



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

# Report

## Office of General Auditor

### Internal Audit Report for November 2022

#### Summary

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This report highlights the significant activities of the Internal Audit Department during November 2022.

One report was issued: Examination of the Colorado River Water Users Association Financial Report. Background information and a discussion of our findings are detailed below.

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#### Examination of the Colorado River Water Users Association Financial Report for the period April 1, 2021, through March 31, 2022

At the request of the Metropolitan Water District of Southern California Board of Directors, we examined the Colorado River Water Users Association Financial Report for the period April 1, 2021, through March 31, 2022. The following summarizes the scope of work performed and results obtained:

#### Scope and Purpose

We performed the following procedures to gain reasonable assurance that the information included in the Colorado River Water Users Financial Report for the period April 1, 2021, through March 31, 2022, is accurate and is supported by appropriate documentation:

- We agreed information on the Financial Report to source documentation, including bank statements, agreements, and receipts.
- We confirmed a sample of transactions with third parties.
- We verified the endorser matches the Payee on a sample of canceled checks.
- We examined monthly bank reconciliations and assessed the reasonableness of reconciling items and the accuracy of balances.

As our examination is limited in scope, we do not express an opinion on the internal control structure of the Colorado River Water Users Association taken as a whole.

#### Background

The Colorado River Water Users Association (CRWUA) was founded in 1945 and incorporated in Nevada on December 6, 1968. Its mission is to provide a forum for exchanging ideas and perspectives on Colorado River use and management with the intent of developing and advocating common objectives, initiatives, and solutions.

From April 1, 2021, through March 31, 2022, CRWUA reported total receipts of \$516,833 and total disbursements of \$505,127. As of March 31, 2021, CRWUA's total funds available were \$805,954.

### **Testing results**

Our examination did not reveal any material differences between the reported amounts and supporting documentation. However, we noted the following:

1. Administration expenses of \$12,007 were misclassified as Conference expenses; it did not affect the total expenditures in the Financial Statement.
2. Administration expenses of \$1,045 were requested and approved by the same person. The Association requires two signatures on the check; however, one of the check signers was the same person as the requestor/approver.
3. One expense reimbursement for raffle prizes and parking totaling \$2,077 did not contain appropriate support for \$1,113 of the requested amount. The support documents for two of the submitted raffle prize expenditures did not provide the vendor name or listing of purchased items (\$1,095). Parking receipts submitted were less than the amount reimbursed (\$18).
4. One vendor reimbursement for gasoline expenses totaling \$118 exceeded supporting receipts by \$31

### **Recommendations**

We recommend that CRWUA management ensure all reimbursements are accurately and adequately supported and that check signers are independent of the reimbursement request.