

## GUIDANCE FOR INDIVIDUAL QUESTIONS

### **Definitions:**

**Entity:** The term “*entity*” predominantly refers to the local government entity completing this annual report and Schedule 22.

**Governing Body:** The term as used in the Schedule 22 refers to the elected or appointed body which governs the entity completing this annual report and Schedule 22.

**Best Practices:** The processes, practices, and systems identified in public and private organizations that performed exceptionally well and are widely recognized as improving an organization's performance and efficiency in specific areas. Successfully identifying and applying best practices can reduce business expenses and improve organizational efficiency (GAO). The best practices outlined in this schedule are not to be confused with required practices or compliance requirements.

**Disclaimer:** This guidance is prepared for all local governments; some questions might not directly align with your government’s purpose and operations.

## CASH AND INVESTMENTS

**1. Are county treasurer reports or entity treasurer reports reviewed by the board at least monthly?**

The board should be reviewing monthly financial treasurer reports, including petty cash if applicable. These reports need to be reviewed at least monthly by the board for accuracy and approved by the board and noted in the board meeting minutes. Governing board members should review the minutes to ensure the treasurer reports approval are included in the minutes.

**2. Are original monthly bank/treasurer statements and reconciliations reviewed by someone who does not independently have the ability to write checks, prepare vouchers or make electronic fund transfers?**

Original bank statements are required to conduct the audit process. This needs to be performed monthly at all board meetings and initialed by a governing board member.

**3. Are all bank accounts not overseen by the county treasurer in the name of the entity?**

Public assets should not be held in the name of private individuals or entities. You should review bank statements to be sure all accounts, certificates, and any other financial instruments are listed only in the name of the entity, and not in the name of individuals.

**4. Are all authorized signers on the bank accounts current?**

Making sure only authorized individuals are signers on bank accounts is one internal control to prevent loss. Authorized signers of entity accounts should only be current entity board member(s) and employees.

When a new employee is authorized, or when a previously authorized signer parts with the entity, the county government and appropriate financial institutions should be notified immediately and documented in the minutes.

**5. Are all inactive accounts closed?**

The entity should have no open, inactive bank accounts. If an account has a zero balance and no activity for 12 months, it is considered inactive. If accounts are no longer needed, then the board should take action to close them and verify their closure. This action should be documented in the minutes.

## REVENUES

**6. Did the Entity bill for any goods or services during the year?**

Local governments have varying types of operations. Some entities only collect tax revenue; however some bill for services, creating the need for keeping active accounts receivable lists. Every entity that charges for a good or service should have a written billing policy that clearly describes goods and services available for purchase, the associated costs and payment terms. This is critical for utilities and should also include late fees, hookup fees, shut off fees and any other applicable fees. Any change in fees should be approved by the governing board by resolution or ordinance in an open public meeting.

**7. Does a third party (other than the County) bill or receive funds on behalf of the entity?**

Does the entity use an outside vendor to bill or receive any revenue for the entity? For example, some fire districts use a third party to bill and receive payments for ambulance transports made by the fire district. Water districts have also been found to use a third party to bill and receive water sale revenues. Third party billing and payment receiving activities should be included in the entity's detailed written description of their billing and cash receiving process requested in the Attachments section of this annual report. You can find more information on safeguarding public funds while using a third party vendor from the Local Government Performance Center.

**8. Does the entity provide aged account receivable listings to the governing body on a regular basis? Attach year end aged account receivable report.**

Providing aged account receivable listings to the governing body increases awareness, understanding and accountability. Include information regarding accounts receivable listings received from third party billing services in your detailed written description of your billing and cash receiving process.

Note: Accounts receivables (expected payments that have not been received) are mostly associated with entities that charge for services. Entities which are mainly funded with taxes would most likely have no receivables.

**9. Did the entity write-off any accounts receivable during the year? Attach list.**

Sometimes it becomes necessary to write-off an account receivable because of an individual's inability to pay. Entity's billing and payment receiving policy should include the process required to request an accounts receivable write-off, entities should make sure it is legal for them to write off a receivable and not violate the state constitution's restriction of making a gift of public funds.

**10. Were all account receivable write-offs approved by vote of the governing body at a public meeting?**

Whenever an entity writes-off an account receivable, it should be approved by the governing body in an open public meeting and the details documented in the minutes.

**11. Did the entity receive any revenues, other than collected directly through the County Treasurer (charges for goods, services, fees, donations, grants, etc.)?**

Although many entities use the County as their treasurer and in doing so the County collects revenues, several entities, depending on their annual operating activity, receive cash and checks directly, including donations, charges for services, grants, etc. These funds typically have a higher risk of misuse, due to the local receipting and depositing required.

**12. Is money received recorded in a pre-printed receipt book with the government's name printed on the receipts?**

Your hard copy receipt book is a go-to resource to determine all entity revenues. All money received directly by the entity should be receipted, including EFT's with an up-to-date receipt book and a current check register, basic accounts can be reconstructed. The receipt book also forms part of the source document chain

as it shows how much was received, the source of funds, the date, and who received the funds. The entity's name should be pre-printed, written, or stamped on receipts and receipts in the receipt book should be sequentially numbered. BARS requires receipting of all entity revenues. Reference: BARS Manual, Revenues, Cash Receipting.

**13. Is the mode of payment noted on the receipt (cash, check, EFT, direct deposit)?**

Mode of payment should always be documented on receipts to prevent theft.

**14. Are receipts regularly reconciled to deposits by a person with no independent cash handling responsibilities?**

To protect the entity from fraud or misappropriation of funds, a person with no cash handling responsibilities is to reconcile the deposits made. The reconciliation can be performed by a person who is designated to be the entity auditor. In smaller entities with one employee, a governing body member should review the bank reconciliation and reconcile deposit slips to the monthly treasurer's report.

**15. Are deposits made within 24 hours of receipt?**

RCW 43.09.240 requires all deposits be made within 24 hours of receipt.

**16. Are deposits secured in a sealed bag or similar secure containers until deposited?**

The entity must ensure that cash is physically secured to prevent misuse or theft.

BARS requires:

Cash receipts should be properly protected during the operating day and, if they cannot be deposited that day, secured overnight.

Reference: BARS Manual, Revenues, Cash Receipting.

**17. Are deposits made or verified by someone other than the person who receipted the money?**

BARS guidance states:

The deposit should be prepared by someone other than the person who received the payment.

Reference: BARS Manual, Revenues, Cash Receipting.

In small districts with one employee, a governing body member should review the bank reconciliation and reconcile deposit slips to the monthly treasurer's report.

## **PAYROLL**

**18. Are governing body members compensated for providing services to the entity?**

Many entity types, per statute, are allowed to compensate their elected officials. If you are not sure if you can compensate governing body members, you should refer to the entity's creating statutes to determine if compensation is allowable.

**19. If a governing body member does not accept meeting attendance compensation or less than the OFM approved allowance of \$114, have they completed a written waiver of compensation and filed it with the entity's secretary?**

Per most specific entity's RCWs, any governing body member that does not accept the full allowable compensation is required to file a waiver with the entity Secretary, stating how much compensation is being waived as well as the duration.

**20. Are governing body members ever compensated for attending board meetings by telephone or other electronic means?**

Are governing body members ever compensated for attending board meetings by telephone, teleconference, video conference, or other electronic means (Skype, video phone, etc.)? Attending meetings by electronic media is allowed to establish a quorum on elected body members but does not meet the law's requirement of "actual attendance" to receive meeting attendance compensation.

**21. Do governing body members, who receive compensation, submit signed documentation that includes dates, times and descriptions of services provided for compensation for activities other than attending governing board meetings?**

Whenever a governing board member receives compensation for services other than attending the entity's governing board meetings they should submit a detailed, signed document requesting compensation for the additional services.

Under Best Practice, it is important that the entity has procedures in place to check payroll, timesheets, leave slips salaries, labor contracts, and employment records, in order to avoid fraud or misappropriation of payroll funds

**22. Other than governing body members, did the entity pay employees or volunteers?**

Did the entity pay any employees or volunteers for services performed for the entity during the year?

**23. Are procedures in place to check payroll payments against supporting documents?**

Under Best Practice, it is important that the entity has procedures in place to check payroll, timesheets, leave slips salaries, labor contracts, and employment records, in order to avoid fraud or misappropriation of payroll funds.

**24. Are all employee's compensation rate and benefits approved by the governing body and documented in board meeting minutes or by written resolution?**

All employee pay and benefits should be approved by the governing body in an open public meeting and documented in the minutes. It is preferable to approve pay and benefits by resolution.

**25. If the entity grants holiday or leave pay, is there a written policy approved by the governing body that defines paid holidays, leave accrual and use?**

All holiday and vacation benefits should be documented in a written policy approved by the governing body in an open public meeting and documented in the minutes.

**26. If the entity grants paid leave, are reports showing leave accruals, usage and unused balances periodically reviewed for reasonableness by the governing body?**

All leave earned and used by employees should be documented in writing and reviewed periodically by the governing board for reasonableness.

**27. Payroll is calculated by:**

Payroll can be calculated by in-house software or through the use of County accounting systems. Specific risks are associated with both. Some entities may choose to manually calculate net pay using the IRS Schedule E.

**28. Do all employees/volunteers have current written job descriptions?**

It is a best practice that all employee and volunteers' authority and responsibilities be documented in written job descriptions. Documenting each person's authority and duties defines the authority of each position and creates accountability for all entity staff and volunteer positions. This is extremely important for supervisory positions and for all positions of emergency response entities like Fire and EMS districts.

## EXPENDITURES

**29. Are all expenditures reviewed and certified by the auditing officer and approved by the governing body prior to payment?**

RCW 42.24.080 states in part:

All claims presented against any county, city, district or other municipal corporation or political subdivision by persons furnishing materials, rendering services or performing labor, or for any other contractual purpose, shall be audited, before payment, by an auditing officer elected or appointed pursuant to statute or, in the absence of statute, an appropriate charter provision, ordinance or resolution of the municipal corporation or political subdivision . . . .

**30. Were conditions of RCW 42.24.180 met for any expenditure made prior to approval by the governing body?**

RCW 42.24.180:

In order to expedite the payment of claims, the legislative body may authorize the issuance of warrants or checks in payment of claims after the provisions of this chapter have been met and after the officer designated by statute, or, in the absence of statute, an appropriate charter provision, ordinance, or resolution of the \*taxing district, has signed the checks or warrants, but before the legislative body has acted to approve the claims. The legislative body may stipulate that certain kinds or amounts of claims shall not be paid before the board has reviewed the supporting documentation and approved the issue of checks or warrants in payment of those claims. However, all of the following conditions shall be met before the payment:

- (1) The auditing officer and the officer designated to sign the checks or warrants shall each be required to furnish an official bond for the faithful discharge of his or her duties in an amount determined by the legislative body but not less than fifty thousand dollars;
- (2) The legislative body shall adopt contracting, hiring, purchasing, and disbursing policies that implement effective internal control;
- (3) The legislative body shall provide for its review of the documentation supporting claims paid and for its approval of all checks or warrants issued in payment of claims at its next regularly scheduled public meeting or, for cities and towns, at a regularly scheduled public meeting within one month of issuance; and
- (4) The legislative body shall require that if, upon review, it disapproves some claims, the auditing officer and the officer designated to sign the checks or warrants shall jointly cause the disapproved claims to be recognized as receivables of the \*taxing district and to pursue collection diligently until the amounts disapproved are collected or until the legislative body is satisfied and approves the claims.”

The Commission can provide sample resolutions.

**31. Does the governing body review a check/warrant register at every meeting?**

The governing body’s monthly review of the check/warrant register should be noted in the board meeting minutes. Regularly balancing your check register is a vital step to avoid overdrawing your account, and to allow early detection of fund problems or unauthorized disbursements.

**32. If the entity writes checks or warrants, are all checks/warrants accounted for and blank stock secured, including voids?**

BARS states:

Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.

Missing checks create unanswered questions about the status of those checks. Unused, voided, cancelled, or damaged checks should be retained to avoid any ambiguity.

**33. Are voided checks physically altered and available for inspection?**

BARS does not speak directly to voided checks or warrants, but the principle applied to receipts should also be applied to checks and warrants:

If a receipt is voided, the original and any copies of that receipt must be retained.

Physically altering voided checks prevents the checks from being processed by automatic machines. We recommend using a paper punch to make holes through the magnetic encoding on the check, and through the signature, if present.

**34. Are checks or vouchers always completed before they are presented for signature?**

Strong internal control practices require all checks and vouchers to be completed prior to presentation to the governing body for approval and signatures. Requiring completion of all checks and vouchers prior to approval and signature greatly reduces the likelihood unauthorized disbursements.

**35. Is at least one signature on each check or voucher that of a governing body member?**

Cross-checks are an important safeguard for the entity. Having a board member as one of the signatories on a check is another way to help protect public funds.

**36. If the entity reimburses travel expenses, does the entity have a written travel reimbursement policy that does not discriminate between governing body members and employees?**

The entity should have a travel reimbursement policy for all governing body members and employees. For sample policies, contact your regional manager or check the MRSC website at <http://www.mrsc.org/weblist.aspx>.

## PROCUREMENT CARDS AND CHARGE ACCOUNTS

**37. Does the entity have any debit/credit cards or charge accounts?**

Entities may have charge accounts at local businesses and issue employees credit cards to make purchases for the entity. Procurement cards that pay an annual rebate are available for local governments through the state Dept. of Enterprise Services contract with US Bank.

**38. How many credit or procurement cards does the entity currently have?**

Include credit cards issued in the name of the entity or in the name of employees used to make purchases on behalf of the entity.

**39. Does the entity have written policies and procedures for appropriate use of credit or procurement cards and charge account purchases?**

According to Chapter 42.24 RCW, utilization of credit cards for travel expenses requires the governing board members to pass a resolution establishing rules and regulations including limiting the use of credit cards to authorized travel expenses only. All entities should have a written policy explaining allowable uses of credit card and charge accounts for goods and services, including restricting the use of the cards and accounts for personal use.

**40. Do all cards show the name of the entity on the cards?**

All credit cards and vendor accounts should be issued under the name of the entity.

**41. Are original receipts filed with the entity and retained for all credit/procurement card and charge account purchases?**

All purchases of goods and services using entity charge accounts and cards should be supported by an original receipt turned in to the entity immediately after each purchase. Submission of a fully itemized travel expense voucher by the employee or entity board member is required under Chapter 42.24 RCW when travel expenses are charged to an entity charge card.

**42. Are credit/procurement card and charge account activities reviewed by the governing body for reasonableness?**

Credit card activity and charges to entity charge accounts should be reviewed by the board to ensure that they have not been misused and there is no fraudulent activity taking place.

## PETTY CASH & IMPREST ACCOUNTS

**43. Does the entity use any petty cash or imprest checking accounts?**

A petty cash account (imprest, revolving fund, etc.) may need to exist for any sum of money or other resources set aside for specific purposes such as minor disbursements, making change, payroll tax payments and similar uses. The term imprest means the account is only replenished from the county treasurer for the exact amount of receipted disbursements. Unless an entity has express statutory authority to be their own treasurer, they are only permitted to have imprest checking accounts.

**44. Is there a governing body resolution on file that authorizes each petty cash or imprest account and the authorized amount?**

The entity should have a written policy and procedure for purchasing incidental supplies between board meetings using petty cash or imprest checking accounts.

**45. Is petty cash and/or the imprest fund checkbook physically secured to prevent unauthorized access?**

The assigned custodian is responsible to keep the funds safe and for preventing unauthorized use of any petty cash or imprest account for which they are the appointed custodian.

**46. Are petty cash and imprest fund expenditures supported by a list detailing the amount, date, description and purpose of each expenditure and by supporting documentation such as receipts and reviewed by the governing body?**

RCW 43.09.200 states in part:

The system shall exhibit true accounts and detailed statements of funds collected, received, and expended for account of the public for any purpose whatever, and by all public officers, employees, or other persons. The accounts shall show the receipt, use, and disposition of all public property, and the income, if any, derived therefrom; all sources of public income, and the amounts due and received from each source; all receipts, vouchers, and other documents kept, or required to be kept, necessary to isolate and prove the validity of every transaction; all statements and reports made or required to be made, for the internal administration of the office to which they pertain; and all reports published or required to be published, for the information of the people regarding any and all details of the financial administration of public affairs.

**47. Does the entity have an appointed custodian for each petty cash and imprest account?**

The governing body or its delegate must appoint one custodian of each petty cash or imprest account who should be independent of invoice processing, check signing, general accounting and cash receipts functions.

- 48. Is the amount in petty cash and imprest accounts reconciled to the authorized balance by someone other than the custodian at least monthly?**

The governing body or its delegate should assure that the amount in petty cash or imprest account funds are periodically counted and reconciled by someone other than the custodian. This duty can be performed by a governing body member.

- 49. Are petty cash and imprest accounts replenished up to the authorized amount by warrant or check payable to the custodian at fiscal year end?**

If petty cash is disbursed, it must be replenished periodically (monthly or as often as warranted) by warrant or check payable to the custodian. The replenishment should be subject to the same review and approval as processed invoices. No other receipts may be deposited to the petty cash fund or imprest account.

- 50. If the appointed custodian changed during the period, was the fund reconciled to the approved balance and the results reported to the governing body?**

Whenever an individual's appointment as custodian is terminated, the fund must be reconciled, replenished and the imprest amount turned over to the treasurer or other disbursing officer.

## SAFEGUARDING OF ASSETS

- 51. Does the entity have an asset management policy that quantifies the entity's capitalization threshold and protects assets susceptible to theft (small and attractive)?**

The entity should have a capital asset policy that quantifies the dollar amount at which a disbursement is considered a capital expenditure and details how capital assets are recorded and tracked. Also, this policy should define the criteria for classifying small and attractive assets and their recording.

- 52. Does the entity maintain an inventory listing of capital assets and small and attractive assets?**

All assets should be tracked by the entity in a written or computerized tracking system to assist the entity to identify any lost or misappropriated items.

- 53. Does the entity perform a periodic physical inventory of recorded assets at least every two years?**

Inventoried assets should be inventoried at least every two years. Annual monitoring of small and attractive assets helps to maintain an accurate inventory and to prevent loss or misappropriation.

- 54. Does the entity have written policies that addresses personal usage of vehicles, cellphones, computers, equipment and other assets?**

Cell phone activity needs to be regulated to prevent personal usage, as this would result in a misuse of public funds. Vehicle use should also be addressed via policy, as well as other assets including computers and equipment.

- 55. If vehicles are provided to employees, are vehicle mileage logs checked for reasonable fuel consumption?**

Vehicle mileage logs should be kept for all entity vehicles. Mileage logs should be monthly compared to fuel consumption to determine if fuel is being misappropriated.

- 56. Has the entity reported any losses to police or insurance providers during the past year?**

The board should be aware of all missing assets, and make a report to the police and insurance providers, if necessary. If there was no loss, check N/A.

**57. Has the entity reported all known and suspected employee thefts and misappropriations to the State Auditor's Office?**

RCW 43.09.185 requires entities to report all known and suspected losses to the State Auditor's Office. For theft of property we only want you to report the loss if you suspect the theft was perpetrated by a member of your entity. If there was no loss, check Nothing to report.

## CONFLICT OF INTEREST

**58. Has the entity done any business during the period with governing body members or with businesses that governing body members have a financial interest? If yes, provide details in the pop up box.**

Entity governing board members should not do business involving personal matters regarding with the entity.

RCW 42.23.030 states in part:

No municipal officer shall be beneficially interested, directly or indirectly, in any contract which may be made by, through or under the supervision of such officer, in whole or in part, or which may be made for the benefit of his or her office, or accept, directly or indirectly, any compensation, gratuity or reward in connection with such contract.

**59. Do entity employees have any beneficial interest in contracts (other than cost-sharing agreements) with the entity?**

Entity employees should never have any personal gain from cost-sharing agreements or any other contracts.

State law allows up to \$1,500 per month.

**60. Do any entity employees supervise relatives?**

Entity employees should never supervise relatives, or offer special benefits that are not offered to other employees. This is important because it creates the perception of favoritism or nepotism and an opportunity of collusion or other improprieties.

**61. Has the entity loaned money to any individuals or groups?**

The board should be aware of all transactions in regards to the entity's finances. The loaning of public funds is illegal except as authorized by legislation such as CREP PIP loans and State Revolving Funds (SRF).

## FINANCIAL CONDITION

**62. Is the entity currently involved in any lawsuits? If yes provide details**

It is important to disclose any unsettled lawsuits, in order to determine the current financial health and well-being of the entity. Lawsuits include the entity being sued or the entity suing someone.

**63. Has the entity been subject to any external audits, investigations, reviews or studies by regulatory agencies other than the State Auditor? If yes, list agency, date performed and attach copy of final report.**

Has the entity been audited by any private or government organization during the year? This includes grant monitoring audits, IRS audits, Dept. of Revenue, Labor and Industries or any federal regulatory body.

**64. Did the entity use any temporary financing sources (registered warrants, lines of credit, or short-term loans) during the course of the year?**

It is important for the board to know of all forms of temporary financing the entity may have. Credit cards and charge accounts are not considered temporary finance sources if paid in full monthly.

**65. Does the entity have any significant obligation (guarantees, contingent liabilities) or potential liability not listed on the Schedule 09?**

The entity should ensure all obligations required to be disclosed are included in the Schedule 09 as prescribed in the BARS Manual. The entity should also evaluate whether it has significant obligations that are not required to be disclosed. Note that large leave balances held by employees at an entity are now required to be disclosed on the schedule 09. The value of accumulated leave should be reported at year end using the entity's policy for leave buy-outs at the time employment ends with the entity.

Note: Schedule 09 is the Schedule of Liabilities required to be filed by SAO for entities that have liabilities at the end of the fiscal year. The schedule should include current and noncurrent portions of the local government's liabilities.

## OPEN PUBLIC MEETINGS ACT

**66. Are official minutes of all regular and special governing body meetings recorded and available for public inspection?**

RCW 42.32.030 states:

The minutes of all regular and special meetings except executive sessions of such boards, commissions, agencies or authorities shall be promptly recorded and such records shall be open to public inspection.

RCW 89.08.210 states in part:

The supervisors shall provide for the keeping of a full and accurate record of all proceedings, resolutions, regulations, and orders issued or adopted.

Meetings of entity boards are subject to the Open Public Meetings Act (Chapter 42.30 RCW) which requires regular and special meetings to be open to the public. These should be verified annually by the supervisors.

**67. Are all official actions, motions made, seconded, and passed (or not passed), governing member discussions, audience comments, and approval of budgets, assessments and payments, etc. recorded in the minutes?**

RCW 42.30.020 states:

Final action' means a collective positive or negative decision, or an actual vote by a majority of the members of a governing body when sitting as a body or entity, upon a motion, proposal, resolution, order, or ordinance.

Thus, some formal system of reaching a positive or negative decision is required. Entities generally use some form of Roberts Rules of Order to make these decisions. Since governing board members are tasked with keeping a full and accurate record of proceedings, the way these decisions are reached need to be recorded in the minutes. Resolutions should always be approved by motion and vote.

This question should not be interpreted as meaning your entity may only make decisions by voting on motions. Consensus is a perfectly valid way to make group decisions, but when that method is used, it should be reflected in the minutes. Example: "A proposal to proceed with applying for an Ecology grant to protect water quality in the Mytown Watershed was discussed, and approved by consensus of the board of governing board members with no dissent."

**68. Were all official actions taken during an open public meeting, with a quorum of governing board members present?**

All official actions of the board must be made in an open public meeting. Governing board members should verify by reviewing the minutes.

**69. Were executive sessions only held for purposes allowed by law and recorded in the meeting minutes?**

The Open Public Meeting Act needs to be followed when conducting executive sessions. Governing board members should verify by reviewing the minutes. See RCW 42.30.110 for guidance. Additional information can be found at the attorney General's web site at <http://www.atg.wa.gov/OpenGovernment.aspx> and at the MRSC website at <http://www.mrsc.org/weblist.aspx>.

**70. Did the entity comply with notification requirements for all special meetings held during the period?**

RCW 42.30.080 states in part:

(1) A special meeting may be called at any time by the presiding officer of the governing body of a public agency or by a majority of the members of the governing body by delivering written notice personally, by mail, by fax, or by electronic mail to each member of the governing body.

(2) Notice of a special meeting called under subsection (1) of this section shall be:

(a) Delivered to each local newspaper of general circulation and local radio or television station that has on file with the governing body a written request to be notified of such special meeting or of all special meetings;

(b) Posted on the agency's web site. An agency is not required to post a special meeting notice on its web site if it

(i) does not have a web site;

(ii) employs fewer than ten full-time equivalent employees; or

(iii) does not employ personnel whose duty, as defined by a job description or existing contract, is to maintain or update the web site; and

(c) Prominently displayed at the main entrance of the agency's principal location and the meeting site if it is not held at the agency's principal location.

Such notice must be delivered or posted, as applicable, at least twenty-four hours before the time of such meeting as specified in the notice.”

**71. Does the entity have written procedures for handling public records requests?**

RCW 42.56.070 states:

Each agency, in accordance with published rules, shall make available for public inspection and copying all public records, unless the record falls within the specific exemptions of \*subsection (6) of this section, this chapter, or other statute which exempts or prohibits disclosure of specific information or records. To the extent required to prevent an unreasonable invasion of personal privacy interests protected by this chapter, an agency shall delete identifying details in a manner consistent with this chapter when it makes available or publishes any public record; however, in each case, the justification for the deletion shall be explained fully in writing.

**72. Have public records been preserved in compliance with the Secretary of State's Local Government Retention Schedule?**

Washington's Office of the Secretary of State's proscribes retention periods for all local government records at <http://www.sos.wa.gov/archives/RecordsRetentionSchedules.aspx>. Additional information can be found at the attorney General's web site at <http://www.atg.wa.gov/OpenGovernment.aspx> and at the MRSC website at <http://www.mrsc.org/weblist.aspx>.

- 73. Have all governing board members elected, re-elected or appointed to office since July 1, 2014, as well as the person responsible for responding to public records requests, received Open Public Meeting Act and Records training within 90 days of taking office or assuming the records request responsibility?**

Effective July 1, 2014, RCW 42.56,150 requires all newly elected, re-elected and appointed governing board members to take training on the Open Public Meeting Act and state records laws. The law also requires governing body members to take a refresher course every 4 years. Also effective July 1, 2014, RCW 42.56,152 requires all records officers, records managers and persons responsible for providing public records to take training on preserving public records and responding to public records requests. The law also requires records officers and managers to take a refresher course every 4 years.

## OPERATIONS

- 74. Did the entity essentially operate the same as in prior years (no new programs, services, mergers, contracted services)? If no, describe significant changes.**

Disclose any changes to the organization's structure, new services the entity provides or programs dropped from prior years.

- 75. Has the entity established a written policy for procurement of public works and purchases of equipment, materials and supplies?**

The entity should have a policy for the procurement of public works and purchases of equipment, materials and supplies. Entities with statutory thresholds are still responsible for developing policy for purchases/contracts under the threshold, and entities without a statutory threshold will need to follow its own policy. The MRSC guidelines are a minimum policy. This does not restrict the entity from having more stringent guidelines.

- 76. Did the entity make any large purchases or start any public works (construction) projects?**

Please report any public works projects activity during the year or large purchases exceeding \$5,000.

- 77. Does the entity use any accounting software to prepare or maintain financial data?**

Does your entity use accounting software programs such as QuickBooks, Ganzer, Bias, Vison or other accounting packages? We have also noted some districts only use payroll or billing software while others have developed expenditure tracking and payroll calculation spreadsheets using Excel.

- 78. Are all adjustments to accounts receivable, cash and investments and material general ledger adjustments approved by the governing body and documented in board meeting minutes?**

Adjustments that are not Board approved can have serious, material impacts on the government's books. All adjustments should be Board-approved.

- 79. Is financial data and other electronic data such as minutes, etc. regularly backed up and stored off site and password protected**

Good data protection requires that entity financial and operating information stored on computers be regularly backed up and stored offsite to protect it.

- 80. Has the entity addressed any findings, management letters, or recommendations made by the State Auditor's Office during the last audit?**

The entity must address audit finding, management letters and exit comments in the entity's action plan.

The previous year's action items in the Schedule 22 should be addressed.

- 81. Does the governing body review the budget at the close of the fiscal year and examine revenues that are less than expected and expenditures that are greater than expected?**

The governing body should determine the source of the over and under budgeted funds, in order to avoid fraud or misappropriation of funds.

- 82. Does the entity have an association, guild or foundation associated with the entity, example: cemetery or fire fighter association?**

It is common for some government types to have associations associated with the government to do fund raising for the entity, provide financial assistance for purchasing items the entity cannot afford, buy food for open houses and special events or pay for family members and retirees meals at appreciation functions. When entity members assign their stipend pay to the association, the entity must still report the assigned stipend on a W-2 to the individual earning the stipend.

- 83. Does the entity administer any Local Improvement Districts (LIDs)?**

Report any LID activity during the year?

## FIRE/EMS DISTRICT SPECIFIC QUESTIONS

- 84. Does the entity pay for meals for employee's/volunteer's family members or non-district members at district banquets, dinners or other functions?**

Providing meals to guests and non-active members at appreciation dinners or other functions is usually considered to be a gift of public funds and should not be done. Districts can provide food and refreshments at fire prevention and recruiting events.

- 85. Are governing body members that are firefighters ever compensated for firefighting?**

RCW 52.14.010 states:

The board may, by resolution adopted by unanimous vote, authorize any of its members to serve as volunteer firefighters without compensation. A commissioner actually serving as a volunteer firefighter may enjoy the rights and benefits of a volunteer firefighter.

- 86. Has the district bought any insurance for a commissioner for which the district has not been reimbursed?**

RCW 52.14.010 allows that

Commissioners shall be entitled to receive the same insurance available to all firefighters of the district: PROVIDED, that the premiums for such insurance, except liability insurance, shall be paid by the individual commissioners who elect to receive it.

- 87. Does the entity maintain an equipment inventory for each firefighter detailing radio serial numbers and all equipment assigned to them?**

It is a best practice that the district maintains individual inventory listings for each employee who has district property assigned to them. Many districts go a step further having staff sign for all property assigned to each member.

- 88. Does the district provide Ambulance Transport Services?**

Many districts provide BLS or ALS ambulance transport services. Some districts provide the service to their residents for no fee while some districts charge a fee to non-district residents and other districts charge for each transport regardless of residency.

- 89. Does the district prepare or contract for transport billing? If transport services are billed, attach a copy of the written transport billing policy and transport fee schedule.**

Every district that charges for transports should have a written transport policy which states the district's policy for transport services, invoicing, write offs, etc. and a detailed transport fee resolution approved by the governing body in an open public meeting. Districts cannot provide free transports to district's members' family or retired members if they charge district residents for transports.

- 90. Did the District provide its facilities/space to another group during the year?**

Did the District rent, lease, or provide its facilities, including its fire station and other properties owned, to any group during the fiscal year that you are reporting for? Groups could include community clubs, associations, etc.

- 91. Did the District use any employees or volunteers to perform public works projects (construction, electrical, carpentry, etc.) for the District?**

Public works projects could include jobs, through contract or not and other than ordinary maintenance, such as carpentry, cement work, drywall, electrical, wiring, fence erecting, landscaping, painters, etc. Ordinary maintenance may include work done on a scheduled basis or work done to prevent repairs that are not done via contract. Our Office, in 2014, updated its opinion on Fire District's use of day labor (employee/volunteer labor) wherein:

*Fire protection districts are able to provide maintenance services in conjunction with their authority as noted in state law (RCW 52.12.031). At this time we do not believe fire protection districts have the authority to perform public works using their own forces. This is commonly referred to as "day labor". However, Districts are allowed to perform ordinary maintenance as described in state law WAC 296-127-010(7)(b)(iii). Maintenance activity performed regularly, at least annually, is not a public work and therefore not subject to the public works bid requirements. Fire Districts should have a policy that describes the frequency of maintenance activities.*

- 92. Does the District pay another entity to fight fires or provide EMS services on the District's behalf?**

Some Districts may use its revenues to pay another entity to fight fires or provide EMS services for the District.

**WATER/SEWER DISTRICT SPECIFIC QUESTIONS**

- 93. How many residential water hookups does the city/district have?**

Please report all active residential water hookups.

- 94. How many commercial water hookups does the city/district have?**

Please report all active non-residential water hookups.

- 95. How many vacant water hookups does the city/district have?**

Please report all inactive water hookups the government charges a monthly fee for.

- 96. How many residential sewer hookups does the city/district have?**

Please report all active residential water hookups.

- 97. How many commercial sewer hookups does the city/district have?**

Please report all active residential water hookups.

## DIKE/DRAINAGE DISTRICT SPECIFIC QUESTIONS

- 98. Are any district levees currently rated as Unacceptable by the US Army Corps of Engineers? If yes, describe district actions to obtain an acceptable rating.**

If the US Army Corps of Engineers has rated any of the districts dikes as unacceptable, explain what actions the district is taking to bring the dikes up to required specifications.

- 99. Under what chapter of RCW Title 85 was the Diking or Drainage district formed or reorganized?**

If the district knows under what chapter of Title 85 the district was formed or reorganized, provide the information.

## TBD/EDC/IDC SPECIFIC QUESTIONS

- 100. What transportation improvement projects may be funded by the district per the district's plan or establishing ordinance?**

Briefly describe the projects that may be funded by the District per the ordinance, charter or plan as referred to in RCW 36.73.040, RCW 36.73.050 and RCW 36.73.160.

- 101. Are all revenues received by the entity immediately transferred to the creating entity?**

If expenditures consist of lump-sum contract payments, transfers or reimbursements to the creating entity as revenue is received, select "yes." If the entity holds cash and directly make specific expenditures as they arise, select "no."

- 102. Does the entity's establishing ordinance give a date when the entity will terminate operations? If yes, then when?**

If yes, note the termination date given in the establishing ordinance. Or if project(s) to be funded by the District are not perpetual, then give the estimated termination date (that is, 30 days from the estimated completion of the project as described in RCW 36.73.170).

- 103. Are all entity operations accounted for in the creating government's general ledger and subject to the same processes and controls over the creating government's transactions?**

Normally, governments that create other entities will act as the treasurer and fiscal agent for that entity and use their own accounting system and processes for transactions of the created entity. For example, a City creating a Transportation Benefit District will normally account for the TBD in the City's general ledger and process receipts and expenditures using the same personnel, processes and controls as established for City transactions. Occasionally, separate accounting systems or processes will be established specifically for the entity's transactions.

- 104. How is the entity accounted for on the creating government's financial statements?**

For example, an Industrial Development Corporation created by a GAAP Port would likely be presented as a discretely presented component unit of the Port's financial statements with appropriate disclosures. Or a Transportation Benefit District of a cash basis City would likely be presented as an agency fund on the City's C5 Statement with appropriate disclosures. If the entity is not included in the financial statements or notes of the creating government, enter "not reported."

- 105. Does the entity have an original financing plan and material changes policy?**

Select "yes" if the District has a formally established original financing plan and material changes policy as referenced in RCW 36.73.160.

## CONSERVATION DISTRICT SPECIFIC QUESTIONS

**106. Does the district have an approved policy manual in place that covers the district's operations?**

A policy manual is important to ensure uniformity in district operational procedure.

**107. Has the board reviewed RCW 89.08.210 and .220, in the last year?**

Chapter 89.08 RCW states that the supervisors shall provide for the keeping of a full and accurate record of all proceedings, resolutions, regulations, and orders issued or adopted. The supervisors shall provide for an annual audit of the accounts of receipts and disbursements in accordance with procedures prescribed by regulations of the Commission.

**108. Is the district's long-range plan current, in the correct format, and on file with the Commission?**

The district must have a current long-range plan and on file with the Commission. The plan must also be in the correct format.

**109. Is the district's annual work plan current and on file with the Commission?**

Districts must have current annual work plans, in the correct format, on file with the Commission.

**110. Does the district have current written agreements with all conservation partners where resources are exchanged and they have been reviewed in the last 12 months?**

Districts must have current written agreements with all conservation partners.

**111. Has the district established a claims agent with the county auditor?**

RCW 4.96.0602(2) requires the governing body of each local governmental entity appoint an agent to receive any claim for damages. The identity of the agent and the address where he or she may be reached during the normal business hours of the local governmental entity are public records and should be recorded with the auditor of the county in which the entity is located.

**112. Does the district have a training plan for supervisors and employees?**

A training plan is important for employers and supervisors to become familiar with procedures and practices in the work place.

**113. Have all new supervisors taken advantage of training offered by the Conservation Commission?**

The Washington Conservation Commission offers a range of options for training, including live classes, webinars, etc.

**114. Does the district make its office, meetings and programs accessible to the public?**

The district office, meetings and programs must be accessible to the public.

**115. Were quarterly payments filed with the Department of Labor and Industries and match payroll records?**

Payments to the Department of Labor and Industries need to match the payroll records to avoid a misallocation of funds. The quarterly reports to L&I should be verified by the board.

**116. Was unemployment insurance paid for all employees to the Employment Security Department (ESD) and payments match payroll records?**

Payments to the Employment Security Department need to be reconciled with the payroll records to ensure accurate accounting. The quarterly reports to ESD should be verified by the board.

**117. Does the District have the required posters as shown on the list on the Labor and Industries website?**

All employers are required by state law to display the most current Labor and Industries posters.

**118. Were payments made to Social Security/Medicare or to a qualified retirement plan and match payroll records?**

District payroll records should be reconciled to Social Security/Medicare payments.

**119. Were employer share and withheld payroll taxes remitted to the Internal Revenue Service and match payroll records?**

Payments to the Internal Revenue Service need to be reconciled with the payroll records to ensure accurate accounting. The quarterly reports to IRS should be verified by the board.

**120. Are official minutes of all regular and special governing body meetings recorded and available for public inspection? Have you sent draft minutes to your Commission Regional Manager?**

RCW 42.32.030 states:

The minutes of all regular and special meetings except executive sessions of such boards, commissions, agencies or authorities shall be promptly recorded and such records shall be open to public inspection.

RCW 89.08.210 states in part:

The supervisors shall provide for the keeping of a full and accurate record of all proceedings, resolutions, regulations, and orders issued or adopted.

Meetings of district boards are subject to the Open Public Meetings Act (Chapter 42.30 RCW) which requires regular and special meetings to be open to the public. These should be verified annually by the supervisors.

**121. Is sales tax listed on a separate line on receipts?**

Sales tax should be easily identifiable and listed on a separate line on receipts.

**122. If sales tax was collected, was it remitted to the State Department of Revenue?**

All sales tax collected needs to be remitted to the State Department of Revenue.

## REQUIRED ATTACHMENTS

**123. Attach the meeting minutes and resolutions for all governing body meetings held during the last year.**

Minutes are an auditor's source to a District's business. Please include all regular meetings, special meetings, and other meeting's minutes of elected officials business discussed.

**124. Attach a yearend county revenue report by revenue source for the year**

This report should be a third party revenue report that is detailed by the revenue type. This report may also be helpful to request from the County (or other fiscal agent) for use in completing other required forms, such as the Schedule 01.

**125. Attach warrant registers, payroll registers, check registers and petty cash logs detailing ALL expenditures made during the year**

Attach a detailed list of all expenditures for the year. The report should include all expenditures made during the fiscal year and include the following minimum information:

- Warrant/check number
- Date paid (i.e., warrant date)
- Payee
- Amount paid

If the county treasurer is used, a warrant register or expenditure listing can usually be obtained from the county showing this information. Entities that do not use the county treasurer can provide copies of the entity's check register. Entities should also submit copies of imprest checking account activities and petty cash logs.

- 126. Attach a detailed description of the entity's invoicing, cash and check receiving and deposit process. The description should include name of positions completing tasks in the process and all reconciliations and reviews performed. Include a copy of your written Cash and Check Receipting Policy or procedure if you have one. This request applies to all districts that invoice for a service or receive funds other than at the county treasurer (including charges for services or goods, fees, donations, grants, etc.).**

Every government that receives cash or checks (other than through the county treasurer) should have a written policy/procedure that directs staff how to process receipts when received either over the counter, through the mail or in a drop box. The policy should address receipting, securing receipts, depositing, reconciliations and accounting for receipts. If the district does not have a written policy, attach a detailed description of the process used by the district including the names of the positions participating in the process, and any reconciliations or reviews performed.

- 127. Attach a listing of all governing body members including names of spouses, places of employment and all business interests of household members. Also include a list of the names of all paid and unpaid employees and volunteers. Please avoid sending employees/volunteers SSI numbers or other personal information.**

Attach a listing of all board members holding office during the year. List the full name of each member of the governing body and then list any paid positions (full or part-time employment) held by the official and any business owned or operated by the official or a spouse during the period of the audit. This information is needed to evaluate conflict of interest statutes.

- 128. Attach rate and fee schedule in effect during the fiscal year and any related billing or fee policy.**

As applicable, attach official rate and fee schedule(s) in place during the reporting year for any revenues billed or received directly. For example, a water district fee schedule would include basic fee, water volume fees, shutoff fees, water availability letter fees, new hookup fees, etc.

- 129. Attach an aged list of all outstanding accounts receivable at fiscal year-end. If applicable, attach a list of all accounts receivable written off or sent to collection during the fiscal year.**

If revenues are billed and there are amounts outstanding (unpaid) at the end of the year, attach a report or schedule that lists the receivables. The report (commonly known as an *aging report*) should include the following minimum information:

- Account name
- Amount due
- Number of days since the amount was billed. If this information is not available, include the date of the original billing.

If the entity had any accounts receivable that was written-off, please include a separate list indicating the accounts and amounts written off.

- 130. Describe outstanding bonds issued through the entity, including the original amount, beneficiary, final maturity date and administrative fee payable to the entity for each (EDC/IDC ONLY).**

Describe outstanding tax exempt bonds issued through the development corporation, including the original amount, beneficiary and administrative fee payable to the district for each bond issue.