



Internal Audit Report for October 2021

Summary

Three reports were issued during the month:

- 1. Examination of the Colorado River Water Users Association Financial Report**
- 2. Assistance to KPMG for Annual Financial Audit for the Fiscal Year 2021**

Discussion Section

This report highlights the significant activities of the Internal Audit Department during October 2021. In addition to presenting background information and the opinion expressed in the audit report, a discussion of findings noted during the examination is also provided.

Examination of the Colorado River Water Users Association Financial Report for the period April 1, 2020, through March 31, 2021

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, 2020, through March 31, 2021. The following summarizes the scope of work performed and results obtained:

Scope and Purpose

We performed the following procedures to gain reasonable assurance that information included in the Colorado River Water Users Financial Report for the period April 1, 2020, through March 31, 2021, is accurate and is supported by appropriate documentation:

- We agreed information from 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 over 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, 2020, through March 31, 2021, CRWUA reported total receipts of \$19,734 and total disbursements of \$33,213. As of March 31, 2021, CRWUA's total fund available was \$794,248.

Testing results

We noted a net loss of \$13,479. CRWUA canceled the 2020 Annual in-person conference due to the COVID-19 pandemic. As a result, no income resulted from conference registrations and conference exhibits. Further, membership income decreased by 99%. Total income decreased by 96% from \$495,555 in 2019 to \$19,734 in 2020. Our examination did not reveal any material differences between the reported amounts and supporting documentation.

Assistance to KPMG for Annual Financial Audit for the Fiscal Year 2021

As part of Metropolitan's external audit services agreement with KPMG LLP (KPMG), we assisted in their performance of the annual year-end audit of the District, Delta Conveyance Authority (DCA), Colorado River Association (CRA), and the Six Agency Committee (SAC). Similar to the 2020 annual financial audit, this work was conducted remotely. While assisting KPMG and working with District staff, we employed innovative approaches to conducting necessary transaction testing, and we remotely observed the year-end water inventory verification. Additionally, we utilized video conferences to hold planning meetings and perform essential real-time observations.

Specifically, Internal Audit assisted with:

- Water Inventory Testing
- Six Agency and CRA Receipts Testing
- Six Agency and CRA Disbursements Testing
- CIP Additions Testing
- Payroll Testing
- OPEB Testing
- Pension Testing
- DCA Cash Disbursements Testing
- DCA Cash Receipts Testing