



BOARD AUDIT COMMITTEE MEETING

MINUTES

**REGULAR MEETING
WEDNESDAY, OCTOBER 15, 2025
1:00 PM**

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER:

A regular 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 1:00 p.m.

1.1 Roll Call.

Committee members in attendance were: District 6 Director Tony Estremera, District 2 Director and Vice Chairperson Shiloh Ballard, and District 4 Director Jim Beall, Chairperson presiding, constituting a quorum of the Committee.

Staff members in attendance were: Sarah Berning, Wade Blackard, Jessica Collins, Amy Fonseca, Meenakshi Ganjoo, Rachael Gibson, Walter Gonzalez, Diahann Hudson (Soleno), Cecil Lawson, Patrice McElroy, Anthony Mendiola, Nicole Merritt, Tony Ndah, Carlos Orellana, Luz Penilla, Alison Phagan, Don Rocha, Manpreet Sra, Darin Taylor, Cheryl Togami, Kristen Yasukawa, and Tina Yoke.

Public in attendance were: Cathy Brady, Andre Fall (Colorado Independent Consultants Networks), John Mahoney (Tanner Pacific), and 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 September 17, 2025, Board Audit Committee Meeting Minutes.

Recommendation: Approve the minutes.

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

Public Comments:

None.

It was moved by Director Estremera and seconded by Vice Chairperson Ballard and was carried by unanimous vote that the minutes be approved.

4. REGULAR AGENDA:

4.1. Receive and Discuss the Management Response to the 2024 Safe, Clean Water and Natural Flood Protection Program Performance Audit Recommendations and Provide Feedback to Staff.

Recommendation: A. Receive and discuss the Management Response to the 2024 Safe, Clean Water and Natural Flood Protection Program Performance Audit Recommendations; and
B. Provide feedback to staff as needed

Darin Taylor, John Mahoney, and Andre Fall reviewed the information on this item, per the attached Committee Agenda Memo, and corresponding presentation materials contained in Attachment 2 were reviewed by staff as follows: John Mahoney reviewed Slides 1 – 4 and 9, Andre Fall reviewed Slides 5 – 8, and 10 -12.

John Mahoney, Andre Fall, Darin Taylor, Jessica Collins, 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 that Finding 4, regarding the disclosure requirements for the Independent Monitoring Committee (IMC) Conflict of Interest Policy on Attachment 2, Page 9 of 12, has been addressed and considered by the Board.
- Chairperson Beall expressed interest in having the IMC vacancies reported to the Board to assist with the appointment process and the Committee noted the importance of identifying the causes of quorum challenges.
- The Committee acknowledged that the IMC review process can be time consuming for their volunteer members but noted that the IMC can approve their meeting schedule each cycle with the option of Zoom meetings and summer tours, and that filling all the vacancies would help distribute the workload more effectively.
- The Committee confirmed that Management agrees with the audit recommendations and noted staff are progressing toward completing the remaining implementations by June 2026.
- Vice Chairperson Ballard expressed interest in confirming whether Finding 6: Management of Key Partnership Projects on Attachment 2 Page 10 of

12, relates to the Joint Powers Authorities (JPAs) policies.

- The Committee confirmed there are multiple methods by which the review process is triggered for Finding 9: Key Performance Indicators (KPIs) on Attachment 2 on Page 12 of 12.
- The Committee noted the auditors were thorough, reasonable, and collaborative with staff.
- The Committee expressed support for maintaining continued engagement with the IMC members and being notified of any IMC attendance issues.

4.2. Discuss the Options to Extend Terms, Allow to Expire, or Terminate the On-Call Services Agreement with Board Auditor, Baker Tilly Advisory Group, LP, Which is Set to Expire Effective March 27, 2026.

Recommendation:

- A. Discuss options to extend terms, allow to expire, or terminate the On-Call Services Agreement with Board Auditor, Baker Tilly Advisory Group LP, which is currently scheduled to expire effective March 27, 2026; and
- B. Approve recommendation to the full Board to:
 - i. Exercise option to extend the On-Call Services Agreement with Board Auditor, Baker Tilly Advisory Group, LP. for one year; or
 - ii. Allow the expiration of the On-Call Services Agreement with Board Auditor, Baker Tilly Advisory Group, LP; or
 - iii. Exercise option to terminate the On-Call Services Agreement with Board Auditor, Baker Tilly Advisory Group, LP prior to the expiration date of March 27, 2026.

Darin Taylor reviewed the information on this item, per the attached Committee Agenda Memo, and reviewed the information contained in Attachments 1 & 2.

Darin Taylor was available to answer questions.

Public Comments:

None.

The Committee received the information and noted the following:

- The Committee expressed satisfaction with the auditors' performance and supported extending the agreement.
- The Committee confirmed the reason for the difference in the audit time tables and emphasized the importance of the auditor's understanding of the Water Supply Master Plan (WSMP) and knowledge of the Water Usage and Demand Forecasting process.

It was moved by Vice Chairperson Ballard and seconded by Director Estremera and the following Recommendation was unanimously approved:

B. Approve recommendation to the full Board to:

- i. Exercise option to extend the On-Call Services Agreement with Board Auditor, Baker Tilly Advisory Group, LP. for one Year.

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 and Darin Taylor were available to answer questions.

Public Comments:
None.

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

- The Committee confirmed that the performance audit of the District-wide asset management practices and the Pacheco Reservoir project close-out audit are among the larger potential audit topics, and the auditor will recommend maintaining a balance between the larger and smaller audits to effectively manage the workload for the audit team and staff.
- The Committee confirmed the District-wide federal and state grant management activities, the Good Neighbor Program to address unsheltered homelessness, and the District-wide risk assessment are among the smaller potential audit topics.
- The Committee expressed support for the investigations process audit topic to address expenditures and noted the expected close out activities for the Pacheco Reservoir Project to be completed within the next 3 to 6 months to potentially allow for an audit in 2026.
- The Committee noted the Chief Audit Executive (CAE) will include a recommendation and proposed scope at the November 2025 BAC meeting for the following potential audit topics: the District-wide risk assessment, the Pacheco Reservoir project close-out with a later start date, the District-wide asset management practices, the investigation process, the federal and state grant management activities, and the Good Neighbor Program to address unsheltered homelessness.

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 confirmed the audits are assigned to their respective auditors and progressing 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 and George Skiles were available to answer questions.

Public Comments:

None.

The Committee received the information, took no formal action, and 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, discussed, and provided feedback on the Management Response to the 2024 Safe, Clean Water and Natural Flood Protection Program Performance Audit Recommendations and expressed support for a report to the Board regarding IMC vacancies and attendance issues, noted question from Vice Chairperson Ballard regarding JPAs under Item 4.1; approved recommendation to the Board to exercise option to extend the On-Call Services Agreement with Board Auditor, Baker Tilly Advisory Group, LP for one year under Item 4.2; discussed and noted support for the investigations process as a potential audit topic and including the timing of the Pacheco Reservoir project close-out audit for the 2026 Annual Audit Plan under Item 4.3; noted the 2025 Annual Audit Plan update under Item 4.4; and noted the 2025 BAC Work Plan under Item 4.5.

6. ADJOURN:

6.1. Adjourn. The Next Regular Meeting is Scheduled at 1:00 p.m. on November 19, 2025.

Chairperson Beall adjourned the meeting at 2:20 p.m. The next regular meeting is scheduled to occur at 1:00 p.m. on November 19, 2025.

Nicole Merritt,
Deputy Clerk (Committee Meetings)

Date approved: November 19, 2025