

May 10, 2019

TTAD Internal Audit of April 2019

Submitted by Director Lisa Wallace to the Board of Directors of the Truckee Tahoe Airport District.

Background

- January 23, 2019 Appointment by the Board to serve as internal auditor
- March 8, 2019 Met with Sally Jones to review how previous internal audits were conducted
- April 12, 2019 Completed summary of internal audits from November 2016 to September 2018 (attached)

April 19, 2019 Internal Audit

I met with Sally Jones and Kelly Wu.

1. Review of procedures for processing vendor invoices received by paper mail.

The following is a summary and based on the discussion, I am satisfied the principles of segregation of duties to help reduce fraud opportunities are being met (Mann, Urrutia, Nelson CPAs & Associates LLP, CSDA training April 2018). The review took approximately an hour. There are a few areas that could perhaps use a bit more attention.

There is related documentation in the Cash Disbursement Narrative from James Marta & Company, LLP.

Workflow for review and approval of vendor invoices received by paper mail.

The Director of Finance and Administration could readily describe a clear workflow. This report does not include a summary of the workflow. The workflow overlaps with vendor invoices processed through Purchase Orders.

Staff involved in processing, approving, and paying vendor invoices received by paper mail. The staff involved in processing paper vendor invoices include the following, with brief descriptions of roles and duties:

- District Clerk: mail pick-up and distribution; should happen daily Monday through Friday so all liabilities are known and recorded
- Head Accounting Clerk: opens, stamps, distributes mail related to banking, investments, vendor invoices, statements, and the like; records A/P in the accounting system; issues checks for approved invoices; has no approval authority

- Staff Accountant: sets up new vendors in the accounting system; reviews issuing of checks
- Director of Finance and Administration: reviews certain levels and types of vendor invoices (i.e. fuel vendor invoices); approves issuing of checks
- Director of Aviation and Community Services: approves and codes vendor invoices; signs checks
- Director of Operations and Maintenance: approves and codes vendor invoices; signs checks
- Selected staff reporting to the directors: approves and codes vendor invoices; could perhaps be clarified which staff levels can review and code
- General Manager: reviews and approves banking and investment statements; reviews certain levels of vendor invoices; signs checks
- Board of Directors: counter signs certain levels of checks

2. Review March 2019 Bank of the West Statement.

The statement, deposits (particularly for fuel), expenses (spot check) and reconciliation were reviewed. The reconciliation balanced to the general ledger.

The complex systems to track the variety of purchase methods for fuel are time consuming and require very specific knowledge of TTAD's fuels and financial systems. There is a significant amount of tracking required in Excel.

The staff is meticulous in documentation such that customer fuel purchases and vendor credits/reimbursements could be fully seen and all reconciled for the month reviewed.

3. Review of Hardy Bullock employee credit card statement of February 2019.

All charges were appropriate and had supporting documentation.

