

Conservation District Audit Assessment DRAFT

As of December 10, 2010

Reference	Question	Answer
CASH & INVESTMENTS		
BARS	1. Are County Treasurer reports or District treasurer reports reviewed by the board at least monthly?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> NA
BARS	2. Are original bank statements and reconciliations reviewed by a Board member or their designee?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> NA
BARS	3. Are all bank accounts in the name of the District?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> NA
BARS	4. Are all authorized signers on the bank accounts current?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> NA
Best Practice	5. Are inactive accounts closed?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> NA
RCW 39.58	6. Are all funds held in approved financial institutions?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> NA
SAFEGUARDING OF ASSETS		
Best Practice	7. Does the District have an asset management policy that includes small and attractive assets?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> NA
Best Practice	8. Does the District perform a periodic inventory of capital assets?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> NA
Best Practice	9. Does the District perform a periodic inventory of small and attractive assets?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> NA
Best Practice	10. Has the District reported any missing assets to police or insurance providers during the past year?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> NA
RCW 43.09.180	11. Has the district reported all known and suspected losses to the State Auditor's Office?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> NA
RCW 39.04	12. Has the District established a policy for procurement of public works and purchases of equipment, materials and supplies?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> NA
CONFLICT OF INTEREST		
Best Practice	13. If the District does business with a Board Member is there a policy in place?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
RCW 42.23.030	14. Has the District done any business other than cost share with supervisors during the last year?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> NA
RCW 42.23.030 & 89.08.2204	15. Do supervisors have any beneficial interest in contracts or cost-sharing agreements beyond what is allowed by statute?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> NA
Best Practice	16. Do District employees have any beneficial interest in contracts or cost-sharing agreements beyond what is allowed by statute?	Yes No NA
Best Practice	17. Do any District employees supervise relatives?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA

Constitution Article VIII Section 7	18. Has the District loaned money to any individuals or groups?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
RCW 42.23.030	19. If a supervisor has accepted cost share, do District meeting minutes note he/she abstained from authorization, approval, or ratification of the contract?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
RCW 42.23.030	20. Are there District contracts exceeding \$1,500 per month (in total for each Board Member) with associate supervisors, employees, or their spouses or dependent children?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
RCW 42.23.030	21. Does the District maintain a list of these special contracts?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA

REVENUE

RCW 89.08.220	22. Do the Supervisors approve a yearly budget which details expected revenue sources?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
BARS	23. Do Supervisors review the yearly budget at the close of the fiscal year and examine revenues that are less than expected?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
BARS	24. Is money received from all sources recorded in the receipt book?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Best Practice	25. Are receipts periodically reconciled to deposits by a person with no cash handling responsibilities?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
RCW 43.09.240	26. Are deposits made within 24 hours of receipt?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Best Practice	27. Is cash on hand physically secured to prevent unauthorized access?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
BARS	28. Is the mode of payment noted on the receipt (cash, check, EFT, direct deposit)?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA

EXPENDITURES

Best Practice	29. Are Supervisors informed on a regular basis, of District activities that result in expenditures?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
BARS and RCW 42.24.180	30. Were conditions of RCW 42.24.180 met for any expenditures made prior to approval by the Board?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Best Practice	31. Are procedures in place to check payroll payments to supporting Documents?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Best Practice	32. Are reports showing leave accruals, usage and the balance periodically reported and reviewed for reasonableness by the board?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Best Practice	33. Is all leave approved?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Best Practice	34. If the District acts as its own Treasurer, does the Board review a check register at every meeting?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA

Best Practice	35. If the District acts as its own Treasurer, does a supervisor, employee, or designee with no ability to issue payments trace all checks cleared per bank statements to canceled warrants and the check register presented to the board?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Best Practice	36. If the County acts as the District's Treasurer, does the board review a County Treasurer warrant register report at every meeting?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
FINANCIAL HEALTH		
Best Practice	37. Is the District currently involved in any lawsuits?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Best Practice	38. Did the District use any temporary financing sources (registered warrants, lines of credit, or short-term loans) during the course of the year?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
INSURANCE/BONDING (BONDING, SELF- INSURANCE)		
BARS	39. Are all persons who handle public funds or sign checks bonded?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
OPEN PUBLIC MEETINGS AND RECORDS		
RCW 89.08.210	40. Are official minutes of all regular and special board meetings available for review?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
RCW 89.08.210	41. Are all motions made, seconded, and passed (or not passed) recorded in minutes?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Best Practice	42. Are resolutions such as setting your election kept with the minutes?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
RCW 42.30.070	43. Does the District keep the public informed of the time and place of all meetings or gatherings of three or more supervisors?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
RCW 89.08.200	44. Do all official actions of the Board occur when a quorum of supervisors is present and in open public meeting?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
RCW 42.30.110	45. Does the Board follow the Open Public Meeting Act for going into, coming out of and recording time and purpose of executive sessions?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
RCW 42.14.250-348	46. Does the District comply with the Public Records Act by providing records requested in accordance with the law including written procedures for handling requests?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
SAFEGUARDING DISBURSEMENTS		
BARS	47. Are all checks accounted for (including unused/voided/cancelled checks)?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Best Practice	48. Are voided checks physically altered and available for inspection?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Best Practice	49. Do cancelled checks contain at least two approved signatures?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
BARS	50. Checks are always filled out before they are signed?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Best Practice	51. Is at least one signatory on each check a board member?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Best Practice	52. Are fronts and backs of cancelled checks available for inspection?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
BARS	53. Is the check register up-to-date and balanced at least monthly?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA

Best Practice	54. Are unexpected and unusual payees analyzed at each board meeting?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> NA
BARS	55. Does the district have a travel reimbursement policy for Supervisors and Employees?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> NA
BARS	56. Does the District have policies and procedures for appropriate use of credit cards?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> NA
Best Practice	57. Do all credit cards and vendor charge accounts show the name of the District on them?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> NA
Best Practice	58. Are original receipts filed with the District for all credit card purchases?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> NA
Best Practice	59. Are all outstanding loan and credit card balances reported to the Board monthly?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> NA
Best Practice	60. Are credit card account activities reviewed by the Board for reasonableness?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> NA
BARS	61. If cell phones are provided to employees, are there written policies and procedures for personal usage?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> NA
BARS	62. If vehicles are provided to employees, are there written policies and procedures for personal usage?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> NA
Best Practice	63. Are vehicle mileage logs checked for reasonable fuel consumption?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> NA
BARS	64. Does your District use a petty cash account or fund?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> NA
BARS	65. Is there a Board resolution on file that authorizes a petty cash account and amount?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> NA
BARS	66. Is the petty cash in the box maintained at the amount authorized by the board?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> NA
BARS	67. Is petty cash physically secured to prevent unauthorized access?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> NA
Best Practice	68. Is a separate balance book used for petty cash?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> NA
BARS	69. Is petty cash reconciled at least monthly?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> NA
BARS	70. Does the cash in the box match the balance in the petty cash balance book?	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> NA
Best Practice	71. Are petty cash reimbursements reviewed for reasonableness and for adequate supporting documentation?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
RCW 43.09	72. Does the government authorize each petty cash amount in which local legislation is officially enacted?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
BARS	73. Does the District have an appointed custodian for each petty cash account, and are their actions as custodian subject to review by some other personnel?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
BARS	74. Is the amount in petty cash periodically counted and reconciled by someone other than the custodian?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
BARS	75. Is petty cash replenished periodically by warrant or check payable to the custodian?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
BARS	76. Does the amount of petty cash exceed one month's salary or the surety bond covering of the custodian?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
BARS	77. Is petty cash replenished at the end of the fiscal year?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
BARS	78. Upon termination of the appointed custodian, is the fund replenished and the impress amount turned over to the treasurer or other disbursing officer?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA

QUESTIONS FROM COMMISSION'S DOR & INTERNAL AUDIT

Best Practice	79. Do you have a policy manual that covers the District's operations?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Advised	80. Has the Board reviewed RCW 89.08, the Conservation Districts Law sec.210 and 220, since the last district operations review?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
RCW 89.08.220	81. Is the Districts long-range plan current, in the correct format, and on file with the commission?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
RCW 89.08.220	82. Is the Districts annual work plan current and on file with the commission?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
RCW 89.08.341	83. Does the District have current written agreements with all Conservation Partners where resources are exchanged?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
RCW 4.96.020	84. Has the District established a claims agent with the County Auditor?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Advised	85. Does the District have a training plan for supervisors and employees?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Americans with Disabilities Act	86. Does the District make its offices, meeting and programs accessible to the public?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Advised	87. Has the District addressed any findings, management letters, or exit comments made by the State Auditor's Office during the last audit?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Advised	88. Does the district have the required posters as shown on the list on the DOL website?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Advised	89. Are treasurer reports included with the minutes?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Best Practice	90. Is sales tax listed on a separate line on receipts?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
BARS	91. Are deposits held in a sealed bag or similar secure containers until deposited?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Best Practice	92. Are deposits made by someone other than the person who receipted the money?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
L&I	93. Were quarterly payments filed with the Department of Labor and Industries and match payroll records?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
ESD	94. Was unemployment Insurance paid for all employees to Employment Security Dept. and payments match payroll records?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
IRS	95. Were tax withholding payments made to the Internal Revenue Service and match payroll records?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
IRS	96. Were payments made to Social Security/Medicare or to a qualified retirement plan and match payroll records?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
BARS	97. If sales tax was collected, was it remitted to the State Department of Revenue?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
	98. How many employees do you have as of December 31?	_____

REPRESENTATIONS

I do hereby certify under penalty of perjury that the following representations are true and accurate, to the best of my knowledge and belief, having made all appropriate inquiries in order to provide such representation:

1. Information given in the annual report, including Schedule 22 and any attachments, is complete, true, accurate and in conformity with the Budgeting, Accounting and Reporting Systems Manual.
2. We Acknowledge and understand that management and the governing body are responsible for the design and implementation of policies and procedures to safeguard public resources and ensure compliance with applicable laws and regulations, including internal controls to prevent and detect fraud.
3. We acknowledge and understand that management and the governing body are responsible for complying with applicable state and local laws and regulations.
4. The District has complied with contract provisions and all applicable state laws, with the following exceptions:

Preparer	Name	Date
Board member	Name	Date
District Auditor	Name	Date
District Treasurer	Name	Date
District Manager	Name	Date
Telephone Number	Email	
District Mailing Address		

GUIDANCE FOR INDIVIDUAL QUESTIONS

Definitions:

Best Practices: The processes, practices, and systems identified in public and private organizations that performed exceptionally well and are widely recognized as improving an organization's performance and efficiency in specific areas. Successfully identifying and applying best practices can reduce business expenses and improve organizational efficiency (GAO). The best practices outline in this schedule are not to be confused with required practices or compliance requirements.

Financial Report: The annual reporting requirement prescribed by the State Auditor for reporting financial activities of the District. This schedule is not a part of the District's financial report but is submitted as a required schedule to determine audit risk.

CASH and INVESTMENTS

1. Are County Treasurer reports or district treasurer reports reviewed by the board at least monthly?

The Board should be reviewing monthly financial treasurer reports. These reports need to be reviewed at least monthly by the board for accuracy.

2. Are original bank statements and reconciliations reviewed by a Board member or their designee?

Original bank statements are required to conduct the audit process.

3. Are all bank accounts in the name of the District?

Public assets should not be held in the name of private individuals or entities. You should review bank statements to be sure all accounts, certificates, and any other financial instruments are listed only in the name of the District, and not in the name of individuals.

4. Are all authorized signers on the bank accounts current?

Making sure only authorized individuals are signers on bank accounts is one internal control to prevent loss. Authorized signers of District accounts should only be current District board member(s) and employees. When a new employee is authorized, or when a previously authorized signer parts with the District, the appropriate financial institutions should be notified immediately.

5. Are inactive bank accounts closed?

The District should have no open, inactive bank accounts. If accounts are no longer needed then the board should take action to close them and verify their closure.

6. Are all funds held in approved financial institutions?

All public funds must be held in approved financial institutions.

SAFEGUARDING OF ASSETS

7. Does the District have an asset management policy that includes small and attractive assets?

All assets should be tracked by the district to avoid any loss or misappropriations of items.

8. Does the district perform a periodic inventory of capital assets?

All assets should be tracked by the district to avoid any loss or misappropriations of items.

9. Does the District perform a periodic inventory of small and attractive assets?

Small and attractive assets should be monitored frequently to maintain an accurate inventory and to prevent loss or misappropriation.

10. Has the District reported any missing assets to police or insurance providers during the past year?

The board should be aware of all missing assets, and make a report to the police and insurance providers, if necessary.

11. Has the district reported all known and suspected losses to the State Auditor's Office?

RCW 43.09.185 requires districts to report all known and suspected losses to the State Auditor's Office.

12. Has the District established a policy for procurement of public works and purchases of equipment, materials, and supplies?

The district should have a policy for the procurement of public works and purchases of equipment, materials and supplies. The District should have a written policy and procedure for purchasing incidental supplies between board meetings.

CONFLICT OF INTEREST

13. If the District does business with a Board Member is there a policy in place?

In May 2009, the Commission passed policy to allow up to \$1,500 to associate supervisors and staff. For additional guidance contact the Conservation Commission.

14. Has the District done any business other than cost share with supervisors during the last year?

District supervisors and employees should not do business involving personal matters regarding the district.

15. Do supervisors have any beneficial interest in contracts or cost-sharing agreements?

Supervisors should never have any personal gain from cost-sharing agreements or any other contacts. See RCW 89.08.2204 for exception.

16. Do any District employees have any beneficial interest in contacts or cost-sharing agreements?

District employees should never have any personal gain from cost-sharing agreements or any other contacts.

17. Do any District employees supervise relatives?

District employees should never supervise relatives, or offer special benefits that are not offered to other employees.

18. Has the District loaned money to any individuals or groups?

The board should be aware of all transactions in regards to the District's finances.

19. If a supervisor has accepted cost share, do District meeting minutes note he/she abstained from authorization, approval, or ratification of the contract?

The minutes must reflect the supervisor's recusal from authorization, approval and ratification of the contract.

20. There are no District contracts exceeding \$1,500/month (in total for each person) with associate supervisors, employees, or their spouses or dependent children?

District Contracts with associate supervisors, employees, spouses or dependent children should not exceed \$1,500 per month.

21. Does the District maintain a list of these special contracts?

The district must maintain a list of these special contracts and the list must be available for review and audit.

REVENUE (RECEIPTING)

22. Do the Supervisors approve a yearly budget which details expected revenue sources?

The governing body should approve a yearly budget and should have an understanding of all sources of revenue, including donations and miscellaneous sources including grants.

23. Do Supervisors review the yearly budget at the close of the fiscal year and examine revenues that are less than expected?

The governing body should determine the source of the over and under budgeted funds, in order to avoid fraud or misappropriation of funds.

24. Is money received from all sources recorded in the receipt book?

Your District manual receipt book is a go-to resource to determine all District revenues. All revenues should be receipted, including EFT's with an up-to-date receipt book and a current check register, basic accounts can be reconstructed. The receipt book also forms part of the source document chain as it shows how much was received, the source of funds, the date, and who received the funds.

Cash receipts from tree sales must be documented individually by invoice or receipt.

The Districts name should be pre-printed on receipts and receipts in the receipt book should be sequentially numbered

BARS requires receipting of all district revenues. Reference: Revenues and Receipts, Cash Receipting.

25. Are receipts periodically reconciled to deposits by a person with no cash handling responsibilities?

To protect the entity from fraud or misappropriation of funds a person with no cash handling responsibilities is to reconcile the deposits made. The reconciliation can be performed by a supervisor.

26. Are deposits made within 24 hours of receipt?

RCW 43.09.240 requires all deposits be made within 24 hours of receipt.

27. Is cash on hand physically secured to prevent unauthorized access?

The District must ensure that cash is physically secured to prevent misuse or theft.

28. Is the mode of payment noted on the receipt (cash, check, EFT, direct deposit?)

Mode of payment should be documented on cash receipts to prevent theft.

EXPENDITURES

29. Are Supervisors informed on a regular basis, of District activities that result in expenditures?

The board should be informed of district activities and aware of all budgeted line items as well as the coding of expenditures.

30. Were conditions of RCW 42.24.180 met for any expenditure made prior to approval by the Board?

In order to expedite the payment of claims, the legislative body may authorize the issuance of warrants or checks in payment of claims after the provisions of this chapter have been met and after the officer designated by statute, or, in the absence of statute, an appropriate charter provision, ordinance, or resolution of the *taxing district, has signed the checks or warrants, but before the legislative body has acted to approve the claims. The legislative body may stipulate that certain kinds or amounts of claims shall not be paid before the board has reviewed the supporting documentation and approved the issue of checks or warrants in payment of those claims. However, all of the following conditions shall be met before the payment:

(1) The auditing officer and the officer designated to sign the checks or warrants shall each be required to furnish an official bond for the faithful discharge of his or her duties in an amount determined by the legislative body but not less than fifty thousand dollars;

(2) The legislative body shall adopt contracting, hiring, purchasing, and disbursing policies that implement effective internal control;

(3) The legislative body shall provide for its review of the documentation supporting claims paid and for its approval of all checks or warrants issued in payment of claims at its next regularly scheduled public meeting or, for cities and towns, at a regularly scheduled public meeting within one month of issuance; and

(4) The legislative body shall require that if, upon review, it disapproves some claims, the auditing officer and the officer designated to sign the checks or warrants shall jointly cause the disapproved claims to be recognized as receivables of the *taxing district and to pursue collection diligently until the amounts disapproved are collected or until the legislative body is satisfied and approves the claims.

31. Are procedures in place to check payroll payments to supporting documents?

Under Best Practice, it is important that the District has procedures in place to check payroll, timesheets, leave slips salaries, labor contracts, and employment records, in order to avoid fraud or misappropriation of payroll funds.

32. Are reports showing leave accruals, usage and the balance periodically reported and reviewed for reasonableness by the board?

Districts should have all payroll and leave balances reviewed and signed off on by a supervisor, in order to avoid discrepancy in the future.

33. Is all leave approved?

All leave should be approved by a manager or supervisor.

34. If the District acts as its own Treasurer, does the Board review a check register at every meeting?

BARS states: "A monthly Treasurers Report should be prepared and reviewed at every monthly District board meeting, approved by the board, and included as part of the district meeting minutes."

Regularly balancing your check register is a vital step to avoid overdrawing your account, and to allow early detection of fund problems.

35. If the District acts as its own Treasurer, does a supervisor, employee, or designee with no ability to issue payments trace all checks cleared per bank statements to canceled warrants and the check register presented to the board?

It is important that all expenditures are reviewed to prevent fraud or any misappropriation of funds. Redeemed checks/warrants should be reviewed by the Board to ensure expenditures are appropriate.

36. If the County acts as the District's Treasurer, does the board review a County Treasurer warrant register report at every meeting?

If the County acts as the Districts Treasurer, the board must review the warrant register at every meeting, to determine the information to verify the transactions are being handled correctly.

FINANCIAL HEALTH

37. Is the District currently involved in any lawsuits?

It is important to disclose any unsettled lawsuits, in order to determine the current financial health and well being of the entity. Lawsuits include the district being sued or the district suing someone.

38. Did the District use any temporary financing sources (registered warrants, lines of credit or short-term loans) during the course of the year?

It is important for the board to know of all forms of temporary financing the district may have.

INSURANCE/BONDING

39. Are all persons who handle public funds bonded?

BARS requires: "The treasurer and auditor must be bonded in an amount determined by the board, but not less than fifty thousand dollars." Reference: Expenditures and Disbursements, District Internal Control Powers and Duties.

BARS also states: "A district may provide and require a reasonable bond of any other person handling moneys or securities of the district, if the District pays the premium." It is the Commission's position that every public official and deputies of such officials should be bonded if they handle public funds.

Employee dishonesty bonding should be equal to the amount of unrestricted bonds available.

OPEN PUBLIC MEETINGS AND RECORDS

40. Are official minutes of all regular and special board meetings available for review?

RCW 89.08.210 says, in part: "The supervisors shall provide for the keeping of a full and accurate record of all proceedings, resolutions, regulations, and orders issued or adopted." Meetings of 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.

41. Are motions made, seconded, and passed (or not passed) recorded in minutes?

RCW 42.30.020 says "Final action" means a collective positive or negative decision, or an actual vote by a majority of the members of a governing body when sitting as a body or entity, upon a motion, proposal, resolution, order, or ordinance."

Thus, some formal system of reaching a positive or negative decision is required. Districts generally use some form of Roberts Rules of Order to make these decisions. Since supervisors are tasked with keeping a full and accurate record of proceedings, the way these decisions are reached need to be recorded in the minutes.

This question should not be interpreted as meaning your District may only make decisions by voting on motions. Consensus is a perfectly valid way to make group decisions, but when that method is used, it should be reflected in the minutes. Example: "A proposal to proceed with applying for an Ecology grant to protect water quality in the Mytown Watershed was discussed, and approved by consensus of the Board of Supervisors with no dissent."

42. Are resolutions such as for setting your election kept with the minutes?

All resolutions are to be kept with the meeting minutes, as all items at the meeting are subject to public records requests.

43. Does the District keep the public informed of the time and place of all meetings or gatherings of three or more supervisors?

Information regarding meetings need to be made public to guarantee public participation in District matters.

44. Do all official actions of the Board occur when a quorum of supervisors is present and in open public meeting?

All official actions of the board must be made in open public meeting.

45. Does the Board follow the Open Public Meeting Act for going into, coming out of and recording time and purpose of executive sessions?

The Open Public Meeting Act needs to be followed when conducting executive sessions.

46. Does the District comply with the Public Records Act by providing records requested in accordance with the law including written procedures for handling requests?

RCW 42.56 .070 states that: Each agency, in accordance with published rules, shall make available for public inspection and copying all public records, unless the record falls within the specific exemptions of *subsection (6) of this section, this chapter, or other statute which exempts or prohibits disclosure of specific information or records. To the extent required to prevent an unreasonable invasion of personal privacy interests protected by this chapter, an agency shall delete identifying details in a manner

consistent with this chapter when it makes available or publishes any public record; however, in each case, the justification for the deletion shall be explained fully in writing.

DISBURSEMENTS

47. Are all checks accounted for(including unused/voided/cancelled checks)?

BARS states: "Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc."

Missing checks create unanswered questions about the status of those checks. Unused, voided, cancelled, or damaged checks should be retained to avoid any ambiguity.

48. Are voided checks physically altered and available for inspection?

BARS doesn't speak directly to voided checks or warrants, but the principle applied to receipts should also be applied to checks and warrants: "If a receipt is voided, the original and any copies of that receipt must be retained."

Physically altering voided checks prevents the checks from being processed by automatic machines. We recommend using a paper punch to make holes through the magnetic encoding on the check, and through the signature, if present.

49. Do cancelled checks contain at least two approved signatures?

While BARS does not require two approved signatures, we strongly recommend this practice. Your bank may not care if there are one or two signatures, but the two-signature requirement helps avoid misappropriation of funds. It serves as an easy cross-check on the amount and recipient of District payments.

50. Checks are always filled out before they are signed?

Checks must be completely filled out with payee, date, and amount. Blank checks should never be signed before they are filled out.

51. Is at least one signatory on each check a board member?

Cross-checks are an important safeguard for the District. Having a board member as one of the signatories on a check is another way to help protect public funds.

52. Are fronts and backs of cancelled checks available for inspection?

While not required, it is a best practice to review checks for possible deviations and fraudulent activities in order to confirm correct payee endorsement. There should be a procedure to check that the endorsement on each cancelled check/warrant is consistent with the payee on the front.

53. Is the check register up-to-date and balanced at least monthly?

BARS states: "A monthly Treasurers Report should be prepared and reviewed at every monthly District board meeting, approved by the board, and included as part of the district meeting minutes."

Regularly balancing your check register is a vital step to avoid overdrawing your account, and to allow early detection of problems.

54. Are unexpected and unusual payees analyzed at each board meeting?

Are there company names or individuals listed in the check register, or on cancelled checks that you don't recognize? Ask for source documents so you can determine the payments were made appropriately. Review the endorsements and if unsure make a notation in the survey.

55. Does the district have a travel reimbursement policy for Supervisors and Employees?

The district should have a travel reimbursement policy for all supervisors and employees.

56. Does the District have policies and procedures for appropriate use of credit cards?

According to RCW 42.24, utilization of credit cards for travel expenses requires the board of supervisors to pass a resolution establishing rules and regulations including limiting the use of credit cards to authorized travel expenses only.

57. Do all credit cards and vendor charge accounts show the name of the District on them?

All credit cards and vendor accounts should be under the name of the district.

58. Are original receipts filed with the District for all credit card purchases?

In addition to 62, Submission of a fully itemized travel expense voucher by the employee or district board member is required under RCW 42.24.

59. Are all outstanding loan and credit card balances reported to the Board monthly?

The board should be aware of all outstanding loans and credit card purchases to monitor district activity.

60. Are credit card account activities reviewed by the Board for reasonableness?

Credit card activity needs to be overviewed by the board to ensure that they have not been misused and there is no fraudulent activity taking place.

61. If cell phones are provided to employees, are there written policies and procedures for personal usage?

Cell phone activity needs to be regulated to prevent personal usage, as this would result in a misuse of public funds

62. If vehicles are provided to employees, are there written policies and procedures for personal usage?

Vehicles should not be used for personal or recreational purposes by employees.

63. Are Vehicle mileage logs checked for reasonable fuel consumption?

Vehicle mileage logs should be kept for all district vehicles. Mileage logs should be periodically compared to fuel consumption to determine if fuel is being misappropriated.

64. Does your District use a petty cash account or fund?

A petty cash account needs to exist for any sum of money or other resources set aside for specific purposes such as as minor disbursements, making change, and similar uses.

65. Does the District have a written policy and procedure for purchasing incidental supplies between board meetings?

The District should have a written policy and procedure for purchasing incidental supplies between board meetings.

66. Is the petty cash in the box maintained at the amount authorized by the board?

Cash should be regulated to reduce the possibility of misplacing funds.

67. Is petty cash physically secured to prevent unauthorized access?

The custodian should assure the petty cash is kept in a safe place.

68. Is a separate balance book used for petty cash?

It is important to keep funds organized to prevent confusion and maintain accurate inventories

69. Is petty cash reconciled at least monthly?

The petty cash should always be balanced.

70. Does the cash in the box match the balance in the petty cash balance book?

Cash in the box must match the amount of cash in the balance book to ensure funds have not been misappropriated.

71. Are petty cash reimbursements reviewed for reasonableness and for adequate supporting documentation?

Petty cash reimbursements should be reviewed by the board to monitor activity and review for reasonableness and adequate supporting documentation

72. Does the governing body authorize each petty cash amount in which local legislation is officially enacted?

The governing body must authorize each petty cash account in the manner that local legislation is officially enacted, i.e. resolution or ordinance. This applies to all subsequent increases or decreases in the imprest amount.

73. Does the District have an appointed custodian for each petty cash account, and are their actions as custodian subject to review by some other personnel?

The governing body or its delegate must appoint one custodian of each petty cash account who should be independent of invoice processing, check signing, general accounting and cash receipts functions.

74. Is the amount in petty cash periodically counted and reconciled by someone other than the custodian?

The governing body or its delegate shall assure that the amount in petty cash is periodically counted and reconciled by someone other than the custodian.

75. Is petty cash replenished periodically by warrant or check payable to the custodian?

If petty cash is disbursed, it must be replenished periodically (monthly or as often as warranted) by warrant or check payable to the custodian. The replenishment should be subject to the same review and approval as processed invoices. No other receipts may be deposited to the petty cash fund.

76. Does the petty cash amount exceed one month's salary or the surety bond covering of the custodian?

The impress amount of petty cash should not exceed one month's salary or the surety bond covering the custodian.

77. Is petty cash replenished at the end of each fiscal year?

Petty cash is always replenished at the end of the fiscal year so that expenditures will be reflected in the proper accounting period.

78. Upon termination of the appointed custodian, is the fund replenished and the imprest amount turned over to the treasurer or other disbursing officer?

Whenever an individual's appointment as custodian is terminated, the fund must be replenished and the imprest amount turned over to the treasurer or other disbursing officer.

QUESTIONS FROM COMMISSION'S DOR & INTERNAL AUDIT

79. Do you have a policy manual that covers the District's operations?

A policy manual is important to ensure uniformity in district operational procedure.

80. Has the Board reviewed RCW 89.08, the Conservation Districts Law sec.210 and 220, since the last district operations review?

RCW 89.08 states that the supervisors shall provide for the keeping of a full and accurate record of all proceedings, resolutions, regulations, and orders issued or adopted. The supervisors shall provide for an annual audit of the accounts of receipts and disbursements in accordance with procedures prescribed by regulations of the commission.

81. Is the Districts long-range plan current, in the correct format, and on file with the commission?

The District must have a current long-range plan and on file with the Commission. The plan must also be in the correct format.

82. Is the Districts annual work plan current and on file with the commission?

Districts must have current annual work plans on file with the commission.

83. Does the District have current written agreements with all conservation partners where resources are exchanged?

Districts must have current written agreements with all conservation partners.

84. Has the District established a claims agent with the County Auditor?

RCW 4.96.0602 (2) requires the governing body of each local governmental entity appoint an agent to receive any claim for damages. The identity of the agent and the address where he or she may be reached during the normal business hours of the local governmental entity are public records and shall be recorded with the auditor of the county in which the entity is located.

85. Does the District have a training plan for supervisors and employees?

A training plan is important for employers and supervisors to become familiar with procedures and practices in the work place.

86. Does the District make its office, meetings and programs accessible to the public?

The district office, meetings and programs must be accessible to the public.

87. Has the District addressed any findings, management letters, or exit comments made by the State Auditor's Office during the last audit?

The district must address audit finding, management letters and exit comments in the district's action plan.

88. Does the district have the required posters as shown on the list on the DOL website?

These posters are important to inform employees of their rights and options in various situations regarding fair labor, disabilities, and other legal rights.

89. Are treasurer reports included with the minutes?

Budgeting, Accounting, and Reporting System (BARS) standards require the treasurer reports to be included with minutes: "A monthly Treasurers Report should be prepared and reviewed at every monthly conservation district board meeting, approved by the board, and included as part of the district meeting minutes." Reference: BARS manual, Cash Receipting, Section 3 Internal Controls.

90. Is sales tax listed on a separate line on receipts?

This is a Department of Revenue requirement, to help conservation districts keep pass-through funds separate from revenues.

91. Are deposits held in a sealed bag or similar secure containers until deposited?

BARS requires: "Cash receipts should be properly protected during the operating day and, if they cannot be deposited that day, secured overnight." Reference: Revenues and Receipts, Cash Receipting.

92. Are deposits made by someone other than the person who receipted the money?

BARS guidance states: "The deposit should be prepared by someone other than the person who received the payment." Reference: Revenues and Receipts, Cash Receipting.

93. Were quarterly payments filed with the Department of Labor and Industries and match payroll records?

Payments to the Department of Labor and Industries need to match the payroll records to avoid a misallocation of funds

94. Was unemployment insurance paid for all employees to Employment Security Department and payments match payroll records?

Payments to the Employment Security Department need to be reconciled with the payroll records to ensure accurate accounting

95. Were tax withholding payments made to the Internal Revenue Service and match payroll records?

Payments to the Internal Revenue Service need to be reconciled with the payroll records to ensure accurate accounting

96. Were payments made to Social Security/Medicare or to a qualified retirement plan and match payroll records?

Payments made to Social Security/Medicare or to a qualified retirement plan need to be reconciled with the payroll records to ensure accurate accounting

97. If sales tax was collected, was it remitted to the State Department of Revenue?

All sales tax collected needs to be remitted to the State Department of Revenue.

98. How many employees do you have as of December 31st?

Write in the number of employees as of December 31st.

OTHER RISK INDICATORS

Assessed Outside of Schedule 22

LGCS and Annual Report Filing

Was annual report received on time and pass edits?

How many different Revenue and Expenditure codes are used? (Diversity and complexity)

Single audit thresholds – Districts getting close to the needing a Single Audit? Single Audit threshold (450K+ per year of BARS 331+332+333, but not scheduled for SA then flag?

Federal Awards not obtained through the Commission (BASUB 333)?

Grant Compliance (including Cost Sharing Agreements)

Rely on annual audit of commission to identify any grant issues:

Pick 1-3 grants per year to audit. We'd be looking at the same "COSO" and people so it's OK to have a long cycle for specific grants (10-20 grant programs over a 5 year period). Amount of Direct Federal Awards (BARS 333) + Indirect Federal Awards not received through Commission.

Obtain schedule from the commission and compare / subtract it from BARS 331?

General Factors -- not sure where these are going to go:

Last SAO Audit

(or number of audits in last X years)

Last Commission Review

(or number of reviews in last X years)

Prior Audit Issues

LGCS Financial Indicators:

Months of unrestricted cash balance: $\text{Total Expenditures (exclude non-expenditures)} \div \text{BARS 508}$

Operating Margin

Debt to Assets (Schedule 9 \div cash balance)

Financial Ratio Indicators:

Financial ratios that you may consider. The targets are more industry accepted levels and are generic in nature. (Macias: We have also created benchmark averages for specific groups. For example, you could benchmark the Conservation Districts and assess them against this peer group.)

- **Viability Ratio: Expendable Net Assets / Long Term Debt**

The Viability Ratio compares expendable net assets to long-term debt. The ratio indicates a nonprofit's relative liquidity and is a basic indicator of financial strength. It measures the organization's availability of liquid assets to meet the financial obligations as they come due. Expendable Net Assets is net assets less restricted net assets less the net value of property, plant & equipment (property, plant & equipment less LT Debt). The target ratio goal is ≥ 0.40

- **Net Income Ratio: Change in Unrestricted Net Assets / Total Unrestricted Income**

The Net Income Ratio is measured by the change in unrestricted net assets (net operating income) divided by total unrestricted income. This ratio measures financial performance by answering the question, "Did the organization live within its means during the year?" The Net Income Ratio is the extent to which the organization's total operations have resulted in a surplus or a deficit. The target ratio goal is 2 to 4 percent.

- **Cash Flow from Operations to Average Current Liabilities**

This indicator provides a general indication of short term liquidity, but uses the average current liabilities (current year and prior year) in the evaluation. It is measured by the operating cash flow divided by the average of the current year's current liabilities and the prior year's current liabilities. A healthy firm commonly has a ratio of 40 percent or more.

- **Cash Flow from Operations to Average Total Liabilities**

Cash flow from operations is divided by the average of the current year's total liabilities and the prior year's total liabilities. This ratio considers the availability of liquid assets to cover various levels of debt, unlike the debt ratios. A financially healthy company will normally have a ratio of 20 percent or more.

- **Current Ratio: Current Assets / Current Liabilities**

This ratio indicates an organization's ability to meet its short-term obligations with available assets. For our analysis, it will be used in conjunction with the Liquid Funds Indicator to assess overall liquidity. The target ratio is ≥ 1.0

- **Acid Test: (Cash and Receivables) / Current Liabilities**

This ratio only considers those current assets that can be converted quickly into cash and is a more stringent indicator of an organization's ability to meet short-term obligations. This ratio will be used in conjunction with the Current Ratio and Liquid Funds Indicator to assess overall liquidity.

- **Days Cash on Hand: (Cash and Marketable Securities + Unrestricted Investments) / [(Total Expense – Depreciation)/365]**

This ratio provides a point-in-time estimation of the amount of cash the company has on hand to meet average daily expenses. A general target value of 30 days is desirable.