

## **515 - Accountability and Reconciling of Financial Accounts**

### **1.0 Purpose**

The purpose of reconciliation and verification of William Shore Metropolitan Pool District's financial accounts is to provide for an effective internal control environment to ensure that:

- 1.1** The information transmitted to, contained in, and reported from the District's financial systems is accurate, complete and recorded in a timely manner;
- 1.2** The information can be relied upon for making accurate financial and administrative decisions; and
- 1.3** Fraud, theft, compliance violations and other irregularities are quickly detected and reported to the appropriate authorities.
- 1.4** To fulfill the requirements of RCW 42.24.180 for issuance of warrants or checks before approval by legislative body.

District personnel must comply with the requirements of this policy to ensure that an effective internal control environment is maintained.

### **2.0 Policy**

This policy governs reconciling and verifying financial accounts used by District for the receipt and payment of District funds. Review of financial accounts should be performed on a regular and timely basis and should include the verification, reconciliation and review of:

- Monthly activity statements for all District accounts with the County or in public banking or investment institutions;
- Petty Cash/Imprest Funds
- Payroll accounts; and
- Merchant Accounts (credit card receipts)

Accountability and procedures must be assigned and in place in each department to ensure that inaccuracies or incomplete financial information identified during the reconciliation or verification process are investigated and corrected in a timely manner.

#### **2.1 List of Financial Accounts**

The Executive Director, or his designee, will maintain a master list of District financial accounts. This list will show:

- Purpose of financial account
- When the account was established and/or closed
- Responsible person for maintaining the account
- Person responsible for the reconciliation of the account
- Person responsible for verifying and reviewing the reconciliation of the account
- Interval which the verification and review will occur

#### **2.2 Reconciliation**

Reconciliation is the process of comparing information that exists in two systems or locations, analyzing differences and making corrections so that the information is accurate, complete and consistent in both locations. Financial accounts must be reconciled on a periodic and timely basis to verify that all items were correctly posted to the account. All funds within the financial account must be included in the reconciliation unless previous arrangements have been made. Without performing reconciliations, inaccurate recording of transactions may occur that would result in incorrect reporting and could impact resources.

##### **2.2.1 Reconciliation Schedule**

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On a scheduled basis all financial/bank accounts will be reconciled by the District Accountant and reviewed by the Executive Director, or his designee. A Monthly reconciliation will be completed with an needed backup documentation attached. The following is the approved schedule:

- a. Bank Accounts: Monthly
- b. Petty Cash/Imprest Accounts: When adding funds or Semi-Annually
- c. County Treasury Accounts: Monthly
- d. Credit Card Merchant Accounts: Monthly

### **2.2.2 Reconciliation Procedures**

The District Accountant shall establish and perform the appropriate reconciliation reports and have them available to the Executive Director and the Board.

### **3.0 Segregation of Duties**

Segregation of duties is one of the most important features for financial accountability. The fundamental premise of segregated duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same action. These are called incompatible duties when performed by the same individual. Minimum segregation of duties are the following:

1. The signer(s) on any District Accounts at private banking institutions will not be the same person who maintains to custody of the checks for those accounts.
2. The District Accountant will be responsible to reconcile all District accounts.
3. One Board member, the District Accountant and either the Executive Director or his designee will approve all expenditures from District accounts with private banks or County Treasury accounts. The Board will certify the expenditures at the following Board meeting.
4. Payroll will be approved and submitted by the Aquatics Manager to the District Account and Executive Director for submission to the District's payroll service.