

ACCOUNTING INTERNAL CONTROLS



SOUTHERN OREGON
REGIONAL ECONOMIC
DEVELOPMENT INC.



RVCOG's Senior Accountant

- I have been the Senior Accountant for Rogue Valley Council of Governments (RVCOG) for over 12 years. I was hired to do the accounting functions for SOREDI through the contract that is renewed annually between the two entities, I am a retired CPA and municipal auditor. I was the CFO for Central Point School District for 25 years. I was also the Senior Accountant for Jackson County Library District for the first 5 years of operation. In addition, I have been the Program manager and instructor for a program through the Oregon Association of School Business Officials where we have a three-year program to teach new business managers finance and related topics. I was instrumental in developing the program and have been doing it for over 15 years.



Importance of Internal Controls

- Having strong internal controls helps organizations achieve financial goals, mitigate risks, adhere to laws and regulations and enhance operational efficiency.
- By establishing clear procedures, the risk of fraud is significantly reduced.
- Strong employees are crucial for effective internal controls as they ensure compliance, safeguard assets and maintain accurate financial reporting.

Key Components of Good Internal Controls

Segregation of Duties- no individual has control over all aspects of a financial transaction

Authorization- all transactions are approved by designated person

Physical controls – assets are secured to prevent theft or loss

Record keeping- keeping organized records for each transaction that provide an audit trail.

Audits- external audit is performed annually



Segregation of duties

- Transactions are created by someone other than the COO or Executive Director
- After transactions are generated the COO or Executive Director approves the transaction
- Payroll is submitted to the COO who then sends it to RVCOG. At RVCOG two people review the payroll before it is processed. Payroll is paid through direct deposit.
- All bank account statements are reconciled by Senior Accountant monthly ensuring that all cash transactions are reviewed by a second person.



Authorization

- All vendor and grant payments are supported by invoices or other forms of documentation before processing. Where applicable W-9's are required before payment. The Senior accountant verifies the W-9 with the IRS before processing.
- Checks other than payroll are physically signed by the designated check signer(s) who are not the COO or the Executive director if they approved the original transaction
- Payroll is approved by COO and then reviewed by RVCOG before processing.



Physical Controls

- Checks for loan payments, membership or other activities are processed in a timely manner. If there is cash involved it is deposited as soon as possible. No deposits are held over one week with most happening within 2 or 3 days of receipt. Checks are held in a secured place.
- An inventory of assets (mainly computers and office equipment) is kept and updated as needed. This is reviewed by RVCOG and then the auditors annually.



Record Keeping

- SOREDI enters all accounts payable and bank deposit transactions in SharePoint along with credit card statements and documentation, bank statements monthly and any other items that need to be processed by RVCOG.
- RVCOG processes these transactions in their software system that is specifically for SOREDI and SOREDI Foundation (these are kept separate). All transactions are reviewed by the Senior Accountant for RVCOG. If items appear wrong or questionable the Senior Accountant will discuss it with the SOREDI COO or Executive Director.



AUDITS

- SOREDI contracts with an independent audit firm to perform a financial audit annually. The auditors review transactions processed at RVCOG as well as reviewing items at the SOREDI office. An annual audit opinion and financial statement is issued by the auditors sometime in December.
- RVCOG reviews transactions throughout the year to see if there is anything that is coded wrong or that needs to be discussed with SOREDI management.



LOANS

- Loans are set up by the SOREDI staff using procedures documented by the staff and Board. When a new loan is made, the documentation is sent to RVCOG where the loan is set up in the software system that provides the financial data for the audit.
- Loan payments are deposited and the documentation sent to RVCOG showing the interest and principal breakdown. This is entered into the software system and quarterly a report is generated by RVCOG that shows the loan balances in the software system. SOREDI's loan manager compares that to the balances in the system used by SOREDI and if there are discrepancies they are discussed and resolved.



Banking and other items

- The COO and the Senior accountant for RVCOG regularly discuss banking concerns such as balances, interest, fees and other items going in the bank account.
- Payroll changes are always generated by SOREDI and then reviewed by RVCOG. Payroll changes are never made without both sides reviewing the change.
- All changes to payroll must be made in writing and signed by the appropriate people.