

## INTERNAL CONTROL REVIEW:

Submitted for the November 30, 2016 Board Meeting

Sally Lyons & John Jones met on November 9, 2016 for a quarterly Internal Control Review. The review covered the items bellow. All observations by this board member and checks appeared to be adequate and appropriate. Our next review is scheduled in the 1st calendar quarter of 2017.

This review included the following reviews items:

1. Review of Bank Statement & Reconciliation making sure the accounts are reconciled and there were no unusual items.

The Bank of the West Statement for September 2016 was inspected. The account was reconciled and there were no unusual items. Both the LAIF account and the Wells Fargo Investment Account were reviewed. The WFB Investment account has \$1,500,000 in CD's currently valued at \$1,504,672.25 and the money market accounts total is \$62,610.23. One \$250K CD in the quarter was redeemed with a value of \$251,378.72 that was yielding 1.1%. A new 3 year CD was purchased for \$250,000 with a yield of 1.15%. The LAIF balance at the end of March was \$7,236,994.07.

2. Review Local Agency Investment Fund (LAIF) activity for the quarter ending December 31, 2014.

The LAIF balance at the beginning of September was \$9,723,693.38. In July there was one transfer out of the Investment Fund of \$1,000,000 into Bank of the West and one transfer into the account of \$13,300.69 for 2<sup>nd</sup> quarter interest. In August there was another transfer out of \$1,000,000 into Bank of the West and in September there was a 3<sup>rd</sup> transfer out to Bank of the West in the quarter for \$500,000. All three transfers into Bank of the West were verified on our Bank of the West Statements as deposits. The balance at the end of the quarter (9/31/16) in the LAIF account was \$7,236,994.07.

3. Review Journal Entries posted during the September month looking for unusual entries or entries where items may be posted to unrelated accounts or entries that do not have sufficient explanation.

There were 8 non-recurring journal entries in the month and 67 reoccurring entries. The non-recurring Journal Entries were reviewed. All entries were deemed normal. There were no unusual entries and no postings to unrelated accounts.

4. Reviewed the aging of accounts payables looking for older items, large items while reviewing the vendor lists.

The aging of accounts payables were reviewed for the month of August. Total payables at months end were \$218,978.89 with \$28,052.81 aged representing 14 items. Two payables represented 78% of the aged amount and were reviewed. Nothing appeared to be material or concerning.

5. Review one of the Internal Employee Credit Cards confirming appropriate documentation is retained that supports the charges on the Card.

Phred Stoner's August charges were reviewed. Four charges were reviewed totaling \$474.13. All charges had appropriate documentation regarding the approval process and details of the items purchased.