



2019-04 RESOLUTION ADOPTING OREGON'S "A GUIDE FOR PUBLIC OFFICIALS" AND "FINANCIAL MONITORING POLICIES."

WHEREAS: the Rivergrove Water District is aware the organization would benefit, if a comprehensive code of conduct and/or other policies addressing acceptable operating practices, conflicts of interest, and expected standards of ethical and moral behavior is adopted,

WHEREAS: The Rivergrove Water District recognizes that limited staffing is a concern and that those charged with governance must to ever vigilant in fulfilling their responsibilities.

WHEREAS: all duly elected officials and employees of the Rivergrove Water District are required to comply with Oregon's "A Guide for Public Officials" and the Rivergrove Water Districts "Financial Monitoring Policy".

THEREFORE, BE IT RESOLVED that the Rivergrove Water District has limited resources and is unwilling to increase staffing to a point that PERFECT internal controls can be maintained. The Rivergrove Water District believes internal controls in place and adherence to the Oregon's Guide for Public Officials and the adoption of Financial Monitoring Policies, which becomes an integral part of this resolution, is adequate and appropriate in the circumstances for an entity with limited staffing.

This Resolution moved by Commissioner McDowell. Seconded by Commissioner Patterson.

Adopted by the Board of Commissioners of the Rivergrove Water District this 13th day of May, 2019, by the following vote:

Ayes: Commissioners Roth, McDowell, Patterson, and Magura.

Nays: None

Signed

Christine Roth

Chair Roth

Attest

Jeanette McDowell

Secretary/Treasurer McDowell

RIVERGROVE WATER DISTRICT



Rivergrove Water District Financial Monitoring Policy

If any of these controls are ignored, the result will be an added risk of fraud. Management and the governing body may adopt additional controls.

1. If it is not practical to segregate the duties of collecting cash, recording funds, and processing transactions; it is a paramount requirement that management and those charged with governance are responsible for monitoring financial activities.
2. **Absolute prohibition** must exist for the following:
 - kickbacks and conflicts of interest transactions,
 - pre-signed checks before approval,
 - and blank check signing.
3. Control of cash must adhere to the following procedures:
 - limit access to blank check stock,
 - daily cash counts, if appropriate,
 - daily intact deposits, if appropriate,
 - cash boxes controlled and reconciled.
4. Personal items will not be purchased with entity's credit cards or charge accounts.
5. All accounting computer records will be kept secure by passwords. Management and appropriate employees will have access to the passwords. It is recommended that passwords be changed monthly and contain letters and numbers.
6. If possible cross-training for employees is mandated.
7. If possible, employees must take annual vacations of at least one week and their duties performed by another employee while they are absent.
8. Accounting records must be protected and backed up on a systematic basis. Backup online is encouraged or some other suitably protected media.
9. Management or a member of the governing body must have online bank access to review and approve any printed monthly bank checking, deposit, and LGIP statements and cancelled checks. The person doing this will be different than the employee charged with writing checks and preparing the bank reconciliations. The bank statements and cancelled checks must be analyzed and investigated for specific items including missing checks, checks out of sequence, unknown vendors, checks that appear to be altered, checks not signed by two authorized signatories and other unusual items.
10. Original invoices must be approved for payment by management and will be reviewed, approved, and initialed by a Board member authorized to sign checks as evidence of their approval.
11. Management must control accounts receivable by limiting access to the records. It is anticipated that management will approve the issuance of credit memos, discounts, and refunds. Accounts receivable ledgers must be reconciled at least monthly and the reconciliation reviewed by management and initialed as evidence of that review.

Management must investigate customer complaints, past due accounts and authorize write-offs.

12. Actual "green money" cash receipts require special handling. A person other than the individual receipting the "cash" must review the documentation supporting the receipt and initial the deposit slip. A copy of each initialed deposit slip must be retained for comparison to the bank statement.
13. All checks must have two manual signatures and be supported by appropriate documentation at the time of signing. Facsimile signatures will not be allowed.
14. All voided checks must be marked void and held for the review. The numbered sequence of checks must not be broken.
15. The entity's governing body and management will review monthly income and expense reports and compare them to budget estimates. Irregularities must be investigated.
16. All bank accounts will be approved by those charged with governance.
17. The governing body and management will function as the internal audit committee.
18. The governing body or management will review the list of approved vendors on a timely basis and question any suspicious vendors.
19. All employees will be covered by comprehensive crime coverage insurance recommended to be an amount at least half of the entity's annual receipts. This would act as a deterrent to fraud and allow some recovery in case fraud is committed by an employee or volunteer.
20. The governing body, management and employees will adhere to a strict "Code of Ethics" similar to "Oregon's Guide for Public Officials."
21. Where possible the governing body will institute a policy for members, management and employees to report fraud, waste and abuse to the Chair of the Board or their designee.
22. Overtime will be kept to a minimum and monitored by management and the governing body.
23. Management and the governing body must be alert to changes in employee attitudes, behavior and lifestyles. Matters of concern are indications of problems with gambling, drug abuse, alcohol abuse, financial distress, infidelity, serious illness, excessive nervousness, severe stress, attitude of entitlement and a combative personality when certain financial areas are approached for monitoring.
24. The governing body and management must set the "**Tone at the Top**" and clearly communicate to employees and volunteers the behavior that is expected of them.
25. **The Auditor cannot be relied upon to do monitoring or be a part of internal control.**