

**District Management Audit Program**  
**External Audits and Internal Reviews - Implementation Summary Report**

Line #	Audit Name	Action Item Owner	Ref #	Sub Ref #	Finding	Summary of Recommendation	Priority Ranking (H, M, L)	Status	Recent Updates/Notes
294	2021 Permitting Best Practices Audit	Community Projects Review Unit (CPRU)	2		<p>F2: CPRU's Permit Process Could be Better at Meeting Customer and its Own Expectations for Timeliness and Communication</p> <ul style="list-style-type: none"> <li>- Permittees Want Faster Permit Processing and Better Communication with Applicants</li> <li>- CPRU Has Mixed Success in Meetings Its Goals for Timely Permit Processing</li> </ul> <p>F3: Timeliness Concerns Attributed to Multiple Factors</p> <ul style="list-style-type: none"> <li>- Engineers Spend More Time Reviewing Permits</li> <li>- Bottlenecks Occur at the End of the Permit Review Process</li> <li>- Permit Applicants Experience Challenges in Meeting Insurance Requirements</li> <li>- Some Permit Applications Are Not Recorded on a Timely Basis</li> <li>- Permit Review Activities Need Better Standardization and Clarity</li> <li>- Permit Processing is Primarily a Manual Process</li> <li>- CPRU Does Not Consistently Plan for Large Reviews</li> </ul>	The CPRU Manager should complete standardization of permit review policies, practices, roles, and responsibilities.	Low	Pending/Underway	<p>Management Response:  Management agrees with the recommendation. CPRU will update and complete the existing permit review policies, practices, and instruction guidance for various types of transactions to bring consistency in the review of projects.  Target Implementation Date: June 2022</p> <p>Auditor Response:  Management's response generally addresses the recommendation. A follow-up audit to assess CPRU's efforts to implement this recommendation should be included in the annual audit work plan for 2023.</p> <p><b>Status 02/2026: Ongoing</b>  The WRPO update was approved by the Board on August 12, 2025. Updates to the Water Resources Protection Manual are underway and expected to be taken to the Board in June 2026.</p> <p>Revised Target Implementation Date: June 2026 for Water Resources Protection Manual</p>
297	2021 Permitting Best Practices Audit	Community Projects Review Unit (CPRU)	5		<p>F2: CPRU's Permit Process Could be Better at Meeting Customer and its Own Expectations for Timeliness and Communication</p> <ul style="list-style-type: none"> <li>- Permittees Want Faster Permit Processing and Better Communication with Applicants</li> <li>- CPRU Has Mixed Success in Meetings Its Goals for Timely Permit Processing</li> </ul> <p>F3: Timeliness Concerns Attributed to Multiple Factors</p> <ul style="list-style-type: none"> <li>- Engineers Spend More Time Reviewing Permits</li> <li>- Bottlenecks Occur at the End of the Permit Review Process</li> <li>- Permit Applicants Experience Challenges in Meeting Insurance Requirements</li> <li>- Some Permit Applications Are Not Recorded on a Timely Basis</li> <li>- Permit Review Activities Need Better Standardization and Clarity</li> <li>- Permit Processing is Primarily a Manual Process</li> <li>- CPRU Does Not Consistently Plan for Large Reviews</li> </ul>	The CPRU Manager should assign customer liaison responsibilities (to one or two individuals) to ensure consistent and timely communication on permit applications to help meet customer expectations.	Low	Pending/Underway	<p>Management Response:  Management partially agrees with the recommendation. In general, the assignment of liaison responsibilities will increase confusion and will take more time of the staff reviewing the permit to provide and explain the details of customer's request to the liaison. CPRU Manager will explore the role of a liaison where this may increase efficiency and coordinate with IT to explore other tools to integrate with the database (See response to Recommendation 6). CPRU Manager will request additional resources from Management. Use of additional technicians to assist in background research for projects and review of routine, low-risk tasks will free up time to allow engineers to ensure consistent and timely communication on permit applications.  Target Implementation Date: October 2022</p> <p>Auditor Response:  Management's response generally addresses the recommendation. The use of additional resources – either a liaison or technician(s) – to perform provide customer service, would allow engineers more time to perform the technical reviews of permit applications and help to reduce review times. These additional resources may be critical to meeting customer's expectations while Valley Water's planned implementation of a new information systems for customer resource management (CRM) is undertaken that will also interface with another new information system that is planned to replace the current CPRU database. A follow-up audit to assess CPRU's efforts to implement this recommendation should be included in the annual audit work plan for 2023.</p> <p><b>Status 02/2026: Ongoing</b>  Since April 2024, VW executed an agreement with Timmons Group for implementation services for the Cityworks Software. CPRU and IT have been working with the Timmons Group on the design requirements for Cityworks as a replacement for the current CPRU database. For IT-based improvements, see Recommendation 6.</p> <p>Revised Target Implementation Date: June 2026 (IT improvements)</p>

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298	2021 Permitting Best Practices Audit	Community Projects Review Unit (CPRU)	6		<p>F4: Local Agencies' Strategies Could Benefit Valley Water</p> <ul style="list-style-type: none"> <li>- Some Agencies Utilize Online Customer Service Portals to Upload Permit Application and to Check Permit Status</li> <li>- One Agency Uses a Project Coordinator to Facilitate Communication and Timely Processing</li> <li>- Other Agencies Identify Themselves Differently; Renaming CPRU May Avoid Confusion</li> <li>- Other Agencies Outreach Annually to Publicize Agency's Permit Services</li> </ul>	<p>The CPRU Manager, in collaboration with Valley Water Information Technology Unit, should continue efforts to identify and implement the solutions for desired functionality needed to strengthen permit processing, which include:</p> <ul style="list-style-type: none"> <li>a. Electronic submission of permit applications and supporting documents that automatically creates an electronic permit review file.</li> <li>b. Expanded search function for researching past projects and permits.</li> <li>c. Customizable dashboards and/or reports that facilitate management oversight of permit processing timeliness, invoice aging, and other measures of performance.</li> <li>d. Tools, such as a request form or ticketing system, to help CPRU track requests for services in addition to permit reviews received from internal and external stakeholders.</li> <li>e. Ability for customers to self-check the status of their applications and other service requests through interface of the new customer resource management system with the new document management system.</li> <li>f. Minimize the administrative burden of tracking and reporting time spent on permit review and other asset protection services by CPRU and other Valley Water units.</li> </ul>	Low	Pending/Underway	<p>Management Response:  Management agrees and will approach the implementation of this recommendation in phases:</p> <ol style="list-style-type: none"> <li>1. Modernize processes, support submission of permit applications, track requests, complete reviews, facilitate online reporting for customers and reduce administrative burden of tracking and reporting through the selection and implementation of a new CPRU online portal. Management will consider options to include this functionality within other active projects such as the Wells Management System Upgrade and Access Valley Water. (6a, d, e, f)</li> <li>2. Expand search/research functions and reduce administrative burden via the implementation of the Data Consolidation Capital Project Proof of Concept currently underway and scheduled for completion in October 2022. (6b, f)</li> <li>3. Create Dashboards and reports via the implementation of the Data Consolidation Capital Project Proof of Concept currently underway and scheduled for completion in October 2022, the ERP Capital Project currently underway. (6c)"</li> </ol> <p>Target Implementation Date: Varies</p> <p>Auditor Response:  Management's response generally addresses the recommendation. A target date to complete all activities should be established and a follow-up audit to assess CPRU's efforts to implement this recommendation should be included in the annual audit work plan for 2023.</p> <p><b>Status 02/2026: Ongoing.</b></p> <ol style="list-style-type: none"> <li>1. Ongoing. Work with the Timmons Group to implement Cityworks is underway. Timmons currently estimates that the new online portal will take approximately 1 year to implement. Cityworks will include all the functionality recommended by the audit items a thru e. Cityworks will reduce staff labor answering questions from customers on project status, allow for automated customer guidance on how to submit a complete application, and allow for dashboards to monitor and track customer submittals and timelines which the current database cannot do.</li> <li>2. Ongoing. CPRU has specified that its online customer service portal must have expanded and agile search capabilities.</li> <li>3. Ongoing. CPRU has specified that its online customer service portal must have configurable dashboards for management.</li> </ol> <p>Revised Target Implementation Date: June 2026</p>
304	2021 Permitting Best Practices Audit	Community Projects Review Unit (CPRU)	12		<p>F5: Update Needed for Fee Schedule and Cost Recovery Strategy</p> <ul style="list-style-type: none"> <li>- Valley Water Recovers Only a Small Percentage of CPRU's Operating Costs from Permit Fees and Other Services</li> <li>- Updating Valley Water's Fee Schedule, Based on a Fee Study, Could Help Ensure Appropriate Cost Recovery</li> <li>- Updated Guidance for Billing for Staff Time Spent Reviewing Permits is Needed</li> <li>- Other Local Water Agencies Charge Hourly Rate Instead of Flat Fee for Inspections</li> </ul>	<p>The CPRU Manager should adopt a risk-based permit review strategy to reduce processing time for low-risk, repetitive types of permit applications. Clarify in the strategy how time spent on the review of permit applications and other processing tasks should be tracked and invoiced.</p>	Low	Pending/Underway	<p>Management Response:  Management agrees with this recommendation.</p> <ol style="list-style-type: none"> <li>a. CPRU Manger will consider strategies to reduce processing time for low-risk, repetitive types of permit applications. CPRU Manager and experienced staff, through permit guidance instructions will add further clarity for new and less experienced staff and reduce ambiguity in the process. (Target Date: June 2022)</li> <li>b. Implementation of Recommendation 6 via the implementation of the Data Consolidation Capital Project Proof of Concept and the ERP Capital Project and the results of the fee study with the implementation of Recommendation 11, and results from Recommendation 13 will provide better information and insight to strategize the tracking and invoicing of permit applications and other processing tasks. (Target Date: June 2023 depending on the research outcome in Recommendation 13)</li> </ol> <p>Target Implementation Date: Varies</p> <p>Auditor Response:  Management's response generally satisfies the recommendation. A follow-up audit to assess CPRU's efforts to implement this recommendation should be included in the annual audit work plan for 2023.</p> <p><b>Status 02/2026:</b></p> <ol style="list-style-type: none"> <li>a. Complete</li> <li>b. Ongoing. See Recommendation 6.</li> </ol> <p>Revised Target Implementation Date: Recommendation 6—June 2026.</p>
305	2021 Permitting Best Practices Audit	Community Projects Review Unit (CPRU)	13		<p>F6: Robust Internal Control Framework Needed to Ensure Accurate and Timely Invoicing and Collection of Fee Payments</p>	<p>The CPRU Manager and the Chief Financial Officer should seek to identify an IT solution to ensure timely and accurate recording of invoices, payments, and deposits. One option to consider is to use Valley Water's core financial management information system.</p>	Low	Pending/Underway	<p>Management Response:  Management agrees and will engage in the research, specification, selection, procurement, and implementation of a comprehensive tool capable of ensuring accurate recording of invoices, payments, and deposits.  Target Implementation Date: June 2023 depending on research outcome.</p> <p>Auditor Response:  Management's response generally addresses the recommendation. A follow-up audit to assess CPRU's efforts to implement this recommendation should be included in the annual audit work plan for 2023.</p> <p><b>Status 02/2026: Ongoing.</b></p> <p>See Recommendation 6 for IT upgrade status. CPRU has specified that its online customer service portal must have an ability to integrate invoicing.</p> <p>Revised Target Implementation Date: Recommendation 6—June 2026</p>

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306	2021 Permitting Best Practices Audit	Community Projects Review Unit (CPRU)	14		F6: Robust Internal Control Framework Needed to Ensure Accurate and Timely Invoicing and Collection of Fee Payments	The CPRU Manager, in coordination with the Chief Financial Officer, should establish processes for invoicing and collection of payments that includes a robust framework of financial management internal controls, in particular the segregation of duties for billing and collections; cash management; monitoring of aging receivables; and reconciliation.	Low	Pending/Underway	<p>Management Response:  Management agrees and will approach the implementation of this recommendation in phases:  1. Implement the suggested financial management internal controls under the current CPRU data base system, (Target date – July 2021).  2. Engage a consultant to assist in the development of a billing and revenue collection policy that incorporates best practices (Target date – March 2022).  3. Implement an IT solution for invoicing that is linked to Valley Water’s core financial system and aligns with Valley Water’s billing and revenue collection policy (Target date – June 2023 depending on the research outcome (R13)  Target Implementation Date: Varies.</p> <p>Auditor Response:  Management’s response generally addresses the recommendation. A follow-up audit to assess CPRU’s efforts to implement this recommendation should be included in the annual audit work plan for 2023.</p> <p><b>Status 02/2026:</b>  a. Complete.  b. Complete.  c. Ongoing. See Recommendation 6 for IT upgrade status. CPRU has specified that its online customer service portal must have an ability to integrate invoicing. Currently CPRU has to create invoices in Oracle and MuniBilling which created additional work to address the recommendation in the interim.</p> <p>Revised Target Implementation Date: June 2026</p>
344	2023 Capital Improvement Program Performance Audit	Business Planning and Analysis (CIP Team)	1	b	Schedule and spending targets established in the CIP 5-Year Plan may not be achievable.	Improve CIP goal attainment, including the likelihood that expenditure and schedule targets are met, by identifying specific staff and contract resources required to complete projects, including the type of resource, quantity of resource, and timing of the need for the resource	High	Pending/Underway	<p>Management agrees and believes this recommendation will be addressed through the implementation of our new resource planning/staff forecasting tool VEMO.</p> <p><b>01/09/26:</b> The development of new functionalities of Vemo is underway. In the interim, the Budget Office has developed a tool for Capital Project managers to use for estimating labor hours. Estimated to be fully implemented by Q4, FY26.</p>
345	2023 Capital Improvement Program Performance Audit	Business Planning and Analysis (CIP Team)	1	c	Schedule and spending targets established in the CIP 5-Year Plan may not be achievable.	Improve CIP goal attainment, including the likelihood that expenditure and schedule targets are met, by conducting and formally memorializing analyses of common cost and schedule delays in the Lessons Learned database in ProjectMates and share results agency-wide	High	Pending/Underway	<p>Management agrees and will implement this recommendation through ProjectMates.</p> <p><b>01/09/26:</b> The implementation of the Lessons Learned database in ProjectMates is underway. Estimated to be fully implemented by Q4, FY26. The documentation and formal memorialization of common cost and schedule delays, via the new Table 5 in Vena is deemed complete. Change Management Categories are tracked and monitored. Additionally, Valley Water staff held trainings on: 1) Lessons Learned Training on 6/24/25 for Construction phase, Design and Construction phases, and Construction contract procurement best practices; and 2) Construction Cost Estimating Training on 06/25/25.</p>
348	2023 Capital Improvement Program Performance Audit	Business Planning and Analysis (CIP Team)	2	c	Valley Water’s performance in delivering capital projects is obscured by the lack of a robust performance measurement system	Develop a performance measurement system that effectively demonstrates Valley Water’s performance in achieving the goals of the CIP and the capital infrastructure goals of its master plans. This includes incorporating anticipated timelines within which the results of recent process improvements are expected to be evident and measurable in CIP outcomes.	Medium	Pending/Underway	<p>Management agrees. Management is proposing a two-year implementation period for ProjectMates, with a follow-up audit to validate success (e.g. follow-up audit to be initiated in FY26 to allow time for implementation of ProjectMates and Vemo).</p> <p><b>01/09/26:</b> Implementation underway. Estimated to be fully implemented by Q4, FY26.</p>

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358	2023 Close-out Audit of the 2012 Safe, Clean Water Program	Chief of Staff/District Counsel	1		Valley Water does not have a conflict-of-interest policy that applies to the Independent Monitoring Committee (IMC) members. Conflicts of interest, whether real or perceived, can harm the Program's reputation and integrity.	Develop a conflict-of-interest policy that applies to IMC members and incorporate education on conflicts of interest into IMC orientation and training procedures.	Low	Completed/Implemented	Management Response: Management agrees with the recommendation. Staff will evaluate the processes and committees to which the conflict-of-interest policy would be applicable. A plan and policy are expected to be in place by October 2024.  <b>Update as of 01-14-26</b> Status is "Completed" The Board adopted the new IMC resolution that included conflict of interest provisions at the September 23, 2025 meeting.
360	2023 Close-out Audit of the 2012 Safe, Clean Water Program	Business Planning and Analysis (SCW Team)	3		Some Program KPIs relied on external organizations for completion, which made them more difficult to achieve on schedule. Additionally, some KPIs were based on outputs instead of outcomes, which created limitations in the measurement of the Program's impact on the community.	Examine KPIs in future iterations of the Program and make revisions as needed to better reflect KPIs that are within Valley Water's control and focus on outcome-based KPIs. Where KPIs are not able to be fully within Valley Water's control, consider defining Valley Water's level of responsibility (e.g., primary or contributing responsibility) and develop strategies for addressing external factors that limit the ability of the KPIs to be achieved.	Medium	Completed/Implemented	<b>Management Response:</b> Staff acknowledges the recommendation and sees the upcoming independent audit of the renewed Safe, Clean Water and Natural Flood Protection Program (Renewed Program Audit) as the appropriate opportunity to review the KPIs. The renewed Program replaced the 2012 Program in its entirety and includes a new priority, new projects, and KPIs. The renewed Program has three categories of KPIs, namely Performance-based, requiring completion of a specific activity; Fiscal-based, requiring full allocation to be expended to accomplish desired outcomes; and Schedule-based, requiring project completion according to a timeline, and these will be reviewed as part of the Renewed Program Audit.  <b>Background:</b> The Safe, Clean Water Program Resolution No. 20-64, Section Q states "While the Safe, Clean Water and Natural Flood Protection program is in effect, the Board of Directors shall conduct independent professional audits of the Program to provide for accountability and transparency at least every five years." Following a recommendation from the Independent Monitoring Committee in February 2023, the Board approved two separate audits: a closeout audit for the 2012 Program (the current audit) and a distinct audit for the renewed Safe, Clean Water Program. The renewed Program, which voters approved in 2020 and became effective on July 1, 2021, is now in its third year of implementation. Staff expects to engage an auditor for the renewed Program by July 2024 and will share the 2012 Program closeout audit recommendations with the new auditor  <b>Update as of 01-14-26</b> PMA Consultants, LLC has completed the independent professional audit of the renewed Safe, Clean Water Program. On November 12, 2025, the Board received the final report, titled "Safe, Clean Water and Natural Flood Protection Program (Measure S) Performance Audit Report, FY 2022-24" (Renewed Program Audit), together with management's response. The report includes recommendations related to examining and revising certain key performance indicators (KPIs). Staff will report on progress toward implementing these recommendations as part of the updates on the Renewed Program Audit.
364	2024 Human Resources	HR Deputy	1	b	Due to leadership changes and insufficient communication, HR employees struggle to trust Department leadership	Develop a Departmental operating plan that details key initiatives to build confidence in the strategic direction of the Department.	High	Completed/Implemented	Although Management agrees with this finding, we believe there is more to it. Valley Water's employment engagement survey conducted in 2023 resulted in a focus on trust and communication as an entire agency. Over the last year, Human Resources (HR) has diligently focused on these areas. The annual 2024 department retreat concentrated on this area, and all employees committed to adding 2025 performance goals, a clear sign of our collective dedication to improving trust and communication.  B. Operation Plan – During the January 2025 all-employee meeting, the HR leadership communicated the 2025 goals and objectives. The department will also develop an operating plan that provides information on key initiatives.  <b>12/30/2025 Status:</b> During the January 2025 all-employee meeting, the HR leadership communicated the 2025 goals and objectives. The department also developed an operating plan that provides information on key initiatives. The Operations Plan was reviewed and approved by HR Leadership and our Chief in Q4 2025. While the document is completed and this audit item is completed, HR intends to communicate the HR Operations plan with chiefs and all staff during a date to be determined in Q1 2026.
365	2024 Human Resources	HR Deputy	1	c	Due to leadership changes and insufficient communication, HR employees struggle to trust Department leadership	Review HR employee classifications for HR staff to determine whether their job function suggests they should be confidential positions.	Medium	Pending/Underway	Although Management agrees with this finding, we believe there is more to it. Valley Water's employment engagement survey conducted in 2023 resulted in a focus on trust and communication as an entire agency. Over the last year, Human Resources (HR) has diligently focused on these areas. The annual 2024 department retreat concentrated on this area, and all employees committed to adding 2025 performance goals, a clear sign of our collective dedication to improving trust and communication.  C. Position Evaluation- Management will review and evaluate the positions within the Human Resources Department to address confidentiality.  <b>12/30/2025 Status:</b> The evaluation and review of Position Evaluations was moved to a target completion date closer to Q1/Q2 2026 as contract negotiations are being conducted during Q4 2025. A draft proposal of contract language was developed and will be shared with the BUs. However, until contract negotiations are completed, a policy cannot be finalized.
366	2024 Human Resources	HR Deputy	2	a	Staff report that changes to processes, systems, and departmental organization are not always well-communicated, resulting in confusion and inconsistent change adoption.	Employ the principles of change management to effectively communicate and integrate changes within the Department.	Medium	Completed/Implemented	Although Management agrees with this finding, we believe there is more to this finding. There are times when information is provided to staff, but the timeline implementation is quick, which can cause staff concerns. Human Resources Management is committed to a Human Resources Environment that is fair and transparent and changes are implemented in the best way for the department.  <b>12/30/2025 Status:</b> The change management training session for the HR Leaders was completed on Tuesday, September 16, 2025.

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368	2024 Human Resources	Human Resources & IT	3	a	The Department is experiencing challenges using Infor, the District's enterprise resource planning system (ERP), as its human resource information system (HRIS) due to challenges with system implementation and lack of system integration.	As the District seeks a new ERP system, ensure that a representative from HR with a strong understanding of system needs is highly involved in evaluating system capabilities against HR's system needs.	High	Pending/Underway	Management agrees with the recommendations and are in process of obtaining an ERP to address our HRIS deficiencies. Human Resources recently implemented an HRIS unit within the department. Not having the unit greatly hindered the ability to understand the functionality and interfaces needed for an effective and efficient ERP system. Key HR staff have been identified to be part of the evaluation and implementation of the ERP. In addition to an ERP system Valley Water will contract with an implementation partner certified in implementing the solution provider's software. The Request for Proposal (RFP) for both the software solution and the implementer was published in January 2025.  <b>12/30/2025 Status:</b> RFP completed Q1 2025. Efforts have been made to address HRIS deficiencies, including the establishment of an HRIS team and the completion of an initial vendor evaluation through the RFP process. Based on these findings, the evaluation approach is being intentionally expanded from Payroll-only to include HCM functionality, ensuring the selected solution best supports long-term operational and strategic needs. This refinement reflects a continual improvement approach to selecting the right ERP solution. Estimated implementation Q3/Q4 2026.
369	2024 Human Resources	Human Resources & IT	3	b	The Department is experiencing challenges using Infor, the District's enterprise resource planning system (ERP), as its human resource information system (HRIS) due to challenges with system implementation and lack of system integration.	After a new system is selected, conduct a thorough implementation process to support successful system adoption.	High	Pending/Underway	Management agrees with the recommendations and are in process of obtaining an ERP to address our HRIS deficiencies. Human Resources recently implemented an HRIS unit within the department. Not having the unit greatly hindered the ability to understand the functionality and interfaces needed for an effective and efficient ERP system. Key HR staff have been identified to be part of the evaluation and implementation of the ERP. In addition to an ERP system Valley Water will contract with an implementation partner certified in implementing the solution provider's software. The Request for Proposal (RFP) for both the software solution and the implementer was published in January 2025.  <b>12/30/2025 Status:</b> Item 3b cannot be started until item 3a is completed.
373	2024 Renewed SCW Prog	CFO, Financial Planning & Management Services	1		The audit identified a minor procedural discrepancy in how Valley Water files Measure S tax resolutions with Santa Clara County. While the measure specifies filing with the Auditor-Controller and County Recorder, current practice is to file with the County Clerk-Recorder and Tax Assessor, reflecting changes in County office structure.	Formally document the assessment that the current process meets the functional intent of Measure S, Provision C. Furthermore, incorporate clarifying language into future Board resolutions to explicitly state the specific County offices where certified copies will be filed. Document the rationale supporting the current filing process and include clarifying language in future Board resolutions specifying why certified copies are filed with the current County offices.	Low	Pending/Underway	<b>Response:</b> Management agrees with the recommendation and staff will implement this recommendation.  <b>Implementation Date:</b> Q4, FY26 for FY2026-2027 Annual Rate Setting Report (May 2026).
374	2024 Renewed SCW Prog	CFO, Financial Planning & Management Services and AO, Office of Integrated Water Management – Business Planning and Analysis Unit	2		The process for reconciling SCW capital project funding allocations with adjustments approved in the CIP Plan needs improvement to support accurate and timely reporting in the SCW Annual Report.	Revise methods for identifying, reconciling, and reporting SCW funding allocation adjustments. Establish a corrected baseline, create a formal reconciliation process for CIP changes, require management review before publication, and clarify public reporting expectations in the Change Control Process.	High	Pending/Underway	<b>Response:</b> Management agrees with the recommendation and staff will implement the recommendation.  <b>Implementation Date:</b> Q4, FY26
375	2024 Renewed SCW Prog	AO, Office of Integrated Water Management – Business Planning and Analysis Unit	3		A clearer crosswalk is needed between CIP and SCW project schedule adjustments to improve transparency for stakeholders. Currently, differences in reporting cycles and formats make it challenging to track the impact of schedule changes on KPI delivery.	Continue the practice of clearly and visually differentiating the milestone for achieving a project's KPI from the milestones for other project phases; illustrate and explain how adjustments to capital project schedules in the CIP Plan impact the delivery schedule for the corresponding SCW Program KPI; when presenting the annual CIP Plan for Board approval, explicitly report on how proposed schedule changes will affect the KPI delivery dates for SCW projects; and update the Change Control Process to clarify how schedule changes will be made publicly available through reporting and posting on the Program's web page.	High	Pending/Underway	<b>Response:</b> Management agrees with the recommendation and staff will implement the recommendation.  <b>Implementation Date:</b> Q4, FY26
376	2024 Renewed SCW Prog	AO, Office of Integrated Water Management – Business Planning and Analysis Unit and COB, Office of the Clerk of the Board	4		A prior audit recommendation to implement a conflict-of-interest policy for the Independent Monitoring Committee (IMC) has not yet been finalized or implemented.	Finalize and implement a formal Conflict of Interest framework for the Independent Monitoring Committee.	Medium	Completed/Implemented	<b>Response:</b> Management agrees with the recommendation and on Sept. 23, 2025, the Board adopted a resolution establishing new conflict of interest disclosure requirements for IMC members.  <b>Implementation Date:</b> Q2, FY26 - COMPLETED
377	2024 Renewed SCW Prog	COB, Office of the Clerk of the Board	5		Ongoing vacancies on the IMC have made it challenging to consistently meet quorum requirements and distribute workload among members.	Partner with the Board to enhance recruitment strategies, to identify, attract, and recruit qualified candidates.	Medium	Pending/Underway	<b>Response:</b> Management agrees with the recommendation and staff will explore additional recruitment strategies in partnership with the Board of Directors.  <b>Implementation Date:</b> Q4, FY26

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378	2024 Renewed SCW Prog	COO, Watersheds	6		Valley Water's role in this externally led partnership, Project E5, has shifted from project lead to funding partner. The project's existing management mechanisms, designed for direct project execution, may not be the most effective tools for managing this evolving role.	Implement a Strategic Decision & Risk Log to identify and monitor key decisions, document Valley Water's official positions, assess associated risks, and guide proactive engagement.	High	Pending/Underway	<b>Response:</b> Management agrees with the recommendation and where applicable, staff will develop and implement a Strategic Decision & Risk Log to formalize its partnership management. <b>Implementation Date:</b> Q4, FY26
379	2024 Renewed SCW Prog	COO, Watersheds	7		The KPI for Project E5 holds Valley Water accountable for a community outcome it no longer directly controls due to the transfer of leadership to the SFCJPA. The KPI, as currently worded, does not accurately reflect Valley Water's role.	Continue to re-evaluate the KPI, shifting from an outcome-based metric to one that measures Valley Water's specific, controllable contributions, such as a funding or partnership-based deliverable.	High	Pending/Underway	<b>Response:</b> Management agrees with the recommendation and staff will reevaluate Project E5: San Francisquito Creek Flood Protection KPIs to determine how best to reflect current realities. If it is determined that modifications to the KPIs are required, management will propose them in accordance with the Change Control Process. <b>Implementation Date:</b> Q4, FY26
380	2024 Renewed SCW Prog	DOO, Watersheds Operations and Maintenance Division	8		Inconsistent processes for entering and compiling operational data impacted the accuracy of reported performance figures. For Project F5, inconsistencies were noted in the initial entry of source data, while for Project D1, reported figures in the SCW Annual Report varied from the underlying data in the Maximo system.	Enhance procedures to ensure accurate data entry and processes for ensuring final reports align with source data.	Low	Pending/Underway	<b>Response:</b> Management agrees with the recommendations and staff will develop a process to verify that the data entered is in alignment with the work performed. <b>Implementation Date:</b> Q4, FY26
381	2024 Renewed SCW Prog	COO, Watersheds	9		KPIs could be improved to support long-term financial sustainability and more accurately reflect the scope of program activities. Project F1.1's KPI represents a perpetual maintenance commitment, while KPIs for Projects D1 and F3 could be enhanced for clarity and scope.	Enhance review of KPIs to ensure they are financially sustainable, remain aligned with current project activities, and that their descriptions clearly articulate the project's scope and deliverables.	Medium	Pending/Underway	<b>Response:</b> Management acknowledges the recommendation. Staff is assessing related policies and processes. Depending on the outcome of those efforts, Valley Water may consider modifying the KPI in the current 15-year financial cycle or revisit it in the next 15-year financial cycle. <b>Implementation Date:</b> Q4, FY26
382	2025 Water Conservation Program	Water Supply Planning and Conservation Unit	1		Valley Water's Water Conservation team is understaffed compared to peer agencies, which may limit capacity to manage workloads and poses risk to achieving the District's long-term conservation goals.	To ensure the Water Conservation team can meet the District's long-term conservation goals, Valley Water should consider adding at least five additional staff to the Water Conservation team who are dedicated to stakeholder engagement and administrative and program support.	Medium	Pending/Underway	<b>Response:</b> This recommendation is consistent with the 2021 Water Conservation Strategic Plan findings, recommending an additional 6 full-time staff to meet the Board's 2040 goal. In 2021, three full-time staff were added. Since the program meets its annual water savings metric, the remaining three positions are documented as unfunded needs in the budget process. Additionally with the adoption of the Board's 2050 Target, an additional ten (10) full-time staff will need to be added to the program. Management will continue to monitor the programs progress towards meeting its annual metric to guide adding additional staff in a phased approach to be mindful of water rate affordability concerns. <b>Implementation Date:</b> Ongoing
383	2025 Water Conservation Program	Water Supply Planning and Conservation Unit	2		Valley Water employs a multiple channel outreach approach similar to its peers but does not currently have a formal integrated communications strategy. Along with limited staffing capacity, this may constrain its ability to effectively engage diverse and underserved populations and fully realize the potential of its water conservation programs.	To build on the District's existing outreach activities, the Water Conservation team should work with other District departments, including the Office of Communications, to develop and implement a formalized, comprehensive, data-driven strategic engagement strategy that clearly defines target audiences, messaging priorities, and outreach methods.	Medium	Pending/Underway	<b>Response:</b> Management agrees with this recommendation and will incorporate the development of a data-driven strategic engagement strategy as part of the 5-year update to the 2021 Water Conservation Strategic Plan. A RFP is under development with the goal of hiring a consultant in late 2026. <b>Implementation Date:</b> 2026 - 2028
384	2025 Water Conservation Program	Administrative Services/External Affairs	3	a	The effectiveness of Valley Water's water conservation programs is constrained by capacity challenges and opportunities to improve alignment with the following key support departments: Procurement, Communications, and IT.	To address the capacity and coordination needs impacting water conservation activities, the District should evaluate workload and staffing needs in the Procurement, Communications, and IT departments to ensure support for water conservation and other District priorities.	Low	Completed/Implemented	<b>Response:</b> The Procurement and Information Technology teams have refined their processes to better track, manage, and enhance services that rely on externally managed IT contracts, thereby supporting water conservation initiatives and other Valley Water business functions more effectively. While the current staffing from the Office of Communications is sufficient to support the existing goals and outcomes defined by the Water Conservation and Communications business units, should the recommended cross-functional engagement strategy be developed and implemented, the need for additional staffing and workload evaluation would be warranted. <b>Implementation Date:</b> Completed
385	2025 Water Conservation Program	Administrative Services/External Affairs	3	b	The effectiveness of Valley Water's water conservation programs is constrained by capacity challenges and opportunities to improve alignment with the following key support departments: Procurement, Communications, and IT.	To address the capacity and coordination needs impacting water conservation activities, the District should continue the current procurement audit to review and streamline procurement processes.	Low	Completed/Implemented	<b>Response:</b> The Procurement and Information Technology teams have refined their processes to better track, manage, and enhance services that rely on externally managed IT contracts, thereby supporting water conservation initiatives and other Valley Water business functions more effectively. While the current staffing from the Office of Communications is sufficient to support the existing goals and outcomes defined by the Water Conservation and Communications business units, should the recommended cross-functional engagement strategy be developed and implemented, the need for additional staffing and workload evaluation would be warranted. <b>Implementation Date:</b> Completed

**District Management Audit Program**  
**External Audits and Internal Reviews - Implementation Summary Report**

Line #	Audit Name	Action Item Owner	Ref #	Sub Ref #	Finding	Summary of Recommendation	Priority Ranking (H, M, L)	Status	Recent Updates/Notes
386	2025 Water Conservation Program	Water Supply Planning and Conservation Unit	3	c	The effectiveness of Valley Water's water conservation programs is constrained by capacity challenges and opportunities to improve alignment with the following key support departments: Procurement, Communications, and IT.	To facilitate better coordination, the Water Conservation team should formalize collaboration efforts with the Communications department by establishing a clear framework that defines roles, responsibilities, and decision making authority for the annual water conservation campaign.	Low	Pending/Underway	<p><b>Response:</b> The water conservation team meets with the Procurement, Communications, and IT teams on a monthly basis to facilitate coordinating various work activities and ensure that existing roles and responsibilities are well defined. During times of the development of water conservation campaigns, which are now year-round, meetings with the communications team occur every two weeks. With respect to communications, the Water Conservation Unit leads: campaign priorities and campaign funding. Creative development is collaborative and campaign execution and media buys are lead by the Communications team.</p> <p>Management will incorporate establishing a clear framework, roles, responsibilities and decision-making authority as part of the RFP under finding #2.</p> <p><b>Implementation Date:</b> 2026 - 2028</p>

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