



# WSTIP Policy Manual

<b>Document Name:</b>	Internal Controls Policy	<b>Date Adopted:</b>	09/30/2008
<b>Category:</b>	Finance	<b>Revision Date:</b>	9/06/08
<b>Page:</b>	1 of 2		

## Internal Controls Policy

### Purpose

To require annual audits of the Pool's funds to ensure the integrity and proper use of such funds and to appoint a person to disburse such funds.

### Authority

1. Interlocal Agreement, Section 3 (administer self-insurance program); and
2. Bylaws, Sections 31 and 37 (appoint auditor, specify duties, require audits).

### Policy Statement

1. Annual audit
  - a. The financial records of the Pool shall be audited annually or as directed by the Executive Committee by either the Washington State Auditor or by a certified public accountant.
  - b. If the audit contains any reportable conditions resulting in a finding or management letter, the executive director shall promptly notify the Board and shall address such conditions.
2. Pool Auditor
  - a. The Pool's executive director shall be its Auditor. The executive director in his or her capacity as Auditor may engage others to assist him or her in fulfilling the duties of Auditor.
  - b. Duties of Auditor:
    - (1) The Auditor shall review all claims and invoices submitted to the Pool and, if they reflect amounts properly due and owing, shall present them to the Treasurer for payment.
    - (2) The Auditor shall maintain detailed records of all financial transactions.
    - (3) The Auditor shall record all financial transactions and shall, at the end of each calendar month, reconcile these transactions with receipts and payments made by the Treasurer.
    - (4) The Auditor, or someone at the Auditor's direction, shall prepare annual financial statements. The Executive Committee may require interim financial statements in addition to the annual financial statement.
    - (5) The Auditor shall submit reports of his or her activities to the Pool on a monthly basis.
    - (6) The Executive Committee may assign other duties and responsibilities to the Auditor.
  - c. Pre-approval disbursements
    - (1) The Auditor may authorize disbursements prior to the approval otherwise required in the following situations:

- (a) Payroll for Pool employees in accordance with personnel policy or employment contracts.
  - (b) Payments within budget on approved contracts.
  - (c) Payments within budget for Pool expenses.
  - (2) The pre-approved disbursements authorized by the Auditor shall be incorporated into a certificate of voucher approval which shall be presented to the Executive Committee for approval at its next meeting. In the event the Executive Committee disapproves any of the disbursements made, the Pool shall take those measures necessary to recoup such disapproved disbursements.
- d. Internal controls
- (1) The Auditor shall implement internal controls over Pool funds to avoid losses from fraud, misrepresentation, and errors by employees or officers.
  - (2) Pool funds may be disbursed only upon direction of the Auditor.

**Amendment**

The Executive Committee may amend this policy.

**Policy History**

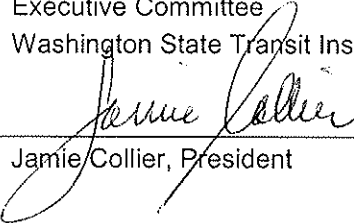
Resolution No. 2-2003, Sections 4, 8, 9, 12 a and c, and 14.

**Repealer**

Resolution No. 2-2003, Sections 4, 8, 9, 12 a and c, and 14 is hereby repealed.

Passed this 30<sup>th</sup> day of September, 2008


Executive Committee  
Washington State Transit Insurance Pool



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Jamie Collier, President

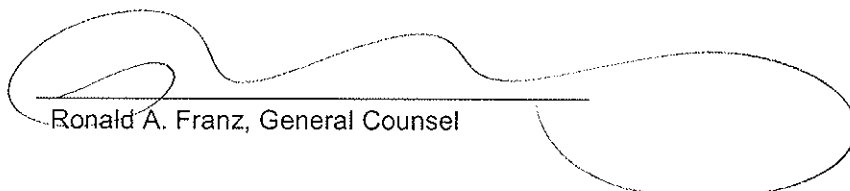
ATTEST:



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Tom Hingson, Secretary

APPROVED AS TO FORM:



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Ronald A. Franz, General Counsel