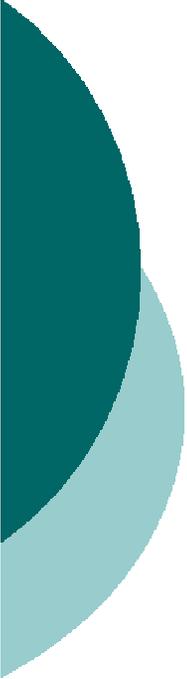


Presentation Requested:

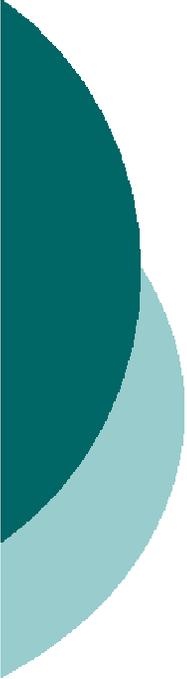
i Assistance to and
relationship building

with conservation districts
boards



**By Washington State Conservation
Commission – Field Staff (Regional Managers)**

- i **Larry Brewer** SE RM and
- i Stu Trefry RM Coordinator
- i Jon Culp NC RM
- i Butch Ogden SW RM
- i Eric Kopp NE RM
- i Tom Salzer IT Support
- i Ray Ledgerwood Support



Topic:
Building Relationships in WA with

i Internal Audits

and

i 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:

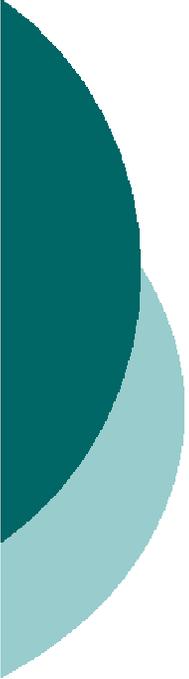


Excessive credit limits and lack of accountability for credit card

Allowing 1 individual to withdraw or transfer funds from accounts

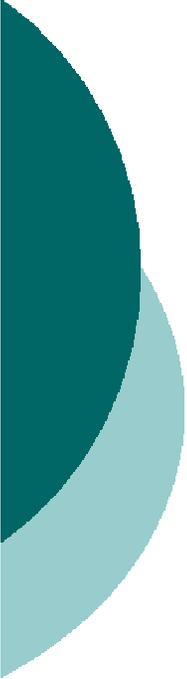
Overly trusting employee
(should "Trust but Verify")





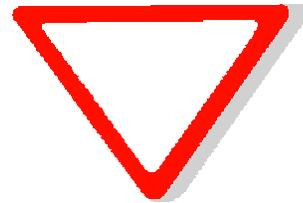
How do Districts reduce
the risk of these problems?

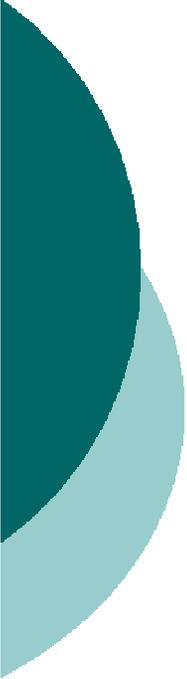




Reduce Financial risk by:

1. separating duties
2. system of checks and balances.
3. proper controls.

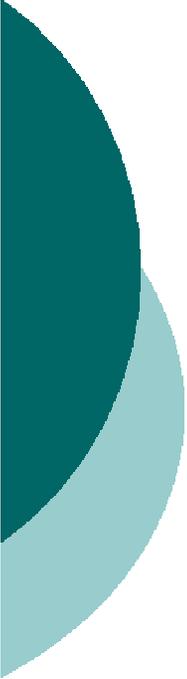




Checks and Balances and Control Mechanisms

INTERNAL

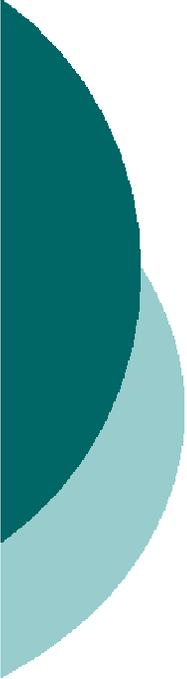
- i daily supervision of staff
- i separation of duties
- i oversight by district manager
- i Oversight by district board



Checks and Balances and Control Mechanisms

EXTERNAL

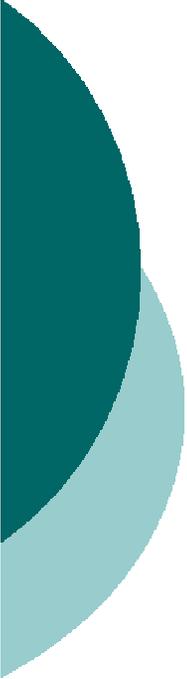
- i annual reviews by Commission,
- i regular audits by State Auditor.



CONTROL MECHANISMS

DAILY/WEEKLY

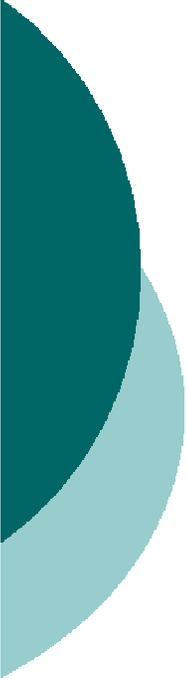
- * Day-to-day supervision of staff
- * Separation of duties



CONTROL MECHANISMS

MONTHLY

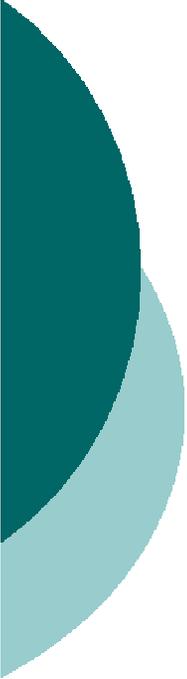
- * Auditor (Financial Supervisor) disburses checks
- * Treasurer (Staff Person) reports to board
- * Board reviews all transactions
- * District provides minutes and treasurer reports to Commission



CONTROL MECHANISMS

ANNUALLY

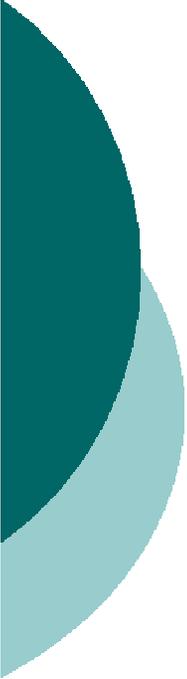
- * Internal audit (RCW 89.08.210)
- * District Operations Review (DOR)



CONTROL MECHANISMS

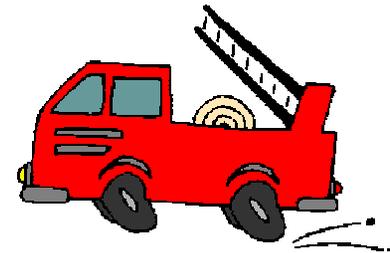
REGULARLY

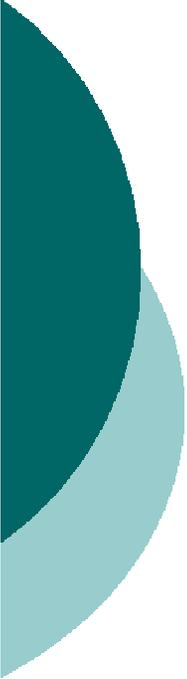
* Audit by State Auditor



We help Districts stay out of trouble
and *help them when get into trouble.*

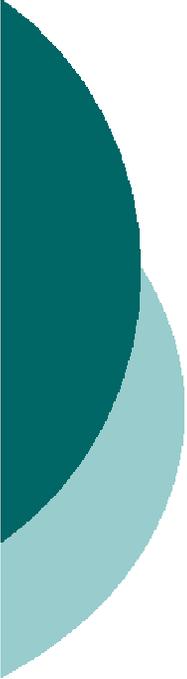
We “Provide Assistance to”
& “build relationships”
with Districts by helping
them to have proper controls.





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

Document11 - Microsoft Word

File Edit View Insert Format Tools Table Window Help

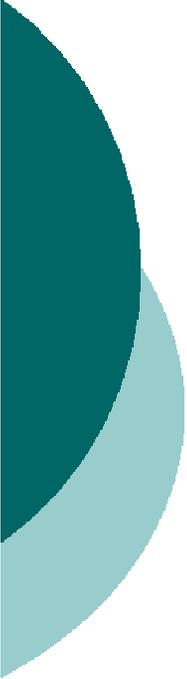
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File's quest.ch for help

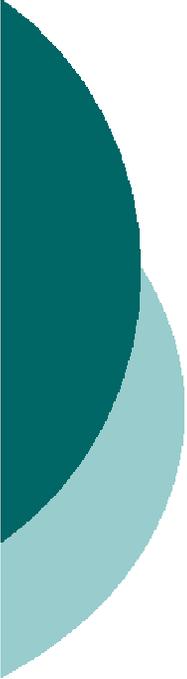
Reference	Question	Answer
A - ACTIONS AND REPORTS		
FDN 33.02.21	1. Are official minutes of all regular and special board meetings available for review?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
FDN 33.02.21	2. Are resolutions, motions, and assets (or proposals) recorded in minutes?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Board/proc	3. Are resolutions even drafts being your decision listed with the minutes?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
BARB	4. Are dissenting points included with minutes?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
B - PROTECTION OF PUBLIC FUNDS AND ASSETS		
BARB	5. Are all bank or vendor accounts in the name of the conservation district?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Res/proc	6. Do all checks or the similar name of the conservation district have?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
BARB	7. Are all authorized signs on those accounts correct?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
FDN 33.58	8. Are all funds held in proper financial institutions?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
DARD	9. Are all cash or other public funds or sign checks adequately bonded?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
BARB	10. Are original documents kept available for review?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
C - REVIEWS AND RECORDING		
BARB	11. Is money received from all sources recorded in the receipt book?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
BARB	12. Are receipt checkbook notes on all checks, cash, checks, BP, etc. correct?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Board/proc	13. Do receipts for EFT's and on-line E/R's record?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Res/proc	14. Does the treasurer purchase DARD online and check it in writing?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
BARB	15. Are E/R's name pre-printed on receipts?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
BARB	16. Are receipts in the name of the conservation district?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Res/proc	17. Are receipts filed on a separate file or in a separate folder?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
DARD	18. Are receipts held in secure bags or similar secure containers and locked?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
BARB	19. Are receipts made the same day as received?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Res/proc	20. Are receipts made by computer or other means and recorded in writing?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
D - DISBURSEMENTS AND RECORDING		
BARB	21. Are funds only disbursed after approval by the Conservation District board?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
BARB	22. Are all disbursements accounted for including canceled/voided checks?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Res/proc	23. Are voided checks properly stored and available for inspection?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
BARB	24. Do cancelled checks contain a resolution and signature?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Res/proc	25. Is a release necessary in each check's file folder?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Res/proc	26. Are forms and table of cancelled checks available for inspection?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA

Page 1



Washington's Conservation District Internal Audit **INTRODUCTION**

- i What is an internal audit?
- i Required by RCW89.08
- i Required Yearly
- i Recommendation
- i Risks
- i Format and steps



Washington's Conservation District Internal Audit **7 QUESTION CATEGORIES**

A – ACTIONS AND REPORTS

B – PROTECT PUBLIC FUNDS/ASSETS

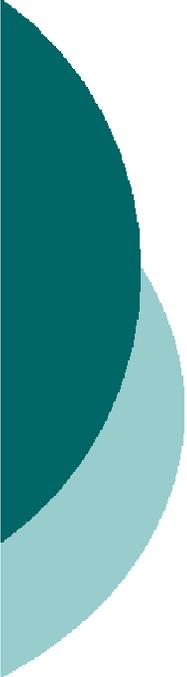
C – REVENUES AND RECORDING

D – DISBURSEMENTS AND RECORDING

E – PAYROLL AND TAX RECORDS

F – PETTY CASH

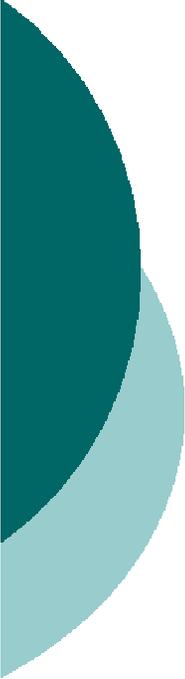
G – TRAVEL, CREDIT CARDS, DEBT



Washington's Conservation District Internal Audit **QUESTION GUIDANCE**

Example:

- i SECTION A: Actions and Reports
- i Question 1 – Are minutes of all open board meetings available for review?
- i 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.”
- i 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.



Washington's Conservation District Internal Audit **ACTION PLAN**

H – ISSUES AND ACTION PLAN

Issue & what to

do to resolve it. | By Who | By when

|

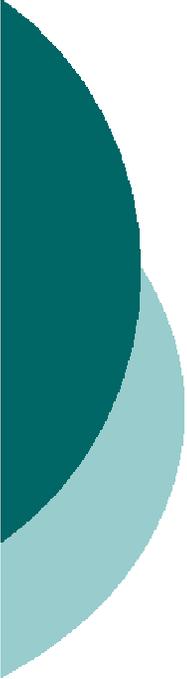
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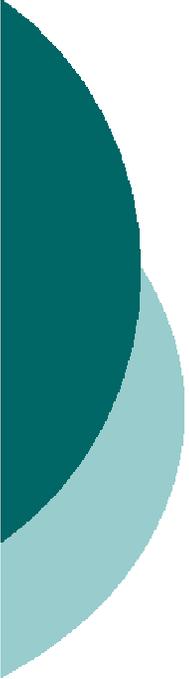
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Washington's Conservation District Internal Audit **REPORT FORM**

- i Only the Report Form sent to commission saying audit done.
- i Includes a statement from the audit members.
- i Audit member signatures.

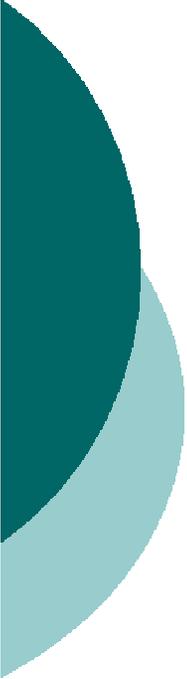


DOR = (District Operations Review)

Another Annual Control Mechanism:

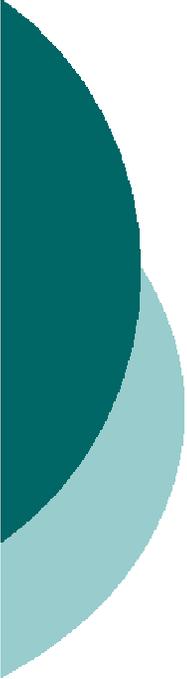
The DOR

done with Regional Managers



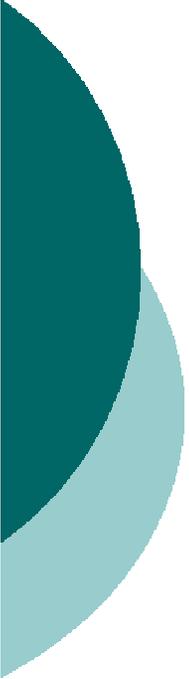
DORs are designed to:

- i Help **build District capacity** by reinforcing sound operational procedures and identifying opportunities to improve District operations



DORs are designed to:

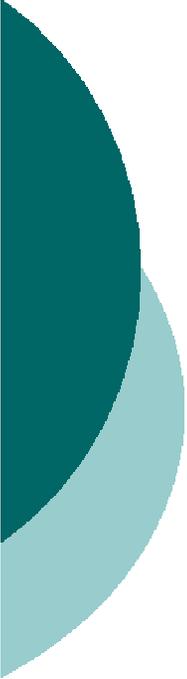
- i **Strengthen accountability** by reviewing operating procedures under applicable local, state, and federal laws, regulations, and policies



DOR – Introductory Page

Background

i Statement of Purpose



DOR – Question Categories

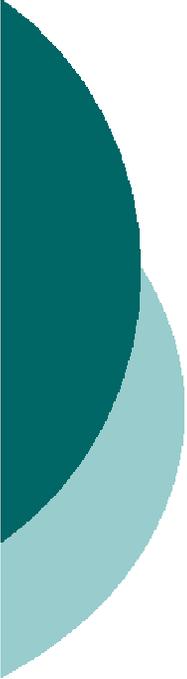
DISTRICT CAPACITY

OPERATIONS

PERSONNEL POLICIES AND
PROCEDURES

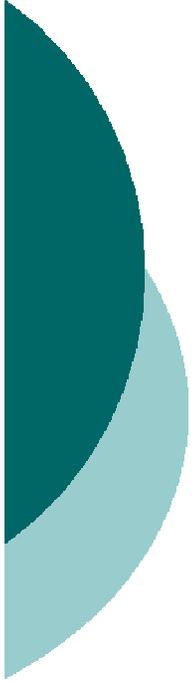
BIG THREE LAWS

REPORTING

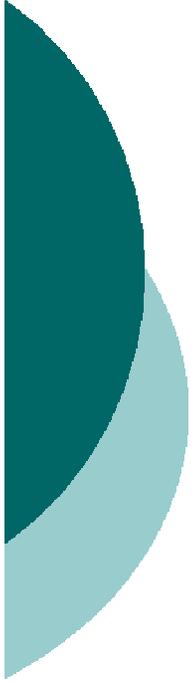


DOR – Actions

- i EXIT CONFERENCE COMMENTS
to help both District & Commission
- i 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!