



## **Policy on Inspection Standards and Retention Requirements for Water Provider Records Relating to CAGRDR Annual Reports**

### **BACKGROUND**

Per Arizona Revised Statutes (ARS) §48-3771.A, the CAGRDR is required to replenish groundwater in an amount equal to the groundwater replenishment obligation for each AMA in which it operates. Calculation of the replenishment obligation requires the yearly submittal of complete and accurate water delivery information from water providers serving Member Land subdivisions or acting as a Member Service Area as outlined in ARS §48-3775.A and §48-3775.B. Following submittal of required reports, CAGRDR staff are required by §48-3775.C to "...confirm the calculation of the parcel replenishment obligation of each parcel of the member land and the service area replenishment of each member service area..." As the replenishment obligation has a direct impact on payments made by property owners in a Member Land Subdivision and an indirect impact on rates of water users within a Member Service Area, incorrect information can be very costly to residents within CAGRDR members.

To execute its statutory requirements confirming replenishment obligation, CAGRDR staff may need to verify the accuracy of information provided, the method of calculating water volumes and validate the operational processes used by the water provider. The authority for the District and the Arizona Department of Water Resources to conduct inspections in support of any needed verification is given in ARS §48-3783. This policy provides additional information on the inspection process and allows for offsite review of information.

### **STANDARDS FOR INSPECTING CAGRDR WATER PROVIDER RECORDS**

- A. For the purpose of these standards, "inspection" means either an entry by the District's authorized representatives onto private or public property to obtain factual data or access to records; or the off-site review and analysis of information required to be kept under Arizona Revised Statutes, section 48-3775.
- B. Inspection procedures may include one or more of the following:
  1. Reconciling groundwater delivery quantities reported in CAGRDR Annual Reports to water delivery quantities reported in Arizona Department of Water Resources Annual Water Withdrawal and Use Reports (Schedules F-1A and F-1B).
  2. Confirming that water provider records support the total member land or member service area total water deliveries reported in CAGRDR Annual Reports.
  3. Inspecting source documents that substantiate reported total water deliveries to individual member land tax parcels or member service areas.
  4. Documenting processes used by water providers to determine water volumes reported to CAGRDR.
  5. Any other audit procedure that would verify the accuracy and completeness of reported figures in CAGRDR Annual Reports.
- C. Except as provided in section F of these standards, the District will send written notices to water providers to confirm the times and dates of the inspections. The notice will include the statutory authorization, the purpose of the inspection, and specify the required records that should be made available for review along with the means of review whether in person or off-site. Inspection notices will be mailed by first class letter to the owner or manager of the municipal provider at least seven (7) days prior to the scheduled inspection. The notice may also be sent through electronic mail or faxed.



## **POLICY ON INSPECTION STANDARDS AND RETENTION REQUIREMENTS FOR WATER PROVIDER RECORDS RELATING TO CAGRD ANNUAL REPORTS**

- D. District employees shall minimize disruptions to operations of the municipal provider caused by an inspection where possible.
- E. If the District gives notice of an inspection and is not permitted to conduct an inspection, the District may apply for and obtain warrants for entry to premises and inspection of records.
- F. Notice of inspection shall not be required under section A of these standards if the District reasonably believes that notice will frustrate the enforcement of the inspection.
- G. The District shall mail a copy of the inspection report to the person to whom the notice of inspection was directed. The report shall include the date of the inspection and a short summary of the findings.
- H. In order to ensure general compliance with ARS §48-3775, each year the District may select up to three water providers on a rotating basis to conduct a records inspection and any number of water providers for inspection based on the prevalence of errors or unclear information submitted to CAGRD.
- I. Failure to comply with any needed changes or corrections identified by the District during the inspection process may subject the water provider to the penalties described in ARS §48-3775.G for failure to file a report to the District as required.

### **RECORD RETENTION REQUIREMENTS**

Water providers shall maintain current, accurate records of the information required to be included in CAGRD Annual Reports. Records and supporting documentation shall be retained for at least three (3) years after the close of the calendar year in which the associated CAGRD Annual Report was filed. Water providers shall provide CAWCD's audit representatives access to such records and supporting documentation for review and inspection in accordance with the Standards for Inspecting CAGRD Water Provider Records.