



MEMORANDUM

FC 14

TO: Board of Directors **FROM:** Board Audit Committee

SUBJECT: Board Audit Committee (BAC) **DATE:** March 24, 2026
February 18 2026, Regular Meeting Summary

This memorandum summarizes agenda items from the meeting of the Board Audit Committee (BAC) held on Wednesday, February 18, 2026.

Receive the Fiscal Year (FY) 2025-2026 Second Quarter Financial Status Update as of December 31, 2025.

The Committee received and discussed the information, took no formal action and inquired whether projects were proceeding on schedule and noted that any adjustments would be submitted to the full Board through the Change Management Memo (CMM) process. The Committee confirmed there were no changes to report regarding the financial policies.

Receive a Status Update on the Implementation of Audit Recommendations; Authorize Staff to Close Completed Board-Directed Audits or Refer Them to the Chief Audit Executive (CAE) for Follow-Up Review; and Discuss a Timing of Next Update.

The Committee received and discussed the information and expressed interest in having a list for the Board of the overall expenses or fiscal implications associated with implementing the audit recommendations. The Committee noted positive feedback received from the public regarding the permitting process; discussed evaluating Key Performance Indicators (KPIs), monitoring customer feedback, and potential budget impacts during the audit implementation process.

It was moved by Director Estremera and seconded by Vice Chairperson Ballard and unanimously approved to close out the 2020 Safe, Clean Water (SCW) Program Grant Management Performance Audit.

Continue Discussion on the Status of the On-Call Management Services Agreement for the Chief Audit Executive and Recommend the Board Directors Initiate a Request for Proposal (RFP).

The Committee received and discussed the information and expressed support for obtaining the Board's feedback on the selection of the CAE and discussed potential questions and desired characteristics of the position. The Committee discussed the BAC's role in the CAE selection process and expressed support for Vice Chairperson Ballard serving as the committee's representative on the RFP Review Panel.

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

- B. Recommend the Board of Directors Initiate an RFP.

Discuss 2026 Annual Audit Plan (Risk Assessment, Asset Management, Pacheco Reservoir Project, and Investigations Process), and Provide Feedback as Needed.

The Committee received and discussed the information, took no formal action, and discussed the audit plan process and noted the potential for a phased approach for larger capital projects to reduce risk for the agency. The Committee expressed support for the CAE to review the Board Policy and Monitoring Committee's (BPMC's) discussion regarding an investigation process for Board Appointed Officers (BAOs). The Committee expressed support for developing a follow-up process to revisit an audit if the final report is not as productive as expected.

Review and Discuss 2026 Board Audit Committee (BAC) Work Plan.

The Committee received the information, took no formal action, and without further discussion, noted the update on the 2026 BAC Work Plan.

The next regular meeting was scheduled to occur at 1:00 pm on March 18, 2026.

Board members' comments and suggestions can be forwarded to Nicole Merritt, Deputy Clerk (Committee Meetings) at (408) 630-3262 or by email: nmerritt@valleywater.org