

UTAH COUNTIES INDEMNITY POOL INTERNAL ACCOUNTING CONTROLS POLICY

SECTION A EFFECTIVE DATE AND FREQUENCY OF REVIEW

1. The effective date of this Internal Accounting Controls Policy is August 17, 2017.
2. This policy should be reviewed annually, but not less than every three years by the Board of Directors.
3. This policy should also be reviewed at any time that changes to laws or rules governing the internal controls of Interlocal entities are amended or recommendations are made by the UCIP CEO or CFO, which would require review and update to this policy.
4. Failure to review this policy in the frequency stated shall not nullify, void, limit or waive this policy or any action taken under this policy.
5. This policy is considered to be amended at the time any new federal or state law becomes effective which conflicts with this policy, but only to the extent necessary to come into compliance with new law.

SECTION B PURPOSE

1. The purpose of these policies and procedures is to describe all accounting procedures currently in use at the Utah Counties Indemnity Pool (UCIP) and to ensure that the financial statements conform to generally accepted accounting principles; assets are safeguarded; and finances are managed with accuracy, efficiency, and transparency.

SECTION C AUTHORITY

1. All UCIP staff and Board of Directors, with a role in the management of fiscal and accounting operations, are expected to comply with these policies and procedures.

SECTION D APPLICABILITY AND SCOPE

1. These policies and procedures apply to all financial transactions and financial reporting conducted in the scope of business of UCIP.

SECTION E DEFINITIONS

1. ACH: Automated Clearing House, a United States electronic payment network.
2. Board: the Board of Directors of the Utah Counties Indemnity Pool.
3. CEO: the Chief Executive Officer of the Utah Counties Indemnity Pool.
4. CFO: the Chief Financial Officer of the Utah Counties Indemnity Pool.

5. FDIC: Federal Deposit Insurance Corporation.
6. GRAMA: the Government Records Access and Management Act.
7. I-9 Form: the U.S. Citizenship and Immigration Services Department of Homeland Security Employment Eligibility Verification.
8. UCIP: the Utah Counties Indemnity Pool.
9. Unclaimed Property: an abandoned or lost check.
10. W-4: the Internal Revenue Service Employee Withholding Allowance Certificate.

SECTION F POLICY STATEMENTS

1. UCIP will comply with the Governmental Accounting Standards Board basis of accounting.
2. UCIP will utilize appropriate separation of duties to prevent fraud.
3. UCIP operates as a joint liability reserve fund of its members and reports as a single enterprise fund.
4. UCIP will map their operational chart of accounts to the uniform chart of accounts developed by the Office of the Utah State Auditor.
5. UCIP will safeguard all assets of the Pool.
6. UCIP will comply with the Interlocal Cooperation Act—Fiscal Procedures for Interlocal Entities.

SECTION G PROCEDURES AND RESPONSIBILITIES

1. **Board of Directors**
 - a. Elects a Treasurer in accordance with the Bylaws.
 - b. Appoints members of the Board to serve as the Audit Committee.
 - c. Appoints a Clerk.
 - d. Ensure a method for reporting fraud.
 - e. Annually approves the fraud risk assessment and separation of duties checklist.
 - f. Authorize signers on the bank accounts.
 - g. Authorize issuance of credit cards and limit of each card as recommended by the Treasurer.

- h. Authorizes limit decreases and increases and any limitations of each credit card as recommended by the Treasurer.
- i. Reviews and adopts a preliminary budget for underwriting purposes in August of each year. Reviews and adopts a tentative budget in October of each year. Identifies the resources available to arrive at a final proposed budget. Holds a public hearing on the proposed budget in December of each year. Once the public hearing is complete, formally adopts the annual budget.
- j. Reviews and approves vendor contracts including ratification of contracts approved by the CEO and/or CFO.
- k. Reviews and approves vendor list of authorized monthly and annual renewal transactions paid by credit card.
- l. Reviews and ratifies all expenditures and credit card transactions.
- m. Reviews and approves periodic financial statements.
- n. Reviews and approves the annual independent audit of financial statements.
- o. Assures that net asset levels are within the Net Asset Management Policy.
- p. Reviews and approves actuarial analysis of member equity, reserve adequacy and rate adequacy.
- q. Develop and maintain policies and procedures relating to internal accounting controls including but not limited to those policies required under the Interlocal Cooperation Agreement, Bylaws, Federal and State law.

2. **Treasurer**

- a. Custodian of all cash, bank accounts, credit card accounts, bonds and securities.
- b. Manages the petty cash fund
- c. Determines cash requirements.
- d. Provides for the investment of all money by following the Money Management Act.
- e. Receives all money payable, keeps an accurate record of all money received and deposits money received no later than once every three banking days.
- f. Reviews, approves, and digitally signs transfers of funds between accounts.
- g. Reviews, approves, and digitally authorizes payments prepared by the Clerk after verifying that a sufficient amount is on deposit in the appropriate bank account in order to honor the check.

- h. Reviews and approves a reconciliation of all accounts on a monthly basis.
- i. May appoint one or more Deputies to perform any of the above responsibilities.

3. Audit Committee

- a. Oversees the engagement of a qualified, independent audit firm to conduct an annual independent audit of UCIP in compliance with this policy and all applicable state and federal laws.
- b. Reviews with the independent auditor the *Audit Plan* prior to the examination of UCIP's financial statements and adhere to the responsibilities and role of the Committee during the audit.
- c. Reviews the professional standards requirements with the independent auditor upon the completion and issuance of the draft audit.
- d. Reviews the draft audit with the Board of Directors for compliance and conformity.
- e. Reviews audit findings and management's responses with the Board of Directors.
- f. Maintains and adheres to the responsibilities outlined in the UCIP Investment Policy.
- g. Designs and implements programs and controls to prevent and detect fraud.
- h. Reviews the annual fraud risk assessment and separation of duties with the Board of Directors for compliance.

4. Clerk

- a. Prepares the annual tentative budget and presents it to the Board of Directors. Makes the final proposed budget available to the public and gives notice of a public hearing at least seven days prior to the adoption of the final budget. Files the final budget with the State Auditor within 30 days after the final budget adoption.
- b. Monitors budget.
- c. Processes payroll including payroll taxes.
- d. Manage accounting system and assure integrity of accounting system data.
- e. Protect the confidentiality and integrity of all payee banking information.
- f. Reviews all incoming invoices, and requests for reimbursement by Board and staff, to ensure the expense is proper and within budget.
- g. Request Treasurer authorization of inter-account transfers necessary to pay expenditures.

- h. Processes all inter-account transfers.
 - i. Process all payment of expenditures.
 - j. Prepares all outgoing invoices.
 - k. Enters accounts receivable for deposit.
 - l. Reconciles bank statements and investments financials for approval by the Treasurer.
 - m. Files required budget, investments and financial reports to the Office of the Utah State Auditor.
 - n. Files required quarterly revenues and expenses to the Utah Transparency website using the uniform chart of accounts for local governments developed by the Office of the Utah State Auditor.
 - o. Files required annual compensation data to the Utah Transparency website.
 - p. Prepares all interim financial reports.
 - q. Prepares year-end financial reports, management discussion and analysis and notes to financials for independent audit review.
 - r. Prepares an annual fraud risk assessment and check list of separation of duties for independent audit review and Audit Committee review.
 - s. Reports unclaimed property to the Utah State Treasurer Unclaimed Property Division, pursuant to the Revised Uniform Unclaimed Property Act, for unclaimed property valued at \$50 or more.
 - t. Designate a separate individual as the Receivables Clerk.
5. **Receivables Clerk**
- a. Receives, opens and date stamps all incoming mail.
 - b. Logs in all received checks and stamps for deposit only to the operating account.

SECTION H REVISION HISTORY

- 1. Adopted: August 17, 2017
- 2. Revised: February 15, 2018
- 3. Revised: August 22, 2018
- 4. Revised: February 21, 2019

5. Revised: June 18, 2020

6. Revised: June 18, 2021

SECTION I APPENDICES

1. Division of Fiscal and Accounting Responsibilities.
2. Office of the Utah State Auditor Fraud Risk Assessment and Basic Separation of Duties.
3. Vendor list of authorized monthly and annual renewal transactions paid by credit card.

DIVISION OF FISCAL AND ACCOUNTING RESPONSIBILITIES

Separation of duties is a specific internal control implemented to limit the risk of financial fraud. Each officer, appointee and designee must act independently when performing the duties and responsibilities of the Internal Accounting Controls Policy.

The governing body is responsible for electing a Treasurer and appointing a clerk who shall be two separate individuals. In order for separation of duties to properly function, additional individuals are appointed or designated.

Elected, appointed and designated individuals to ensure proper separation of duties:

Board Elected Treasurer	Karla Johnson, Kane County Clerk/Auditor
Board Appointed Audit Committee	Karla Johnson, <i>Chair</i> , Kane County Clerk/Auditor David Tebbs, Garfield County Commissioner William Cox, Rich County Commissioner Mike Wilkins, Uintah County Clerk/Auditor
Treasurer Appointed Deputy Treasurer	Johnnie Miller, Chief Executive Officer Mike Wilkins, Uintah County Clerk/Auditor
Board Appointed Clerk	Sonya White, Chief Financial Officer
Receivables Clerk	Marty Stevens, Operations Specialist

Fraud Risk Assessment

Continued

*Total Points Earned: 365 /395 *Risk Level: Very Low Low Moderate High Very High
 > 355 316-355 276-315 200-275 < 200

	Yes	Pts
1. Does the entity have adequate basic separation of duties or mitigating controls as outlined in the attached Basic Separation of Duties Questionnaire?	X	200
2. Does the entity have governing body adopted written policies in the following areas:		
a. Conflict of interest?	X	5
b. Procurement?	X	5
c. Ethical behavior?	X	5
d. Reporting fraud and abuse?	X	5
e. Travel?	X	5
f. Credit/Purchasing cards (where applicable)?	X	5
g. Personal use of entity assets?	X	5
h. IT and computer security?	X	5
i. Cash receipting and deposits?	X	5
3. Does the entity have a licensed or certified (CPA, CGFM, CMA, CIA, CFE, CGAP, CPFO) expert as part of its management team?		20
a. Do any members of the management team have at least a bachelor's degree in accounting?		10
4. Are employees and elected officials required to annually commit in writing to abide by a statement of ethical behavior?	X	20
5. Have all governing body members completed entity specific (District Board Member Training for local/special service districts & interlocal entities, Introductory Training for Municipal Officials for cities & towns, etc.) online training (training.auditor.utah.gov) within four years of term appointment/election date?	X	20
6. Regardless of license or formal education, does at least one member of the management team receive at least 40 hours of formal training related to accounting, budgeting, or other financial areas each year?	X	20
7. Does the entity have or promote a fraud hotline?	X	20
8. Does the entity have a formal internal audit function?	X	20
9. Does the entity have a formal audit committee?	X	20

*Entity Name: Utah Counties Indemnity Pool

*Completed for Fiscal Year Ending: 2021 *Completion Date: 06/18/2021

*CAO Name: Johnnie Miller *CFO Name: Sonya White

*CAO Signature:  *CFO Signature: 

Basic Separation of Duties

See the following page for instructions and definitions.

	Yes	No	MC*	N/A
1. Does the entity have a board chair, clerk, and treasurer who are three separate people?	X			
2. Are all the people who are able to receive cash or check payments different from all of the people who are able to make general ledger entries?	X			
3. Are all the people who are able to collect cash or check payments different from all the people who are able to adjust customer accounts? If no customer accounts, check "N/A".	X			
4. Are all the people who have access to blank checks different from those who are authorized signers?	X			
5. Does someone other than the clerk and treasurer reconcile all bank accounts OR are original bank statements reviewed by a person other than the clerk to detect unauthorized disbursements?	X			
6. Does someone other than the clerk review periodic reports of all general ledger accounts to identify unauthorized payments recorded in those accounts?	X			
7. Are original credit/purchase card statements received directly from the card company by someone other than the card holder? If no credit/purchase cards, check "N/A".			X	
8. Does someone other than the credit/purchase card holder ensure that all card purchases are supported with receipts or other supporting documentation? If no credit/purchase cards, check "N/A".	X			
9. Does someone who is not a subordinate of the credit/purchase card holder review all card purchases for appropriateness (including the chief administrative officer and board members if they have a card)? If no credit/purchase cards, check "N/A".	X			
10. Does the person who authorizes payment for goods or services, who is not the clerk, verify the receipt of goods or services?	X			
11. Does someone authorize payroll payments who is separate from the person who prepares payroll payments? If no W-2 employees, check "N/A".	X			
12. Does someone review all payroll payments who is separate from the person who prepares payroll payments? If no W-2 employees, check "N/A".	X			

* MC = Mitigating Control

AUTHORIZED MONTHLY AND ANNUAL RENEWAL TRANSACTIONS PAID BY CREDIT CARD

The following list of vendors have requested or require subscriptions and/or renewal of their services and/or products to be paid on a reoccurring or ongoing basis using a company credit card:

Adobe. Monthly subscription for design service and software.

DocuSign. Annual subscription digital signature software.

Intuit. Monthly subscription accounting and payroll service, support and software.

Jetpack. Annual subscription website design software.

Metrofax. Monthly subscription for facsimile services.

Microsoft 360. Annual subscription computer operating system, support and software.

VaultPress. Annual subscription website backup services.

Zoom Video Communications. Annual subscription virtual meetings support and software.