
Overview of Audit Committee Role

Amrit Singh
Audit Committee
March 03, 2026



2026 Audit Committee Members



Jessie Kim
City of Los Altos



Dir. George Tyson
Los Altos Hills



Harjot Sangha
City of Gilroy



Dir. Bryan Mekechuk,
City of Monte Sereno



Overview of Finance & Accounting

- SVCE's Primary In-house Finance Functions
 - Budgeting and Financial Forecasting
 - Rate Setting
 - Financial Analysis and Reporting
 - Investment Management
 - Reserve and Liquidity Management
 - Purchasing (other than energy procurement) and Vendor Management
 - Energy and Enterprise Risk Management
- Accounting Services Provided by Maher Accountancy
 - Maher Accountancy performs core accounting functions with oversight from SVCE
 - Accounts Payable and Accounts Receivable
 - General Ledger Management
 - Financial Statements
 - Liaison between SVCE and Independent Auditor



Purpose of the Committee

- Primarily to oversee the external auditors' audit of SVCE's financial statements
- The auditors are working on behalf of the Board to review management's work
- The auditor will present a letter identifying any material weaknesses and deficiencies to the Board
- The Board receives the audit
 - Per SVCE's financial policy, the official financial report must be issued no later than 6 months following the fiscal year-end



Completion of Financial Audit – Today's Meeting

- Discuss with the auditor:
 - Any material risks and weaknesses detected in internal controls
 - Any restrictions placed on the auditor's scope of the activities or access to requested information
 - Any recommendations made by the independent auditor
- Review the audited financials
- Assess the performance and independence of the auditor
- Recommend the Board accept the results of audit findings



Information Technology (IT) Audits

Security Assessment

Assessment Focus - A comprehensive cybersecurity assessment that defines organizational weaknesses and vulnerabilities and helps prioritize remediation efforts with the goal of improving our Cyber Security Posture.

Results -The assessment results are reflected in a cyber score. Vulnerabilities are identified and placed on the roadmap until they are completed. Allows SVCE to make risk-based decisions about what to do with each recommendation.

- Completed in December 2025
- Next Occurrence – Full Assessment in Q4 - 2026

CPUC Mandated Audit of Customer Meter Data

- CPUC Decision 12-08-045
- Annual Privacy update every year, full audit every 3 years
- Focus on AMI specific IT controls related to the acquisition, storage and processing of AMI (customer meter) related data
- Next Occurrence – Annual Update due April 2026, Full audit due April 2028



Timing of Meetings

- Meets no fewer than twice annually
- Next financial audit kickoff meeting in September 2026
 1. Retain or appoint an independent auditor
 2. Review with the auditor the scope and planning of the audit prior to its commencement

Thank you! / Questions?



*Silicon Valley Clean Energy Authority
Report to the Board of Directors
March 3, 2026*





Introduction

Kellin Gilbert, CPA

Audit Partner

17 years in public accounting and performing audits of government entities

Currently working with several CCA's throughout California

Aliandra Schaffer

Engagement Supervisor

6 years in public accounting and performing audits of governments (CCA's)

Alauna Rico

Audit Supervisor

4 years in public accounting and performing audits of governments (CCA's)



Transition to Sorren CPAs P.C.

As of May 2025, legacy Pimenti & Brinker combined practices with several other like-sized firms and rebranded as one unified firm “Sorren.”

By combining resources with the strategic merger, we can make even greater investments in technology as well as our greatest assets, our people and clients.

Sorren is a new national top 50 firm and currently has twenty-three office locations and over a thousand employees.

The Santa Rosa office will continue to be the lead office for Silicon Valley Clean Energy Authority. No changes to the current engagement team, costs or timing of the services we provide to SVCE.



Results of Current Year Audit

The audit is complete. We reported the following:

- Unmodified opinion – Based on our audit, the financial statements are materially accurate.
- No significant deficiencies or material weakness in internal control noted.

Audit of the year ended September 30, 2025

Financial Statements

Relative Roles & Responsibilities

- **Management** is responsible for preparing the Financial Statements and establishing a system of internal control.
- **Auditor** is responsible for auditing the Financial Statements
 - Considering risks of material misstatement in the Financial Statements
 - Considering internal controls relevant to the Financial Statements
 - Performing tests of year-end balances based on risk assessment
 - Evaluating adequacy of disclosures

Risk Assessment for the year ended September 30, 2025

Our audit is a risk-based audit. Risk assessment procedures include:

- Gain understanding of the entity's operating characteristics, practices, and procedures.
- Compare to our knowledge of similar entities, industry and professional guidance.
- Review procedures and controls surrounding significant transaction cycles and business processes.

Risk Assessment for the year ended September 30, 2025

Significant areas of focus for the audit:

- Revenue recognition
 - Accounts receivable and accrued revenue
 - Test a sample of customer billings
 - Relate total cash received during the year to revenue
 - Review revenue recognition through year-end and method for determining (accrued revenue)
- Cash & Investments
 - Confirmations sent to financial institutions
- Accrued Cost of Electricity
 - Review subsequent bills from electricity providers and cash payments
- Financial Statement Note Disclosures – Complete and without bias



Required Board Communications

- As discussed in Note 11, SVCE adopted GASB 102 and 104 which did not have a material effect on the financial statements.
- We did not propose any audit adjustments to the financial statements.
- We did not identify any significant or unusual transactions or applications of accounting principles where a lack of authoritative guidance exists.
- There have been no disagreements with management concerning the scope of our audit and we have not encountered any difficulties in dealing with management during the performance of our audit.
- We issued a letter to the board dated February 23rd detailing these required communications.



Thank You



Kellin Gilbert



Partner



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Changing the Fiscal Period to a Calendar Year

Amrit Singh
Audit Committee
March 3, 2026

Purpose

Action: Recommend that the Board approve changing the fiscal period to a calendar year, along with the proposed transition plan

Main Areas of Discussion

- 1) Current budgeting and planning timeline and process
- 2) Revised timeline and process under a calendar year fiscal period
- 3) Proposed transition plan





Why Change the Fiscal Period?

More closely align adoption of Annual Budget with Customer Rate Changes

Background:

- JPA allows the Board to change the fiscal year by resolution
- Changed once before in September 2016
 - From the period July 1 - June 30 to the current period, October 1 - September 30
 - Changed to facilitate compliance with loan covenants during SVCE's startup, which are no longer relevant.

Proposed Fiscal Period:

- Calendar Year, commencing January 1 and ending December 31.

Benefits from the change:

- Avoids setting a budget in September and then amending it 3 months later when there's more certainty on upcoming PG&E rates and PCIA charges
- Aligns with the timeline for many external compliance requirements and internal planning processes



Current Budgeting and Planning Process and Timeline

January, February, and March

- Enterprise Risk Assessments
- Stress Tests Proposals
- Mid-year budget review and adoption
- Completion of prior year’s financial audit

May and June

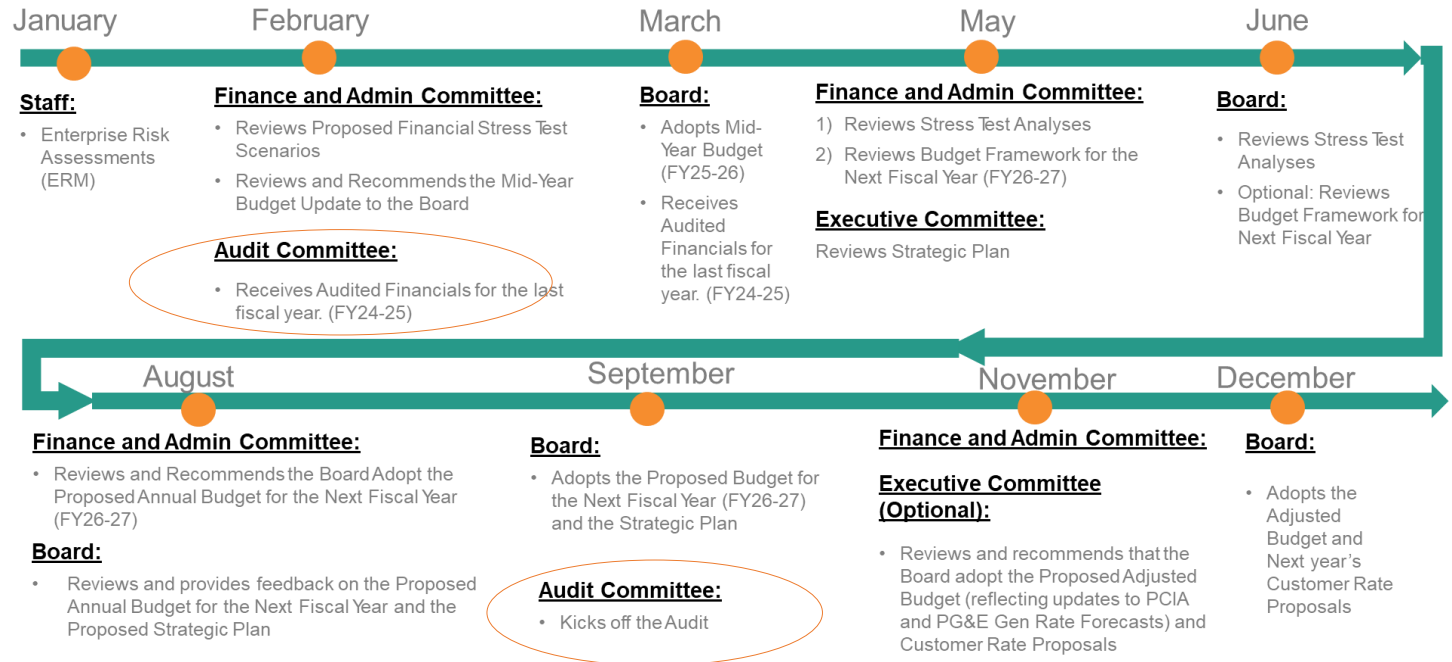
- Stress test analyses
- Reserve adequacy
- Next fiscal year’s budget framework review
- Strategic plan review (biennially)

August and September

- Annual budget and strategic plan review and feedback, and adoption one month later

November and December

- Budget adjusted to reflect updates to:
 - PCIA and PG&E generation rate forecasts
 - Customer Rate Proposals



Larger timeline slide shown in the appendix

○ *Planned Audit Committee meetings.*



Budgeting and Planning Process and Timeline

If the Fiscal Period is Changed to Calendar Year

February or March

- High-level Budget and Reserves update to the Finance and Administration Committee

March, May, and June

- Enterprise Risk Assessments
- Stress Tests Proposals
- Mid-year budget review and adoption
- Completion of prior year's financial audit

August and September

- Stress test analyses
- Reserve adequacy
- Next fiscal year's budget framework review
- Strategic plan review (Biennially)

November and December

- Annual budget, strategic plan, and customer rate proposal review by Committee(s) and adoption by the Board in December
- Kick off the financial audit



Full timeline slide shown in the appendix

○ Planned Audit Committee meetings.

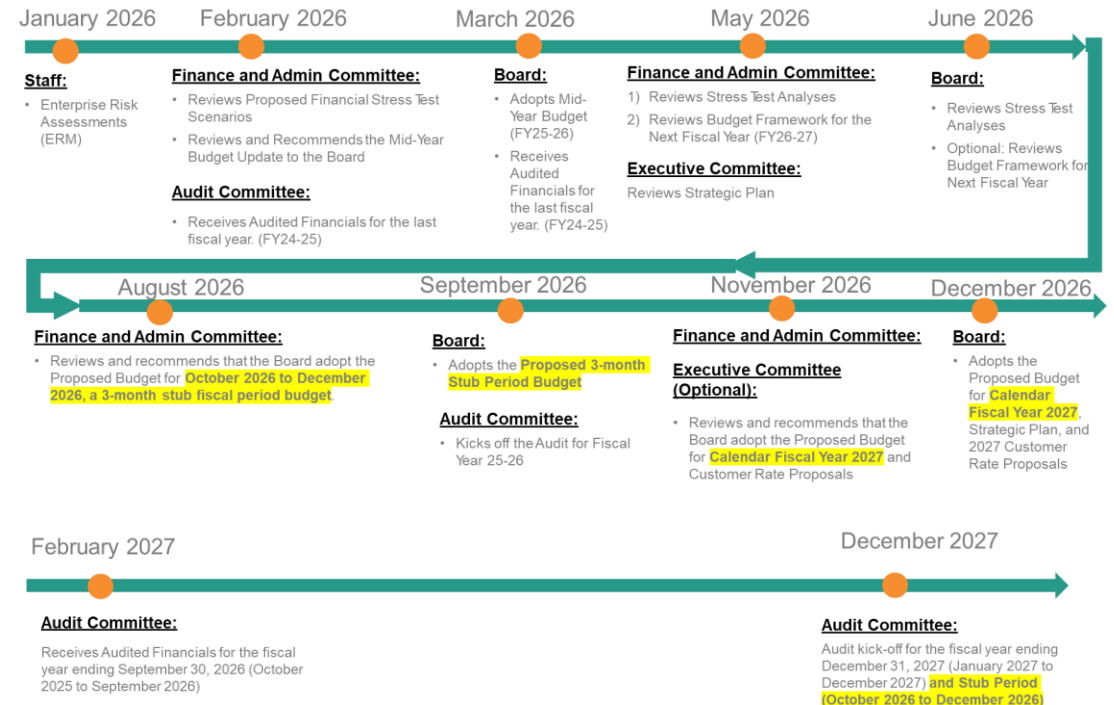
Key Change: The Board will not have the opportunity to review and provide feedback on the proposed budget two months prior to the end of the fiscal year.



Requires a Transition Period

Staff proposes to transition to a calendar fiscal period starting January 1, 2027

1. Need an interim 3-month transition fiscal period, stub fiscal period, from October 2026 to December 2026
2. Board sets the budget for the interim 3-month fiscal period in September 2026
3. Board sets the budget for the new 12-month, calendar-year fiscal period in December 2026
4. Board allows the auditor to perform a combined, two-period audit covering:
 - The 3-month stub period (October 2026 to December 2026)
 - The first full calendar year (1/1/27 to 12/31/2027)



Full timeline slides are shown in the appendix



Recommendation

Recommend that the Board of Directors approve:

1. Changing SVCE's fiscal period to a Calendar Year (January 1 to December 31), beginning January 1, 2027
2. Establishing an interim 3-month stub fiscal period, starting October 1, 2026, and ending December 31, 2026, and adopting a schedule to approve the stub period budget at the September 2026 Board meeting
3. Authorizing a combined two-period audit covering the 3-month sub-period, along with the first audit of the new fiscal year

Thank you! / Questions?

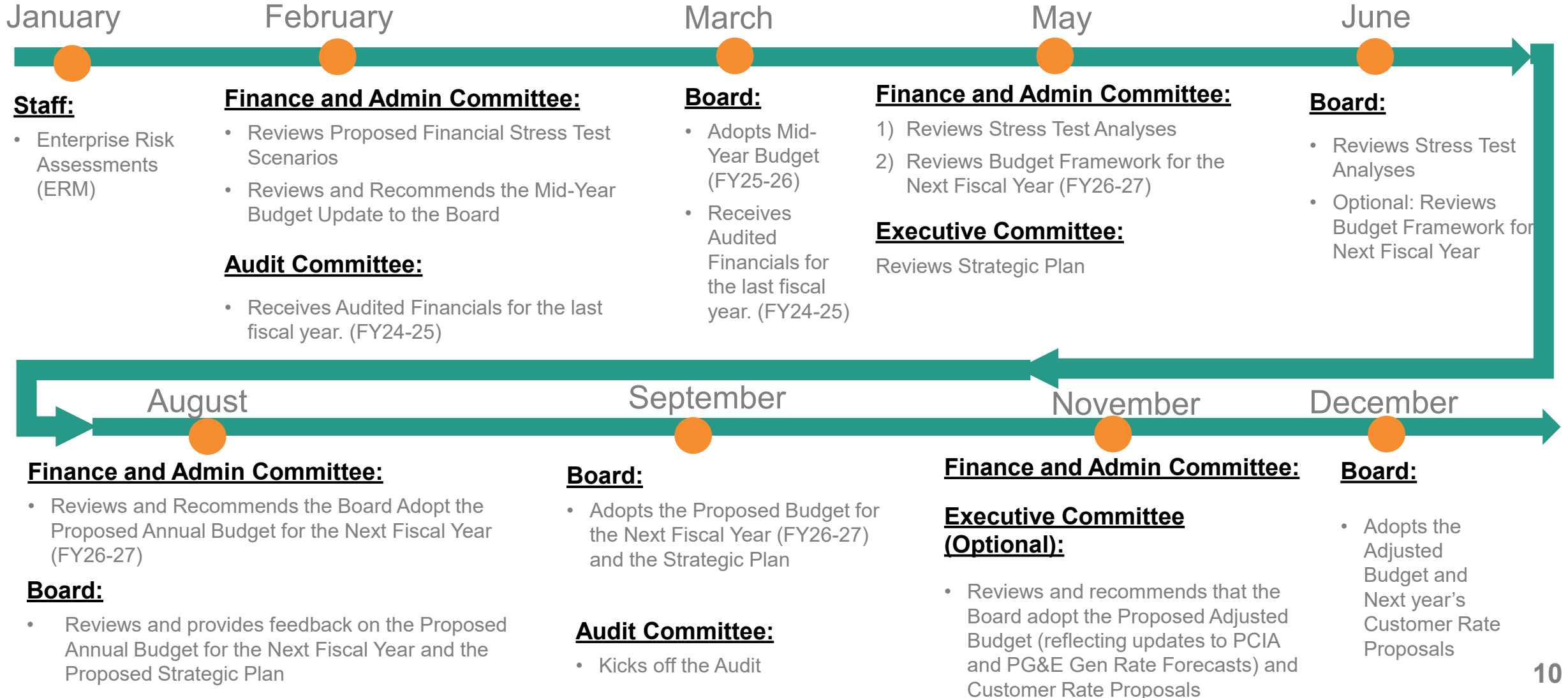


SVCE's Budgeting & Planning Process





Current Budgeting and Planning Process and Timeline





Budgeting and Planning Process and Timeline

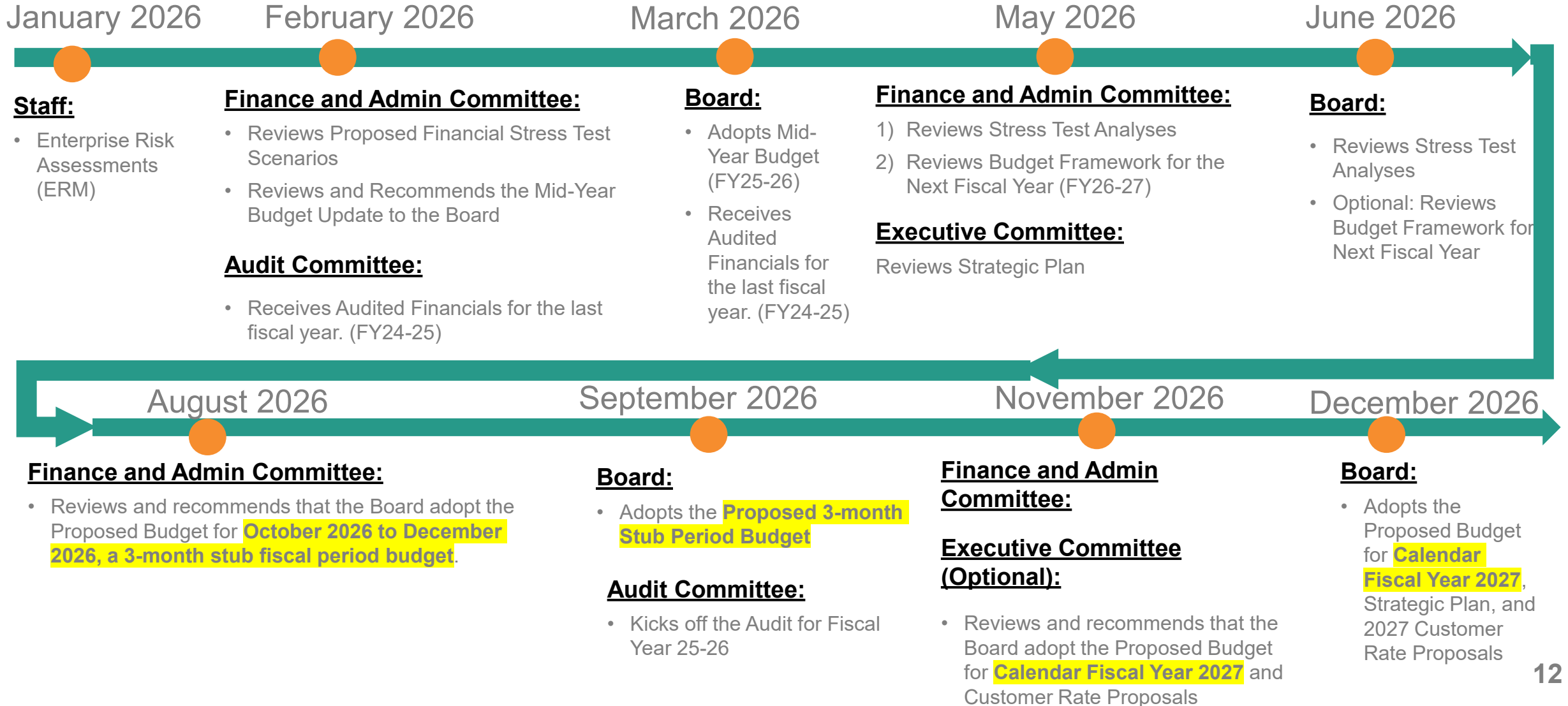
If Fiscal Period Changed to Calendar Year





Transition Timeline and Plan

New Fiscal Period Starts January 1, 2027





Transition Timeline and Plan - Continued

New Fiscal Period Starts January 1, 2027

February 2027

~August 2027*

December 2027



Audit Committee:

Receives Audited Financials for the fiscal year ending September 30, 2026 (October 2025 to September 2026)

Audit Committee:

Selects a new auditor

Audit Committee:

Audit kick-off for the fiscal year ending December 31, 2027 (January 2027 to December 2027) **and Stub Period (October 2026 to December 2026)**

- **Starting in 2028, the February Audit Committee will move to May**

- **September Audit Committee moves to December**

** An additional Audit Committee meeting in 2027 to select a new auditor is not because of the change to a new fiscal period. SVCE's policies require selecting a new auditor every 5 years. The proposed period is tentative; the new auditor needs to be selected before December 2027, the kick-off of the new audit.*

Cybersecurity Update

Brett Sirianni

Audit Committee | March 2026

Purpose

Provide an update on SVCE's
Cybersecurity posture

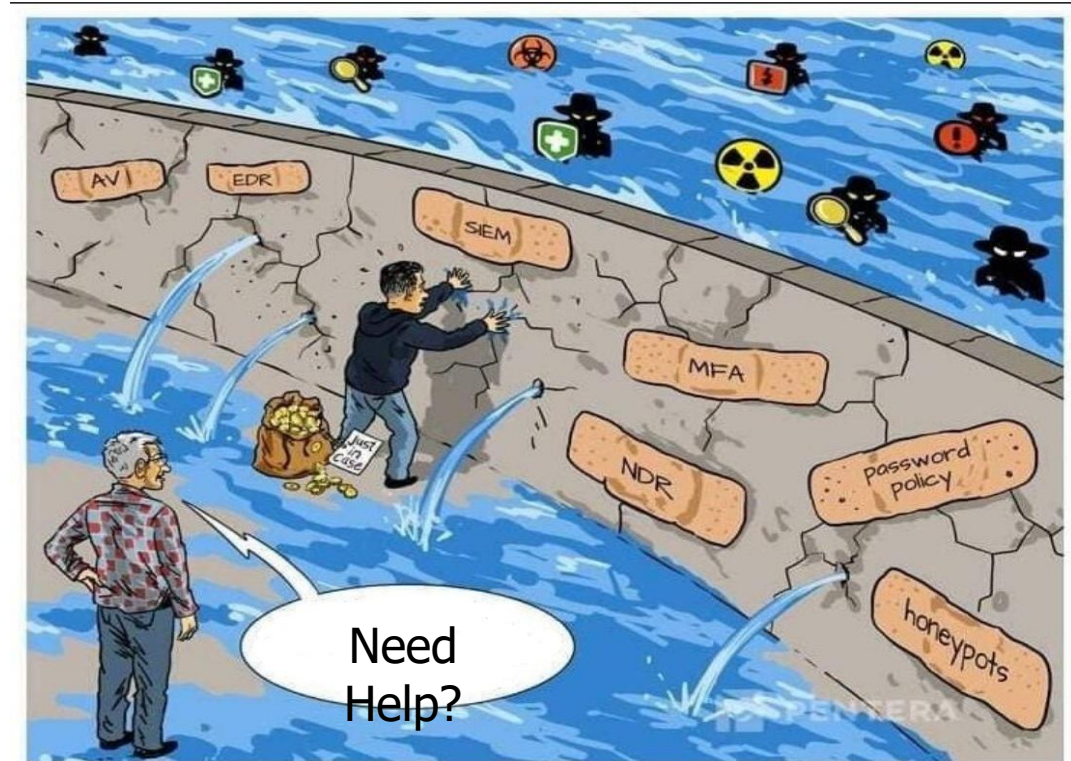
Main Areas of Discussion

1. Overview of current
cybersecurity posture
2. Update on security incidents
3. Update on department changes



What is Cybersecurity?

- Cybersecurity is protecting systems, networks, and digital information from unauthorized access, theft, or damage by **minimizing** the likelihood and impact of detrimental events related to company infrastructure and data.
- A cybersecurity program does not guarantee infrastructure or data will never be compromised, nor does it guarantee the prevention of a security incident.
- Key Takeaways:
 - An effective cybersecurity program includes people, processes, and technology solutions to reduce the risk of business disruption, data theft, financial loss, and reputational damage from an attack.
 - It is not a question of **if** there will be a security incident; it's whether or not we are prepared **when** it occurs.





Audit and Assessments

SVCE regularly engages in various technology audits and assessments

CPUC MANDATED

**Advanced Metering Infrastructure
(AMI) Annual Data Privacy Report**

**Advanced Metering Infrastructure
(AMI) Triennial Audit**

SECURITY

Table-top Exercises

Assessments

Audits

Tests



Security Training

SVCE engages in numerous forms of training on the subject of security.

- **New Hire Training**

- All new hires receive training from a member of the IT team before they are given access.

- **Ongoing Training**

- All employees are required to engage in monthly security training.

- **Executive Training**

- The Senior Leadership Team receives security training on high level topics at least annually.

- **Admin Training**

- All employees with admin/privileged access receive additional training on best practices and security concerns.

- **Ad-hoc Training**

- Ad-hoc training is conducted when deemed appropriate to address current or upcoming issues or changes.



Security Assessment Current Results

Current Security Score: 775

What does the score actually mean?

- The score is based on a range from 300 to 850. The lower the score, the higher the risk. – Think of it like a credit score.
- It uses industry standards based on the NIST and ISO frameworks along with other proprietary metrics established by the vendor conducting the assessment.
- It enables SVCE to succinctly communicate the organization's overall security posture by combining the various aspects of the assessment into a single data point.

In simple terms, the resulting score is a representation of the risks assigned to the following areas:

Administrative controls (people, governance, policy)

Physical controls (facility security, location, hardcopy documents)

Internal controls (behind the firewall)

External controls (protection from outside access)

Major security incidents since last meeting:

0

Security Incident Levels:

- Tier 1: Critical
- Tier 2: Moderate
- Tier 3: Limited



IT Department Updates

- New Hire and Position Changes
 - Blake VandeVelde was hired as the new Manager of Information Technology.
 - Brett Sirianni was transitioned into the position of Information Security Manager.



What to Expect at the Next Meeting

What to expect at the next meeting:

- Update on cybersecurity posture and security score
- Update on any new cyber security incidents

Questions?