



BOARD AUDIT COMMITTEE MEETING **MINUTES**

**SPECIAL MEETING
WEDNESDAY, AUGUST 20, 2025
2:00 PM**

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER:

A special meeting of the Santa Clara Valley Water District (Valley Water) Board Audit Committee (Committee) was called to order in the Valley Water Headquarters Building Boardroom at 5700 Almaden Expressway, San Jose, California, and by Zoom teleconference, at 2:00 p.m.

1.1 Roll Call.

Committee members in attendance were: District 2 Director and Vice Chairperson Shiloh Ballard, and District 4 Director Jim Beall, Chairperson presiding, constituting a quorum of the Committee.

District 6 Director Estremera arrived as noted below.

Staff members in attendance were: Yvonne Arroyo, Emmanuel Aryee, Sarah Berning, Wade Blackard, Rita Chan, Theresa Chinte, Enrique De Anda, Amy Fonseca, Meenakshi Ganjoo, Rachael Gibson, Walter Gonzalez, Diahann Hudson, Candice Kwok-Smith, Cecil Lawson, Dave Leon, Olive Manaloto, Jennifer Martin, Anthony Mendiola, Nicole Merritt, Tony Ndah, Carlos Orellana, Max Overland, Luz Penilla, Alison Phagan, Manpreet Sra, Darin Taylor, Odilia Teixeira, Cheryl Togami, Kristen Yasukawa, and Tina Yoke.

Public in attendance were: George Skiles (Sjoberg Evashenk Consulting).

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

Chairperson Beall declared time open for public comment on any item not on the agenda. There was no one present who wished to speak.

3. APPROVAL OF MINUTES:

3.1. Approval of June 17, 2025, Board Audit Committee Meeting Minutes.

Recommendation: Approve the minutes.

The Committee considered the attached minutes of the June 17, 2025 Committee meeting.

Public Comments:
None.

It was moved by Vice Chairperson Ballard and seconded by Chairperson Beall and was carried by majority vote that the minutes be approved.

4. REGULAR AGENDA:

4.1. Receive and Discuss Financial Audit Reports for Fiscal Year (FY) 2024 From Valley Water's Joint Power Authority (JPA) Partners.

Recommendation: Receive and discuss financial audit reports for FY 2024 from Valley Water's JPA partners.

Darin Taylor and George Skiles reviewed the information on this item, per the attached Committee Agenda Memo, and reviewed the information contained in Attachments 1 - 4.

Darin Taylor, George Skiles, and Carlos Orellana were available to answer questions.

Public Comments:
None.

Director Estremera arrived.

The Committee received the information, took no formal action, and noted the following:

- The Committee confirmed that the audit reports for the San Francisquito Creek JPA and the San Luis & Delta Mendota Water Authority are still in process and will be presented to the BAC once available.
- The Committee noted interest in confirming whether any of the associated JPA agreements contain provisions regarding audit requirements including cost sharing specific obligations.
- The Committee confirmed that JPAs regardless of activity level are required under the Government Code to conduct audit reports.
- The Committee noted the addition of the JPA language in the BAC Charter and observed that the Board Policy and Monitoring Committee (BPMC) may provide guidance for Board member JPA participation and expectations.
- The Committee expressed concern about requests for future substantial financial investments and the potential impacts on federal funding without receiving timely JPA audit reports.
- The Committee expressed support for the BPMC to address the feedback and concerns regarding JPAs as provided by the BAC on this matter.

4.2. Receive a Status Update on the Implementation of Audit Recommendations; and Discuss Timing of Next Update.

Recommendation: A. Receive a status update on the implementation of audit recommendations; and
B. Discuss timing of next update.

Anthony Mendiola reviewed the information on this item, per the attached Committee Agenda Memo, and reviewed the information contained in Attachments 1 - 2.

Anthony Mendiola, Darin Taylor, George Skiles, and Luz Penilla were available to answer questions.

Public Comments:
None.

The Committee received the information, took no formal action, and noted the following:

- The Committee confirmed the next update for the Capital Improvement Program Process Performance Audit will be presented at the BAC September 17, 2025, meeting.
- The Committee confirmed the renewed Management Response Update for the Safe, Clean Water Program Audit will be presented at the BAC Oct. 15, 2025, meeting, and the associated Conflict-of-Interest Update will be presented at the Sept. 23, 2025, Board meeting.
- The Committee confirmed the process for closing out Board directed audits with the recommendation from the Chief Audit Executive and noted that the BAC holds the final authority to formally close these audits.

4.3. Discuss Potential Audit Topics for 2026 Annual Audit Plan and Provide Further Guidance as Needed.

Recommendation: Discuss potential audit topics for 2026 Annual Audit Plan, and provide further guidance as needed.

George Skiles reviewed the information on this item, per the attached Committee Agenda Memo, and reviewed the information contained in Attachment 1.

George Skiles was available to answer questions.

Public Comments:
None.

The Committee received the information, took no formal action, and noted the following:

- The Committee expressed support for seeing the dots filled in or completed audits identified on the heat map included in the current risk assessment results in Attachment 1.
- The Committee expressed interest in an updated risk assessment,

reviewing governance models, and developing flexible strategies to account for potential losses associated with Diversity, Equity, and Inclusion (DEI) federal grants and programs.

- 4.4. Discuss 2025 Annual Audit Plan, (Capital Project Delivery; Contracting Practices; Conservation Strategies; Water Usage/Demand Forecasting), and Provide Feedback as Needed.

Recommendation: A. Discuss 2025 Annual Audit Plan,
B. Provide feedback as needed.

Darin Taylor and George Skiles reviewed the information on this item, per the attached Committee Agenda Memo.

Darin Taylor and George Skiles were available to answer questions.

Public Comments:
None.

The Committee received the information, took no formal action, and without further discussion noted the update on the 2025 Annual Audit Plan.

- 4.5. Review and Discuss the 2025 Board Audit Committee (BAC) Work Plan.

Recommendation: Review and discuss topics of interest raised at prior BAC meetings and approve any necessary adjustments to the 2025 BAC Work Plan.

Darin Taylor reviewed the information on this item, per the attached Committee Agenda Memo, and per the information contained in Attachment 1.

Darin Taylor was available to answer questions.

Public Comments:
None.

The Committee received the information, took no formal action, and without further discussion noted the update on the BAC Work Plan.

5. CLERK REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS:

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 the meeting.

Nicole Merritt confirmed the Committee received and discussed the financial audit reports for FY 2024 from JPA partners, noted the interest in confirming whether any of the JPA agreements contain audit requirements including cost sharing and the support for the BPMC to address the BAC's feedback and concerns regarding JPAs under Item 4.1; received and noted status update on the implementation of audit recommendations under Item 4.2; discussed potential audit topics for 2026 Annual Audit Plan and expressed interest in an updated risk assessment, reviewing governance models, and flexible strategies to account for losses associated with DEI federal grants and programs under

Item 4.3; noted the update on the Annual Audit Plan under Item 4.4; and noted the update on the BAC Work Plan under Item 4.5.

6. ADJOURN:

- 6.1. Adjourn. The Next Regular Meeting is Scheduled at 1:00 p.m. on September 17, 2025.

Chairperson Beall adjourned the meeting at 3:26 p.m. The next regular meeting is scheduled to occur at 1:00 p.m. on September 17, 2025.

Nicole Merritt, Assistant Deputy Clerk II

Date approved: September 17, 2025

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