

A collage of nine images related to agriculture and conservation. The top row includes: young plants in a field, a close-up of water, a water tap with a stream of water, and a quail. The middle row features: a herd of brown cows in a field, a large fire burning in a field with a tree in the foreground, and an aerial view of a farm with a winding stream. The bottom row shows: a green field with a wire fence, a view of trees, a group of white chickens in a coop, and a dense forest of tall, thin trees.

Arkansas Conservation Districts
Training Program

Financial Policies

Power Point 10



Financial Review

- Districts no longer are required to have an audit by a certified public accountant.
- Each district will have agreed upon procedures conducted by a certified public accountant or a delegate appointed by the Commission.
- The commission will contract with CPAs or its delegate to conduct these agreed upon procedures across the state

Guidelines for Conducting Agreed-Upon Procedures For Arkansas Soil & Water Conservation

Agreed-Upon Procedures

Cash and Investments

- A. Perform a proof of cash for the year and reconcile year-end bank balances to book balance.
- B. Confirm with depository institutions the cash on deposit and investments.
- C. Agree the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater.

Receipts

- A. Agree the deposits per the proof of cash for the year with the deposits per the journal within 5% or \$500, whichever is greater.
- B. Agree 25 cash receipts to validated deposit.

Disbursements

- A. Agree the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$500, whichever is greater.
- B. Analyze all property, plant and equipment disbursements.
- C. Analyze all payroll and travel disbursements.
- D. Validate employee pay rates.
- E. Analyze all credit card disbursements.
- F. Select twenty-five (25) disbursements and determine if they were adequately documented.

Property, Plant and Equipment

- A. Determine that additions and disposals were properly accounted for in the records. (Materiality level - 5% of total equipment or \$500, whichever is greater.)

Long-Term Debt (if applicable)

- A. Schedule long-term debt and verify changes in all balances for the year.
- B. Confirm loans, bonds, notes and contracts payable with lender/trustee/contractor.

Proof of Match (form attached)

- A. Select ten (10) match receipts and compare to supporting documentation

Inventory

- A. Review inventory listing of district owned equipment for date of purchase and serial number of each item.
- B. Select three (3) items to locate and validate existence and serial number.

See Fact Sheet 18



Arkansas Association
of Conservation Districts





Proof of Match

- Proof of match is a part of the Agreed Upon Procedures in Lieu of an Audit
- The form documents match and assumes that the district has a procedure in place to capture match

Proof Of Match Report

Conservation District _____
Quarter Ending _____

Line Item Funds Requested _____ Required Match _____
Grand Funds Received _____ Required Match _____

Line Item	Funds Received For Match	Grant
Quorum Court	_____	_____
Equipment Rental	_____	_____
Interest Income	_____	_____
Sales	_____	_____
Company-Individual Donations	_____	_____
In-Kind**	_____	_____
Other (Voluntary Tax, etc.)	_____	_____
TOTAL MATCH	_____	_____

**In-kind must be documented (hours - equip - supplies etc)

The following is a guideline for figuring the required match

Line item First \$2,000 per _____





Direct Site Visit

- An annual site visit will be conducted by your Land Resource Specialist or a CPA to review financial records
- The review is not an audit but it resembles an audit in some ways

Arkansas Conservation District Directors Training Manual
Direct Site Visit Procedures
Fact Sheet
Updated - 8/10

Time-Period Reviewed: _____

Item	Reviewed
Bank Statements & Cancelled Checks	
Review cancelled checks for dual signatures	
Review cancelled checks for independent, authorized dual signatures	
Review cancelled checks for any unusual expenditures	
Document via schedule all checks written to employees	
Select various checks each month to review supporting documentation	
Bank Reconciliations	
Compare reconciled bank balance to ledger/checkbook balance monthly	
Select one month and create bank reconciliation to compare to district reconciliation	
Review general ledger detail for accuracy if applicable	
Supporting Documentation for Selected Checks	
Review supporting documentation for all employee and board travel reimbursements	
Review supporting documentation for D.C. reimbursements, if applicable	
Review documentation for board member meeting reimbursements	
Review supporting documentation for all large expenditures	
Select a random sample of various monthly expenditures to review documentation	
Review supporting documentation for all credit card payments during the time period reviewed	
Review supporting documentation for all fixed asset purchases	
Board of Director Minutes	
Read minutes for each meeting held during the time period reviewed	
Verify that the following items were included in the minutes	
Board member attendance	
Salary rate & salary increase information	

Fact Sheet 19



Arkansas Association
of Conservation Districts





Site Review

● Bank Statements & Cancelled Checks

- Review cancelled checks for dual signatures
- Review cancelled checks for independent, authorized dual signatures
- Review cancelled checks for any unusual expenditures
- Document via schedule all checks written to employees
- Select various checks each month to review supporting documentation

● Bank Reconciliations

- Compare reconciled bank balance to ledger/checkbook balance monthly
- Select one month and create bank reconciliation to compare to district reconciliation





Site Review

- **Review general ledger detail for accuracy if applicable**
- **Supporting Documentation for Selected Checks**
 - Review supporting documentation for all employee and board travel reimbursements
 - Review supporting documentation for D.C. reimbursements, if applicable
 - Review documentation for board member meeting reimbursements
 - Review supporting documentation for all large expenditures
 - Select a random sample of various monthly expenditures to review documentation
 - Review supporting documentation for all credit card payments during the time period reviewed
 - Review supporting documentation for all fixed asset purchases





Site Review

● Board of Director Minutes

- Review minutes for each meeting held during the time period
- Verify that the following items were included in the minutes
 - Board member attendance and absence
 - Salary rate & salary increase information
 - Board approval of non-routine expenditures (purchases of fixed assets, etc.)
 - Documentation of financial statement review and approval
 - Documentation of non-routine travel by staff and board member





Site Review

● Listing of staff and wage rates

- Compare wage rates to documentation in personnel file
- Compare wage rates to documentation in board of director minutes

● W-2's

- Recalculate annual wages based on documented pay rate, frequency of pay and hours worked





Site Review

● Timesheets

- Compare hours worked to approved work schedule
- Verify timesheet completeness and accuracy
- Validate frequency of pay
- Review for board member approval
- Recalculate gross pay based on hours on timesheet & documentation pay rate





Site Review

● Leave Records

- Compare leave accruals to personnel policies
- Review for board member approval
- Compare leave taken to time sheets
- Recalculate leave balance throughout the time period reviewed





Site Review

● Cash Receipts

- Review cash receipts to ensure all incoming funds are receipted
- Select a sample of cash receipts to trace to a validated deposit slip
- Select a sample of bank deposits to trace to cash receipt





Site Review

- **Listing of All Credit Card Accounts**
- **Supporting Documentation for Credit Cards**
 - Review all credit card bills and receipts during the time period reviewed
- **Petty Cash**
 - Count petty cash & receipts on hand at time of visit
 - Review petty cash records for time period reviewed





Site Review

● Personnel Policies

- Review existing personnel policies for completeness
- Compare leave accruals & holidays in personnel policies to actual leave accruals on timesheet & leave records





Site Review

● Annual Financial Statement

- Compare beginning balance to ending balance for previous year
- Compare ending cash balance to reconciled cash balance on June 30 bank statement
- Review financial statement for unusual items

● Inventory Listing





Site Review

- **Monthly Financial Statements**
 - Compare monthly transaction report/financial statement to reconciled cash balances
 - Verify financial report included in minutes
- **Travel Policies**
- **Proof of Match**
 - Review supporting documentation for match indicated on Proof of Match form

