

# REPORT HIGHLIGHTS



## WATER WELL INSPECTION PROGRAM PERFORMANCE AUDIT, MAY 2019

## DEPARTMENT OF NATURAL RESOURCES DIVISION OF WATER RESOURCES

### CONCERN

The audit identified concerns about whether the Well Inspection Program (Program) is fundamentally designed and operating to accomplish its purpose of protecting Colorado's water resources and the public health and safety. The Program does not effectively use a risk based approach to target the use of its inspectors, does not focus well inspectors' time on observing key phases of well construction, does not routinely use reports on completed wells to help verify compliance with construction requirements, and does not ensure that monies in its cash fund are used only for Program operations.

- The Program does not have a strategy for getting the maximum monitoring benefits from its three inspectors and \$300,000 in annual funding. The Program inspected only 15 of the 206 wells (7 percent) it considers to have been high-risk in Fiscal Year 2018, but inspected 295 low-risk wells. We estimate the Program spent about \$320,000 inspecting low-risk wells.
- Most well inspections conducted in Fiscal Year 2018 did not inspect what the Program considers to be a key phase of well construction. Of the 310 wells inspected that year, 209 (67 percent) were never inspected for any key phase, despite some wells being inspected multiple times. One well was inspected 23 times that year without inspectors observing *any* key phase of well construction. Contractors or well owners sometimes obstruct inspections, but inspectors do not notify the Board of Examiners if they are denied access to a well.
- The Division does not monitor or enforce the submission of "work reports" contractors are required to submit when well construction is complete and does not use submitted reports to help monitor adherence to construction requirements. For example, the Division does not verify that the depth of the constructed well as noted on the work report agrees with the permitted depth.
- The Division incorrectly paid about \$75,000 from the Program's cash fund for salary expenses of staff not conducting Program work in Fiscal Year 2018. Due to the incorrect charging of salaries, there were insufficient monies in the cash fund to cover all Program expenses, so the Division used General funds to pay for 76 percent of the Program's \$40,000 in vehicle costs that year.

### BACKGROUND

- Water wells provide Colorado residents access to water directly from underground aquifers, and are common where access to water through a municipal utility is not available.
- Constructing a new well requires a permit from the Division of Water Resources (Division), and construction contractors must be licensed through the Board of Water Well Examiners (Board). In Fiscal Year 2018, about 4,000 new wells were constructed.
- In 2003, the General Assembly created the Program within the Division to monitor well construction [Section 37-91-113, C.R.S.]. In Fiscal Year 2018, the Program's three inspectors conducted inspections of 310 wells constructed that year.
- The Program is funded by the Well Inspection Cash Fund, which consists of contractor licensing fees, a portion of well permit fees, and any fines issued by the Board. Program expenses are about \$300,000 per year.

### KEY RECOMMENDATIONS

The Division agreed with our recommendations to:

- Require advance notice of key construction phases for all wells.
- Prioritize inspection of high-risk wells and of key phases of construction.
- Use work reports to monitor compliance with construction requirements.
- Improve financial controls over the Well Inspection Cash Fund.