

Using Results of Audits to Improve SWCD Operations

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What Happened

- A Soil and Water Conservation District discovered in late December that one of their employees allegedly stole funds from the SWCD.
- This included both state and local funds.

How Did it Happen

- Unauthorized use of SWCD debit card and credit cards.
 - ATM withdrawals
 - Using debit card to purchase gift cards
 - Using a grocery store credit card for personal items

What has Happened Since

- The SWCD board members had to loan funds to the SWCD in order for the SWCD to make payroll.
- The state Program Office made the District Coordinator, available 2-3 days a week to assist the SWCD with MoSWIMS, accounting, updating board policies and addressing audit findings.
- The state Program Office is sending the SWCD funds monthly for personnel related expenses per Commission decision at the January 10, 2019 meeting.
- The surety bond company paid the SWCD.

What has Happened Since (cont.)

- The SWCD was required to change banks.
- The state Program Office required the SWCD to reimburse the state for the state funds taken.
- In May 2019, the Commission authorized paying administrative expenses.
- The SWCD board reviewed and updated all local policies.
- The Program Office just recently gave approval to the SWCD to hire an additional person.



Documentation Required with Monthly Request

- Approved timesheets
- Employee Earnings Records
- Reconciled bank statement
- Receipts for health insurance and retirement
- Receipts/invoices for administrative expenses



Audit Was Conducted

- Improper Expenditures
- Inaccurate Financial Reporting
- Lack Of Bank Reconciliations
- Checks Written to Cash
- Lack of Proper Internal Controls
- Improper Personnel Processes
- Inaccurate Employee Earnings Records
- Incomplete Revenue Records
- Unrecorded Income Transactions
- Lack of Board Oversight

Items to be Implemented for all SWCDs Based on Audit Findings from Recent Audits

- Implement new financial tracking system
- Require all SWCDs to outsource their payroll
- Encourage all SWCD to outsource their bank reconciliation
- Require SWCDs to submit bank reconciliations to DNR Internal Audit Program for review through Perfect Audit computer program

Additional Items to be Implemented

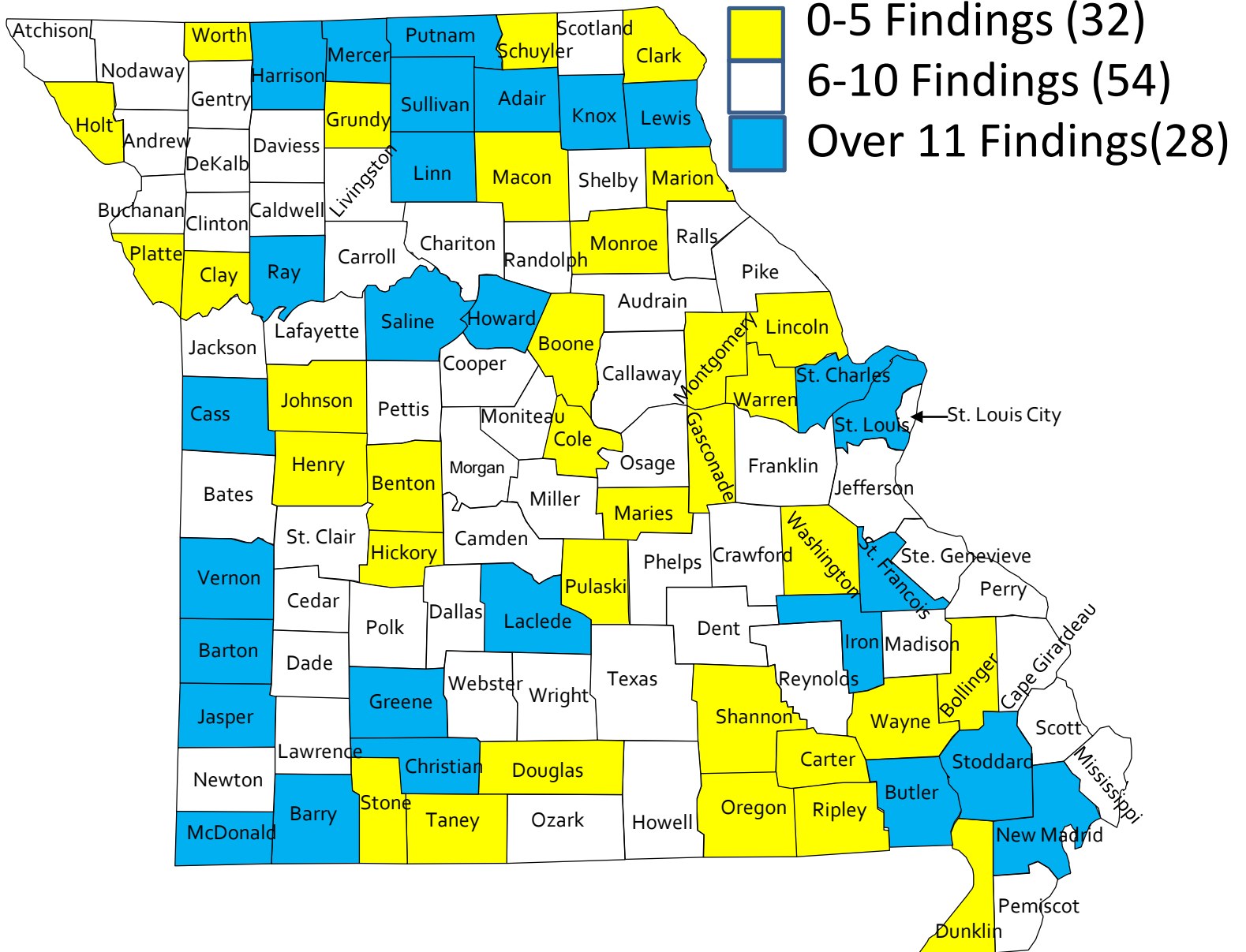
- Credit/Debit Cards
 - Do not allow SWCDs to have debit cards
 - Develop a credit card policy and use agreement for all SWCDs
 - Provide SWCD credit cards through UMB; UMB is provider for state credit cards.



Additional Items to be Implemented

- Require all SWCD board members sign a conflict of interest disclosure form.
- Develop a monitoring checklist for District Coordinators to use when attending board meetings.
- Develop a self assessment checklist for SWCDs to complete annually.
- Develop additional training modules that District Coordinators can use to provide specific training to boards when they attend board meetings.

Number of Audit Findings per SWCD



Changes to Current Policy

- Do not allow debit cards.
- Develop a credit card policy and use agreement for SWCDs with credit cards.
- Provide credit cards through UMB state contract.
- Develop a monitoring checklist for District Coordinators to use when attending board meetings.
- Develop a self assessment checklist for SWCDs to complete annually.
- Develop additional training modules that District Coordinators can use to provide specific training to boards when they attend board meetings.



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Questions?