



MEMORANDUM

FC 14

TO: Board of Directors **FROM:** Board Audit Committee
SUBJECT: Board Audit Committee (BAC) **DATE:** February 24, 2026
January 21, 2026, Regular Meeting Summary

This memorandum summarizes agenda items from the meeting of the Board Audit Committee (BAC) held on Wednesday, January 21, 2026.

Election of 2026 Board Audit Committee (BAC) Chairperson and Vice Chairperson.

It was moved by Director Estremera and seconded by Vice Chairperson Ballard and unanimously carried that Chairperson Beall remain Chairperson and Vice Chairperson Ballard would remain Vice Chairperson.

Receive and Discuss 2025 Water Conservation Program Performance Audit Report with Management Response; Refer the Final 2025 Water Conservation Program Performance Audit Report to the Board.

The Committee received and discussed the information and confirmed that the recommendations presented were limited to the 2030 water conservation goals, noted that additional staffing would assist with achieving future 2050 conservation goals, and expressed support for long-term planning. The Committee noted the development of an engagement strategy to support water conservation efforts for hard-to-reach populations. The Committee noted the Consultant's recommendations for additional resources were timely for the upcoming Board budget process. The Committee confirmed the identified best practices were based on guidelines from state and federal agencies and other water wholesalers, and expressed support for understanding which agencies are considered best practice leaders. Vice Chairperson Ballard expressed concern regarding limitations of the water conservation audit and noted support for following up on further information regarding the breakdown of the various sectors in the community related to achieving the Board's water conservation's goals for 2030, 2040, 2050 and how those compare to other agencies. The Committee noted Valley Water is currently following the majority of best practices and expressed support for this item to be brought to a future Board Budget Work Study session.

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

- B. Refer the final 2025 Water Conservation Program Performance Audit Report to the Board.

Receive and Discuss Audit Follow-up Conducted by Chief Audit Executive (CAE); and Provide Feedback As Needed.

The Committee received and discussed the information, and expressed support for the audit to remain open until all recommendations have been implemented to the Board's satisfaction.

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

The Committee received the information, took no formal action, and expressed 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.

Discuss Board Audit Committee's (BAC) Annual Self-Evaluation Process of Calendar Year 2025 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.

The Committee received and discussed the information, took no formal action, and expressed support for continuing with the current Committee member interview process and periodically conducting an in-depth evaluation of the Committee's audit function and role in relation to the Board. The Committee expressed support for staff's recommendations to direct the CAE to conduct the self-evaluation process and return to provide a summary of discussions at a future BAC meeting.

Discuss the Options to Extend Terms, Allow to Expire, or Terminate the On-Call Services Agreement with Board Auditor, Plante Moran, Which is Set to Expire Effective July 5, 2026.

The Committee received and discussed the information, and noted Plante Moran is assigned to the Asset Management Audit and expressed support for extending the agreement to allow completion of the audit.

It was moved by Vice Chairperson Ballard and seconded by Chairperson Beall and the following Recommendation was approved by majority vote:

- B. Approve recommendation to:
 - i. Exercise option to extend the On-Call Services Agreement with Board Auditor, Plante Moran for one year.

Discuss the Status of the On-call Management Services Agreement for the Chief Audit Executive (CAE) and Recommend the Board of Directors Initiate a Request for Proposal (RFP).

The Committee received and discussed the information, took no formal action, and expressed support for further discussion regarding best practices in auditing public

agencies to potentially inform the scope of services prior to issuing an RFP. The Committee confirmed the past selection process of the CAE, expressed support for Board member involvement in the process, and continued this item to the February 18, 2026, BAC meeting for further discussion.

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, confirmed the sequencing of the 2026 audits, and noted the update on the 2026 Annual Audit Plan.

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 February 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

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