

Water Accounting and Audits

Division 1 Accounting Group

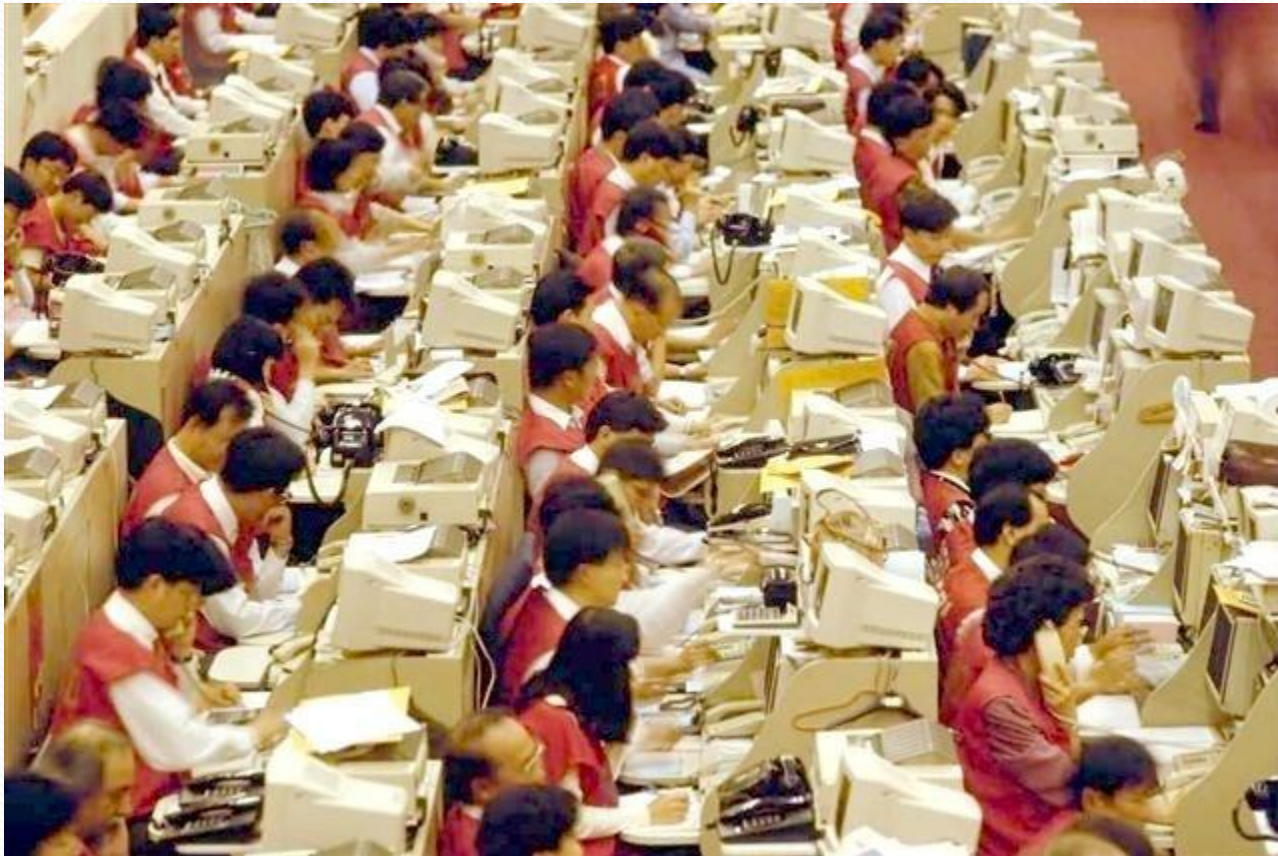
Caren Aguilar - Reservoir & Accounting Administrator

Dean Santistevan – Municipal Coordinator

Kathy Trask – Augmentation Coordinator

Dawn Ewing – Accounting Coordinator

Who are the Auditors?



Division 1 Accounting Group



Dawn Ewing



- **Accounting Coordinator**
 - Manages Div 1 email
 - Organizes Accounting submitted to Div 1
 - Files accounting in Laserfiche
 - Sends out
 - Late Notices
 - Negative Net Effect Notices
 - Formal requests for Accounting
 - Gravel Pit Audits

Kathy Trask



- **Augmentation Coordinator/Auditor**
 - Audits on Augmentation plans
 - Coordinates bypass amounts
 - Creates DWR sheets
 - Database Jedi

Dean Santistevan



- **Metro & Municipal Coordinator/Auditor**
 - Municipal audits
 - LIRF and System Loss reviews and approvals
 - Creates DWR sheets
 - WWTP Reuse spreadsheets

Caren Aguilar



- **Accounting and Reservoir Administrator**
 - Manages Accounting and Audit Group
 - Reservoir audits
 - Reviews the initial accounting forms once a decree is signed.
 - Coordinates Cherry Creek releases

Overview of Accounting and Audits

- Why do we require accounting and why is it important?
- What is an audit and what happens during an audit?
- Where is water accounting heading in the future?
- Questions???

Types of Accounting Submitted

- Augmentation (Decreed or SWSP)
- Municipal
- Reservoir
- Recharge plans
- Gravel Pits

Who submits accounting to Div 1?

- Conservancy Districts
- Municipal Entities
- Ditch Companies
- Feedlots
- Gravel Pit Owners
- Water Trucking Companies
- Augmentation Plans
- Water companies
- HOA's or Subdivisions
- State Agencies
- Hunting Clubs
- Federal Agencies
- Breweries
- Private Water Users
- Recharge Companies and Plans
- Industrial Water Users

Why is accounting required / important?

- Accounting, along with other reporting items, are required by most court decrees
- It shows that stream depletions are being replaced in location, timing, and amount (non-injury)
- It allows the SEO/DEO and general public to verify that the Plan is complying with Decree/SWSP requirements
- State diversion records are made from the accounting
- It provides a record of beneficial use of a water right
- Helps to coordinate leases between plans

When is the accounting due?

- 30 days from the close of the month.
 - Mar 2012 accounting is due April 30th
 - June 2012 accounting is due July 30th
- What if I know my accounting will be late?
 - Email Division 1 accounting
(Div1accounting@state.co.us)
 - Call Division 1 accounting coordinator

Accounting Stats

- Currently we receive 325 spreadsheets a month
 - Last Month we sent 39 late emails
- Water Year 2011 we had to send out:
 - 378 late emails (31.5 late emails a month)
 - 1 order to submit accounting on time

Late Accounting

- If the accounting is not received on time...
 1. A late notice is emailed to the Accounting Contact. If the accounting is still late...
 2. Orders to submit accounting within 10 days are sent out to the Plan Administrator, Accounting Contact. If the accounting is still late...
 3. Orders to cease and desist diversions are sent out and all structure are tagged.

List of all the Plans that were LATE last year.

- Just Kidding! You know who you are....

Example-Late Email

Subject: LATE NOTICE January Monthly Accounting Augmentation Plan Name

To Whom It May Concern:

The accounting for above mentioned SWSP/Decree was due 30 days after the above mentioned month, and our records indicate the accounting has not been received. Submit this accounting as soon as possible or provide an explanation as to why accounting has not been submitted.

Consider this your notice that we will issue orders to you and well owners if accounting or an adequate explanation of why accounting has not been submitted. The order will be issued on the 15th day of this month. These orders are to assure that other water rights are not being injured.

If you have questions regarding this email please call me at the phone number listed below. Thank you for your assistance in this matter.

Dawn Ewing
Accounting Coordinator

Example- Order to Submit Accounting

RE: ORDER TO SUBMIT ACCOUNTING

TO: MR. OR MS. PLAN ADMINISTRATOR and all agents, employees, lessees, assigns or successors of the same,

Upon information and belief, you are the manager of the following Augmentation Plan or Substitute Water Supply Plan: AUGMENTATION PLAN NAME ooCWoooo

The plan listed above is required to submit accounting to the Division Engineer at the Div1Accounting e-mail address on a monthly basis, within 30 days of the end of the month. An e-mail notice was sent on 01-05-00 notifying you that accounting for the month of November 1999 had not been received.

Pursuant to the authority vested in this office by § 37-92-501 & 502, C.R.S., you and your agents, employees, lessees, assigns, and/or successors are hereby **ORDERED TO SUBMIT ACCOUNTING WITHIN 10 DAYS.**

Failure to comply with the above order will result in the issuance of an order to each member well owners to cease and desist pumping their wells until such time as the accounting is received.

Please contact Kathy Trask or Dean Santistevan at the telephone number listed below if you have questions regarding this letter or if you wish to schedule a meeting.

DATED this ____ day of January, 2000

Dave Nettles, P.E.
Division Engineer

Additional Reports Often Required to Support the Accounting

- LIRF updates
- System Loss reports
- Projections
- Dry up
- Return Flow Obligation Reports
- Designation of share use for upcoming season

What information is Included in Water Accounting?

- Depletions or obligations (-) - 5
 - Well depletions
 - Return flow obligations
 - Evaporation
 - Indoor CU
- Replacement Supplies (+) +10
 - Changed Ditch water
 - Reservoir releases
 - Recharge Accretions
- Net Effect to River (=)

+5 (no injury)

Numbers in the accounting do not
just come out of the air...



So...Where do the numbers come from?

- Input data
 - meter readings, recorded telemetry data and AWAS (lagging software) tables
- Supporting worksheet for every hard number
 - river calls, weather data, decree tables, etc...
- The rest of the accounting should be all formulas
 - Yes, the formulas must stay intact within the spreadsheet
- The accounting should comport with established “cradle to grave” accounting standards, which will allow an audit to track exactly how the data is manipulated as it is translated from raw input data to the resultant impact on the river

Now that the accounting is submitted... What Happens?

- Accounting Coordinator (Div1accounting@state.co.us)
 1. Updates accounting database with the date received
 2. Posts submitted accounting to Laserfiche Weblink (available to the Public)
 3. Checks to see if the accounting has a Negative Net Effect
- If there is a Negative Net Effect:
 - Email Notice that the accounting has been REJECTED
 - Aug or Municipal Auditor is notified
 - 2011: 22 negative net effect emails were sent

Negative Net Effect Email

To Whom It May Concern:

We received accounting for the above mentioned Plan for the above mentioned month and determined the accounting is unacceptable. State Statutes, Decrees and SWSP conditions do not permit plans to operate with Negative Net Impact to the stream system.

Consider the accounting rejected by the Division 1 Office. The plan must comply with their respective Decree/SWSP conditions and the accounting must be resubmitted with a Positive Net Impact. This can be achieved by obtaining additional replacement water and making the proper adjustments to the accounting. The Decree/SWSP conditions will dictate if proper notice is required. The accounting should be resubmitted within 30 days or as soon as possible and in the meantime contact us within 5 business days to give us an update on how you anticipate correcting the issue. If the plan continues to operate with a Negative Net Impact to the River the Division Office will have no other choice than to send Orders to cease operating.

If you have questions regarding this email please call Caren Aguilar at 970-352-8712 ext. 1214. Thank you for your assistance in this matter.

Dawn Ewing
Accounting Coordinator

Types of Audits

- Monthly Accounting
- Initial Decree Review, prior to the entry of a Decree
- Complaint Audit
- Supporting Document Audit (LIRF or System Loss)
- Change to accounting forms
- Systematic Review Audit (Formal)

How Do We Decide Who Will Be Audited?



How Do We Decide Who Will Be Audited?

- Systematic review based on:
 - Number of Wells
 - Date of last audit
 - If accounting has been submitted late
 - Negative Net Effect
 - Use of leased water from an entity that is currently being audited
- Upon Request
 - Water Commissioner
 - Any SEO/DEO staff
 - Water User
- New Decree that will change the accounting

How Many Formal Audits Has Division 1 Done?

- 95 Individual Augmentation Plans
- 15 Municipalities
- 5 Reservoirs
- 6 Gravel Pits

DWR's Goals when Auditing Accounting:

1. Confirm that water users are in compliance with their Augmentation Plan (Decree/SWSP)
2. Provide assistance to maximize the beneficial use of a user's water rights
3. Assist the Water Commissioner in administering the State's water
4. Audit all plans every 4 years (minimum)

What Info Do We Rely Upon in an Audit?

- Division **1** Protocol / Guidelines
(<http://www.water.state.co.us/>)
 - Accounting Protocol
 - Recharge Protocol
 - Augmentation Station Protocol
 - Reservoir Guidelines
 - Use of Replacement Sources Not Specifically Identified
 - Data Logger Protocol
 - Exchanges Protocol
 - APOD Protocol
 - Gravel Pit Protocol
 - Accounting Acquisition & Review Admin Guideline
- Decree and/or Approved SWSP
- Water Commissioner's knowledge
- Information from the Water User
- AWAS and IDSCU software
- GIS / Aerial Imagery
- Site visits
- Public Documents

What happens during an audit?

1. Detailed review of Decree(s)

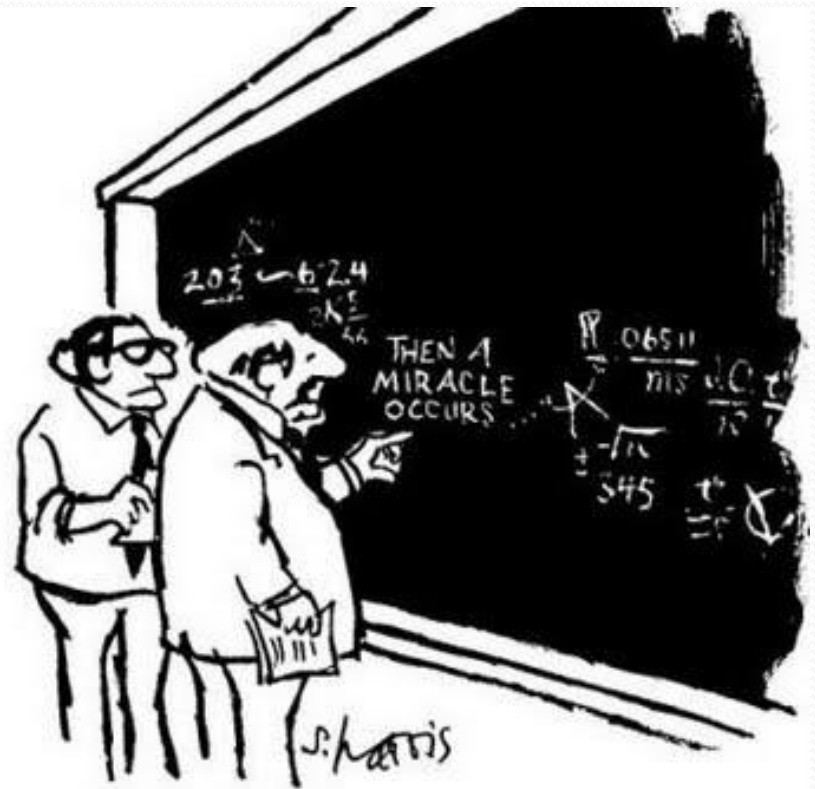
- Listed structures
- Appropriation dates
- Time, Location and Amount of depletions/obligations
- Time, Location and Amount of replacement sources
- Any additional docs or SWSP's



What happens during an audit?

2. Detailed review of past accounting

1. Has the accounting been sent on time?
2. Does the accounting include all structures?
3. Are meter data and calculations linked?
4. Can the diversion data be verified?
5. Review the replacement sources
6. Does the accounting follow the Decree?
7. Does the accounting follow Protocol?
8. Is the Net Effect for the plan positive?

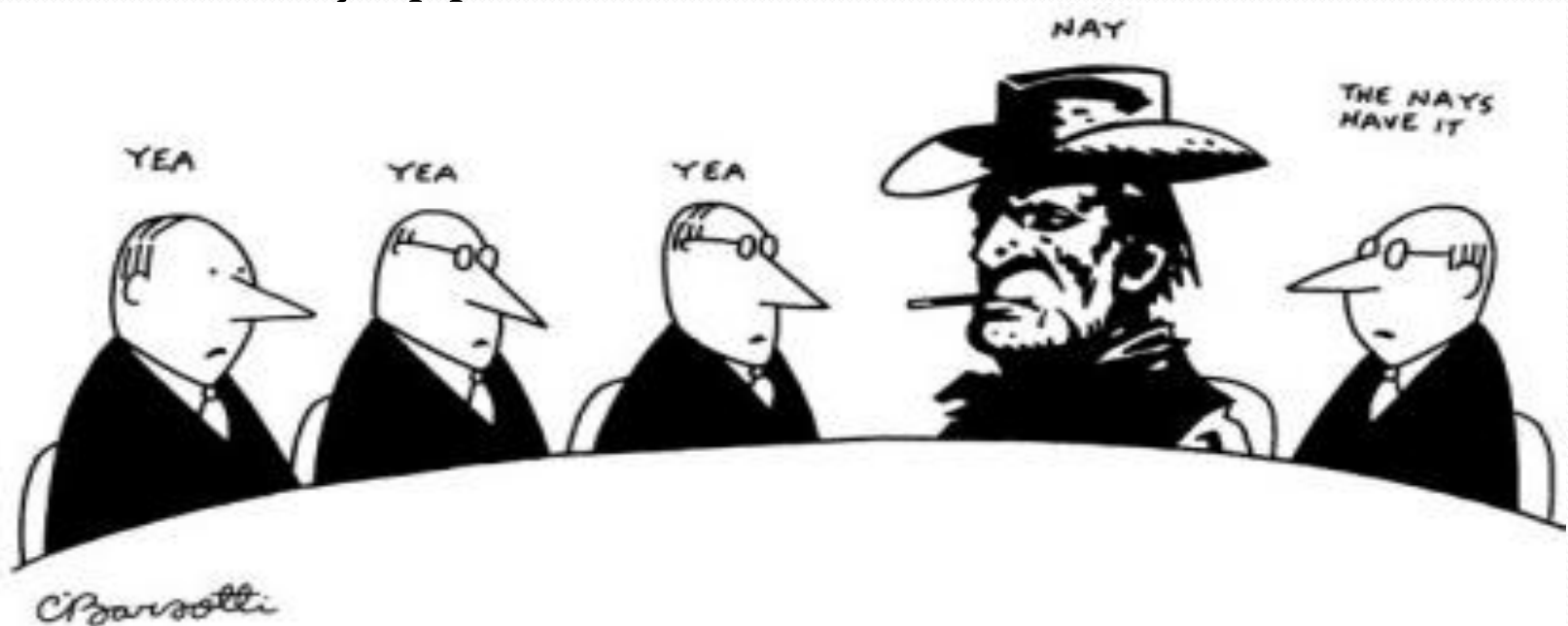


"I THINK YOU SHOULD BE MORE EXPLICIT HERE IN STEP TWO."

What happens during an audit?

3. Consult with Water Commissioner

- Site visit
- Evaluate bypass calls and if bypass structures are needed
- Evaluate dry-up points on the river and administration



What happens during an audit?

4. Notification

在我公司有多套纤维成型设备，我们打算从这些设备中拿出一套（完全重新翻新），将其转让并安装到贵厂。我们有将此类设备转让给其它国家的经验。几年前，我们向美国转让了一套类似的设备。

全世界都在使用真空成型技术，但是，我们对其工艺进行过改进，从而保证了最好的质量。我打算在下周去贵厂。我将于周一从伦敦希斯罗机场出发，**13日**（星期二）**13.55**到达上海。我将带上我公司生产设备的照片，它与要转让的设备相似。我还将让您看到我们的设备和贵厂设备的区别。

关于“一套”设备每周的产量，当然了，每周（**40小时**）生产**600公斤**（干的）只是一个平均值，它包括大、中、小产品。**600公斤**的平均值是根据燃气加热器陶瓷的量计算出的。请注意，一旦三门峡为我公司制造出了质量合格的产品，其它的设备就都可以转让，或者说贵公司的设备将被改造成我公司的设计结构。我们愿意向您展示我公司的技术诀窍，在英国它是得到认可的，使我公司生产出质量最好的燃气加热器陶瓷产品的原因是最好的技术诀窍、最好的工艺装备和最好的工艺方法结合到了一起。由于这些原因，我们将生产信息严格保密，我们的竞争对手总想知道我们是如何生产出最好产品的。因此，在我们达成合作协议之前，我们不打算告诉您太多的保密信息。

开始的时候，我们将向贵公司提供所有需要的工装，用于为我公司制作各种形状的产品。

正如以前说过的那样，我们双方的商业合作关系必须是双方共同获利，否则它将不会成功。我认为在未来的几年里，这对我们双方公司都是一次极好的机会，我们可以在我到达贵司后讨论所有的技术问题。

如果您有问题需要在我成行之前回答，请发电子邮件给我。

此致

敬礼

How Do Municipal Audits Differ?



How Do Municipal Audits Differ?

1. Same detailed review of Decrees, accounting, and consultation with water commissioners
2. More complicated and more time consuming
 - More Decrees to review
 - More “other” reporting is typically required
 - More complex infrastructure, systems, and water rights portfolios

Why Audit a Reservoir?



How Do Reservoir Audits Differ?

- Same detailed review of Decrees, accounting, and consultation with water commissioners
- ❖ Verify storage accounts
- ❖ Monitor Paper filling
- ❖ Determine when the Senior Priority has filled
- ❖ Verify that all Out-of- Priority storage is being released

Are you being Audited?



Notifications of an Audit

- NAR- Compliant- with no issues
- NAR- Non compliance
 - NAR **1** – 1st Notice of Accounting Review
 - 30 days to submit accounting with corrections
 - NAR **2** – 2nd Notice of Accounting Review
 - If the corrected accounting still does not comply
 - If new accounting was never received
 - An additional 30 days to comply
- Orders to Cease and Desist operation of the plan
- NAR extensions
- State Satisfied Letter

Example of an NAR- 1

RE: NOTICE OF ACCOUNTING REVIEW – AUG PLAN & CASE NO. XXCWXXXX

Dear Mr. Water Accountant,

According to our records you are listed as the accounting contact for the COMPANY NAME decreed plan for augmentation and/or substitute water supply plan (SWSP). If this is not correct please call Kathy Trask at the telephone number listed below at your earliest convenience. This letter is to notify you regarding deficiencies in the accounting. The decree and/or SWSP describe the accounting requirements.

Current Accounting Deficiencies:

1. Identify wells with their respective WDID number.
2. Include the allowed average annual amount of withdrawal for the Non-Tributary well for the given year and keep a running total minus what was withdrawn monthly.
3. Per condition No. 13 on the well permit # only 98% of any water withdrawn may be consumed. Please revise the accounting to include this condition.
4. Resubmit 2007 accounting with the changes above.

Division engineer staff is available to meet to explain these deficiencies; however, all deficiencies must be addressed to the satisfaction of this office within 30 days from the date of this letter.

Please contact Kathy Trask at the telephone number listed below if you have any questions regarding this letter or if you wish to schedule a meeting.

Dated this _____ day of May 2008.

Kathy Trask
Augmentation Coordinator

Example of NAR- 2

CERTIFIED MAIL: 0000 0000 0000 0000

**RE: ORDER TO SUBMIT ACCOUNTING COMPLIANT WITH THE DECREE GRANTED IN DIVISION 1
WATER COURT CASE NO. xxCWxxxx**

TO: AUG PLAN, and all agents, employees, lessees, assigns or successors of the same

Based on review of the accounting for the xxxx plan for augmentation, you and your agents, employees, lessees, assigns and/or successors are hereby **ORDERED TO SUBMIT ACCOUNTING COMPLIANT WITH THE DECREE GRANTED IN DIVISION 1 WATER COURT CASE NO. XxCWXXXX**. The accounting, must address the issues and time period discussed in the December 19th, 2007 letter. The accounting must show information on a monthly basis.

Failure to comply with this order within 30 days of receipt of this letter will result in the issuance of an order to each member well to cease and desist pumping their wells until such time as the deficiencies are addressed. Division engineer staff is available to meet with the plan's engineer/accountant to further explain the deficiencies if necessary; however, all deficiencies must be addressed to the satisfaction of this office within 30 days of receipt.

Please contact Kathy Trask at the telephone number listed above if you have questions regarding this letter or if you wish to schedule a meeting.

Dated this _____ day of January 2008.

David L Nettles, P.E.
Division One Engineer

State Satisfied Letter

**RE: NOTICE OF SATISFACTORY ACCOUNTING REVIEW – AUG PLAN
CASE NO. XXCWXXXX**

Dear Ms. Water Accountant,

This is regarding the letter dated January 1, 1999 where there were deficiencies found within the plan's accounting. After reviewing the corrected accounting and additional information we found no issues at this time. We appreciate the prompt attention in this matter. The decree and/or SWSP describe the accounting requirements. Please review the enclosed Accounting Protocol.

Please contact Kathy Trask at the telephone number listed below if you have any questions regarding this letter.

Dated this _____ day of February 1999.

Kathy Trask
Augmentation Coordinator

Hang in there. We are almost done...



Audit Findings in the last 5 years

- The month and year of the accounting was changed, but nothing else
- Transit losses were added instead of subtracted
- The wrong ditch was used as an APOD
- The plan was augmenting the wrong wells
- The wrong amount of recharge credits were being used
- The wrong appropriation dates were being used
- The accounting could not handle a well meter roll over
- Volumetrics had been exceeded
- Return flow obligations were understood to be a credit to the plan
- Hidden Columns where numbers were also in white colored font

Is your accounting a Target of our next Audit?



Tips to Keeping the Auditor Happy

- Obligations are a negative number
- Replacements are a positive number
- Keep all formulas intact
- Do not password protect your accounting
- Provide all data even if you think no one looks at it
- Do not hide any worksheets
- Respond to all phone calls, emails and letters
- Do not get defensive, we are here to help if we can

Where is Water accounting Headed?



Where is water accounting heading?

- DWR sheets within each water users accounting
- Water Users may be asked to download their accounting into Laserfiche system instead of email. This system will track the date the accounting was received
- Some pieces of the accounting will become standardized
Example: well meter readings data
- Municipal Reuse Accounting

Questions?

