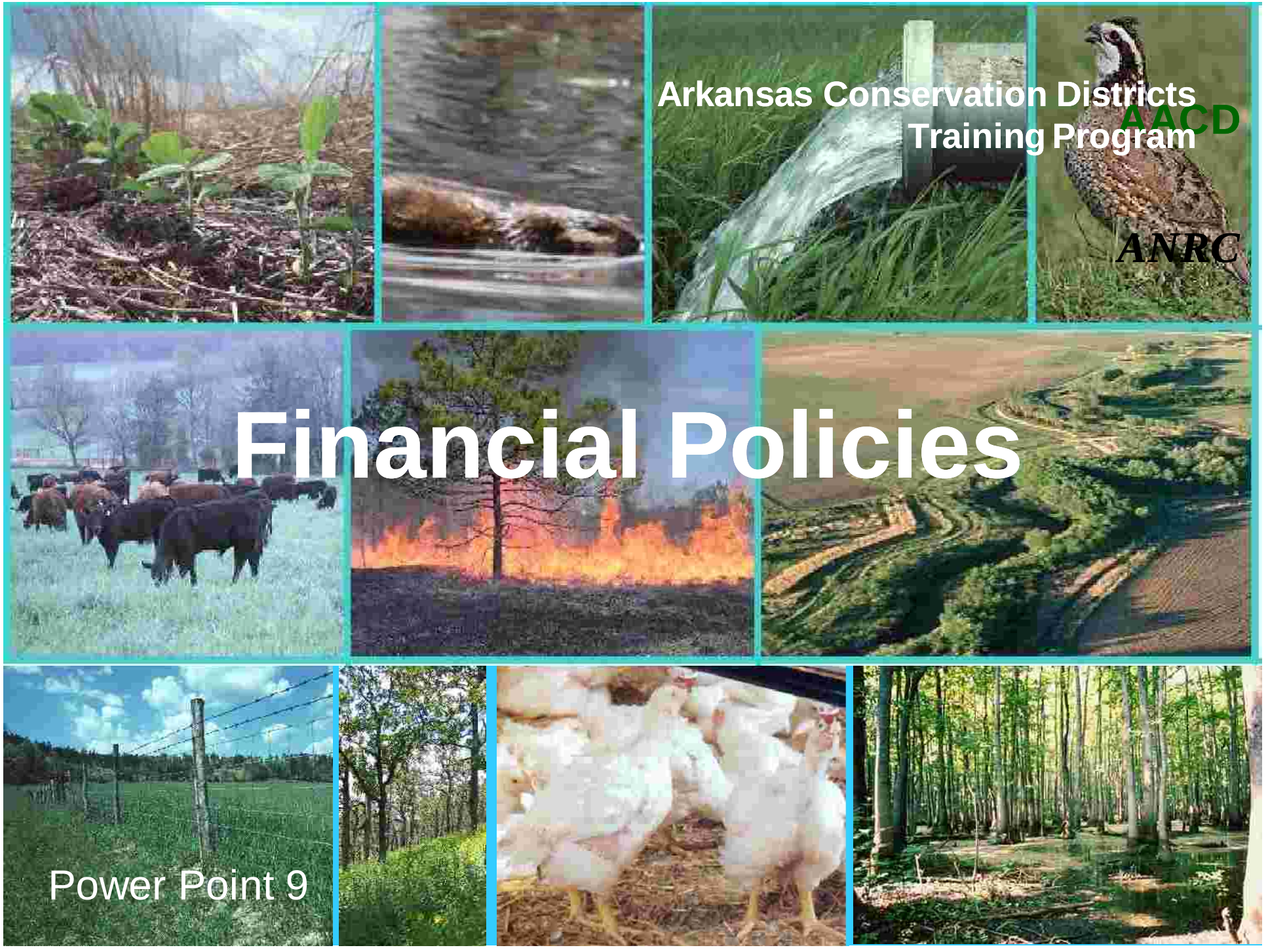
Arkansas Conservation Districts
Training Program
AACD
ANRC
Financial Policies
Power Point 9

Financial Policies & Procedures

Bank statements must be mailed to a director's home. The district can request the bank to mail a duplicate to the office.

The original bank statement AND cancelled checks must be maintained at the district office. The director who receives the statement should bring the statement and the cancelled checks to the office in a timely manner so the reconciliation can be prepared.

Dual signatures are required on all checks, one signature must be that of a board member

The board must review the following documents at each board meeting;

- Financial statements to include a balance sheet, income statements (profit and loss) and transaction detail of at least the cash account.
- Bank statements, cancelled checks, and bank reconciliation.

Financial Policies & Procedures

Each District must have up-to-date personnel policies.

The district employees must complete timesheets each pay period, and a director must sign these time sheets. Information to be included on timesheet:

Pay Period Date

Hours worked each day

Leave schedule for annual, sick and credit leave (if applicable) that includes beginning balance from previous period, amount earned, amount used, and ending available balance.

Note: The leave earned must agree with the personnel policies

Employee pay rates should be documented each year in the minutes and in the personnel files.

Employee evaluations should be conducted annually.

Financial Policies & Procedures

The financial statements given to the board should be maintained with the minutes as documentation of what was actually reviewed.

Supporting documentation (invoices, receipts, etc) must be maintained in the district office and must be kept in an organized manner.

Cash receipts should be issued for ALL incoming funds using pre-numbered receipts.

Cash should be deposited in a timely manner.

All district checks must bear authorized signatures of two bonded, unrelated persons.

No district check may be signed with a blank payee line or amount.

No debit cards will be allowed since they do not require two signatures.

Signature stamps for check-signing purposes are prohibited.

Accounting/Bookkeeping Outline

Introduction

- 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
- Critical for Continued Funding
- Past problems
- Legislative auditors may do audits on annual basis

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Accounting/Bookkeeping Outline

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

Get Organized/Stay Organized

File all accounting records by fiscal year

Create Vendor files if there is a large volume of checks

If not using vendor files, organize receipts and invoices by month

Mark each receipt or invoice “paid” –recommend getting a paid stamp with the date on it

If the District has a credit card, ensure all receipts are turned in and matched to the credit card statement

All receipts should be kept as documentation for items purchased-example Wal-Mart, Office Depot, Grocery Stores, etc.

Get Organized/Stay Organized

Receipts should be prepared for all incoming cash and checks.

Indicate on deposit slips the cash receipt numbers included in the deposit

File separately all match documentation – if match is required for multiple projects, maintain separate files for each program

Beaver Tails – document who paid, date and amount

Keep all bank statements in a notebook by month

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Personnel Files

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 evidenced by a memo from board

Document Retention

Keep current year documentation readily available

Record Retention Guidelines

- Financial Information – seven year including current year
- Payroll & Personnel Information – Permanent – do not destroy

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Due Dates

Annual Financial Statement and Report – **September 30**

Annual Plan and Budget – **December 31**

Monthly Insurance Premiums – **10th of month**

Performance Evaluation – **End of Fiscal year or End of Calendar Year**, but done annually

Internal Control Checklist – **September 30**

Employee Salary Changes – **Due to Soil & Water at the time change is made**

Surety Bond Information – **August 31** – recommend ANRC bond three positions

Workers Compensation Information – **January 31**

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Annual Financial Statements

All revenue should be coded according to the Annual Financial Statement categories

All expenses should be coded according to the Annual Financial Statement

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.

Questions on Financial Statement Preparation

Board of Directors' Responsibility

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)

Review supporting documentation for checks and credit card purchases

Periodically open mail

Periodically review bank reconciliations (recalculate)

Periodically verify all cash receipts were deposited

Travel Policies

Officials and employees may be paid travel expenses when required to travel away from the "official station" on state/district business.

Official and employees must complete travel Reimbursement Request Form (TR-1) and originals of supporting documents must be maintained.

Travel Reimbursement is not a per diem and is to be claimed for actual expenses for meals and lodging not to exceed the maximum allowable rates as listed in the federal travel directory, plus applicable sales tax.

Reimbursement for meals is allowed only in connection with overnight travel, whether in state or out of state.

Travel Policies

The maximum full day meal allowance will be the federal-per-diem rate depending on the destination location. For partial days, meals charge must be in proportion to the time in travel status and may not exceed the maximum for applicable meals in the Federal Travel Directory for the location.

Reimbursement for lodging is limited to the single room rate. If more than one person occupies a room, the single room rate must be noted on the receipt.

The 2007 mileage reimbursement rate is 43 cents per mile as of July 1, 2007. This rate is subject to change. ANRC staff will notify the district of any rate changes.

Travel Policies

Reimbursement Not Allowed

Expense reimbursement is not allowed for the following:

membership dues/fees
personal telephone calls
personal entertainment
flowers
valet service
laundry
cleaning
other personal expenses
decorations
extracurricular activities
photocopies

Travel policies are subject to review and change by the Arkansas Department of Finance and Administration and ANRC.