



LOWER MINNESOTA RIVER WATERSHED DISTRICT

Executive Summary for Action

Lower Minnesota River Watershed District Board of Managers Meeting

Wednesday February 17, 2021

Agenda Item

Item 4. F. - Internal Controls Policy

Prepared By

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Summary

The LMRWD maintains internal controls and procedures for financial management. It appears that the District's Internal Controls and Procedures for Financial Management has not been updated since 2011. The 2011 internal controls document procedures and processes used by staff at that time. Over the last 10 years, processes utilized by the District have changed and the attached proposed internal controls reflect current practices of the District.

Prior to 2013, the LMRWD maintained its own checking account and managed the investment of LMRWD funds. A Certified Public Accountant was used to prepare financial reports and assist with check writing and cash management. In 2013, the LMRWD entered into an agreement with Carver County to provide financial services. Carver County co-mingles LMRWD funds with its own funds and is therefore responsible for cash management. Carver County services also include invoice processing, disbursements, receipts, payroll (if needed), monthly reporting and document imaging for claims, receipts and journal entries.

Attachments

Updated Internal Controls and Procedures for Financial Management

Recommended Action

Motion to approve Internal Controls and Procedures for Financial Management

Lower Minnesota River Watershed District

Internal Controls and Procedures for Financial Management

February 2021

The Lower Minnesota River Watershed District (LMRWD) is a special purpose unit of government established under Minnesota Statute Chapter 103D. The State of Minnesota has granted as valorem taxing authority to watershed districts for the purpose of funding water resource related projects and activities.

The LMRWD is governed by a five member Board of Managers (one each from Carver, Dakota and Scott counties and two from Hennepin County) appointed to staggered terms by the County Boards of Commissioners of Carver, Dakota, Hennepin and Scott Counties. In 2000, the LMRWD hired a District Administrator to oversee and direct day-to-day activities and to carry out the Water Management Plan. In December 2013, the LMRWD made this position a consulting position.

The LMRWD implements the following internal controls for the management of its financial resources.

Annual Budget

The administrator develops a proposed budget on an annual basis. The Administrator presents the proposed budget to the Board of Managers for their review and consideration. The Board of Managers adopts the annual budget and submits it to the counties of Carver, Dakota, Hennepin and Scott.

Financial Management

The LMRWD contracts with Carver County Finance Department to act as a fiscal agent, for accounting services that include; invoice processing, disbursements, receipts, payroll (if needed), cash management monthly reporting and document imaging for claims, receipts and journal entries.

The Administrator receives monthly bills and invoices at the Watershed District office or by email. The Administrator reviews the bills and approves payment, preparing a form requesting payment for each claim that is made. Forms are submitted to the County every two weeks. Disbursements are reviewed by the Carver County Board of Commissioners for accuracy as payments are made from the County's checking account on the District's behalf, but the District has sole discretion on how funds are spent.

Payments of recurring expenses are paid as they are received. Payment of non-recurring or extraordinary expenses must received prior approval from the Board of Managers before payment is made.

Carver County Finance Department prepares monthly reports that track each of the Watershed District's funds and account balances. The Administrator reviews the Treasurer's Report and distributes the Report to the Board of Managers for review at the Board's monthly meeting.

At the monthly Board meeting, the financial report is presented to the Board of Managers. Following discussion, if any, the Board of Managers receives and files the Financial Report.

The Watershed District does not have a District Credit Card. The District requires receipts for all expenses invoiced by consultants. Unusual expenses require Board authorization.