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State Controller Yee Finds Lack of Accounting Controls at Lamont Public Utility District

SACRAMENTO—The Lamont Public Utility District's inadequate cash handling procedures allowed \$224,045 to go missing, among other accounting deficiencies highlighted in [a report issued today](#) by California State Controller Betty T. Yee.

Controller Yee's team assessed the adequacy of the District's internal controls for safeguarding public funds after discrepancies were found between the Financial Transaction Reports (FTRs) submitted to the State Controller's Office and audited financial statements. The FTR for fiscal year 2013-14 was incomplete and inaccurate, in violation of California Government Code section 12464, with many figures understated, overstated, or not reported.

The review, based on 79 elements laid out by the federal Government Accountability Office, found the District's policies and procedures were inadequate for 65 of these measures, or 82 percent.

The most significant findings include poor cash handling procedures, lack of segregation of duties, failure to conduct timely reconciliations, insufficient review of expenses, and inadequate accounting software. Two independent reviews, by the District's accounting firm and another hired by the District's insurance carrier, both reached similar conclusions.

"With districts of this small size, limited staff resources can make it difficult to segregate duties," said Yee, the state's chief fiscal officer. "This makes it all the more critical to have strong manager oversight, cross-training, complete documentation, and up-to-date technology. It is likely other small districts are facing similar challenges, with few staff and few citizens watching."

The Lamont Public Utility District provides water and sewer service to 18,290 people in and around Lamont and Weedpatch in Kern County. It is overseen by a five-member board of directors elected to four-year terms. The District is now in the process of developing corrective actions and implementing Controller Yee's recommendations.

As the chief fiscal officer of California, Controller Yee is responsible for accountability and disbursement of the state's financial resources. The Controller also safeguards many types of property until claimed by the rightful owners, and has independent auditing authority over government agencies that spend state funds. She is a member of numerous financing authorities, and fiscal and financial oversight entities including the Franchise Tax Board. She also serves on the boards for the nation's two largest public pension funds. Elected in 2014, Controller Yee is the tenth woman elected to a statewide office in California's history. Follow the Controller on Twitter at [@CAController](#) and on Facebook at [California State Controller's Office](#).

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