



MEMORANDUM

FC 14

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

SUBJECT: Board Audit Committee (BAC) **DATE:** January 14, 2025
November 20, 2024 Regular Meeting Summary.

This memorandum summarizes agenda items from the meeting of the Board Audit Committee (BAC) held on Wednesday, November 20, 2024.

Discuss the Valley Water Draft Annual Comprehensive Financial Report (ACFR) for the Fiscal Year (FY) Ending on June 30, 2024; and Recommend Acceptance by the Full Board.

The Committee received the information and confirmed the timeline as normal for this type audit report for governmental agencies with a FY ending on June 30, 2024 with the target to present to the Board at the December 10, 2024 meeting or the January 14th, 2025 meeting. The Committee inquired about the contractual obligations for when audit reports are presented to the Board, confirmed that audit schedules are negotiated to not hinder the independent audit process, and noted support of the Board having time to review the audit reports prior to budget/policy decisions. The Committee thanked the consultant and acknowledged Darin Taylor and staff’s hard work and for listening to the BAC’s concerns to hire a robust and rigorous audit firm experienced with Valley Water’s size and complexity.

It was moved by Vice Chairperson Beall and seconded by Chairperson Keegan and carried by unanimous vote for the ACFR for the FY ending on June 30, 2024 upon final completion, free of new findings or weaknesses to recommend acceptance by the full Board.

Discuss and Identify Potential Audit Topics for 2025 Annual Audit Plan and Recommend Proposed Audit Topics for 2025 to the Board.

The Committee received the information, and confirmed the scope for the Centralized and decentralized contracting processes audit topic includes review of the ability to cut down the cycle time to deliver projects relating to the procurement of Capital and Operational professional services contracts to assist with and incentivize meeting project deadlines and limiting change orders. The Committee noted support of the Chief Audit Executive’s (CAE) recommendation to have the Valley Water’s intergovernmental agreements/approach to Joint Powers Authorities as a lower priority audit topic that can be flushed out by management and to propose only 3 or 4 audit topics to avoid a heavy strain on staff. The Committee noted support of the following proposed audit topics: Capital project delivery activities, Centralized and decentralized contracting processes, Water conservation strategies, and Water usage and demand forecasting with Capital

Barbara Keegan
Director, District 2
Board Audit Committee Chairperson

project delivery activities being the highest priority audit topic. The Committee noted the importance of the Water conservation strategies and Water usage and demand forecasting audit topics and confirmed that the Capital project delivery activities audit is anticipated to take up most of the calendar year.

It was moved by Vice Chairperson Beall and seconded and amended by Chairperson Keegan to identify Capital project delivery activities as the highest priority audit topic and carried by unanimous vote that the BAC recommend acceptance by the full Board the following proposed audit topics of Capital project delivery activities, Centralized and decentralized contracting processes, Water conservation strategies, and Water usage and demand forecasting for consideration and inclusion in the 2025 Annual Audit Work Plan.

Discuss 2024 Annual Audit Plan (Including Information Technology (IT), Human Resources (HR), and Board Policies Audits) and Provide Feedback as Needed.

The Committee received the information, took no formal action, and noted the audits for IT, HR, and Board Policies are progressing with the HR audit in the draft report phase, IT audit in fieldwork, and the Board Policies audit meetings have been scheduled. HR audit is targeted for completion potentially by the end of 2024 and the IT and Board Policies audits are targeted for completion potentially in early 2025.

Review and Discuss the 2024 Board Audit Committee (BAC) Work Plan.

The Committee received the information, took no formal action, and noted support of canceling the BAC December 2024 meeting.

The next regular BAC meeting is scheduled for 1:00 p.m. on January 15, 2025.

Board member comments and suggestions can be forwarded to Nicole Merritt, Assistant Deputy Clerk II at (408) 630-3262 or by email to nmerritt@valleywater.org.