Presentation Requested:

- Assistance to and relationship building with conservation districts boards
By Washington State Conservation Commission - Field Staff (Regional Managers)

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- **Butch Ogden** SW RM
- **Eric Kopp** NE RM
- **Tom Salzer** IT Support
- **Ray Ledgerwood** Support
Topic: Building Relationships in WA with

- Internal Audits

and

- District Operations Reviews (DOR)
What are some $$$$$ Red Flags?

For potential financial problems

for Conservation Districts
What are some $$$$ Red Flags?

Your Thoughts?
Some $$$$$ Red Flags:

mismanaged petty cash.

"secret" district bank accounts

improper cash and check receipts

District grants without CD approval
Some $$$$$ Red Flags:

checks written to a person vs the district

false invoices for products-paid to unknown accounts

Selling district-owned property without approval
Some $$$$$ Red Flags:

Excessive credit limits and lack of accountability for credit card

Allowing 1 individual to withdraw or transfer funds from accounts

Overly trusting employee (should “Trust but Verify”)
How do Districts reduce the risk of these problems?
Reduce Financial risk by:

1. separating duties

2. system of checks and balances.

3. proper controls.
Checks and Balances and Control Mechanisms

INTERNAL

• daily supervision of staff

• separation of duties

• oversight by district manager

• Oversight by district board
Checks and Balances and Control Mechanisms

EXTERNAL

- annual reviews by Commission,
- regular audits by State Auditor.
CONTROL MECHANISMS

DAILY/ WEEKLY

* Day-to-day supervision of staff
* Separation of duties
CONTROL MECHANISMS

MONTHLY
* Auditor (Financial Supervisor) disburses checks
* Treasurer (Staff Person) reports to board
* Board reviews all transactions
* District provides minutes and treasurer reports to Commission
CONTROL MECHANISMS

ANNUALLY

* Internal audit (RCW 89.08.210)
* District Operations Review (DOR)
CONTROL MECHANISMS

REGULARLY

* Audit by State Auditor
We help Districts stay out of trouble and help them when they get into trouble.

We “Provide Assistance to” & “build relationships” with Districts by helping them to have proper controls.
Two of Washington’s Annual
CONTROL MECHANISMS

* Annual Internal audit

* Annual District Operations Review (DOR)
Internal Audit Introduction says:

...An internal audit performed every year assures that board members remain aware of the way district business is transacted & recorded.

(AS WELL AS THE REGIONAL MANAGER)
Annual Internal Audit Form
What is an internal audit?
- Required by RCW 89.08
- Required Yearly
- Recommendation
- Risks
- Format and steps
Washington’s Conservation District Internal Audit 7 QUESTION CATEGORIES

A - ACTIONS AND REPORTS
B - PROTECT PUBLIC FUNDS/ ASSETS
C - REVENUES AND RECORDING
D - DISBURSEMENTS AND RECORDING
E - PAYROLL AND TAX RECORDS
F - PETTY CASH
G - TRAVEL, CREDIT CARDS, DEBT
Example:

- SECTION A: Actions and Reports
- Question 1 - Are minutes of all open board meetings available for review?
- RCW 89.08.210 says, in part: “supervisors shall provide for the keeping of a full and accurate record of all proceedings, resolutions, regulations, and orders issued or adopted.”
- Meetings of conservation district boards are subject to the Open Public Meetings Act (RCW 42.30) which requires regular and special meetings to be open to the public.
### H - Issues and Action Plan

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Washington’s Conservation District Internal Audit REPORT FORM

- Only the Report Form sent to commission saying audit done.
- Includes a statement from the audit members.
- Audit member signatures.
DOR = (District Operations Review)

Another Annual Control Mechanism:

The DOR

done with Regional Managers
DORs are designed to:

- Help **build District capacity** by reinforcing sound operational procedures and identifying opportunities to improve District operations
DORs are designed to:

- **Strengthen accountability** by reviewing operating procedures under applicable local, state, and federal laws, regulations, and policies
Background

- Statement of Purpose
DOR – Question Categories

DISTRICT CAPACITY

OPERATIONS

PERSONNEL POLICIES AND PROCEDURES

BIG THREE LAWS

REPORTING
DOR – Actions

- EXIT CONFERENCE COMMENTS
  to help both District & Commission

- DOR Action Plan
  Action/ Who/ When
The **Internal Audit** and the **DOR** assist the District to do their job and can help build a relationship when the Regional Managers help them.
Questions?

Comments!