

# **Wasco County Soil & Water Conservation District**

## **Financial Management & Internal Controls Policy**

**Draft for Board Review – 2026 Update** (Consolidates and replaces all prior financial resolutions and policies related to fiscal management)

### **1. Purpose**

This policy establishes clear, modern, and comprehensive financial management practices that ensure:

- strong internal controls
- compliance with Oregon Local Budget Law
- protection of public funds
- transparency and accountability
- clear delegation of authority
- consistent financial operations across the District

This policy replaces and consolidates all prior financial resolutions related to fiscal management, including Resolutions 991006, 021106, 051102-2, 070905, and related directives.

### **2. Basis of Accounting**

The District uses a modified cash basis of accounting. Revenues and expenditures are recognized when cash is received or disbursed, except for capital asset modifications that follow generally accepted accounting principles. The District does not record receivables or payables except where required for capital asset reporting.

Capital assets are governed by the District's Capital Asset Policy, maintained separately.

### **3. Roles & Responsibilities**

#### **3.1 Board of Directors**

- Holds ultimate fiduciary responsibility for District funds.
- Approves the annual budget and any budget adjustments.
- Reviews monthly financial reports.
- Appoints the Budget Officer and Budget Committee members.

- Approves opening or closing bank accounts.
- Approves credit card accounts, limits, and authorized users.
- Retains exclusive authority to write off bad debt.
- Determines the amount of fidelity bond coverage required under ORS 198.210–198.220.
- Through the internal financial committee (Secretary/Treasurer and one additional Board member), is encouraged to review monthly bank reconciliations as part of its oversight practice.

### **3.2 District Manager**

- Serves as the District’s chief financial administrator.
- Approves and signs purchases of any amount when consistent with the adopted budget, secured grants and contracts, and Oregon public contracting requirements.
- Serves as an authorized check signer on District bank accounts.
- Reviews and signs monthly bank reconciliations.
- Reviews monthly financial reports prepared by staff and presents them to the Board.
- Oversees internal controls and segregation of duties.
- Assigns and manages user access to financial systems.
- Ensures compliance with this policy and applicable laws.
- Authorizes fund transfers.

### **3.3 Office Administrator**

- Manages accounts payable and accounts receivable.
- Maintains vendor accounts, credit cards, and charge accounts.
- Prepares checks and maintains documentation.
- Prepares monthly financial reports for District Manager review.
- Maintains all income and expense documentation in the District’s accounting system, ensures records are complete and organized, and provides supporting documentation during audits.
- Has view-only online banking access and no check-signing authority.

### **3.4 Designated Staff Check Signer**

- Serves as a functional backup check signer when the District Manager is unavailable.
- Has full online banking access.
- Limited to routine or time-sensitive expenditures.
- Unauthorized transactions constitute misuse of District funds and may result in disciplinary action.

## **4. Internal Controls**

### **4.1 Segregation of Duties**

To the extent feasible for a small district:

- No single employee may control all phases of a financial transaction.
- Cash handling must involve more than one person.
- The person preparing checks cannot be the sole person approving them.
- Bank reconciliations must be completed by a staff member who is not a check signer.
- The Office Assistant performs an independent review of bank statements and reconciliations prior to District Manager review.
- The District Manager reviews and signs reconciliations.
- The internal financial committee is encouraged to review reconciliations monthly.
- The Board reviews monthly financial reports.

### **4.2 Verification of Receipts**

No invoice shall be paid without written proof that goods or services were received.

### **4.3 Computer System Security**

- Financial systems must be password-protected.
- At least two staff members must be trained on the accounting system.
- Financial data must be backed up regularly and stored securely.

### **4.4 Risk Management**

- Background checks required for new hires.
- SDAO loss-control inspections requested periodically.
- Emergency/disaster recovery plan maintained.
- SDAO pre-loss legal consultation used for high-risk decisions.

## **5. Budget Management**

### **5.1 Budget Year**

The District's fiscal year is July 1 through June 30.

### **5.2 Budget Format**

The District prepares its budget consistent with Oregon Local Budget Law and fund accounting principles.

### **5.3 Budget Process**

The District follows an annual budget process that includes:

1. Appointment of the Budget Officer
2. Appointment or reappointment of Budget Committee members
3. Preparation of the proposed budget and budget message
4. Public notice of Budget Committee meetings
5. Budget Committee review and approval
6. Public hearing on the approved budget
7. Board adoption of the budget and appropriations
8. Certification of taxes to the County Assessor
9. Filing of the adopted budget with the County Clerk

### **5.4 Budget Monitoring**

The District Manager reviews the budget at least quarterly and reports any material variances to the Board of Directors during regular financial reporting.

## **6. Purchasing & Expenditure Authority**

### **6.1 Purchasing Authority**

- The District Manager may approve and sign purchases of any amount when consistent with the adopted budget, secured grants and contracts, and public contracting requirements.
- The District Manager may delegate purchasing tasks but retains final approval authority.
- In the District Manager's absence, the designated staff signatory may approve routine or time-sensitive purchases.
- Purchases requiring Board approval under public contracting rules must be routed to the Board Chair or Secretary/Treasurer.

## **6.2 Documentation**

All purchases must include:

- itemized receipts
- purpose of purchase
- project, grant, or program charged
- approval signature or email

## **6.3 Prohibited Purchases**

District credit cards and accounts may not be used for:

- personal purchases
- alcohol or controlled substances
- cash advances
- fuel for personal vehicles (unless pre-approved for reimbursement)

## **7. Credit Cards & Charge Accounts**

### **7.1 Credit Cards**

The District maintains credit cards with the following individual limits:

- District Manager — \$7,000
- Office Administrator — \$7,000
- Grants & Program Manager — \$2,500

- Senior Technician — \$500
- Office Assistant — \$500

The combined District-wide credit limit is \$7,000.

## **7.2 Use of Credit Cards**

- Cards may only be used for District business.
- Receipts must be submitted promptly with the purpose noted.
- Online purchases must include documentation of shipment or receipt.
- Misuse is grounds for disciplinary action.
- Credit card statements follow the same reconciliation procedures as bank statements.

## **7.3 Charge Accounts**

- Must be approved by the Board.
- Office Administrator maintains list of authorized users.
- Charge slips must include purpose and be submitted promptly.

## **8. Bank Accounts, Transfers & Reconciliation**

### **8.1 Opening and Closing Accounts**

No bank account may be opened or closed without Board approval.

### **8.2 Authorized Signatories**

Authorized signers include:

- District Manager
- Board Chair
- Secretary/Treasurer
- One designated staff member (backup signer)

Dual signatures are not required.

### **8.3 Online Banking Access**

- District Manager, Board Chair, and Secretary/Treasurer have full access.

- Office Administrator has access without signing authority.
- Backup staff signer has full access.
- Unauthorized transfers are subject to disciplinary action.

#### **8.4 Fund Transfers**

Fund transfers must be authorized by the District Manager or Secretary/Treasurer.

#### **8.5 Account Structure**

The District maintains:

1. **Operating Checking Account** – routine expenses
2. **Savings Account** – minimum balance \$3,000
3. **Debit (ACH Withdrawal) Account** – payroll taxes, loan payments, etc.
4. **Local Government Investment Pool (LGIP)** – primary reserve account

The District prefers to keep the majority of funds in the LGIP due to its safety and interest earnings.

#### **8.6 Bank Reconciliation**

- Bank statements are opened or downloaded by staff who do not have signing authority.
- Reconciliations are completed monthly by a staff member who is not a check signer.
- The Office Assistant conducts an independent review of the reconciliation and supporting documents.
- The District Manager reviews and signs the reconciliation.
- The internal financial committee (Secretary/Treasurer and one additional Board member) is encouraged to review reconciliations monthly.
- Reconciliations are retained in District files and made available to the Board upon request.

#### **8.7 Stale Checks & Stop-Payments**

- All checks shall include the statement: “Void after 120 days.”
- Checks outstanding more than 120 days are voided.

- Stop-payments are issued only when the check amount exceeds the bank's stop-payment fee.
- For checks below the fee threshold, the District may reissue the check after obtaining a signed statement from the payee affirming they will not cash the original check.
- All voided or reissued checks must be documented in the reconciliation packet.

## **9. Investments**

District funds may be held in:

- Checking accounts
- Savings accounts
- Certificates of Deposit
- Oregon State Local Government Investment Pool (LGIP)

The District maintains sufficient funds in checking for operational needs and keeps the majority of funds in the LGIP.

## **10. Revenue & Accounts Receivable**

- The District invoices grants and contracts according to the requirements of each funding source.
- Invoices may be issued monthly, quarterly, annually, or as required.
- Cash is not a preferred method of payment; if received, it must be receipted, counted by two staff members, and deposited promptly.

## **11. Expense & Accounts Payable**

- All payments require itemized documentation.
- Checks are prepared by staff and signed by an authorized signer.
- Voided checks must be marked and retained.
- Debit cards are not authorized.

## **12. Financial Reports**

- The Office Administrator prepares the monthly financial report.

- The District Manager reviews the report prior to distribution and presents it to the Board of Directors at each regular meeting.
- The report becomes part of the Board meeting minutes.

### **13. Audit**

The District undergoes an annual full audit in accordance with Oregon Municipal Audit Law (ORS 297.405–297.555).

### **14. Fidelity Bond**

The District maintains fidelity bond coverage for employees and officers handling District funds, either through a standalone bond or through the District’s insurance policy. The Board determines the coverage amount.

### **15. Policy Review**

This policy shall be reviewed at least every three years or upon significant operational or legal changes.