



## **Presentation Requested:**

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i Assistance to and  
relationship building

with conservation districts  
boards



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

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- 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**

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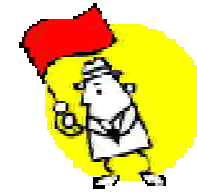
i Internal Audits

and

i District Operations Reviews  
(DOR)

# What are some \$\$\$\$ Red Flags ?

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For potential financial problems

for Conservation Districts



What are some \$\$\$\$ Red Flags ?

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Your  
Thoughts?

## Some \$\$\$\$ Red Flags:

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mismanaged petty cash.



"secret" district bank accounts

improper cash and check receipts

District grants without CD approval

## Some \$\$\$\$ Red Flags:

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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:

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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")







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How do Districts reduce  
the risk of these problems?

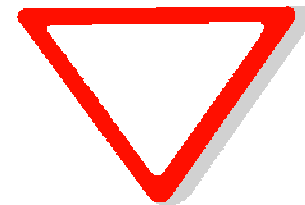




## Reduce Financial risk by:

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





# Checks and Balances and Control Mechanisms

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## 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

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## EXTERNAL

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



# CONTROL MECHANISMS

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## DAILY/WEEKLY

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



# CONTROL MECHANISMS

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## 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

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## ANNUALLY

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



# CONTROL MECHANISMS

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REGULARLY

\* Audit by State Auditor

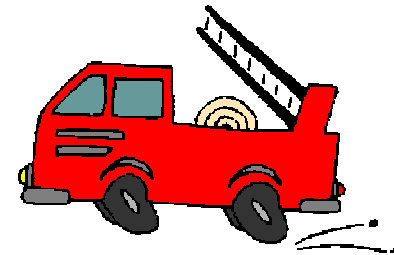




We help Districts stay out of trouble  
and *help them when get into trouble.*

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





## Two of Washington's Annual **CONTROL MECHANISMS**

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- \* Annual Internal audit
- \* Annual District Operations Review (DOR)



## Internal Audit Introduction says:

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. . . .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

1 Times New Roman 12

1 Page & Question for Help

Reference	Question	Answer
<b>A - ACTIONS AND REPORTS</b>		
RCM 33.02.11	1. Are official minutes of all regular and special board meetings available to all?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
RCM 33.02.11	2. Are records made, recorded, and stored (or photographed, recorded, or videoed)?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Board/audit	3. Are records a year or more (using your jurisdiction's law as a guide)?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
BARB	4. Are essential records retained both in hard and soft copy?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
<b>B - PROTECTION OF PUBLIC FUNDS AND ASSETS</b>		
BARB	5. Are all public or vendor accounts fully in the name of the corporation/office?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Board/audit	6. Do all bank or other accounts have a name of the officer and date of the name?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
BARB	7. Are all bank cards signed in those accounts/department?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
RCM 33.53	8. Are all funds held in covered financial institutions?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
DARD	9. Are all public and private public funds or other public accounts properly bonded?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
BARB	10. Are all public deposits held in a public account?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
<b>C - REVIEWS AND RECORDING</b>		
BARB	11. Is every receipt, bill, invoice, receipt, or other document properly recorded?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
BARB	12. Is the receipt/expense record of the receipt/expense bill/invoice properly recorded?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Board/audit	13. Do records for EFTs and other electronic payments?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Board/audit	14. Does the corporation/office have a record of all bills payable?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
BARB	15. Is the EFT record properly recorded in records?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
BARB	16. Are records in the record of all bills payable properly recorded?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Board/audit	17. Are records held in a separate file or in a separate folder?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
DARD	18. Are records held in a secure place or similar secure container and protected?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
BARB	19. Are records held in a secure place or similar secure container and protected?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Board/audit	20. Are records held in a secure place or similar secure container and protected?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
<b>D - DISBURSEMENTS AND RECORDING</b>		
BARB	21. Are funds being expended in accordance with the Corporation's/Office's policies?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
BARB	22. Are records accounted for including all cash, credit card, and other receipts?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Board/audit	23. Are records properly filed and available for inspection?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
BARB	24. Do all records of checks, receipts, and other documents have a date and amount?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Board/audit	25. Is it clear the necessary records are available for inspection?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Board/audit	26. Are forms and books 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**

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- 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**

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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**

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## 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**

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## H – ISSUES AND ACTION PLAN

Issue & what to

do to resolve it. | By Who | By when

|

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

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- 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:

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



# DORs are designed to:

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



# DOR – Introductory Page

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Background

i Statement of Purpose



# DOR – Question Categories

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DISTRICT CAPACITY

OPERATIONS

PERSONNEL POLICIES AND  
PROCEDURES

BIG THREE LAWS

REPORTING



## DOR – Actions

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- i EXIT CONFERENCE COMMENTS  
to help both District & Commission
- i DOR Action Plan  
Action/Who/When



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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.





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Questions?

Comments!