Presentation Requested:

- Assistance to and relationship building

with conservation districts boards

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

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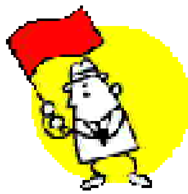
Topic:
Building Relationships in WA with

- Internal Audits

and

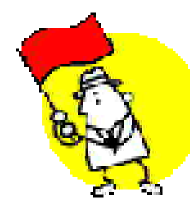
- District Operations Reviews (DOR)

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

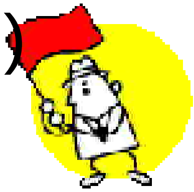
Selling district-owned property without approval

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

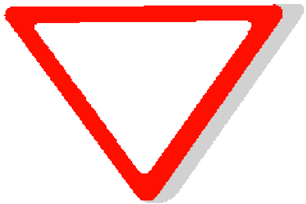
the risk of these problems?

Reduce Financial risk by:

1. separating duties

2. system of checks and balances.

3. proper controls.



Checks and Balances and Control Mechanisms

INTERNAL

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

Checks and Balances and Control Mechanisms

EXTERNAL

- annual reviews by Commission,
- 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)

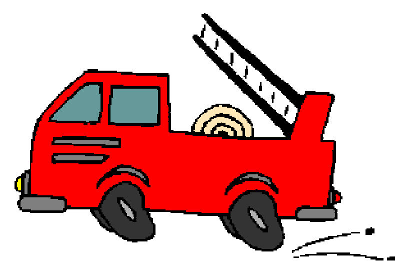
CONTROL MECHANISMS

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

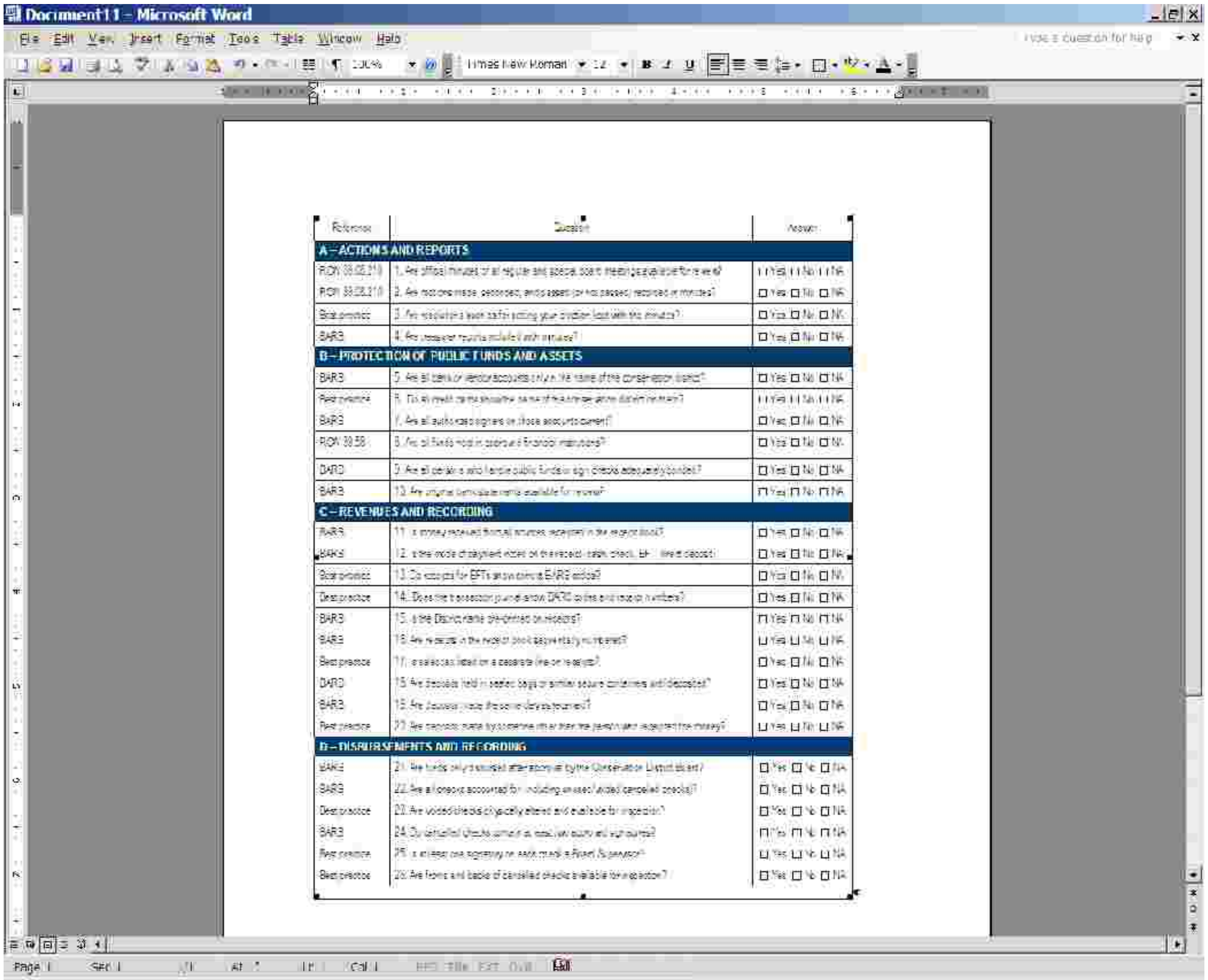
* Annual District Operations Review (DOR)

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



Washington's Conservation District Internal Audit INTRODUCTION

- What is an internal audit?
- Required by RCW89.08
- Required Yearly
- Recommendation
- Risks
- 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:

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

Washington's Conservation District Internal Audit REPORT FORM

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

DOR = (District Operations Review)

Another Annual Control Mechanism:

The DOR

done with Regional Managers

DORs are designed to:

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

DORs are designed to:

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

DOR – Introductory Page

Background

- Statement of Purpose

DOR – Question Categories

DISTRICT CAPACITY

OPERATIONS

PERSONNEL POLICIES AND PROCEDURES

BIG THREE LAWS

REPORTING

DOR – Actions

- EXIT CONFERENCE COMMENTS

  to help both District & Commission

- 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!