



Santa Clara Valley Water District Board Audit Committee Meeting

HQ. Bldg. Boardroom, 5700 Almaden Expressway, San Jose, California
Join Zoom Meeting: <https://valleywater.zoom.us/j/91608079873>

REGULAR MEETING AGENDA

**Wednesday, February 19, 2025
1:00 PM**

District Mission: Provide Silicon Valley safe, clean water for a healthy life, environment and economy.

BOARD AUDIT COMMITTEE
Jim Beall, Vice Chair - District 4
Shiloh Ballard, Member - District 2
Tony Estremera, Member - District 6

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body, will be available to the public through the legislative body agenda web page at the same time that the public records are distributed or made available to the legislative body. Santa Clara Valley Water District will make reasonable efforts to accommodate persons with disabilities wishing to participate in the legislative body's meeting. Please advise the Clerk of the Board Office of any special needs by calling (408) 265-2600.

DARIN TAYLOR
Committee Liaison

NICOLE MERRITT
Assistant Deputy Clerk II
Office/Clerk of the Board
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www.valleywater.org

Note: The finalized Board Agenda, exception items and supplemental items will be posted prior to the meeting in accordance with the Brown Act.

Santa Clara Valley Water District
Board Audit Committee
REGULAR MEETING
AGENDA

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Join Zoom Meeting:

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*****IMPORTANT NOTICES AND PARTICIPATION INSTRUCTIONS*****

Santa Clara Valley Water District (Valley Water) Board of Directors/Board Committee meetings are held as a “hybrid” meetings, conducted in-person as well as by telecommunication, and is compliant with the provisions of the Ralph M. Brown Act.

To maximize public safety while still maintaining transparency and public access, members of the public have an option to participate by teleconference/video conference or attend in-person. To observe and participate in the meeting by teleconference/video conference, please see the meeting link located at the top of the agenda. If attending in-person, you are required to comply with Ordinance 22-03 - AN ORDINANCE OF THE SANTA CLARA VALLEY WATER DISTRICT SPECIFYING RULES OF DECORUM FOR PARTICIPATION IN BOARD AND COMMITTEE MEETINGS located at <https://s3.us-west-2.amazonaws.com/valleywater.org.if-us-west-2/f2-live/s3fs-public/Ord.pdf>

In accordance with the requirements of Gov. Code Section 54954.3(a), members of the public wishing to address the Board/Committee during public comment or on any item listed on the agenda, may do so by filling out a Speaker Card and submitting it to the Clerk or using the “Raise Hand” tool located in the Zoom meeting application to identify yourself in order to speak, at the time the item is called. Speakers will be acknowledged by the Board/Committee Chair in the order requests are received and granted speaking access to address the Board.

- Members of the Public may test their connection to Zoom Meetings at: <https://zoom.us/test>
- Members of the Public are encouraged to review our overview on joining Valley Water Board Meetings at: <https://www.youtube.com/watch?v=TojJpYCxXm0>

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This agenda has been prepared as required by the applicable laws of the State of California, including but not limited to, Government Code Sections 54950 et. seq. and has

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Under the Brown Act, members of the public are not required to provide identifying information in order to attend public meetings. Through the link below, the Zoom webinar program requests entry of a name and email address, and Valley Water is unable to modify this requirement. Members of the public not wishing to provide such identifying information are encouraged to enter "Anonymous" or some other reference under name and to enter a fictional email address (e.g., attendee@valleywater.org) in lieu of their actual address. Inputting such values will not impact your ability to access the meeting through Zoom.

Join Zoom Meeting:

<https://valleywater.zoom.us/j/91608079873>

Meeting ID: 916 0807 9873

Join by Phone:

1 (669) 900-9128, 91608079873#

1. CALL TO ORDER:

1.1. Roll Call.

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

Notice to the public: Members of the public who wish to address the Board/Committee on any item not listed on the agenda may do so by filling out a Speaker Card and submitting it to the Clerk or using the "Raise Hand" tool located in the Zoom meeting application to identify yourself to speak. Speakers will be acknowledged by the Board/Committee Chair in the order requests are received and granted speaking access to address the Board/Committee. Speakers' comments should be limited to three minutes or as set by the Chair. The law does not permit Board/Committee action on, or extended discussion of, any item not on the agenda except under special circumstances. If Board/Committee action is requested, the matter may be placed on a future agenda. All comments that require a response will be referred to staff for a reply in writing. The Board/Committee may take action on any item of business appearing on the posted agenda.

- 2.1. Election of 2025 Board Audit Committee (BAC) Chairperson and Vice Chairperson. [25-0131](#)
Recommendation: Nominate and elect the 2025 BAC Chairperson and Vice Chairperson.
Manager: Candice Kwok-Smith, 408-630-3193

3. APPROVAL OF MINUTES:

- 3.1. Approval of January 15, 2025 Board Audit Committee Minutes. [25-0149](#)
Recommendation: Approve the minutes.
Manager: Candice Kwok-Smith, 408-630-3193
Attachments: [Attachment 1: 01152025 BAC Minutes](#)

4. REGULAR AGENDA:

- 4.1. Receive Progress Report on Implementing the Grants Management Performance Audit Recommendations. [25-0129](#)
Recommendation: Receive progress report on implementing the Grants Management Performance Audit recommendations.
Manager: Rachael Gibson, 408-630-2884
Attachments: [Attachment 1: Grants Mgt. Performance Audit Progress Report](#)
- 4.2. Receive and Discuss the Single Audit Report for Fiscal Year (FY) Ending June 30, 2024. [25-0145](#)
Recommendation: Receive and discuss the Single Audit Report for FY ending June 30, 2024.
Manager: Darin Taylor, 408-630-3068
Attachments: [Attachment 1: Single Audit Report](#)
- 4.3. Receive the Fiscal Year (FY) 2024-2025 Second Quarter Financial Status Update. [25-0130](#)
Recommendation: Receive the FY 2024-2025 second quarter financial status update as of December 31, 2024.
Manager: Darin Taylor, 408-630-3068
Attachments: [Attachment 1: PowerPoint](#)
- 4.4. Discuss 2025 Annual Audit Plan (Capital Project Delivery; Contracting Practices; Conservation Strategies; Water Usage/Demand Forecasting), and Provide Feedback as Needed. [25-0127](#)
Recommendation: A. Discuss 2025 Annual Audit Plan; and
B. Provide feedback as needed.
Manager: Darin Taylor, 408-630-3068

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

[25-0126](#)

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

Manager: Candice Kwok-Smith, 408-630-3193

Attachments: [Attachment 1: 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.

6. ADJOURN:

- 6.1. Adjourn to Regular Meeting at 1:00 p.m., on March 19, 2025.

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Santa Clara Valley Water District

File No.: 25-0131

Agenda Date: 2/19/2025

Item No.: 2.1.

COMMITTEE AGENDA MEMORANDUM Board Audit Committee

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:

Election of 2025 Board Audit Committee (BAC) Chairperson and Vice Chairperson.

RECOMMENDATION:

Nominate and elect the 2025 BAC Chairperson and Vice Chairperson.

SUMMARY:

The Board Audit Committee (BAC) was established to assist the Board of Directors (Board), consistent with direction from the full Board, to identify potential areas for audit and audit priorities, and to review, update, plan, and coordinate execution of Board audits.

Through its oversight of the audit process, the BAC provides the Board with independent advice and guidance regarding the adequacy and effectiveness of Valley Water's management practices and potential improvements to those practices.

As stated in Article 2 of the BAC Audit Charter, Officers of the Committee include the Committee Chair and Vice Chair, who serve as the Committee's primary and secondary facilitators and representatives. The Committee Chair and Vice Chair are elected by the Committee to serve a 1-year term. Nomination and election of the Chair and Vice Chair typically occurs annually at the start of the calendar year.

ENVIRONMENTAL JUSTICE AND EQUITY IMPACT:

The election of BAC Chairperson and Vice Chairperson is not subject to environmental justice analysis.

ATTACHMENTS:

None.

UNCLASSIFIED MANAGER:

Candice Kwok-Smith, 408-630-3193

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Santa Clara Valley Water District

File No.: 25-0149

Agenda Date: 2/19/2025

Item No.: 3.1.

COMMITTEE AGENDA MEMORANDUM Board Audit Committee

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:

Approval of January 15, 2025 Board Audit Committee Minutes.

RECOMMENDATION:

Approve the minutes.

SUMMARY:

In accordance with the Ralph M. Brown Act, a summary of Committee discussions, and details of all actions taken by the Board Audit Committee, during all open and public Committee meetings, is transcribed and submitted to the Committee for review and approval.

Upon Committee approval, minutes transcripts are finalized and entered into the Committee's historical records archives and serve as historical records of the Committee's meetings.

ENVIRONMENTAL JUSTICE AND EQUITY IMPACT:

The approval of minutes is not subject to environmental justice analysis.

ATTACHMENTS:

Attachment 1: 01152025 BAC Minutes

UNCLASSIFIED MANAGER:

Candice Kwok-Smith, 408-630-3193

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BOARD AUDIT COMMITTEE MEETING
DRAFT MINUTES

REGULAR MEETING SESSION
WEDNESDAY, JANUARY 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 2 Director Shiloh Ballard, Director 6 Tony Estremera, and District 4 Director Jim Beall, Vice Chairperson presiding, constituting a quorum of the Committee.

Staff members in attendance were: Emmanuel Aryee, Sarah Berning, Jessica Collins, Queen Douglas, Rachael Gibson, Walter Gonzalez, Alexander Gordon, Diahann Hudson, Cecil Lawson, Jennifer Martin, Patrice McElroy, Anthony Mendiola, Nicole Merritt, Tony Ndah, Carlos Orellana, Max Overland, Luz Penilla, Alison Phagan, Don Rocha, Manpreet Sra, Darin Taylor, Kristen Yasukawa, and Tina Yoke.

Public in attendance were: Valley Water District 7 Director Rebecca Eisenberg, Katja Irvin (Sierra Club), and George Skiles (Sjoberg Evashenk Consulting).

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

Vice 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 November 20, 2024 Board Audit Committee Meeting Minutes.

Recommendation: Approve the minutes.

The Committee considered the attached minutes of the November 20, 2024 Committee meeting.

Public Comments:
None.

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

4. REGULAR AGENDA:

4.1. Discuss the Purpose of Board Directed Audits and Provide Recommendations to the Board as Needed.

Recommendation: Discuss the purpose of Board Directed audits and provide recommendations to the Board as needed.

Darin Taylor 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 noted the following:

- The Committee noted the types of audits conducted by Valley Water, the historical background on how the BAC was established as an independent review to assist with addressing the public's questions/concerns about Valley Water's performance, and the current applied audit standards and processes.
- The Committee noted support for the type of internal and external audit systems in place at Valley Water.

4.2. Discuss Board Audit Committee's (BAC) Annual Self-Evaluation Process of Calendar Year 2024 Activities; Provide Guidance Regarding Preferred Method to Conduct Process; and Direct Chief Audit Executive (CAE) to Conduct Self-evaluation Process and Return to Provide Summary of Discussions.

Recommendation: A. Discuss BAC's annual self-evaluation process of calendar year 2024 activities;
B. Provide guidance regarding preferred method to conduct process; and
C. Direct CAE to conduct self-evaluation process and return to provide summary of discussions.

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 noted the following:

- The Committee noted the CAE will reach out to the Committee members for their input regarding insight on areas for improvement or topics of interest, will conduct the self-evaluation process, and report back at a future BAC meeting.
- Director Ballard noted a request for the BAC's Annual Self-Evaluation Reports for the past 3 years.

4.3. Request Chief Audit Executive (CAE) Activity Report from Sjobeg Evashenk Consulting, Inc. to Evaluate CAE Performance, and Direct CAE to Return to Present Report at a Later Date.

Recommendation: A. Request CAE activity report from Sjobeg Evashenk Consulting, Inc. to evaluate CAE performance; and
B. Direct CAE to return to present report at a later date.

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

Darin Taylor was available to answer questions.

Public Comments:
None.

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

- The Committee noted support for staff's recommendations to request the CAE activity report and to direct the CAE to present the report at a future BAC meeting.

4.4. Discuss Proposed 2025 Annual Audit Plan, Recommend Assignments of Audit Firms to Conduct Each Performance Audit to Full Board, and Provide Further Guidance as Needed.

Recommendation: A. Discuss proposed 2025 Annual Audit Plan,
B. Recommend assignments of audit firms to conduct each performance audit to full Boards; and
C. Provide further guidance as needed.

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

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

Public Comments:

None.

The Committee received the information, and noted the following:

- The Committee noted the CAE's proposed recommendation for the assignments/general schedule for the audit firms for the following performance audits:
 - Capital project delivery activities: Plante Moran firm with estimated audit start in February/March 2025
 - Centralized and decentralized contracting processes: Sjoberg Evashenk Consulting firm with estimated audit start in Spring 2025
 - Water conservation strategies: Moss Adams firm with estimated audit start in February/March 2025
 - Water usage and demand forecasting: Moss Adams firm with estimated audit start in Summer 2025
- The Committee noted support for including best practices for audits to assist with decision making including looking at other countries for water conservation strategies and confirmed agency benchmarking is included in the audit process.
- The Committee noted the audits generally take 6 months with an additional 1 to 2 months for reporting.
- The Committee noted support for staying informed on any updates to the federal government funding for California to avoid potential project delays.
- The Committee confirmed the Capital project delivery activities audit will focus on the project management delivery of capital projects, how contractors are paid, and the actual expenditures to confirm if project managers may be able to address further areas that may be contributing to projects being behind schedule or over budget.
- The Committee confirmed that the Districtwide Risk Assessment should be completed at least every 3 years which is standard for the public sector and is scheduled to be completed next in 2026.
- The Committee noted the Capital Improvement Program (CIP) staff's verbal request to utilize an audit firm that is familiar with the CIP program and the recommendation to delay the Capital project delivery activities audit start time to use Sjoberg Evashenk Consulting, provide time for CIP staff to address current project deadlines, and to continue implementing the tools from the previous CIP audit completed by Sjoberg Evashenk Consulting.
- The Committee noted the CAE's concerns that Sjoberg Evashenk Consulting who specializes in Capital project audits may not be able to complete the Capital project delivery activities audit in a timely manner this calendar year due to other cyclical contractual capital project audit obligations.
- The Committee noted the importance of efficiency and continuity for the audit process and confirmed their support for working with Sjoberg Evashenk Consulting again to complete the Capital project delivery activities audit.

It was moved by Director Estremera and seconded by Director Shiloh Ballard and unanimously approved to recommend acceptance by the full Board the CAE's proposed recommendation for the audit firm

assignments/general schedule with amendment to provide 2 options for the Capital project delivery activities audit: (Option 1) Sjoberg Evashenk Consulting conducts the audit once available (Option 2) Plante Moran conducts the audit starting in February/March 2025, but additional time may be needed to familiarize with CIP processes.

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 noted the following:

- The Committee noted support of the BAC 2025 Work Plan, and Vice Chairperson Beall noted interest in an update at the BAC May 2025 meeting regarding tracking federal funding, the presidential actions that may lead to federal funding delays and protecting Valley Water assets which BAC staff will meet with the CEO for further guidance on this request.

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 discussed the purpose of Board directed audits under Item 4.1; discussed the BAC annual self-evaluation process, noted the CAE will conduct the self-evaluation process and report back at a future BAC meeting and Director Ballard's request for previous reports under Item 4.2; noted support to request the CAE activity report and to direct the CAE to present the report at a future BAC meeting under Item 4.3; approved by unanimous vote to recommend acceptance by the full Board the CAE's proposed recommendation for the audit firm assignments/general schedule with amendment to provide 2 options for the Capital project delivery activities audit under Item 4.4; and Vice Chairperson Beall's interest in a federal funding update under Item 4.5.

6. ADJOURN:

6.1. Adjourn to Regular Meeting at 1:00 p.m. on February 19, 2025.

Vice Chairperson Beall adjourned the meeting at 2:33 p.m., to the regular meeting at 1:00 p.m. on February 19th, 2025.

Nicole Merritt, Assistant Deputy Clerk II

Date approved:



Santa Clara Valley Water District

File No.: 25-0129

Agenda Date: 2/19/2025

Item No.: 4.1.

COMMITTEE AGENDA MEMORANDUM Board Audit Committee

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:

Receive Progress Report on Implementing the Grants Management Performance Audit Recommendations.

RECOMMENDATION:

Receive progress report on implementing the Grants Management Performance Audit recommendations.

SUMMARY:

On February 17, 2021, the Board Audit Committee accepted the Grants Management Performance Audit Report by TAP International's subconsultants, Greta MacDonald and Drummond Kahn. Subsequently, the Grants Management Performance Audit Report was accepted by the Board of Directors on March 23, 2021. Since then, staff has continued implementing the 11 recommendations as described in the Management Response to the audit report and will provide progress updates to the Board Audit Committee semi-annually. The last progress update to the Board Audit Committee was on August 21, 2024.

Of the 11 audit recommendations, seven were achieved and four remain in progress. A summary of the 11 recommendations and an update on the four recommendations that are in progress is included as Attachment 1. The remaining four recommendations are being implemented through the grants redesign, which continues to progress significantly.

Grants Redesign Update

On May 28, 2024, the Board of Directors approved the grants redesign recommendations and authorized updates to improve grants administration and address the remaining four audit recommendations. The recommendations were developed with two consultants who helped gather feedback from grantees, and incorporate peer benchmarking and industry best practices.

- **Mini-Grant Program** - The redesigned Mini-Grant Program was launched in Fall 2024 and

accepts applications year-round. This program includes increased funding per award, no match funding requirement, a streamlined application process, and expanded eligible project costs.

- **Standard Grant Program** - The redesigned Standard Grant Program launched with the FY25 grant cycle on January 23. Applications are due by March 28, 2025, and grant awards will be made by the Board in Spring 2025. This program includes a streamlined application, reduced or removed match funding requirements, expanded eligible project costs, and a project readiness criterion to evaluate due diligence and financial viability.

Next Steps

Upon the complete implementation of the FY25 Standard Grant cycle, all recommendations from the 2021 Grants Management Performance Audit Report will be fully achieved by Fall 2025. Until then, staff recommends providing annual progress reports to the Board Audit Committee.

As part of the grants redesign, the Board also approved delegating authority to the Board Policy and Monitoring Committee for periodic review of the grants administration and to implement improvements as needed related to the project criteria framework, agreement terms, and grant cycles. Therefore, staff will provide reports and recommendations to the Board Policy and Monitoring Committee as needed after the audit recommendations are achieved.

ENVIRONMENTAL JUSTICE AND EQUITY IMPACT:

There are no environmental justice and equity impacts associated with the grants audit progress report. This action is unlikely to or will not result in adverse impacts and is not associated with an equity opportunity.

However, the outcomes of the approved grants redesign recommendations incorporate changes to the Safe, Clean Water Grants and Partnerships Program to promote equity and accessibility of the funding by aligning with Valley Water's Five-Year Diversity, Equity, and Inclusion Strategic Master Plan, released in September 2023, and incorporate industry best practices and feedback from grantees and applicants.

Additionally, staff developed a Diversity, Equity and Inclusion (DEI) Action Plan in partnership with the Office of Racial Equity, Diversity and Inclusion (REDI) to ensure the grants redesign recommendations align with DEI best practices and to identify ongoing actions and metrics to monitor and continually refine as part of the grants program.

ATTACHMENTS:

Attachment 1: Grants Mgt. Performance Audit Progress Report

UNCLASSIFIED MANAGER:

Rachael Gibson, 408-630-2884

Grants Management Performance Audit Progress Report – February 2025 Update

#	Audit Recommendation	Implementation Status
1	<p>Valley Water should consider developing clear guidelines for “right-sized” application and reporting processes, meaning that application and reporting requirements should be scaled to fit the size, risk, and complexity of each individual grant:</p> <ol style="list-style-type: none"> Valley Water should develop a formal due diligence policy and perform a due diligence review for high risk grant projects. A due diligence review of applicants determines the reasonableness of the grant and grantee’s ability to perform and assess the extent of the grantee’s reliance on grant funds. This would include analysis of managerial and fiscal capacity and past performance. For example, verify grantees have the requisite financial management systems that will produce invoice detail required by the grant agreement, or, gain an understanding of the type of system capabilities the non-profit has to assess whether they can comply with financial reporting required by the grant agreement. For high-risk grants where financial statements are required, analyze fiscal health indicators of the entity and formalize the analysis within the grant file. For areas where Valley Water already implements a number of best practices such as checking GuideStar to verify the non-profits current status and to view the grantee’s IRS Form 990, staff should also memorialize its analysis in the grant file. For smaller non-profits or community groups, based on risk, Valley Water should consider simplifying reporting requirements or developing alternative requirements for projects under a dollar threshold, like \$25,000, or establish a tiered structure and treat smaller projects similar to mini-grants. 	<p>In Progress – Target Completion in FY25</p> <p>On May 28, 2024, the Board approved the Grants Redesign Project recommendations to update and improve the administration of the Safe, Clean Water Grants and Partnerships Program. This included updates for all grant types, the Mini-Grant Program, and Standard Grant Program that addresses the audit recommendations. Staff continues to work with consultants and internal subject matter experts to implement the approved Grants Redesign Project recommendations.</p> <p>The redesigned Mini-Grant Program launched in Fall 2024 and accepts applications year-round. The redesigned Mini-Grant Program includes increased funding per award, no match funding requirement, a streamlined application process, and expanded eligible project costs.</p> <p>The redesigned Standard Grant Program launched with the FY25 grant cycle in January 2025 and grant awards will be made in Spring 2025. The redesigned Standard Grant Program includes a streamlined application, reduced or removed match funding requirement, expanded eligible project costs, and a project readiness criterion to evaluate due diligence and financial viability.</p> <p>Upon the launch of the FY25 Standard Grant cycle, this audit recommendation will be achieved.</p>
2	<p>As new grants are awarded, an orientation for new grantees should be mandatory, and Civic Engagement should provide an electronically accessible grantee guide, outlining all requirements for programmatic and financial reporting compliance. This can be as simple as compiling existing documents, developing reporting templates and developing a process map and including instructions on who to call based on the nature of the question.</p>	<p>Achieved – November 2022</p> <p>Staff began implementing kick-off/orientation meetings with all new standard grantees and partners after agreement execution in early FY21. Staff send an onboarding email to mini-grantees with the grant information as part of the award notification. Staff remain available and accessible to all grantees throughout the process.</p> <p>A consultant was hired to create a Grantee Guide to outline processes and procedures for applicants and grantees. These</p>

		documents were completed and are being formatted for posting on the website. The documents will be continually updated as changes are made to the program.
3	Best practices suggest utilizing a grant management information system to run regular reports to track timeliness and to conduct other monitoring activities. While many monitoring functionalities for FLUXX remain in progress, we recommend, at a minimum, adding another column to the Grant Tracker spreadsheet to track the 45-calendar day payment window once initial contact has been made with the grantee. These payment cycle time metrics should be tracked and reported internally monthly, and to the Board Audit Committee quarterly.	<p>Achieved – September 2021 Staff continue to track the timeliness and monitoring of grants activities. Staff continue to process invoices within the 30-day payment deadline once an invoice is approved.</p> <p>In FY24, 48 invoices were processed. On average, invoices were approved for payment within 10 days of final invoice documents being submitted by the grantee.</p>
4	Monitoring should be conducted, either manually or through automated reminder emails in FLUXX, to ensure that a progress report, or another form of communication from a grantee, is submitted quarterly ensure that Valley Water is kept apprised of project status and to ensure that work is aligned with the grant agreement.	<p>Achieved – September 2021 Staff set up automatic reminders in the Fluxx grants management system, and continue to monitor grant projects by reviewing project status reports and following up via email.</p>
5	In addition to right sizing invoicing requirements based on the grant's risk level, Valley Water should right-size the level of progress reporting detail required for smaller dollar value standard grants, for example, under \$25,000.	<p>In Progress – Target Completion in FY25 On May 28, 2024, the Board approved the Grants Redesign Project recommendations to update and improve the administration of the Safe, Clean Water Grants and Partnerships Program. This included updates for all grant types, the Mini-Grant Program, and Standard Grant Program that addresses the audit recommendations. Staff continues to work with consultants and internal subject matter experts to implement the approved Grants Redesign Project recommendations.</p> <p>The redesigned Mini-Grant Program launched in Fall 2024 and accepts applications year-round. The redesigned Mini-Grant Program includes providing 50% of the funds after agreement execution and the remaining after the project is completed, without requiring financial documentation.</p> <p>The redesigned Standard Grant Program launched with the FY25 grant cycle in January 2025 and grant awards will be made in Spring 2025. The redesigned Standard Grant Program will include a streamlined budget template and reduced reporting requirements.</p>

		Upon the launch of the FY25 Standard Grant cycle, this audit recommendation will be achieved.
6	<p>Valley Water should explore where, within existing District policies, it can augment grant requirements for grant agreements and invoicing for certain grantees based on risk: partnerships, repeat grantees, establish grant value thresholds, and determine whether the number of approvals and signatures for payments are appropriate. At a minimum, for smaller, lower risk grants, Valley Water should re-assess its reporting and invoicing requirements based on risk, dollar value, and project complexity.</p> <ol style="list-style-type: none"> For example, Valley Water could treat grant agreements up to \$25,000 like mini-grants and expedite payment for low-risk grants and low dollar amount invoices from trusted long-term grantees. Valley Water could consider paying unquestioned amounts earlier, and focus more scrutiny on riskier, larger dollar amount invoices from new grantees. Valley Water could also consider reimbursing expenses when invoiced and then using the closeout process to reconcile remaining amounts below a reasonable threshold. For example, if a grantee bills \$10,000 for its performance, and Valley Water questions \$500 of that amount, it could consider paying the unquestioned amount first, then resolve the questioned amount by project. Staff should focus their review on whether grantee costs are reasonable, allocable and allowable in accordance with the project budget and grant agreement guidelines. Spot checks would be performed to ensure calculations are correct and that receipts match the totals. The level of scrutiny applied and depth of review would be based on the grant and grantee risk factors, as determined by management. 	<p>In Progress – Target Completion in FY25 On May 28, 2024, the Board approved the Grants Redesign Project recommendations to update and improve the administration of the Safe, Clean Water Grants and Partnerships Program. This included updates for all grant types, the Mini-Grant Program, and Standard Grant Program that addresses the audit recommendations. Staff continues to work with consultants and internal subject matter experts to implement the approved Grants Redesign Project recommendations.</p> <p>The redesigned Mini-Grant Program launched in Fall 2024 and accepts applications year-round. The redesigned Mini-Grant Program includes providing 50% of the funds after agreement execution and the remaining after the project is completed, without requiring financial documentation.</p> <p>The redesigned Standard Grant Program launched with the FY25 grant cycle in January 2025 and grant awards will be made in Spring 2025. The redesigned Standard Grant Program includes a streamlined budget template and reduced invoicing and reporting requirements. Insurance costs will be an eligible cost for both grant opportunities.</p> <p>Upon the launch of the FY25 Standard Grant cycle, this audit recommendation will be achieved.</p>
7	<p>Should Valley Water decide to continue to require the same information for progress and invoice submission, they should:</p> <ol style="list-style-type: none"> Confirm the integrity of grantee financial management system data used for review before award. Include language in the grant agreement such as, “Failure to submit an accurate financial invoice in a timely manner may result in payments being withheld, delayed, or denied, and will result in payment delays”. 	<p>In Progress – Target Completion in FY25 On May 28, 2024, the Board approved the Grants Redesign Project recommendations to update and improve the administration of the Safe, Clean Water Grants and Partnerships Program. This included updates for all grant types, the Mini-Grant Program, and Standard Grant Program that addresses the audit recommendations. Staff continues to work with consultants and internal subject matter experts to implement the approved Grants Redesign Project recommendations.</p>

		<p>The redesigned Mini-Grant Program launched in Fall 2024 and accepts applications year-round. The redesigned Mini-Grant Program includes providing 50% of the funds after agreement execution and the remaining after the project is completed, without requiring financial documentation.</p> <p>The redesigned Standard Grant Program launched with the FY25 grant cycle in January 2025 and grant awards will be made in Spring 2025. The redesigned Standard Grant Program will include a streamlined budget template and reduced invoicing and reporting requirements. Insurance costs will be an eligible cost for both grant opportunities.</p> <p>Upon the launch of the FY25 Standard Grant cycle, this audit recommendation will be achieved.</p>
8	Valley Water should solicit grantee and partnership feedback regularly, conducted by an independent third party, as best practices suggest. In addition to assessing satisfaction with the program, inquiries should be made to determine the extent to which partial funding has impacted the grantee and the project.	<p>Achieved – September 2021 A consultant conducted an anonymous survey of grantees in July 2021 and results were presented to the Board Audit Committee in September 2021.</p> <p>An independent third party conducted an anonymous survey of grantees in May 2024. Staff will use the survey results to improve the program as part of the redesign effort and plans to continue to regularly collect feedback from grantees.</p>
9	Valley Water should determine a reasonable goal and timeline for final closeout and final payment, including the release of retention. The established dates and timelines should be monitored in the Grant Tracker and when possible, included in any automated flags and alerts that FLUXX can provide.	<p>Achieved – September 2021 Staff established a 60-day timeline to close out a project after the final invoice is paid in full, and continue to track and monitor it the grants tracking sheet on a weekly basis.</p>
10	Valley Water should prioritize developing a grants management operations manual containing all relevant policies and procedures.	<p>Achieved – November 2022 A consultant was hired to work on the Grants Manual to outline processes and procedures for staff. These documents were completed and are being formatted for posting on the internal website for staff. The documents will be continually updated as changes are made to the program.</p>

11	<p>To ensure that staff understand and carry out their internal control responsibilities, and to promote accountability, Valley Water should consider reconfiguring job assignments to enhance the grants management function once the backlog has been addressed and policies and procedures are developed:</p> <ul style="list-style-type: none"> a. Option 1: Assign Staff by Priority Area and Specific Grants. This would allow staff to become familiar with the priority area, programs and grantees, as well as create a balanced number of programs a grant manager is expected to manage. This would benefit the grantee with the assignment of a single point of contact for questions at any phase of the project. This would allow for important information concerning a grantee, and project details learned in the application stage to transfer to active project management and throughout the life of the project. The downside to this option is that grant managers would still be required to perform duties that they might not have the technical capacity, knowledge or authorization to properly perform, such as a subject expert having responsibility for invoice processing, or a finance and accounting expert having responsibility for program oversight. b. Option 2: Split Application and Active Grant Management Duties. Civic Engagement may consider dividing the work performed during the application cycle and work performed during the active project management cycle into two separate positions or teams. From an efficiency perspective, this delineation could improve overall workflow by decreasing bottlenecks that occur during certain times of the year (e.g., the allocation/application cycle) and ensure that a sufficient number of staff remains focused on active grant management, such as invoice review processing and monitoring. Additionally, with such a delineation of duties, one individual could be assigned to or specialize in contracts and billings for all grants. c. Once job assignments are determined, the Supervising Program Administrator and Unit Manager should develop a training manual and schedule that clearly identifies the type of training needed to effectively perform specified job duties to address any gaps in staff knowledge, skills and abilities. d. As the Safe, Clean Water grants program grows, and the grants management function within Civic Engagement expands, develop grants management position descriptions. 	<p>Achieved – September 2021</p> <p>The staff positions have designated roles and responsibilities. However, one position was recently promoted out of the grants program to another Valley Water division, and recruitment efforts are underway to fill the vacancy as soon as possible.</p> <p>The grants team continues to meet weekly to ensure sufficient cross-training on all grants management tasks and active items to ensure cohesive, consistent, and uninterrupted customer service to all grantees.</p> <p>The grants team identified individual training opportunities through the Valley Water annual goal-setting process to continue learning industry best practices and expand knowledge of grants management. Staff continues to explore and participate in additional grants training to ensure best practices continue to be updated and implemented.</p>
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Santa Clara Valley Water District

File No.: 25-0145

Agenda Date: 2/19/2025

Item No.: 4.2.

COMMITTEE AGENDA MEMORANDUM Board Audit Committee

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:

Receive and Discuss the Single Audit Report for Fiscal Year (FY) Ending June 30, 2024.

RECOMMENDATION:

Receive and discuss the Single Audit Report for FY ending June 30, 2024.

SUMMARY:

The Single Audit is a rigorous, organization-wide audit of an entity that expends \$750,000 or more of federal assistance received for its operations. Usually performed annually, the Single Audit's objective is to provide assurance to the US federal Government as to the management and use of such funds by recipients. The audit is performed by an independent certified public accountant and encompasses both financial and compliance components. Once completed, the Single Audit must be submitted to the Federal Clearinghouse.

Attached is the final report for the Single Audit for the year ended June 30, 2024, prepared by Vasquez and Company.

Staff is pleased to report that there were no notable findings in the Single Audit Report for FY ending June 30, 2024.

ENVIRONMENTAL JUSTICE AND EQUITY IMPACT:

There are no environmental justice and equity impacts associated with this item.

ATTACHMENTS:

Attachment 1: Single Audit Report

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068

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**Santa Clara Valley Water District
Single Audit Report
Year Ended June 30, 2024
With Independent Auditor's Report**

**Santa Clara Valley Water District
Single Audit Report
*Year Ended June 30, 2024
with Independent Auditor's Report***

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**Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

**Board of Directors
Santa Clara Valley Water District
San Jose, California**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Santa Clara Valley Water District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 20, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vasquez & Company LLP

**Glendale, California
January 15, 2025**



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**Independent Auditor's Report on Compliance for Each Major Federal Program, on
Internal Control Over Compliance, and on the Schedule of Expenditures
of Federal Awards Required by the Uniform Guidance**

**Board of Directors
Santa Clara Valley Water District
San Jose, California**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Santa Clara Valley Water District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.



Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 20, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.



The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Vasquez & Company LLP

Glendale, California

January 15, 2025, except for our report on the Schedule of Expenditures of Federal Awards, as to which the date is December 20, 2024.

Santa Clara Valley Water District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2024

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number (ALN)	Program Identification Number	Pass- Through Entity/ Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
MAJOR PROGRAMS					
<u>U.S. Department of the Interior Bureau of Reclamation</u>					
Direct Assistance:					
Title XVI Water Reclamation and Reuse Program - South Santa Clara County Recycled Water Project (South County Project) Phases 1B and 2A	15.504	R16AP00206	N/A	\$ -	\$ 812,674
	Total for ALN 15.504			-	812,674
<u>U.S. Environmental Protection Agency</u>					
Direct Assistance:					
San Francisco Bay Area Water Quality Improvement Fund for the Calabazas/San Tomas Aquino Creek- March Connection Project	66.126	98T55101	N/A	-	321,437
San Francisco Bay Area Water Quality Improvement Fund for the Nine Creek Cleanup Project in Santa Clara County	66.126	98T61001	N/A	-	553,282
	Total for ALN 66.126			-	874,719
	Total Major Programs			-	1,687,393
NON-MAJOR PROGRAMS					
<u>U.S. Department of the Interior Bureau of Reclamation</u>					
Direct Assistance:					
USBR Drought Response Plan	15.514	R21AC10055	N/A	-	8,683
	Total for ALN 15.514			-	8,683
<u>Federal Emergency Management Agency (FEMA)</u>					
Direct Assistance:					
FEMA-4683-DR-CA, Lenihan Log Boom	97.036	715867	N/A	-	4,533
FEMA-4683-DR-CA, CAT A DEBRIS	97.036	741039	N/A	-	4,077
FEMA-4683- DR-CA, Chesbro	97.036	737976	N/A	-	4,914
FEMA-4683- DR CA, CAT D_SAN FRANCISQUITO	97.036	737976	N/A	-	20,490
	Total for FEMA			-	34,014
	Total Non-Major Programs			-	42,697
				\$ -	\$ 1,730,090

See accompanying notes to Schedule of Expenditures of Federal Awards.

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) presents the federal award activity of Santa Clara Valley Water District (the District) under programs of the federal government for the year ended June 30, 2024. For purposes of this Schedule, financial awards include federal awards received directly from federal agencies, as well as federal funds received indirectly by the District from non-federal agencies or other organizations. Only the portions of program expenditures reimbursable with federal funds are reported in the accompanying Schedule. Program expenditures in excess of the maximum reimbursement authorized, if any, or the portion of the program expenditures that were funded with other state, local or other non-federal funds are excluded from the accompanying Schedule.

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The expenditures reported on the Schedule are reported on the accrual basis of accounting except that the lending of certain federal award monies and acquisition of capital assets are reported as expenditures of federal funds. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The District has elected not to use the 10-percent de minimis indirect cost rate allowed in the Uniform Guidance.

NOTE 3 RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Grant expenditure reports for the year ended June 30, 2024, which have been submitted to grantor agencies, will, in some cases, differ from the amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of the year-end accruals.

NOTE 4 RELATIONSHIP TO ANNUAL COMPREHENSIVE FINANCIAL REPORT

Amounts reported in the accompanying SEFA agree, in all material respects, to amounts reported within the District's Annual Comprehensive Financial Report.

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditors’ report issued on compliance with respect to major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	None

Identification of Major Federal Programs:

<u>Assistance Listing Number (ALN)</u>	<u>Name of Federal Program or Cluster</u>
15.504	Title XVI Water Reclamation And Reuse Program
66.126	San Francisco Bay Water Area Quality Improvement Fund
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as a low-risk auditee?	No

Section II – Financial Statement Findings

There were no financial statement findings for the fiscal year ended June 30, 2024.

Section III – Federal Award Findings

There were no federal award findings for the fiscal year ended June 30, 2024.

Santa Clara Valley Water District
Summary Schedule of Prior Audit Findings
Year ended June 30, 2024

Finding Reference	Identified Condition and Prior Year's Planned Corrective Action Plan	Current Status	Explanation if not fully implemented
Finding FS 2023-001 Improve Internal Control in the Preparation of the Schedule of Expenditures of Federal Awards (SEFA)	<p>Condition</p> <p>During our audit of the fiscal year 2023 SEFA submitted by the District, we noted that the schedule includes federal expenditures for the South Santa Clara County Recycled Water Project which was incurred in 2022. The information for these expenditures was included in the fiscal year 2023 SEFA since these were claimed for reimbursement in March 2023. The total amount of expenditures was \$980,932 which exceeded the threshold for a single audit. Because of these conditions, the 2022 single audit was not performed.</p> <p>The expenditures were included in the 2023 SEFA and the program was considered a major program in the 2023 single audit.</p> <p>Management's Response and Action Plan</p> <p>The construction for this project was delayed from FY2015 and there were no contract services expenses incurred until FY2022, fourth quarter. The Grants and Claims Management Unit was not informed until November 2022 (FY2023, second quarter) that the District had incurred construction costs, which led to the reimbursement claim in FY2023 to include both FY2022 and FY2023 expenditures.</p> <p>The District has been monitoring and reporting expenditures accurately and timely on all active grants. It was a one-time issue and the District still has an overall solid internal control process in place. The District has since taken action and corrected the issues related to this finding.</p>	Fully implemented	N/A

Santa Clara Valley Water District
Summary Schedule of Prior Audit Findings
Year ended June 30, 2024

Finding Reference	Identified Condition and Prior Year's Planned Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>The Grants and Claims Management Unit implemented additional controls over the year-end close processes to ensure that all expenditures are accrued for year-end and included in the SEFA. The District is now running a general ledger report quarterly for grants with semi-annual reporting requirements to ensure expenditures are captured within the fiscal year regardless of when construction activity has begun. In addition, the year-end checklist has been updated to ensure that the year-end expenditure review is completed by the project management team for each grant.</p> <p>The Finance department will provide more training and frequent communication with the project management team to ensure that all grant expenditures during the year are accounted for. The department will also continue to proactively enforce the existing policies and procedures requiring departments to complete expenditure reporting.</p>		
<p>Finding SA 2023-001</p> <p>Noncompliance with the Single Audit Reporting Requirements</p>	<p>Condition</p> <p>The District failed to report federal expenditures amounting to \$980,932 in FY 2022. Since the FY 2022 expenditures exceeded the \$750,000 threshold, the District failed to comply with the compliance audit requirements of the Uniform Guidance in FY 2022 and the single audit report submission with the Federal audit Clearinghouse.</p> <p>Management's Response and Action Plan</p> <p>The District has been monitoring and reporting expenditures accurately and timely on all active grants. It was a one-time issue and the District still has an overall solid internal control process in place. The District has since taken action and corrected the issues related to this finding.</p>	Fully implemented	N/A

**Santa Clara Valley Water District
Summary Schedule of Prior Audit Findings
Year ended June 30, 2024**

Finding Reference	Identified Condition and Prior Year's Planned Corrective Action Plan	Current Status	Explanation if not fully implemented
	<p>The Grants and Claims Management Unit implemented additional controls over the year-end close processes to ensure that all expenditures are accrued for year-end and included in the SEFA. The District is now running a general ledger report quarterly for grants with semi-annual reporting requirements to ensure expenditures are captured within the fiscal year regardless of when construction activity has begun. In addition, the year-end checklist has been updated to ensure that the year-end expenditure review is completed by the project management team for each grant.</p> <p>The Finance department will provide more training and frequent communication with the project management team to ensure that all grant expenditures during the year are accounted for. The department will also continue to proactively enforce the existing policies and procedures requiring departments to complete expenditure reporting.</p>		



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Santa Clara Valley Water District

File No.: 25-0130

Agenda Date: 2/19/2025

Item No.: 4.3.

COMMITTEE AGENDA MEMORANDUM Board Audit Committee

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:

Receive the Fiscal Year (FY) 2024-2025 Second Quarter Financial Status Update.

RECOMMENDATION:

Receive the FY 2024-2025 second quarter financial status update as of December 31, 2024.

SUMMARY:

Valley Water's Fiscal Year 2024-25 Second Quarter closed on December 31, 2024. The second quarter financial status update presentation (Attachment 1) summarizes cash and investment balances, the debt portfolio and includes a detailed comparison, and analysis, of the budget to actual status of revenues and expenditures for all funds as of December 31, 2024.

These financial statements have been prepared by Valley Water for informational purposes only and have not been audited by the external auditor. No party is authorized to disseminate these unaudited financial statements to the State Comptroller or any nationally recognized rating agency, nor are they authorized to post these financial statements on EMMA or any similar financial reporting outlets or redistribute the information without the express written authorization of the Chief Financial Officer of Valley Water. The information herein is not intended to be used by investors or potential investors in considering the purchase or sale of Valley Water bonds, notes or other obligations and investors and potential investors should rely only on information filed by Valley Water on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures, maintained on the World Wide Web at <https://emma.msrb.org/>.

ENVIRONMENTAL JUSTICE AND EQUITY IMPACT:

There are no environmental justice and equity impacts associated with this item.

ATTACHMENTS:

Attachment 1: PowerPoint

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068

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Q2 FY2024-25 Financial Status Update

February 19, 2025, Board Audit Committee

The FY 2024-25 unaudited financial statements contained herein have been prepared by Valley Water for information only and have not been audited by the external auditor. These financial statements remain subject to change by Valley Water and remain subject to review by external auditor. Changes made by the external auditor, including changes in response to the outsider auditor's review, could be material. No party is authorized to disseminate these unaudited financial statements to the State Comptroller or any nationally recognized rating agency nor post these statements on EMMA or any similar financial reporting outlets or redistribute the information without the express written authorization of the Chief Financial Officer of Valley Water. The information herein is not intended to be used by investors or potential investors in considering the purchase or sale Valley Water bonds, notes or other obligations and investors and potential investors should rely on information filed by Valley Water on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures, maintained on the World Wide Web at <https://emma.msrb.org/>.

Agenda

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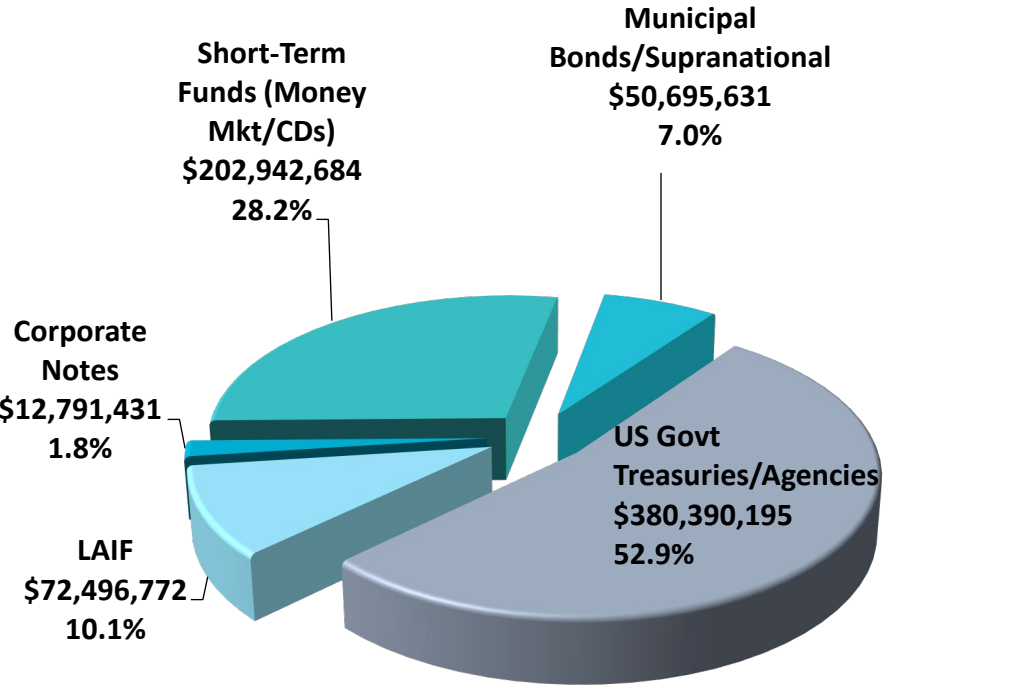
- **Financial Status**
 - **Cash and Investments**
 - **Debt Portfolio**
- **Q2 FY25 Financial Status Update**
 - **Revenue**
 - **Operating and Capital Expenditures**
 - **Reserves**

Financial Status Update – Cash & Investments

\$276 million or 38% of portfolio very liquid (LAIF & Short-Term deposits)

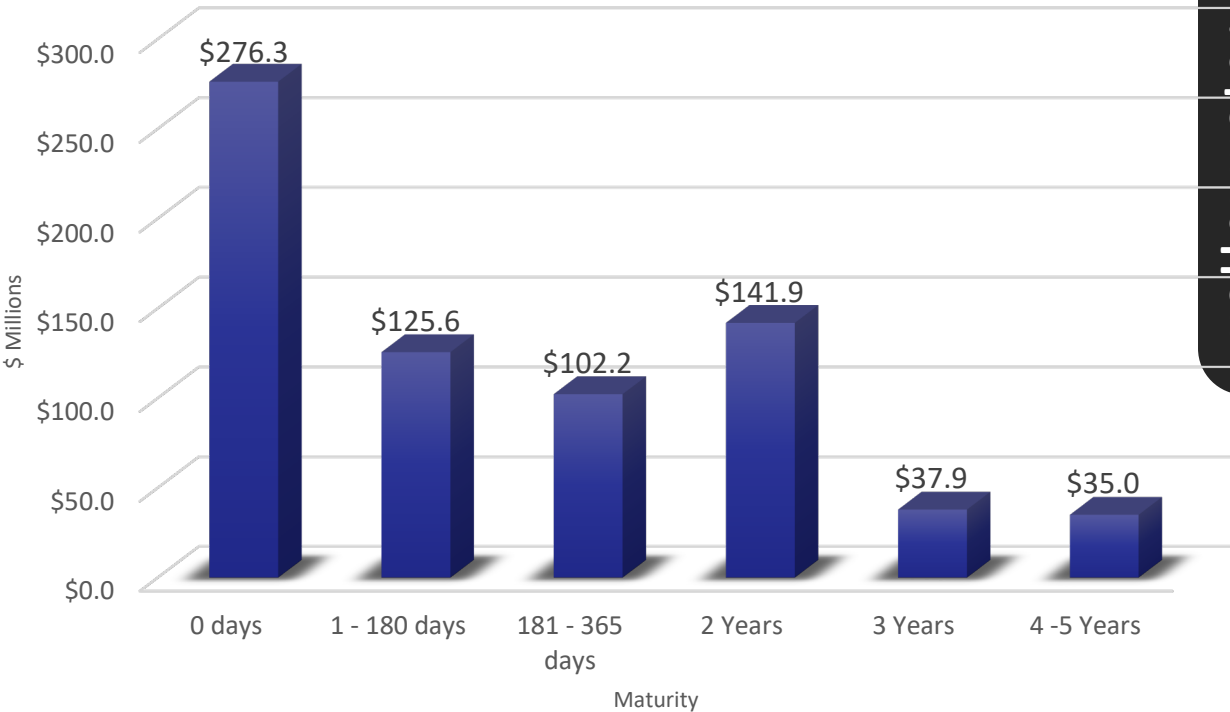
Funds reinvested based on cashflow needs

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SCVWD Portfolio Book Value as of December 31, 2024: \$719.3M

Valley Water Portfolio Aging Report
December 31, 2024
Portfolio Book Value: \$719.3 Million



Financial Status Update – Outstanding Debt

Outstanding Debt 12/31/24: \$1,310 Million

FY 2025 Debt Service Budget: \$98.6M
Water Utility: \$83.8M
Watersheds: \$5.7M
Safe, Clean Water: \$9.1M



- 2017A COPs

2016D COPs

2020C COPs

2024A-1 Bonds
- 2022A Bonds

2017A Bonds

2020D COPs

2024B-1 Bonds
- 2022B COPs

2019A Bonds

2023A Bonds

2024A-2 Bonds
- WU CP

2019B Bonds

2023B Bonds

2024B-2 Bonds
- 2016A Bonds

2019C Bonds

2023C1 COPs

2024C Bonds
- 2016B Bonds

2020A Bonds

2023C2 COPs
- 2016C COPs

2020B Bonds

2023D COPs

Financial Status Update – Debt Portfolio

Ample access to cash at low interest rates

Short-term credit facilities

- \$170M Bank Line of Credit, expires April 2025, staff working on renewal
 - US Bank Lead (\$150M), Community Bank of the Bay (\$5M), Bank of SF (\$7M), and First Foundation Bank (\$8M)
- Board authorized \$250M CP Program on 10/22/2024; closed SMBC LOC on 12/09/2024

2025 Financing Plan

- Application to increase the Anderson Dam Seismic Retrofit Project WIFIA Loan by \$639M, from \$579M to \$1.2B
- Application for \$653M CWIFP loan for Dam Safety Program to finance Guadalupe, Almaden, Calero, and Coyote Dam Seismic Retrofit projects
- WIFIA Master Agreements: \$146.7M SCW; \$579M Anderson; \$1.4B Pacheco
- FY 2025 debt issuance plans:
 - WU \$236M
 - SCW \$70M
 - Board authorization ~May 2025; issuance~ August/September 2025

Q2 FY25 - Revenues

Majority of revenues are anticipated to end the year at budgeted estimates

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(\$ in millions)	FY25 Adj Budget	Q2 FY25 Actuals	Q2 FY25 % Rec'd	Q2 FY24 Actuals	Q2 FY24 % Rec'd*
Groundwater Production Charges	\$ 184.7	\$ 83.5	45%	\$ 67.4	45%
Treated Water Revenue	211.7	118.9	56%	102.5	59%
Surface/Recycled Water Revenue	4.0	0.9	23%	0.9	25%
1% Ad-valorem Property Tax	148.4	56.5	38%	53.5	39%
Safe Clean Water Special Parcel Tax	53.5	-	0%	-	0%
Benefit Assessment	7.1	-	0%	-	0%
State Water Project Tax	28.0	0.7	3%	0.7	3%
Capital Reimbursements	42.4	12.0	28%	1.5	2%
Interest Income & Other	15.4	23.8	155%	18.0	137%
Total Revenue	\$ 695.2	\$ 296.3	43%	\$ 244.5	39%

*Q2 FY25 % received based Q2 YTD Actuals divided by FY25 Adjusted Budget

(\$ in millions)	FY25 Adj Budget	Q2 FY25 Actuals	Q2 FY25 % Rec'd	Q2 FY24 Actuals	Q2 FY24 % Rec'd*
General Fund	12.4	\$ 5.2	42%	\$ 4.7	41%
Watershed Stream Stewardship Fund	141.0	59.1	42%	49.0	32%
Safe Clean Water Fund	86.2	6.9	8%	4.1	5%
Water Utility Enterprise Fund	447.9	224.0	50%	185.8	48%
Service Funds	0.6	1.1	183%	0.9	180%
Benefit Assessment Funds	7.1	-	0%	-	0%
Total Revenue	\$ 695.2	\$ 296.3	43%	\$ 244.5	39%

*Q2 FY25 % received based Q2 YTD Actuals divided by FY25 Adjusted Budget

Observations

- Q2 FY25 revenue was \$296.3M or 43% of FY25 Budget
- SCW Special Parcel, Benefit Assessment and State Water Project Tax revenues will be received in second-half of the fiscal year
- Groundwater production charges \$83.5M or 45% of Budget and \$16.1M higher than Q2 FY24 actuals
- Treated water revenue \$118.9M or 56% of Budget and \$16.4M higher than Q2 FY24 actuals due to higher use and rates
- Capital reimbursements of \$12.0M, which varies year-over-year depending on progress of grant-funded projects
- Interest Income and Other \$23.8M, or 155% of budget, due to settlement payment and investment income on bond proceeds

Q2 FY25 - Operating and Capital Expenditures

Capital expenditures to increase in second half of fiscal year

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(\$ in millions)	FY25 Adj Budget	Q2 FY25 Actuals	Q2 FY25 % Spent	Q2 FY24 Actuals	Q2 FY24 % Spent
General Fund	\$ 90.6	\$ 34.9	39%	\$ 37.0	43%
Watershed Stream Stewardship Fund	94.4	40.3	43%	38.6	49%
Safe Clean Water Fund	37.9	15.9	42%	14.5	37%
Water Utility Enterprise Fund	390.3	180.6	46%	141.8	46%
Service Funds	48.9	20.2	41%	18.6	41%
Benefit Assessment Funds	5.8	0.7	12%	0.9	8%
Total Operating Expenditures	\$ 667.9	\$ 292.6	44%	\$251.4	44%

Note 1: Operating Adjusted Budget includes Adopted Budget and current year budget adjustments

Note 2: Budgetary Basis Actuals includes actuals and encumbrances as of 12/31/24

Note 3: % Spent is Q2 YTD Actuals divided by Adjusted Budget

(\$ in millions)	FY25 Adj Budget	Q2 FY25 Actuals	Q2 FY25 % Spent	Q2 FY24 Actuals	Q2 FY24 % Spent
General Fund	\$ 16.8	\$ 2.7	16%	\$ 0.8	13%
Watershed Stream Stewardship Fund	38.6	6.1	16%	10.2	28%
Safe Clean Water Fund	156.9	58.8	37%	31.2	15%
Water Utility Enterprise Fund	342.2	84.0	25%	174.2	26%
Service Funds	10.6	2.0	19%	3.0	4%
Total Capital Expenditures	\$ 565.1	\$ 153.6	27%	\$219.4	38%

Note 1: Capital Project Adjusted Budget includes Adopted Budget and prior year capital carryforward budget

Note 2: Budgetary Basis Actuals includes actuals and encumbrances as of 12/31/24

Note 3: % Spent is Q2 YTD Actuals divided by Adjusted Budget

Observations

- Q2 FY25 Operating Expenditures of \$292.6M or 44% of Adjusted Budget
- Water Utility Enterprise, Safe Clean Water and Watershed Stream Stewardship Funds on target
- Benefit Assessment Funds expenses occur in second half of fiscal year

- Q2 FY25 Capital Expenditures of \$153.6M or 27% of Adjusted Budget; trending lower than last fiscal year
- GF 16% spent due to timing of the HQ Bldg., Small Caps / Facility Mgmt., and Security Upgrades & Enhancements projects
- WSS Fund 16% spent primarily due to the timing of the Watersheds Asset Rehab, Lower Guadalupe River Restoration and SF Bay Shoreline projects
- WU Fund 25% spent primarily due to Anderson Dam, Coyote Pumping Plant, RWTP Reliability Improvement and Coyote Creek Flood Management Measures projects

*CIP FY 25 Q2 – Expenditure Rate

Fund	Total Projects	FY25 Q2 Expenditure Rate	Actuals	Q2 Planned Expenditure
CIP	76	78%	\$132.2M	\$168.7M
11 – General Fund	3	108%	\$2.7M	\$2.5M
12 – WSS	10	92%	\$5.3M	\$5.7M
26 – SCW	22	88%	\$56.7M	\$64.3M
61 – WU	39	69%	\$66.5M	\$95.3M
73 – IT	2	109%	\$981K	\$900K

$$\text{Expenditure Rate} = \frac{\text{Actual Expenditures}}{\text{Planned Expenditures}} \times 100\%$$

Reserve Balances

- FY25 Projected Year-end reserve balances higher than FY25 Adopted Budget due to unexpended capital project funds carried forward from FY24 to FY25

(\$ in millions)	FY25 Adopted Budget	FY25 Projected Year-end	FY25 Projected vs Adopted
Restricted Reserves			
Safe Clean Water Fund	\$ 114.9	\$ 176.6	\$ 61.7
Water Utility Enterprise Fund	37.8	44.7	6.9
Restricted Reserves Subtotal	152.7	221.3	68.6
Committed Reserves			
General Fund	14.8	19.8	5.0
Watershed & Stream Stewardship Fund	150.7	154.1	3.4
Water Utility Enterprise Fund	73.1	167.1	94.0
Service Funds	22.3	25.3	3.0
Committed Reserves Subtotal	260.9	366.3	105.4
Total Reserves	\$ 413.6	\$ 587.6	\$ 174.0

Q2 FY25 Financial Update Summary

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- Will continue to monitor performance of revenues in second half of fiscal year
- Operating expenditures estimated to end FY within budgeted levels
- First half capital expenditures trending lower than prior fiscal year
- Will highlight any significant developments as well as identify any potential budget actions necessary in second half of fiscal year



Santa Clara Valley Water District

File No.: 25-0127

Agenda Date: 2/19/2025

Item No.: 4.4.

COMMITTEE AGENDA MEMORANDUM Board Audit Committee

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:

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; and
- B. Provide feedback as needed.

SUMMARY:

On November 20, 2024, the Chief Audit Executive (CAE) presented the proposed topics for the 2025 Annual Audit Plan to the Board Audit Committee (BAC) based on his individual interviews with each of the Board members. The BAC discussed and ultimately agreed to recommend the proposed topics to the full Board. The topics recommended are as follows:

- 1) Capital project delivery activities, including Valley Water's overall approach to project and construction management, the contract vehicles employed on capital projects, methods for monitoring contractors and evaluating contract compliance, and execution. The factors may include project timelines, budget management, staffing resources, inter-departmental coordination, contractor performance, and compliance with environmental and regulatory requirements for capital projects within the watersheds.
- 2) Centralized and decentralized contracting processes, including:
 - a. Determining consistency with Santa Clara Valley Water District (Valley Water) policies, procedures, best practices, and other relevant guidance;
 - b. Assessing timeliness of contracting and procurement practices, including the identification of potential bottlenecks;
 - c. Evaluating the appropriateness of the procurement vehicles used for different types of procurements, including the purchases of goods and supplies, professional services, construction contractors, operations and maintenance contractors, and other types of procurements; and
 - d. Benchmarking research, including the extent to which Valley Water's procurement

practices compare with other public sector agencies.

- 3) Water conservation strategies, including evaluating Valley Water's relationships with other water agencies, evaluating best practices among water districts, assessing how monies dedicated to conservation activities are being spent, and identifying opportunities to enhance Valley Water's conservation goals.
- 4) Water usage and demand forecasting, including identifying best practices employed by benchmark agencies, and how forecasting models are used to inform the Water Supply Master Plan.

At its meeting on January 28, 2025, the Board approved the audit assignments and respective target start dates for each audit:

- 1) Capital Project Delivery
 - assign to Sjoberg Evashenk with possible start in late Q2 2025 and conclude in Q1 of 2026
- 2) Centralized and Decentralized Contracting Practices
 - assign to Sjoberg Evashenk with possible start in Q2 2025 and conclude in Q4 of 2025
- 3) Water Conservation Strategies
 - assign to Moss Adams with possible start in Q1 2025 and conclude in Q3 of 2025
- 4) Water Usage and Demand Forecasting
 - assign to Moss Adams with possible start in Q3 2025 and conclude in Q1 of 2026

The purpose of this agenda item is to discuss the 2025 Annual Audit Plan, discuss any new related information as appropriate, and receive any feedback the BAC deems appropriate.

ENVIRONMENTAL JUSTICE AND EQUITY IMPACT:

There are no Environmental Justice impacts associated with this item. The Annual Audit Workplan serves as a tool for communicating audit priorities as determined by the BAC and the Board of Directors.

ATTACHMENTS:

None.

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068



Santa Clara Valley Water District

File No.: 25-0126

Agenda Date: 2/19/2025

Item No.: 4.5.

COMMITTEE AGENDA MEMORANDUM Board Audit Committee

Government Code § 84308 Applies: Yes ☐ No ☒
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:

Review and Discuss 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.

SUMMARY:

Per the BAC's Charter, Article III, Paragraph 6.2, "The Committee shall, in coordination with Valley Water's Clerk of the Board, develop a proposed Annual Work Plan. Items shall be included in the Annual Work Plan based upon a majority vote of the Committee."

Under direction of the Clerk, Work Plans are used by all Board Committees to increase Committee efficiency, provide increased public notice of intended Committee discussions, and enable improved follow-up by staff. Work Plans are dynamic documents managed by Committee Chairs and are subject to change.

Since the last report provided at the January 15th, 2025, BAC meeting, there have been no significant changes to the BAC Work Plan to report.

Looking forward, the topics of discussion identified for the March 19th, 2025, BAC Meeting can be summarized as follows:

1. Conduct 2025 Self-evaluation
2. Receive CAE Activity Report to Evaluate Performance
3. Discuss the BAC Audit Charter
4. Discuss Scope of Annual Audit Training
5. 2025 BAC Work Plan
6. 2025 Annual Audit Plan

Upon review, the BAC may make changes to be incorporated into the work plan.

ENVIRONMENTAL JUSTICE AND EQUITY IMPACT:

The BAC Work Plan is not subject to environmental justice analysis. The BAC Work Plan serves as a tool utilized by the BAC to identify topics to be discussed during the public meeting and when that topic may be presented.

ATTACHMENTS:

Attachment 1: 2025 BAC Work Plan

UNCLASSIFIED MANAGER:

Candice Kwok-Smith, 408-630-3193

BOARD AUDIT COMMITTEE 2025 WORKPLAN

January 1, 2025 to December 31, 2025

		DATE:											
		No. of Topics:											
		Jan-15	Feb-19	Mar-19	Apr-16	May-21	Jun-18	Jul-16	Aug-20	Sep-17	Oct-15	Nov-19	Dec-17
#	Board Audit Committee Management	5	7	6	3	4	6	4	6	5	4	4	3
1	Conduct Annual Self-Evaluation	•		•									
2	Receive and Discuss CAE Activity Report to Evaluate Performance	•		•									
3	Election of BAC Chair and Vice Chair		•		•								
4	Discuss Board Audit Committee Audit Charter			•									
5	Discuss Scope of Annual Audit Training			•									
6	Receive Annual Audit Training					•							
7	Review and Update BAC Work Plan	•	•	•	•	•	•	•	•	•	•	•	•
8	Provide Draft BAC Work Plan for Upcoming Year												•
Board Audit Committee Special Requests													
9	Review of Joint Powers Authority (JPA) audits					•							
10	Discuss Board's CAE Contract (expires 11/22/25)					•	•						
11	Discuss the purpose of Board directed audits	•											
Board-directed Audits													
12	2020 SCW Program Grants Management		•					•					
13	2021 Permitting Best Practices				•								
14	2023 CIP Performance							•					
15	2024 Human Resources Audit												
16	2024 Information Technology Audit												
17	2024 Board Policies and Compliance Audit												
18	2025 Audit - TBD												
CAE Standing Topics													
19	Review and Update Annual Audit Plan	•	•	•	•	•	•	•	•	•	•	•	•
20	Discuss next Annual Audit Plan							•	•				
21	Discuss Draft 2026 Annual Audit Plan									•			
22	Discuss Proposed 2026 Annual Audit Plan, Assign Audit Firms, and Recommend Proposed 2026 Annual Audit Plan with assignments for Board Approval											•	
Management-directed, Program-required, & 3rd-Party Audits													
23	2022 QEMS Improvements Implementation						•						
Miscellaneous 3rd-Party Financial Audits													
24	Financial Status - Periodic Updates		•		•				•				
25	Audit Report of the Water Utility Enterprise Funds								•				
26	Audited Financial Statements					•					•		
27	Single Audit Report		•										
Staff Standing Topics													
28	Audit Recommendations Implementation Status		•					•					
29	Receive Audit Analysis Report from CAE									•			
Committee Clerk Action Items (not included in count shown in Row 3 above)													
30	Provide BAC Summary Report to full Board	•	•	•	•	•	•	•	•	•	•	•	•

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