



Shasta County

OFFICE OF THE AUDITOR-CONTROLLER

1450 Court Street, Suite 238
Redding, California 96001-1671
Phone (530) 225-5771

BRIAN MUIR
AUDITOR-CONTROLLER

NOLDA SHORT
ASST. AUDITOR-CONTROLLER

June 24, 2016

The Honorable Gregory Gaul
Presiding Judge, Shasta County Superior Court
1500 Court Street, Room 205
Redding, CA 96001

Re: Response of the Auditor-Controller to Fiscal Year 2015-2016 Grand Jury Report – Troubled Waters – Water Matters

Dear Judge Gaul:

The Auditor-Controller appreciates the dedication of the Grand Jurors as well as the courtesy and professionalism shown in completing their work.

Findings

F4. The 2014 overcharge for Crag View CSA 23 and Keswick CSA25 totaled \$16,872.34. Both Crag View CSA 23 and Keswick CSA 25 are due a refund. The projected amount of over-purchase and refund due to the CSA's will contractually occur for 2015.

Response. The Auditor-Controller disagrees partially with the finding. Crag View CSA 23 was undercharged by \$7,016.59 for 2014. Keswick was overcharged by \$11,703.43, and subsequently received a corresponding credit. Because of the need to forecast actual water use when entering into a purchase contract some over-purchasing will occur.

F5. The total loss absorbed by the Water Agency for 2014 is projected to similarly occur for 2015.

Response. The Auditor-Controller agrees with the finding. Using water for which the Water Agency has no allocation can result in heavy fines. Because of the need to forecast water demand as well as purchase sufficient water to prevent exceeding the legal allocation when negotiating a purchase contract, some excess water will be purchased, resulting in a loss to the Water Agency.

F6. The same employee preparing the annual Water Agency billings to the CSA's is also approving billings for payment. This lack of segregation of duties does not provide proper checks and balances to prevent errors

Response. The Auditor-Controller disagrees wholly with the finding. After accounting personnel prepare annual billings they are reviewed and approved by Water Agency engineering staff.

Recommendations.

R3. The Grand Jury recommends that no later than December 31, 2016, the Auditor-Controller independently audits all CSA and Water Agency financial records to ensure that water purchases and overcharges are appropriately refunded, and that sufficient measures are in place to prevent future errors .

Response. The recommendation has been implemented. The Auditor-Controller already audits all Water Agency transactions and is satisfied that sufficient measures are in place to avoid errors.

R4. The Grand Jury recommends that no later than September 30, 2016, the Auditor-Controller refunds or credits the overcharges to Crag View CSA 23 in the amount of \$1,450.69, and Keswick CSA 25 in the amount of \$16,872.34, for water year 2014. The Grand Jury also recommends that the Auditor-Controller reviews overcharges for 2015 and refund or credit both Crag View CSA 23 and Keswick CSA 25 as appropriate.

Response. The recommendation will be partially implemented. For water year 2014, Crag View CSA 23 is not entitled to a refund and Keswick CSA 25 has already been credited with the amount overcharged. The Auditor-Controller will continue to review all Water Agency financial transactions.

Sincerely,



Brian Muir
Shasta County Auditor-Controller

cc: Shasta County Board of Supervisors