



MEMORANDUM

FC 14

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

SUBJECT: Board Audit Committee (BAC) **DATE:** January 27, 2026
December 19, 2025, Special Meeting Summary

This memorandum summarizes agenda items from the meeting of the Board Audit Committee (BAC) held on Friday, December 19, 2025.

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

The Committee received the information, took no formal action, and discussed program improvements and opportunities to address challenges in the Standard Grant application process, including time required to complete the application, for potential follow-up by the Grants team. The Committee noted overall positive feedback, including the structure of the application's work plan and budget templates, and acknowledged staff's continued efforts to work with grantees to improve the applicant experience. The Committee expressed appreciation for staff's problem-solving mindset and helpful approach in treating non-profit organizations as partners. The Committee acknowledged that the overall grant application and grant agreement execution process has improved. The Committee expressed interest in continuing to follow up with grant applicants who had a positive experience to focus on what continues to go well.

Discuss the Valley Water Draft Annual Comprehensive Financial Report (ACFR) for the Fiscal Year (FY) Ending on June 30, 2025; and Recommend Acceptance by the Full Board.

The Committee received and discussed the information, and confirmed the report would be finalized by December 23, 2025, and targeted for presentation to the Board at the January 13, or January 27, 2026, meeting. The Committee confirmed satisfaction with the draft report, noted that the remaining open items are minor with no expected significant impact, and expressed support for allowing the Board sufficient time to review the final report and related correspondence. Vice Chairperson Ballard expressed interest in identifying when this audit was last brought back and what follow-up work was required, and noted the Board of Directors' budget impact is not expected to be significant within the overall agency's budget. The Committee expressed appreciation for the work performed by Oliva Manaloto and Legal staff.

It was moved by Vice Chairperson Ballard and seconded by Chairperson Beall and carried by majority vote to approve to recommend the Valley Water ACFR for the FY ending on June 30, 2025, for acceptance by the full Board.

Discuss 2025 Annual Audit Plan, (Capital Project Delivery; Contracting Practices; Conservation Strategies; Water Usage/Demand Forecasting), and Provide Feedback as Needed.

The Committee received the information, took no formal action, and confirmed the audits are progressing and underway, and noted the update on the 2025 Annual Audit Plan.

Vice Chairperson Ballard expressed support for public outreach regarding the Demand, Affordability, and Elasticity Report.

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

The Committee received the information, took no formal action, and expressed support for a risk assessment workshop for the Board members, and noted the update on the draft 2026 BAC Work Plan.

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

The Committee received the information, took no formal action, and noted the update on the 2025 BAC Work Plan and Linda Mason serving as the new BAC Legal support.

The next regular meeting was scheduled to occur at 1:00 pm on January 21, 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