



# WEST DES MOINES WATER WORKS MEMORANDUM

**TO:** Board of Trustees

**FROM:** Paula Meyer *Paula*

**DATE:** November 20, 2017

**RE:** Internal Control: Signatories and Cash Management

Following is a summary of internal control procedures followed by West Des Moines Water Works in order to safeguard cash.

Separation of duties regarding financial activities:

1. A signatory list is approved by the Board of Trustees of West Des Moines Water Works. The individuals on the signatory list are covered by West Des Moines insurance for employee dishonesty in the amount of \$1,000,000. These individuals are able to sign all Water Works checks, move funds between West Des Moines Water Works banks, and transfer funds via ACH and wire transfers to pay West Des Moines Water Works financial obligations as necessary.
2. A depository list is approved by the Board of Trustees yearly listing the approved depositories and deposit limits for each.
3. The Water Works Investment Policy is reviewed annually by the Finance Manager and Treasurer and the auditing firm hired to audit the financial statements of West Des Moines Water Works.
4. Pursuant to Section 2 (Delegation of Authority) of the West Des Moines Water Works Investment Policy, audited financial statements and related reports on internal control structure must be received and reviewed for any outside persons performing investing, advising on investment, directing the deposit or investment of public funds, or acting in a fiduciary capacity for West Des Moines Water Works.
5. When new depository accounts are opened, Iowa banks, savings and loans, and credit unions require a copy of the signatory resolution, and a copy of the depository resolution passed by the Board and signed by the General Manager and the Board Chair. Each signatory signs signatory paperwork, and provides their SS# and a color photocopy of their Iowa driver license to the bank.
6. All bank statements are mailed by the banking institutions to West Des Moines Water Works administrative office, and delivered to the General Manager by the Administrative Secretary. The General Manager reviews the statements monthly.

before giving them to the Finance department for reconciliation to the accounting records. The General Manager asks questions of the finance personnel regarding any and all transactions so that the General Manager fully understands the movement of cash in and out of depositories.

7. Bank reconciliations are completed by the Accountant within a few days after the end of the month. The Accountant is not on the signatory list. Checks issued, ACH transfers, wire transfers, and transfers between different bank accounts are all documented when the transaction occurs, and are verified by the Accountant during the reconciliation process.
8. Investments such as CDs are approved by the General Manager before completing the transaction.
9. Wire instructions set up at West Des Moines Water Works banks, designate the allowable banks and accounts that West Des Moines Water Works funds can be transferred to.
10. Payroll is processed bi-weekly. Hourly employees clock in and out on timecards. The department managers review the timecards and turn them in to the Accountant for payroll calculation. Work admittance forms are completed for employee's time off for sick, vacation and personal time. The Accountant prepares the payroll. Before payroll is sent to the bank for direct deposit, the Finance Manager and Treasurer completes a review of the payroll payees and calculations. Anything that appears out of the normal is investigated.
11. Accounts payable checks are printed twice a month, and are normally signed by the General Manager, with the Business Relations Manager as a back-up in case the General Manager is not in the office. The Finance Manager is also able to sign checks, but rarely does because normally either the General Manager or the Business Relations Manager is in the office, and able to sign.

The Accountant ensures that checks are not printed unless the appropriate backup documentation, signed by the appropriate manager is received by the Accountant. The signers of the backup documentation are designated by the purchasing procedures as designated by the Resolution Revising the Purchase Order System, and A Resolution Updating Criteria for Purchases, passed by the Board and signed by the General Manager and the Board Chair. Purchase orders are entered by the department ordering the items, and approved electronically by the General Manager before the payables check is issued.

Accounts payable and payroll blank checks are locked in a secure area, with keys under the control of the Finance Manager and the Accountant.