

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

913



FROM: County Auditor-Controller

SUBMITTAL DATE:
March 20, 2013

SUBJECT: Internal Auditor's Report 2012-601: Chiriaco Summit Water District

RECOMMENDED MOTION: Receive and file Internal Auditor's Report 2012-601: Chiriaco Summit Water District.

BACKGROUND: The Internal Audit Division of the Auditor-Controller's Office was engaged to conduct an audit of the Chiriaco Summit Water District (the District), as promulgated by Government Code §26909 (a) (1). However, we encountered significant scope limitations—that is, client imposed restriction(s) where the auditor did not receive all information and explanations necessary for the completion of the audit—which precluded the auditor's work in obtaining evidence and performing procedures to conduct the audit.

The District has not published nor submitted audited financial statements to the Auditor-Controller's Office since FY2004 as required by Government Code §26909 (a) (2).

The field auditor encountered significant scope limitations since the District did not provide adequate records to conduct the audit. Having conducted our due diligence and lacking the cooperation of the District, the Auditor-Controller believes it is imperative to advise the governing authorities of the breach and noncompliance of the Government Code by Chiriaco Summit Water District.

Paul Angulo

Paul Angulo, CPA, M.A.
County Auditor-Controller

Departmental Concurrence

FINANCIAL DATA

Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
Annual Net County Cost:	\$ 0	For Fiscal Year:	N/A

SOURCE OF FUNDS: N/A

Positions To Be Deleted Per A-30	<input type="checkbox"/>
Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

BY: *Karen L. Johnson*
Karen L. Johnson

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Stone, seconded by Supervisor Jeffries and duly carried by unanimous vote, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Jeffries, Tavaglione, Stone, Benoit and Ashley
Nays: None
Absent: None
Date: April 2, 2013
xc: Auditor

Kecia Harper-Ihem
Clerk of the Board
By: *Kecia Harper-Ihem*
Deputy

2-4

Dep't Recomm.: Consent Policy
Per Exec. Ofc.: Consent Policy



County of Riverside

INTERNAL AUDITOR'S REPORT

2012-601

Chiriaco Summit Water District

March 20, 2013

Office of
Paul Angulo, CPA, M.A.
County Auditor-Controller

4080 Lemon Street
P.O. Box 1326
Riverside, CA 92502-1326



COUNTY OF RIVERSIDE
OFFICE OF THE
AUDITOR-CONTROLLER

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ACC | AUDITOR
CONTROLLER
COUNTY OF RIVERSIDE

Paul Angulo, CPA, M.A.
AUDITOR-CONTROLLER

March 20, 2013

Board of Directors
Chiriaco Summit Water District
62450 Chiriaco Road
Chiriaco Summit, CA 92201

Subject: Internal Auditor's Report 2012-601: Chiriaco Summit Water District

The Internal Audit Division of the Auditor-Controller's Office was engaged to conduct an audit of the Chiriaco Summit Water District (the District), as promulgated by Government Code §26909 (a) (1), "The county auditor shall either make or contract with a certified public accountant or public accountant to make an annual audit of the accounts and records of every special district within the county for which an audit by a certified public accountant or public accountant is not otherwise provided." However, we encountered significant scope limitations – that is, client imposed restriction(s) where the auditor did not receive all information and explanations necessary for the completion of the audit – which precluded the auditor's work in obtaining evidence and performing procedures to conduct the audit.

The District has not published nor submitted audited financial statements to the Auditor-Controller's Office since FY2004 as required by Government Code §26909 (a) (2). The Government Code directs an audited financial report be filed annually with the state controller and with the county auditor of the county in which the special district is located. The report shall be filed within 12 months of the end of the fiscal year or years under examination.

For the past eight years, the Auditor-Controller's Office has continuously requested audited financial statements via letter, phone calls, and personal visits to the District without success. The present Auditor-Controller believes it is imperative to fulfill our oversight responsibility and it is the District's responsibility to abide by the laws and regulations governing special districts in California.

In April 2012, the Auditor-Controller Internal Audit Division notified the District we were exercising our authority under Government Code §26909 (a) (1) and attempted to conduct fieldwork on multiple occasions. The field auditor encountered significant scope limitations since the District did not provide adequate records to conduct the audit. Having conducted our due diligence and lacking the cooperation of the District, the Auditor-Controller believes it is imperative to advise the governing authorities of the breach and noncompliance of the Government Code by Chiriaco Summit Water District.

Sincerely,

Paul Angulo, CPA, M.A.
County Auditor-Controller

Cc: Grand Jury
District Attorney
California State Controller