

**ONE YEAR PROGRESS SUMMARY FOR IMPLEMENTING RECOMMENDATIONS OF THE CALIFORNIA STATE AUDITORS REPORT  
(APRIL 2016)**

STATE AUDIT RECOMMENDATIONS:	IMPLEMENTATION STATUS FOR RECOMENDATION
<p>The board should ensure that management continues to develop and strengthen its controls over the district's financial and administrative functions. For example, <u><i>district management should fully implement all of the external auditor's remaining recommendations by June 30, 2015.</i></u> Management should also ensure that its staff follow these policies and should create and implement a plan for monitoring its system of controls. The board should also consider periodically contracting with qualified professionals to conduct a review of the effectiveness of the district's system of internal controls.</p>	<p>Of the 13 findings from the external auditor, 11 are implemented and 2 are nearing completion.</p> <p>For inventory controls; physical counts are now a set part of each fiscal year close out, and spot checks of listed assets in inventory are done by the independent financial auditor. The implementation of the inventory tracking tools is in progress, with standard inventory data (part #'s, descriptions, location) being set up for the two information systems which have to share inventory tracking data; QuickBooks Enterprise and Innovyze CMMS. The remaining inventory tracking tool implementation is expected to be complete in FY 2016-17.</p> <p>A complete set of ten (10) Finance Policy topics was endorsed by the RVSD Board. Four of these have been adopted by the Board, and drafts of two more are pending Board action. The remaining four topic areas will be submitted for Board adoption during FY 16/17.</p> <p>The scope of work for the independent annual financial audit includes review of the district's internal controls.</p>
<p>The district should strengthen its financial and administrative policies to:</p> <ol style="list-style-type: none"> <li>1. Make it clear that the activities of approving invoices, recording invoices, preparing checks, and reconciling bank statements should be performed by separate individuals.</li> <li>2. Make it clear who is responsible for reviewing and approving the monthly bank reconciliations.</li> <li>3. Limit California lodging costs to the rate set by the state of California for its employees, and limit any out-of-state lodging costs to rates set by the federal government for its employees. In addition, the district should remove from its travel policy the reimbursement for exercise equipment use.</li> <li>4. Require periodic reporting of financial information to the board.</li> <li>5. Require a periodic review to ensure that only appropriate personnel are included as authorized signers on financial accounts.</li> <li>6. Establish an appropriate system for tracking and valuing inventory.</li> <li>7. Require employees to obtain their supervisor's approval before working paid overtime.</li> <li>8. Require all employees, including managers, to complete timesheets to track time worked and any compensated time off.</li> </ol>	<p>RVSD has some of these recommendations in practice now, and will also codify in policies as follows.</p> <ol style="list-style-type: none"> <li>1. Standard procedure now. Draft Revenue/Cash Balance Management Policy is pending Board consideration.</li> <li>2. Standard practice now. This responsibility will be specified in the Draft Revenue/Cash Balance Management Policy by FY 16/17.</li> <li>3. Board adopted a new Travel and Expense Reimbursement Policy in January 2015. The policy includes the required use of government lodging rates when available, and sets a \$15 per day limit exercise facility access. A pending update will incorporate consistent use of either state or federal rates and remove the per-day exercise facility allowance.</li> <li>4. Complete. The Board considered and adopted a policy in February 2016 that requires reporting of financial information to the Board.</li> <li>5. Complete. Standard practice includes reviewing and updating as needed for any personnel or Board changes, and separate annual review is completed as part of the financial audit.</li> <li>6. In progress. The remaining QuickBooks Enterprise and Innovyze CMMS tracking tool implementation is expected to be complete in FY 2016-17.</li> <li>7. Practice implemented. Will adopt policy by end of year FY 2015-16.</li> <li>8. Practice implemented. Will include policy by end of FY 2015-16.</li> </ol>

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<p>9. Develop and document a process for reviewing and monitoring designated employees' and board members' filing of Form 700.</p> <p>10. Develop and document a policy that requires board members and designated employees to attend ethics training biannually and a process for monitoring attendance.</p>	<p>9. Complete. The Board adopted an Ethics policy in August 2015; The Board adopted Resolution 12-1450 in 2012 that addresses Form 700 filing.</p> <p>10. Complete. In August 2015, the Board adopted an Ethics policy which addresses biannual ethics training.</p>
<p>To clarify the roles and responsibilities of board members, the district should</p> <ol style="list-style-type: none"> <li>1. Create a more comprehensive board member manual, addressing best practices in the <i>Special District Board Member/Trustee Handbook</i>.</li> <li>2. Provide training for board members and clarify Board roles and responsibilities.</li> </ol>	<ol style="list-style-type: none"> <li>1. Complete. Board Member Orientation Binder has been revised to include the California Special Districts Association (CSDA) Handbook.</li> <li>2. In progress. Regular training are made available through the California Special District Association and other resources. Training on Board roles and responsibilities will be addressed in policy, to be completed by FY 16-17.</li> </ol>
<p>The District should address the following compensation and benefits issues:</p> <ol style="list-style-type: none"> <li>1. Reduce salary ranges for all positions to be more closely aligned with industry averages.</li> <li>2. Cost of Living Adjustments (COLA's) s should tie to an appropriate cost-of-living index.</li> <li>3. Compensation changes should be tied to merit and performance.</li> <li>4. Longevity pay should clearly justified for retention or other legitimate purposes, or ended.</li> <li>5. The district should revise its employee retirement contribution policy, and require all employees to contribute an appropriate amount to their pensions.</li> <li>6. The district should discontinue paying its employees \$300 annual gym memberships.</li> </ol>	<p>Recommendations 1 through 6 have been implemented for all unrepresented staff. These same recommendations will all have been met pending the April 20, 2016 Board meeting to consider approving the new AFSCME – RVSD 2015-18 Labor Agreement (AFSCME MOU).</p>
<p>The Board should develop robust policies that outline how it will establish future compensation for all district positions, including salary surveys for comparable public agencies.</p>	<p>The objective of this recommendation has been met through the Board action on the labor agreement and the related terms and conditions of employment for unrepresented staff. Putting the Board direction into policy will now move forward, with drafting of a new Compensation Policy outlining the goals, objectives, and methodology used to establish RVSD compensation levels for all positions. This will be adopted by December FY 2016-17.</p>
<p>The district should develop a policy that establishes the criteria to be used when evaluating the general manager's performance and for determining any merit-based compensation increases.</p>	<p>Complete.</p>

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The board should reapprove all emergencies at each board meeting, terminate emergency declarations as soon as possible, to ensure competitive bidding for non-emergency work.	Complete.
The district should use a competitive process when contracting for professional services, and justify its use of non-competitive (sole source) procurement for professional services when used.	Complete.
The District should obtain a written estimate of services and costs for legal counsel, before engaging in litigation.	Complete.
<p>The district should ensure that it has access to qualified human resources professionals. The current HR recommendations (Table 3 of Audit Report) should be implemented, including</p> <ol style="list-style-type: none"> <li>1. Improve its performance management system to ensure staff receive required annual performance evaluations.</li> <li>2. Develop and document a policy that requires board members and supervisors to attend bi-annual harassment prevention training.</li> </ol>	<p>The District continues to utilize RGS for outside professional HR services. The District is continuing work on its performance management system and annual reviews process. The District has adopted a new Strategic Plan, which sets staff level objectives for performance comparisons.</p> <p>Working with RGS, staff level annual training on harassment prevention is in place. The Board has a draft policy on harassment prevention training pending. A staff level policy is in progress, as part of a full set of new HR/staff policies under development. This specific policy will be complete by December 2016.</p>