

INTERNAL CONTROL EVALUATION WORKSHEET 2021

FOR FISCAL YEAR ENDED JUNE 30, 2021

Special District Name: Rafter J Improvement & Service District

County: Teton

Please submit a copy of this to the Department of Audit and retain the original for your files.



- This form may be used in satisfaction of the Internal Control Evaluation requirement for all Special Districts, whose revenues or expenses exceed \$100,000 and who are not having a CPA audit or review for the fiscal year for which financial reporting is being completed.
- Officials of each special district must certify as to the preparation of the document or of another approved procedure.
- This procedure is in compliance with the Department of Audit, Public Funds Rules on file at the Secretary of State's Office.

| | YES | NO | NA |
|--|-----|----|----|
| <u>EVALUATION OF CONTROLS OVER GENERAL OPERATIONS</u> | | | |
| 1. Do you have a written schedule which details all of the property owned by your district, generally called a Fixed Asset Inventory? Is all property marked so that it can be readily identified? | ✓ | | |
| 2. Did your district provide gifts or donations, (except for "necessary support of the poor"), or support for <u>any political activity</u> by use of public funds? (State Constitution, Article 16-Sec 6 and W.S. 22-25-102(a)) | | ✓ | |
| 3. Does anyone <u>ever</u> sign blank checks? | | | |
| <u>EVALUATION OF CONTROLS OVER CASH AND INVESTMENTS</u> | | | |
| 1. Has any member of the board reviewed an <u>unopened</u> bank statement (for each bank account) at least once this year? (Check for unauthorized vendors, unauthorized transfers and authorized payer signatures.) | ✓ | | |
| 2. Does any official from your district use a facsimile stamp when issuing checks? If so, is the facsimile stamp registered with the Secretary of State's Office as required by W.S. 16-2-102. a. Do you have physical controls over the stamp? | | ✓ | |
| 3. Do you have an official investment policy as required by W.S. 9-4-831(h)? | ✓ | | |
| 4. If your district uses a computer system to do the accounting, does anyone (other than the bookkeeper) review, authorize, or approve the journal entries? Or understand the system? | ✓ | | |
| <u>EVALUATION OF CONTROL OVER COMPLIANCE WITH LAWS & REGULATIONS</u> | | | |
| (SEE COPY OF STATUTES ATTACHED) | | | |
| 1. Does your district prohibit <u>any</u> travel loans for officials and employees per the Wyoming Constitution, Article 16 Section 6? | ✓ | | |
| 2. Are all investments for your district in compliance with the types listed in W.S. 9-4-831? | ✓ | | |
| 3. Has your district sent to the Department of Audit, a copy of the publication of hearing notice for your annual budget per W.S. 16-4-109(b) or 16-12-406(c)? | ✓ | | |

| | YES | NO | NA |
|--|-----|----|----|
| 4. Is your district paying claims only after the claim is certified under penalty of perjury by the vendor or by an authorized person employed by the district receiving the items or services per the Wyoming Constitution, Article 16 Section 7? | ✓ | | |
| 5. Did you submit your proposed and adopted budgets to both the Department of Audit and the County Clerk per W.S. 9-1-507(a)(viii) and 16-12-408(a)? | ✓ | | |
| <u>EVALUATION OF INTERNAL CONTROLS OVER GRANTS AND LOANS</u> | | | |
| 1. If your district has received \$750,000 or more annually from the Federal Government, have you arranged to have that funding audited by a CPA? | | | ✓ |
| 2. If you have purchased equipment or other assets with federal money, is it separately identified in your accounting records and physically marked on the asset as to having been purchased with federal funds? | | | ✓ |
| 3. Do you keep all accounting for the grants and loans in a separate fund so that matching money and other grant requirements can be easily met and identified? | | | ✓ |

COMMENTS: 1. on issues that need attention, 2. on changes that will be made,
 3. on assessment results or 4. other

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| SIGNATURES OF ENTITY OFFICIALS | |
|--|--|
|  _____ Board Chairman Date: <u>11-2-21</u> Email: <u>schildog@gmail.com</u> Telephone: <u>307.690.9896</u> |  _____ Treasurer Date: <u>11-2-21</u> Email: <u>eileenmosman@gmail.com</u> Telephone: <u>714-785-3775</u> |

Constitution. 16-006. Loan of credit; donations prohibited; works of internal improvement.

Neither the state nor any county, city, township, town, school district, or any other political subdivision, shall **loan** or give its credit or make donations to or in aid of any individual, association or corporation, except for necessary support of the poor, nor subscribe to or become the owner of the capital stock of any association or corporation, except that funds of public employee retirement systems may be invested in such stock under conditions the legislature prescribes. The state shall not engage in any work of internal improvement unless authorized by a two-thirds vote of the people.

Constitution. 16-007. Payments of public money.

No money shall be paid out of the state treasury except upon appropriation by law and on warrant drawn by the proper officer, and no bills, claims, accounts or demands against the state, or any county or political subdivision, shall be audited, allowed or paid until a **full itemized statement in writing**, certified to under penalty of perjury, shall be filed with the officer or officers whose duty it may be to audit the same.

W.S. 9-1-507 (a)(viii) Examination of books of state institutions, agencies and certain districts and entities; independent audit authorized; guidelines.

(viii) Beginning 2018, require each special district and other entities specified in W.S. 16-12-202(a) in this state, no matter how formed, except districts created by and subject to administration by the courts, to report to the department and to the county clerk of the county where the special district or other specified entity is located its proposed budget for the next fiscal year. If a special district or other specified entity operates in multiple counties, the special district or other specified entity may post the proposed budget conspicuously on its website or file the proposed budget with each county clerk of the counties in which the special district or other specified entity operates. The report or posting shall be made not later than June 1 of each year. The format of the reports required by this paragraph shall be established by the department of audit by rule no later than December 31, 2017.

W.S. 9-4-831 (h) Investment of public funds. Every political subdivision shall have on file a "Statement of Investment Policy..." This policy shall be at least as restrictive with respect to the types of investments authorized as those listed under subsection (a) of this section

W.S. 16-2-102. Facsimile signature; authorized use; legal effect.

(a) After filing with the secretary of state his manual signature certified by him under oath, any authorized officer may execute or cause to be executed with a facsimile signature in lieu of his manual signature:

(i) Any public security, provided that at least one (1) signature required or permitted to be placed thereon shall be manually subscribed; and

(ii) Any instrument of payment.

W.S. 16-4-109 Budget hearings.

(b) Hearings for county budgets shall be held not later than the third Monday in July, for city and town budgets not later than the third Tuesday in June, for school districts and community college districts not later than the third Wednesday in July. The governing board of each municipality shall arrange for and hold the hearings and provide accommodations for interested persons. Copies of publications of hearings shall be furnished to the director of the state department of audit and school districts shall also furnish copies to the state department of education. This section also applies to entities described in W.S. 16-4-125(c) excluding incorporated towns not subject to this act.

W.S. 16-12-406 Budget Hearings

(c) Hearings for special district or other specified entity budgets shall be conducted not later than the third Thursday in July except as hereafter provided. The governing board of any special district or other specified entity may choose to hold the budget hearing in conjunction with the county budget hearings and so advertise. Copies of publications of hearings shall be furnished to the director of the state department of audit.

W.S. 16-12-408. Adoption of budget.

(a) Within three (3) business days of the conclusion of the public hearing under W.S. 16-12-406, the governing body of each special district or other specified entity shall adopt the budget. Certified copies of the adopted budget shall be on file in the office of the special district or other specified entity and made available for public inspection pursuant to W.S. 16-12-303. The adopted budget shall be filed with the department of audit and county clerk on behalf of the county commissioners no later than July 31. The adopted budget shall be forwarded by the county clerk to the county assessor and county commissioners before mill levies are set.

W.S. 22-25-102. Contribution of funds or election assistance restricted; limitation on contributions; right to communicate, civil penalty.

(a) Except as otherwise provided in this section, no organization of any kind including a corporation, partnership, trade union, professional association or civic, fraternal or religious Group... except a political party, political action committee or candidate's campaign committee organized under W.S. 22-25-101, directly or indirectly through any officer, member, director or employee, shall contribute funds, other items of value or election assistance directly to any candidate or group of candidates. No person shall solicit or receive a payment or contribution from an organization prohibited from making contributions under this subsection.

SUGGESTED PROCEDURES FOR A SELF-AUDIT, 2021

- *These procedures can be completed by a board member with understanding of the system, a clerk or treasurer from another special district or town (our recommendation is to exchange this service with another district or town), a local citizen who may be an active or retired bookkeeper and would volunteer to assist your entity, or by a paid independent third party, if desired.*
- *The treasurer/bookkeeper may assist in locating records, but the person doing the self-audit should independently select the transactions to be traced and verified.*
- *If your revenues or expenses are over \$100,000 and you do not have a CPA audit or review, this process is required.*

The following steps are designed to provide evidence that the accounting work is done, that the entity's transactions are accurately and completely recorded, and that the officials have had access to the accounting records. These are tests commonly used by CPAs to assist them in forming an opinion on an entity's financial statements.

RECEIPTS TEST:

1. Randomly *select* 10 receipts from the receipt book.
2. *Trace* each one to the Receipts Journal (this is the first entry to the books).
3. *Verify* the amount, name, date, and the correct accounting category (taxes, water billing, grant or loan, etc.).
4. *Add the total* of the column in which it was entered.
5. *Trace* this total to the *Financial Statement* (or the next summary document), same category, for the month or quarter, whichever is used.
6. *Trace* the payment to the *bank deposit slip*; all the detail should agree, including the name, date and amount.
7. *Trace* the deposit slip to the *reconciled bank statement*.

EXPENDITURE TEST:

1. Randomly *select* 10 check numbers from complete list of all check numbers.
2. Pull the related disbursement voucher, with invoice attached, from file.
3. Locate the canceled check from the bank.
4. *Compare* the canceled check, the entry to the disbursement journal, the voucher and the vendor invoice for agreement for the following items: a. *payee name*
b. *amount* c. *date agreement* d. *correct account classification in books.*
5. *Review* the canceled check for any changes, erasures, white-outs.
6. *If possible, review* the canceled check for endorsements. (Should agree to payee name.)
7. If not known to you as a vendor, look in telephone book or online to *see if payee is a legitimate business.*

PAYROLL TEST:

Review one month (in the fiscal year) of each bank's statements, for the following:

1. Verify that every *debit and credit on the bank statement* has either a canceled check, a deposit ticket, or a written bank record of a transaction.
2. Review every *check for the month* to make sure there are no unauthorized checks to employees or officials of the entity. Watch for any duplicate payroll amounts.
3. For each check, make sure that there are no whiteouts or other alterations.
4. *Trace* the month's payroll checks to the recording entries in the journals.
5. *Review the payroll records* for one quarter and agree to the IRS Form 941. Verify that the information on the form agrees to the actual liability shown on the records.
6. *Agree* the year end IRS form W-2 to the entity payroll records.

FINANCIAL STATEMENTS:

Trace the monthly column totals from the detailed postings of the General Ledger to the Financial Statement report and make sure they agree.

GRANT AND LOAN ACCOUNTING (if applicable):

Review the request for payment reimbursement file. Make sure that all requests have the supporting vendor charges (copies) in the file. Review the grant agreement for your entity's compliance with all of the terms of the grant.

If you find any exceptions to the testing, ask the treasurer/bookkeeper for an explanation. If you still have some questions, please call the Dept. of Audit at (307) 777-7798.

- *Attached are forms to use in recording the testing procedures, keep a copy for your records.*