

To: Board of Directors
From: Melanie Richardson, Interim CEO

Weeks of June 6, 2025 – June 19, 2025

Board Executive Limitation Policy EL-7:

The Board Appointed Officers shall inform and support the Board in its work. Further, a BAO shall 1) inform the Board of relevant trends, anticipated adverse media coverage, or material external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established and 2) report in a timely manner an actual or anticipated noncompliance with any policy of the Board.

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1. Successful Procurement Open House on May 22, 2025

On May 22, 2025, Valley Water hosted its annual Procurement Open House at the Headquarters Boardroom. The event was a strong success, drawing participation from approximately 200 different businesses, including consultants and contractors across various sectors.

The Open House served as a key platform for external partners to engage directly with Valley Water's project managers representing Watersheds, Water Utility, Dam Safety, Facilities, Procurement, IT, and Human Resources. Attendees had the opportunity to learn about upcoming capital and operational projects, while also exploring potential collaboration opportunities with fellow business owners.

A central theme of the event was Valley Water's ongoing commitment to modernizing its infrastructure, which was built decades ago and is reaching the end of its useful life. This message resonated clearly, as evidenced by a noticeable increase in vendor registrations on PlanetBids following the event. Participant feedback was overwhelmingly positive. Many attendees expressed appreciation for the opportunity to engage one-on-one with project managers and fellow business owners. Several described the event as the best public sector outreach they had attended, noting the high value of the connections made.

The success of this event reflects the dedication and coordination of staff, whose planning and execution ensured a meaningful experience for attendees and helped further Valley Water's outreach, inclusion, and infrastructure goals.

For further information, please contact Tony Ndah at (408) 630-2208.

2. **Beall**

**Staff to identify high priority outstanding audit recommendations
I-25-0008**

At the March 19, 2025, Board Audit Committee Meeting, under agenda Item 4.2, Valley Water staff reviewed the status of the Implementation of Audit Recommendations. At that time staff reported that there were 19 active audit recommendations that have not yet been fully resolved. Staff was asked to identify which of those recommendations were “high priority”. Based on follow up discussions with appropriate staff and the relevant external auditors, the following paraphrased recommendations are ranked “high priority” as they relate to potential risk to Valley Water:

1. **2020 Safe, Clean Water Program Grant Management Audit - Develop Clear Guidelines for “right-sized” application and reporting processes, meaning scaled to fit the size, risk, and complexity of each individual grant.** Update as of 6/12/25: Staff is working with consultants and internal subject matter experts to implement the Board-approved grants redesign changes, which will be completed with the FY25 standard grant cycle.
2. **2020 Safe, Clean Water Program Grant Management Audit - “Right-size” the level of progress reporting detail required for smaller dollar value standard grants, for example, under \$25,000.** Update as of 6/12/25: Staff is working with consultants and internal subject matter experts to implement the Board-approved grants redesign changes, which will be completed with the FY25 standard grant cycle.
3. **2020 Safe, Clean Water Program Grant Management Audit - Explore where VW can augment grant requirements for grant agreements and invoicing for certain grantees based on risk and determine whether the number of approvals and signatures for payments are appropriate.** Update as of 6/12/25: Staff is working with consultants and internal subject matter experts to implement the Board-approved grants redesign changes, which will be completed with the FY25 standard grant cycle.
4. **2020 Safe, Clean Water Program Grant Management Audit - If VW continues with same information requirements for progress and invoice submission, then, a. confirm the integrity of grantee financial management system data, and b. include language that “failure to submit accurate and timely information may result in delayed or denied payments.”** Update as of 6/12/25: Staff is working with consultants and internal subject matter experts to implement the Board-approved grants redesign changes, which will be completed with the FY25 standard grant cycle.
5. **2023 Capital Improvement Program Performance Audit - Improve CIP goal attainment, including the likelihood that expenditures 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.** Update as of 6/12/25: The implementation and testing 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.

6. **2023 Capital Improvement Program Performance Audit - Improve CIP goal attainment, including the likelihood that expenditures 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.** Update as of 6/12/25: 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, there are two upcoming trainings for Valley Water staff: 1) Lessons Learned Training scheduled for 6/24/25; and 2) Construction Cost Estimating Training scheduled for 06/25/25.
7. **2023 Close-out Audit of the 2012 Safe Clean Water Program - Continue implementation of the remaining recommendations made in the 2021 grants management and administration performance audit.** Update as of 6/12/25: Staff is working with consultants and internal subject matter experts to implement the Board-approved grants redesign changes, which will be completed with the FY25 standard grant cycle. Upon the launch of the FY25 grant cycle, the audit recommendations will be achieved.

In addition, at the March 19, 2025 Board Audit Committee meeting, the committee received the final 2024 Human Resources Performance Audit Report. Based on follow up discussions for that audit, the following paraphrased recommendations are ranked “high priority”:

8. **2024 Human Resources Performance Audit - Develop a Departmental operating plan that details key initiatives to build confidence in the strategic direction of the Department.** Update as of 6/12/25: 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. Regarding the Operations 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 with a target completion date Q3 to Q4 2025.
9. **2024 Human Resources Performance Audit - 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 evaluation system capabilities against HR's system needs.** Update as of 6/12/25: Management agrees with the recommendations and is in the process of obtaining an ERP to address our HRIS deficiencies. Human Resources recently **created** an HRIS team within the department. Not having the team 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. The Request for Proposal (RFP) for both the software solution and the implementer was published in January 2025 with a target completion of Q2 2026.

- 10. 2024 Human Resources Performance Audit - After a new system is selected, conduct a thorough implementation process to support successful system adoption.** Update as of 6/12/25: Management agrees with the recommendations and is in the process of obtaining an ERP to address our HRIS deficiencies. Human Resources recently implemented an HRIS team within the department. Not having the team 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 with a target completion of Q2 2026.
- 11. 2024 Human Resources Performance Audit - Recruit & fill new position to adopt protective measures to prevent harassment from occurring, including demonstrating leadership accountability, regularly communicating the District's harassment policy, developing an effective and accessible harassment complaint system, and implementing regular EEO training for all staff.** Update as of 6/12/25: Management agrees with the recommendation and has recruited a new employee who is starting on June 9th, 2025. This employee will be a dedicated person to address and resolve employee concerns at the lowest possible level. This position will help employees access the various resources available, ranging from training, mentoring, mediation, and our Employee Assistance Program. In addition, this position will also provide robust and regular training for all staff. Management is dedicated to increasing our communication regarding our policy and expectations. **Again**, this position was filled effective June 9, 2025.

For further information, please contact Darin Taylor at (408) 630-3068.
