



Arkansas Conservation District Directors Training Manual

## **Accounting/Bookkeeping Outline**

### **I. Introduction**

#### **A. Purpose of Site Visits**

- Ensure accountability for all funds
- Work with Districts to implement strong internal controls and improve business practices – for employees protection
- Compliance with Rules & Regulations
- Compliance with Financial Policies & Procedures (Appendix A)
- Critical for Continued Funding
- Past problems
- Legislative auditors may do audits on annual basis

#### **B. Incorrect Practices Identified in Site Visits Conducted**

- Some not complying with dual signature requirement
- Lack of or unfamiliar with personnel policies
- Pre-signing checks and signature stamps
- Debit cards
- Prepaid credit cards
- Leave accruals calculated incorrectly
- Records unorganized and receipts lost

### **II. Get Organized/Stay Organized**

- A. File all accounting records by fiscal year
- B. Create Vendor files if there is a large volume of checks
- C. If not using vendor files, organize receipts and invoices by month
- D. Mark each receipt or invoice “paid” –recommend getting a paid stamp with the date on it
- E. If the District has a credit card, ensure all receipts are turned in and matched to the credit card statement
- F. All receipts should be kept as documentation for items purchased-example Wal-Mart, Office Depot, Grocery Stores, etc.
- G. Receipts should be prepared for all incoming cash and checks.
- H. Indicate on deposit slips the cash receipt numbers included in the deposit
- I. File separately all match documentation – if match is required for multiple projects, maintain separate files for each program

- J. Beaver Tails – document who paid, date and amount
- K. Keep all bank statements in a notebook by month
- L. Maintain personnel files which include at a minimum the following;
  - Employment Application
  - Job Description
  - All withholding forms – State & Federal
  - I-9
  - Documentation of pay rate (I like to see a memo signed by Board of Directors documenting the date of the pay increase)
- M. Keep current year documentation readily available
- N. Record Retention Guidelines
  - Financial Information – seven year including current year
  - Payroll & Personnel Information – Permanent – do not destroy

### **III. Due Dates**

- A. Annual Financial Statement and Report – September 30
- B. Annual Plan and Budget – December 31
- C. Monthly Insurance Premiums – 10<sup>th</sup> of month
- D. Performance Evaluation – End of Fiscal year or End of Calendar Year, but done annually
- E. Internal Control Checklist – September 30
- F. Employee Salary Changes – Due to Soil & Water at the time change is made
- G. Surety Bond Information – August 31 – recommend ASWCC bond three positions – District can bond more at their own expense
- H. Workers Compensation Information – January 31

### **IV. Annual Financial Statement**

- A. All revenue should be coded according to the Annual Financial Statement categories
- B. All expenses should be coded according to the Annual Financial Statement
- C. Salary expense should be segregated from payroll tax expense. Payroll taxes withheld can be shown as a liability (accrual basis) or as payroll tax expense, then the tax deposit should be deducted from the tax expense account.
- D. Questions on Financial Statement Preparation

### **V. Site Visits**

- A. Bank Statements
  - Dual Signatures
  - Checks not signed in advance (no blank checks)
  - Review frequency of payroll

- Review supporting documentation for various expenditures
  - Verify Board of Directors approval for capital and other large expenditures
- B. Bank Reconciliations
- Prepared Monthly
  - Agree to general ledger/checkbook and financial statements provided to Board of Directors
- C. Transaction Report/General Ledger Detail
- D. Board of Director Minutes
- Approve pay increases
  - Approve expenditures
- E. Time Sheets & Leave Records
- Board of Directors should review these at each meeting
  - Board of Directors needs to sign employee timesheets
  - Board of Directors needs to review leave accruals and balances
- F. Personnel Policies - Policies need to address (see Sample Employee Training Manual in district office):
- Leave Accruals – part time and full time
  - Leave carry over
  - Leave paid upon termination
  - Frequency of pay
  - Holidays
  - Definition of part-time & full-time employees
- G. Cash Receipts
- Pre-numbered receipts
  - Receipts agree to deposit slip (Receipt numbers should be written on deposit slip)
  - Deposits made weekly
- H. Credit Cards
- All receipts must be maintained
  - Monthly statements reviewed and signed by Board of Directors
  - Suggestion – statement mailed to treasurer's house
  - NO DEBIT CARDS
- I. Petty Cash
- Reconcile monthly
  - Board of Directors periodically reconcile petty cash

## **VI. Board of Director Financial Responsibilities**

A. Review financial information monthly to include:

- Balance Sheet
- Income Statement
- Transaction Report
- Monthly Bank Statement & Reconciliation
- Timesheets & employee leave records
- Annual Operating Budget & periodic comparison of budget to actual revenue and expenditures (Exhibit F)

B. Review supporting documentation for checks and credit card purchases

C. Periodically open mail

D. Periodically review bank reconciliations (recalculate)

E. Periodically verify all cash receipts were deposited

## **VII. Annual Performance Review of Districts**

A. Annual Program Analysis