

MEMORANDUM

TO: Audit Committee

FROM: Trustee Sara Schmitz
Audit Committee Member

SUBJECT: Review of completed Internal Controls updates and prioritized schedule of Internal Controls updates to be completed in Fiscal Year 2021/2022

DATE: October 26, 2021

I. RECOMMENDATION

The Audit Committee review, with Finance Staff, and discuss completed Internal Controls updates and prioritized schedule of internal control updates to be completed in FY 21-22.

II. BACKGROUND

IVGID Finance staff have been identifying and implementing updates to Internal Controls. Finance Director Navazio previously provided an update to the Audit Committee at the August 10, 2021 meeting and advised that work was ongoing. The Audit Committee has requested an update on this progress.

III ACTIONS

To be agreed based on review and discussion.

IV. FINANCIAL IMPACT

There is no financial impact.

Attachment:

Navazio updated Internal Controls schedule dated 10/2021

Board Policy and Procedures Update

(Excerpt Board memo, October 13, 2021)

Policy – Focus Area	Lead	Support	Target Date
Policy 6.1.0 Adoption of Financial Practices			
6.1.2.1 -Revenues/Pricing Policies	Staff	Trustee Wong	November 2021
Policy 7.1.0 / Practice 7.2.0 - Fund Balance	Staff	Trustee Tonking / Consultants (<i>Raftelis</i>)	October 2021
Policy 19.1.0 / Practice 19.2.0 – Working Capital	Staff		
Policies 8.1.0, Capitalization Thresholds	Staff	Trustee Tonking / Consultants (<i>Moss Adams</i>)	October 2021
Policy 9.1.0 / Practice 2.9.0 - Useful Life of Capital Assets	Staff		
Policies 12.1.0 and 13.1.0 – Capital Project Planning and Capital Budgeting	Consultant (<i>Moss Adams</i>)	Trustee Tonking	November 2021
Policies 18.1.0 / Practice 18.2.0 – Central Services Cost Allocation	Staff	Trustee Tonking	December 2021 (Budget Process)

**Update of Accounting and Finance Procedures
October 2021**

Accounting and Financial Procedures

Old Section	New Section		Review				Revisions			Staff Responsibility										
			Date	Draft	Review	Final	Date	Initial	Policy	Admin.	Compliance									
I	6.3.1	Internal Controls Effective Internal Controls	Jan '21	LP	MW/PN															
			Procedures review with draft updates (approval pending)																	
II	6.3.2	Controls in a Computer Environment Application Controls Program Maintenance Computer Operations Security	Dec '21																	
			Focus area for review by external auditor; subject of I/T Questionnaire and specific document requests. Procedures review/update pending comments and recommendations from external auditor																	
III	6.3.3	General Ledger and Journal Entries Maintaining an Effective Accounting System General Ledger Activity Adequate General Ledger Maintenance	July '21	MW	PN															
			Procedures review with draft updates (approval pending)																	
IV	6.3.4	Cash Cash Management Cash Receipts Disbursements from Bank Accounts Imprest and Similar Funds Bank Reconciliations	July '21	MW	PN															
			Procedures review with draft updates (approval pending)																	
V	6.3.5	Revenue Cycle Revenue Recognition Accounts Receivable Customer Returns and Allowances Other Revenues	Jan '22																	
VI	6.3.6	Production Cycle Sales and Product Forecasts Cost-Flow Methods Inventory Control Periodic Physical Inventory Inventory Obsolescence	Dec '21																	
			Inventory control procedures updated at selected District venues Potential recommendations pending from review by external auditor Dec / Jan update will include standardizing procedures across all venues																	
VII	6.3.7	Pre-paid Expenses Monitoring and Accounting for Prepaid Expenses Controlling Asset Balances	Jan '22																	
VIII	6.3.8	Investments Investment of Idle Funds Safeguarding of Investments Return of Investment	Dec '21																	
			Procedures updates pending potential comments from external audit review																	

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IX	6.3.9	Property and Equipment Additions to Property and Equipment Accurate Records of Property and Equipment Depreciation of Property and Equipment Existence of Capital Assets Disposal of Capital Assets	July '21	MW	PN							
Procedures review with draft updates (approval pending)												
X	6.3.10	Purchasing and Accounts Payable Determination of Needs Placement of Orders Cellular Telephone Use Receipt and Acceptance Establishment of Accounts Payable Return of Goods to Suppliers Purchase Cut-Off Procurement Card Program Advertising Tipping Bulk Purchases	July '21	MW	PN							
Procedures review with draft updates (approval pending)												
XI	6.3.11	Notes Payable / Long-Term Debt Financial Resource Requirements Assumption and Authorization of Debt Safekeeping of Debt Agreements Record of Debt Timely Interest Expense Accruals Debt Payments Bond Discounts and Premiums Current and Long-Term Debt Summary Debt Covenants	Feb. '22									
XII	6.3.12	Accrued Liabilities Monitoring of Accrued Liabilities Reconciliations and Accuracy	Feb. '22									
XIII	6.3.13	Human Resources and Payroll Payroll and Personnel/Human Resources Wages and Salaries Timekeeping Payment to IVGID Employees Payroll Deductions Quarterly and Year-End Reports	Jan. '22									
HR/ Payroll procedures subject to comprehensive update concurrent with implementation of new HR/Payroll System (Tyl												

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XIV	6.3.14	Budget Cycle	May '22															
			Budget Cycle and budgt control procedures to be re-evaluated based on direction from FY22/23 budgt process.															
	6.3.15	Electronic Payment Systems	July '21	MW	PN													
			Procedures review with draft updates (approval pending)															
	6.3.18	Central Services Cost Allocation	July '21	MW	PN													
			Procedures review with draft updates (approval pending)															
		Procurement Cards Program	July '21	MW	PN													
			Procedures review with draft updates (approval pending)															