. Such matters might include strategic decisions that may significantly affect the nature, timing and extent of audit procedures, your suspicion or detection of fraud or abuse, or any concerns you may have about the integrity or competence of senior management.

We will timely communicate to you any fraud involving senior management and other known or likely fraud, noncompliance with provisions of laws, regulations, contracts or grant agreements or abuse that are likely to have a material effect on the financial statements. We will also communicate illegal acts, instances of noncompliance, fraud or abuse that come to our attention (unless they are clearly inconsequential), and disagreements with management and other serious difficulties encountered in performing the audit. We also will communicate to you and to management any significant deficiencies or material weaknesses in internal control that become known to us during the course of the audit. Other matters arising from the audit that are, in our professional judgment, significant and relevant to you in your oversight of the financial reporting process will be communicated to you in writing after the audit.

Independence

Our independence policies and procedures are designed to provide reasonable assurance that our firm and its personnel comply with applicable professional independence standards. Our policies address financial interests, business and family relationships, and non-audit services that may be thought to bear on independence. For example, without our permission no partner or professional employee of Vasquez & Company LLP (Vasquez) is permitted to have any direct financial interest or a material indirect financial interest in a client or any affiliate of a client. Also, if an immediate family member or close relative of a partner or professional employee is employed by a client in a key position, the incident must be reported and resolved in accordance with firm policy. In addition, our policies restrict certain non-audit services that may be provided by Vasquez and require audit clients to accept certain responsibilities in connection with the provision of permitted non-attest services.



The Audit Planning Process

Our audit approach places a strong emphasis on obtaining an understanding of how the Authority functions. This enables us to identify key audit components and tailor our procedures to the unique aspects of your operations. The development of a specific audit plan will begin by meeting with you and with management to obtain an understanding of the Authority's objectives, strategies, risks and performance.

As part of obtaining an understanding of the Authority and its environment, we will obtain an understanding of internal control. We will use this understanding to identify risks of material misstatement and noncompliance, which will provide us with a basis for designing and implementing responses to the assessed risks of material misstatement and noncompliance. We will also obtain an understanding of the users of the financial statements in order to establish an overall materiality level for audit purposes. We will conduct formal discussions among engagement team members to consider how and where your financial statements might be susceptible to material misstatement due to fraud or error or to instances of noncompliance, including abuse.

The Concept of Materiality in Planning and Executing the Audit

We apply the concept of materiality in both planning and performing the audit, evaluating the effect of identified misstatements or noncompliance on the audit and the effect of uncorrected misstatements, if any, on the financial statements, forming the opinion in our report on the financial statements, and determining or reporting in accordance with *Government Auditing Standards* and other compliance reporting requirements. Our determination of materiality is a matter of professional judgment and is affected by our perception of the financial and compliance informational needs of users of the financial statements. We establish performance materiality at an amount less than materiality for the financial statements as a whole to allow for the risk of misstatements that may not be detected by the audit. We use performance materiality for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. Our assessment of materiality throughout the audit will be based on both quantitative and qualitative considerations. Because of the interaction of quantitative and qualitative considerations, misstatements of a relatively small amount could have a material effect on the current financial statements as well as financial statements of future periods. We will accumulate misstatements identified during the audit, other than those that are clearly trivial. At the end of the audit, we will inform you of all individual uncorrected misstatements aggregated by us in connection with our evaluation of our audit test results.

Significant Risks of Material Misstatement

Our audit of the financial statements includes the performance of risk assessment procedures in order to identify risks of material misstatement, whether due to fraud or error. As part of these risk assessment procedures, we determine whether any risks identified are a significant risk. A significant risk is an identified and assessed risk of material misstatement that, in our professional judgment, requires special audit consideration. As part of our risk assessment procedures, we identified revenue recognition as a significant risk. Additional significant risks may be identified as we perform additional audit procedures.

Our Approach to Internal Control and Compliance Relevant to the Audit

Our audit of the financial statements, including compliance, will include obtaining an understanding of internal control sufficient to plan the audit and determine the nature, timing and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or identify significant deficiencies or material weaknesses. Our review and understanding of the Authority's internal control is not undertaken for the purpose of expressing an opinion on the effectiveness of internal control.



We will issue reports on internal control related to the financial statements and major programs. These reports describe the scope of testing of internal control and the results of our tests of internal control. Our reports on internal control will include any significant deficiencies and material weaknesses in the system of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with the requirements of *Government Auditing Standards* issued by the Comptroller General of the United States, the Single Audit Act, and Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200 (Uniform Guidance).

We will issue reports on compliance with laws, statutes, regulations, and the terms and conditions of federal awards. We will report on any noncompliance that could have a material effect on the financial statements and any noncompliance that could have a direct and material effect on each major program. Our reports on compliance will address material errors, fraud, abuse, violations of compliance requirements, and other responsibilities imposed by state and federal statutes and regulations and assumed contracts; and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with the requirements of the standards identified above.

Timing of the Audit

We have scheduled audit field work commencing the week of October 12, 2020. Management's adherence to its closing schedule and timely completion of information used by us in performance of the audit is essential to timely completion of the audit.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to be of service to the Authority. If you have any questions, please contact me directly at (213) 873-1703 or email me at ram@vasquezcpa.com.

This communication is intended solely for the use of the Board of Directors, the Authority's management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

VASQUEZ & COMPANY LLP

Roger A. Martinez, CPA
Partner – Audit Practice Leader



San Gabriel Basin Water Quality Authority

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AGENDA SUBMITTAL

To: WQA Administrative/Finance Committee
From: Randy Schoellerman, Executive Director
Date: August 11, 2020
Subject: Assistant Executive Director/Senior Project Manager Job Description Modification

Summary

Staff is recommending approval to update WQA's Assistant Executive Director/Senior Engineer position by expanding the minimum qualifications and changing the title to Assistant Executive Director/Senior Project Manager.

Discussion

Modification to the qualifications include allowing for bachelor's degrees in hydrogeology, chemistry, or other related environmental fields in addition to engineering. Additionally, the requirement to be registered as a professional engineer is now preferred, but not required. These changes and the new title reflect the current needs of the WQA and allow for additional flexibility when considering candidates for the position. The salary range remains unchanged.

Recommendation / Proposed Action

Approve Assistant Executive Director/Senior Project Manager job description.

Attachment: Assistant Executive Director/Senior Project Manager job description

**ASSISTANT EXECUTIVE DIRECTOR/
SENIOR PROJECT MANAGER**

JOB SUMMARY

This position reports to the Executive Director, serving in a project management role and support role to the Executive Director. Responsible for development and planning of major engineering projects, as well as directing the planning and design activities for the operation of Authority facilities. The position is also responsible for staff administration.

EXAMPLE OF DUTIES

Assists Executive Director in the creation and implementation of concepts in relation to WQA's stated goals and objectives. Fulfills duties of Executive Director during absence. Coordinates project development and interagency work during planning, implementation, design, construction, start-up and follow-up phases. Manages and directs in-house work and private consulting, professional and technical engineering personnel and/or personnel and activities involved in the planning, design, construction, and start-up of WQA projects. Assists Director of Finance with the preparation of WQA's budget. Oversees all staff functions. Confers with representatives of other public and private agencies, as necessary.

MINIMUM QUALIFICATIONS

Bachelor's degree in engineering, hydrogeology, chemistry, or related environmental field. California Registration as a Professional Engineer preferred, but not required; five to ten years' progressively responsible project management experience with an emphasis on groundwater remediation. Required to have excellent oral and written communications skills. Knowledge of advanced engineering principles and practices related to water and/or wastewater treatment activities, including contract administration, planning and development, design, construction, operation and maintenance; Federal, State and local codes and standards; methods of preparing designs, plan, specifications, cost estimates and recommendations relating to construction projects; management principles and practices involved in coordinating the work of others. Ability to analyze conceptual engineering proposals, prepare specifications; supervise and review the work of professionals and technical engineering personnel, make analyses and arrive at appropriate conclusions, meet and deal with the general public in an efficient and tactful manner; coordinate and negotiate with other agencies during the planning and design phases; coordinate and negotiate with private consultants providing services during the planning and design phases; research, write and present reports. A valid California driver's license is required.

WQA SALARY RANGE (LOW TO HIGH)

\$8,858 \$11,546 \$14,235