



GOVERNMENT FINANCE OFFICERS ASSOCIATION

(GFOA)

RESEARCH AND CONSULTING CENTER

Whitman County, Washington

July 2015

Finance and IT Roles and Responsibilities Assessment

Table of Contents

Whitman County Roles and Responsibilities Assessment	3
Background	3
Responsibilities under the Revised Code of Washington	3
Board of County Commission.....	3
Auditor	3
Treasurer	3
Assessment of Current County’s Roles and Responsibilities	4
Defining the County’s Roles and Responsibilities	5
Organizational Chart	5
Summary of Financial Roles and Responsibilities	5
Departmental Duties	7
Financial Policies.....	14
Recommendations.....	16
Appendix 1 – Example Organizational Charts.....	18
Attachment 1 – Sample Financial Policies	22

Whitman County Roles and Responsibilities Assessment

Background

GFOA is providing this supplemental report based on our recommendations from our organizational assessment conducted in February, 2015. A common issue identified in GFOA's assessment was the lack of clearly defined roles and responsibilities among front-line staff, elected officials, and department heads as they relate to finance and IT functions. Significant changes within the organization such as eliminating the finance department and subsequently creating two new positions, one in administrative services department and another in the auditor's office, transitioning to cash basis accounting, and implementing the New World Logos financial management software all contributed to significant change (and confusion) within the organization. In addition, there is general confusion within the organization about what financial policies are and who should administer them. As stated in the organization assessment report, GFOA will assist the county in defining roles and responsibilities in this report. This report should act as a baseline and starting point for the county's review and documentation of these crucial roles.

Responsibilities under the Revised Code of Washington

As a precursor to any analysis on roles and responsibilities, it is important that the county review what is prescribed by the Revised Code of Washington (RCW). Related to finance functions, the RCW explicitly includes language on three positions within Washington county governments.

Board of County Commission

The budgetary powers of the county commission can be identified in RCW 36.40.100. The powers include budgeting and appropriation of funds for county activity each fiscal year.

The central legislative authority of the county commission is found under RCW 36.32.120, which includes financial responsibilities such as authorizing payments owed by the county and audit of accounts of all officers handling any money belong to the county or appropriated to its benefit.

Auditor

The duties of the county auditor are outlined in RCW 36.22.010 and include the following:

- Record deeds and other instruments in writing for filing and recording
- Keep an account current with the county treasurer for all money received and disbursements paid
- Provide and transmit to the state auditor a statement of the state fund account
- Make available a complete exhibit of year-end financial reporting
- Maintain register of all warrants
- Serve as clerk of the board of county commission

Treasurer

The general duties of the county treasurer are outlined in RCW 36.39.010 and include the following:

- Receipting of money due to the county and disburse it on warrants issued and attested by the county auditor
- Issue receipt for payment other than taxes
- Affix date of redemption on all paid warrants
- Endorse, before date of issuance by the county or any taxing district for whom it acts as treasurer, on all warrants for which there are insufficient funds for payment and notify all applicable parties
- Pay interest on all interest-bearing warrants
- Maintain financial records reflecting receipts and disbursement by fund
- Account for and pay all bonded indebtedness for the county and any taxing districts for whom it acts as treasurer
- Invest all funds of the county or any taxing district in its custody, not needed for immediate expenditure
- May provide collection services for county departments

Assessment of Current County's Roles and Responsibilities

Whitman County provided GFOA with current position descriptions for IT and finance-related roles. In total 66 position descriptions were provided across 22 departments.

In reviewing the County's roles and responsibilities, GFOA made the following observations:

- **Lack of standardization with position descriptions.** Currently, departments maintain position descriptions and are responsible for updating the descriptions. As a result, the level of detail included in the position descriptions varies considerably. For example, background requirements (e.g., professional experiences and education/training) are not included in all position descriptions and this varies not only by departments but for positions within individual departments as well. However, in reviewing the county's position descriptions, two positions represented comprehensive examples for the county to build off of. This includes the administrative director position and the finance administrator position within the auditor's office.
- **Outdated position descriptions.** Some position descriptions date back over 15 years and may not be consistent with the current responsibilities and processes within a financial system.
- **Unclear duties and responsibilities.** For several finance-related positions, the duties and responsibilities as described in their position descriptions do not include items related to finance, accounting, and budgeting. This can result in two issues:
 - *Ambiguity within the organization as to who performs what tasks.* As an example, the position description for a support staff within the IT Department lists duties and responsibilities for assisting with the department's budget preparation/monitoring, yet the position description of the IT manager does not mention any related duties. The position descriptions need to be explicit on the duties and responsibilities.
 - *Finance functions being performed by staff without necessary skills.* As one example, accounting liaison is not a classification within the county, but a term for employees

who have access to the New World System. In the position descriptions of some of these employees, it does not outline their involvement with the county's financial system. Thus, the skills required to perform tasks within a financial system may not be actively sought.

- **Duties identified, but not followed.** There are examples where duties and roles are identified in position descriptions, although the duties are not followed in daily in practice.

Defining the County's Roles and Responsibilities

GFOA's review of the IT and finance-related position descriptions further affirmed our recommendation that the county document roles and responsibilities of the finance and IT functions as stated in our February 2015 organizational assessment. In this section, GFOA summarizes common roles and responsibilities of departments that support the finance function in an organization. To provide the county with comparisons, GFOA also reviewed four other Washington counties that have commission form of governments: Cowlitz, Kitsap, Pacific, and Skagit. These counties have also elected to have county administrative departments to assist the board of commission with executive duties.

Our analysis is intended to serve as a baseline to help the county define the roles and responsibilities related to its finance and IT functions. Ultimately, the county will need to conduct an internal review of the individual position descriptions so that they align with the related functions of their respective departments. GFOA will provide high-level recommendations regarding general roles and responsibilities throughout this report.

Organizational Chart

As a first step, the county will need to create an organization chart that outlines how each component of the county relates and interacts. An organizational chart can provide a clear view of the county's structure as well as how different components of the organization relate to each other. By creating a visual of the organizational structure, county employees can easily identify the broader relationship and delineation of departments, offices, etc.

After the organizational chart is developed, it should be communicated to all employees, departments, and even the public so that the county's general structure is visible to all parties. The organization chart can also be presented publicly, such as in the budget or County website. Appendix 1 of this report includes examples of organizational charts.

Summary of Financial Roles and Responsibilities

The below table provides a summary of the recommended financial roles and responsibilities descriptions by key stakeholder.

	Primary Actor(s)					
	Commissioners	Auditor	IT	Treasurer	Administration	All Individual Departments
Financial Policies						
<i>Establish a Vision & Values for Financial Condition</i>	X					
<i>Define the Problem and How Policy will Address the Problem (define risk why policy is necessary)</i>					X	
<i>Draft the Policy</i>					X	
<i>Review Draft Policy</i>		X		X	X	
<i>Present to Elected Officials Informally</i>					X	
<i>Seek Comment from All Stakeholders</i>					X	
<i>Formally Consider & Adopt Policy</i>	X					
<i>Communicate the Policy throughout the Organization</i>	X	X		X	X	
<i>Put Policy into Practice (implement policies across organization)</i>		X	X	X	X	X
<i>Monitor & Maintain Policy</i>	X	X		X	X	
Budgeting						
<i>Record County's Financial Transactions Accurately</i>		X		X	X	X
<i>Set Budget Goals</i>	X					
<i>Prepare Budget Requests and Budget</i>					X	X
<i>Review Budget</i>	X					
<i>Adopt Budget</i>	X					
<i>Monitor Departmental Revenue and Expenses</i>	X				X	X

	Primary Actor(s)					
	Commissioners	Auditor	IT	Treasurer	Administration	All Individual Departments
Monitor Overall Budget	X				X	
Financial Reporting						
Reconcile County's Financial Transactions		X		X		
Review County's Financial Transactions		X		X	X	
Provide Supporting Documents for Financial Report		X		X		X
Prepare Year-End Financial Data		X		X	X	X
Submit Year-End Financial Report		X				
Finance System						
Configure New World System – Functionality (business rules)		X		X	X	X
Configure New World Logos Dashboard			X			
Identify Reports for Compliance to Policy		X		X	X	
Assist with Data Extraction/ Reporting Upon Request			X			

Departmental Duties

Governments typically describe the roles of departments and what duties they perform to support the overall organization. Such descriptions are often displayed on a government's website or budget document and include key elements such as purpose, mission, and responsibilities. Whitman County does identify the purpose of its departments on the County's website, but not every department is represented, including Administrative Services, an important stakeholder and one with many responsibilities in the performance of the County's finance functions.

Additionally, while elected positions have a general set of responsibilities and overall purpose, as defined by RCW, the county should further expand this and create operational descriptions of the

specific tasks performed by each elected office – especially related to the finance function. This will provide a greater understanding to personnel of who performs specific county functions.

As with the organizational chart, the responsibilities of all departments need to be communicated internally and externally so that it is clear to both employees and the public who is responsible for what duties in the overall operations of the County.

Board of County Commissioners

As stated earlier, the BOCC roles are identified in RCW and include budgetary and other fiscal responsibilities (e.g., authorizing payments). In addition to the roles that are identified in the RCW, GFOA recommends the BOCC agree to adopt other general roles. These roles are often not documented in statutory code, but are recommended for the effectiveness of boards.

Financial tools become an important tool for the BOCC to set standards, community expectations, and hold departments accountable. As a result, the BOCC must create the expectation for high financial management standards and participate at the appropriate level in the development and implementation of those policies. The role of the BOCC should be focused on policy setting and then empower select departments to implement and administer the policies. Having policy makers that are too absent is just as challenging as those that are “too hands on.”

Administrative Services

In the State of Washington, the county commission is authorized and required to make policy for the county and can delegate the responsibility to carry out policy to administrators working on behalf of the board, e.g., county administrator, chief administrative officer, administrative services director, or budget director.¹

GFOA reviewed other commission form of county governments in Washington to identify the structure of other county administrative departments. The counties include Cowlitz, Kitsap, Pacific, and Skagit. The following table summarizes the purposes and duties under each county’s respective administrative department. As shown in the table, each county offers explicit language on the purpose of its administrative department. Cowlitz County goes further and defines the composition of its administrative service department within the County Code.² While the responsibilities of each county’s respective administrative department differ, an important commonality is financial duties.

County	Purpose	Responsibilities
Cowlitz County	“The Department of Administrative Services [as] established [includes] the functions and departments of Central Services, Office of Financial Management, People Soft Project, Risk Management, Human Resources, and Facilities	Financial management, human resources, risk management, and purchasing

¹ Municipal Research Services Center, “Your Responsibility as a County Commissioner,” <http://mrsc.org/Home/Explore-Topics/Governance/Offices-and-Officers/Your-Responsibilities-as-a-County-Commissioner.aspx>.

² See Cowlitz County, Washington, Municipal Code § 2.36.100, <http://www.codepublishing.com/wa/cowlitzcounty/>.

	Maintenance with the mission, strategy and responsibilities described herein.	
Kitsap County	“The Department of Administrative Services (DAS) operates under the Board of County Commissioners. DAS helps county departments optimize their performance by providing centralized services and support in a cost-effective and efficient manner.”	Budget and finance, risk management, purchasing, and public disclosure
Pacific County	“General Administration provides administrative services, as well as legislative and technical assistance, to other county offices and departments. It also houses the office of the County Administrative Officer, who serves as the Chief Executive Officer for those services and departments under the direct responsibility of the Board of Pacific County Commissioners. She is responsible for carrying out all decisions, policies, ordinances and resolutions made by the Board of County Commissioners.”	Finance and budget, personnel administration, board and commission support, capital projects and improvements, County property management, records management, grants and special projects administration, website administration, property and casualty insurance program management, general safety and training program, risk management, and claims administration
Skagit County	“The County Administrator oversees the Budget and Finance Director, the Director of Human Resource Management, Communications, Upriver Services and serves as an aide to the Skagit County Board of Commissioners. The Administrator is also responsible for oversight of the day-to-day management responsibilities in the board directed departments.	Budget and finance, central services, human resources, risk management, communications, and sustainability

There is some variation in how each of the four administrative departments structures the financial duties and the breath of the duties. For example, in Pacific County the finance functions reside under the Administrative Services division along with other duties related to personnel administration, records management, website administration, county property management, and capital projects and improvements. The three other counties structure the finance duties within an office or division more solely focused on finance and budgeting.

- Cowlitz County.** The Office of Financial Management (OFM), which is under administrative services, is charged with developing the budget as well as “effective planning and maintenance of budgetary control over expenditures, providing revenue forecasts and analysis of cash flow activities of county departments.” OFM also oversees the administration of the County’s financial accounting systems.

- **Kitsap County.** The Budget Division, which is under the Administrative Services Department, is responsible for preparing and monitoring the County’s annual budget as well as preparing revenues and expenditure analyses and forecasts. It also manages the County’s short- and long-term debt program.
- **Pacific County.** The Administrative Services Division is within the Department of General Services is responsible for assisting overall county executive and administrative responsibilities, including finance/budget administration, and preparing the annual budget.
- **Skagit County.** The Budget and Finance Division resides under Administrative Services. The division manages budget and financial management matters. Specific duties of the division include: “[coordinating] the annual budget process, financial analysis, budget preparation, budget management, revenue forecasting, project management, contract management, and management of the County’s financial system.”

General Roles and Guidelines

As currently identified in the Whitman County administrative Director’s position description (from 2010), this position is tasked to develop and administer the county’s fiscal policies and procedures, with emphasis on compliance with BARS and GAAP (now cash). The organization should update and communicate within the organization of these roles. While this strategic position has been established to administer financial policies, GFOA believes the changes that occurred within the organization, have handicapped key actors (administrative, IT, auditor’s office, treasurer’s office) from monitoring and implementing financial processes, internal controls, and policies.

Below are additional guidelines and roles for the county’s administrative director position based on GFOA’s experience.

- Develop financial policies and procedures
- Implement and manage financial policies and procedures
- Manage and coordinate the county budget process
- Manage internal controls
- Assist in coordination of budget, purchasing, accounting, and invoicing processes across all county departments
- Lead communications between departments
- Manage strategic initiatives from the county commission

Auditor’s Office

As stated earlier in this report, the duties of the county auditor are explicit under the RCW. To help distinguish between the roles of finance/budgeting and auditing, GFOA reviewed the counties identified in the discussion of administrative services department for finance-related functions that each respective auditor’s offices perform.

County	Finance-Related Function	Definition
Cowlitz County	Accounting services	Financial, accounting, analysis, internal auditing, payroll, and accounts payable services for County departments and agencies
Kitsap County	Financial services	Accounting, payroll, expenditure payments, grant reporting, financial analysis, fixed asset reports, expenditure auditing, and financial reporting services to the County departments and junior taxing districts
Pacific County	Accounting	Accounts payable, payroll and accounting
Skagit County	Accounting	Payroll and expenditure services and financial reporting functions for the County

As shown in the table above, the definition of the services provided by each of the county’s respective auditor’s offices varies slightly, but ultimately focuses on the areas as identified in the RCW, the key finance-related function being accounting.

It is important that the county be clear as to what are the duties and responsibilities of the auditor’s office in the overall finance function. The Government Accountability Office’s *Generally Accepted Government Auditing Standards (GAGAS)* or Yellow Book offers guidance for auditors. One area to highlight is non-audit services, which can threaten an auditor’s independence. The following is an excerpt of an article from the August 2012 *Government Finance Review* that summaries non-audit services:³

Even with the shift away from a rules-based list to a conceptual framework, the Yellow Book still contains guidance on several specific non-audit services. Here are a few of the services most commonly encountered in practice:

- **Financial Statement Preparation, Including Cash to Accrual Adjustments.** Even though it might be tempting to categorize this as a “routine activity,” GAGAS identify it as a non-audit service subject to the conceptual framework. In general, so long as management has the [skills, knowledge, or experience] to oversee the auditor’s work and take responsibility for the financial statements, this should be acceptable.
- **Accounting Records Preparation.** Auditors can propose adjustments but not post them on management’s behalf. There is a fine line between proposing a few routine adjustments and essentially maintaining a government’s books and records, which is a management function. Professional judgment is essential in making this determination.
- **Internal Audit Services.** By definition, internal audit services are a part of internal controls, and therefore always prohibited. Even when structured as an assurance service (such as an agreed-upon procedures engagement), if the work is considered integral to a government’s internal control, then it impairs an auditor’s independence.

³ Stephen W. Blan, “Auditor Independence in the Public Sector, Revisited,” *Government Finance Review*, August 2012, <http://www.gfoa.org/auditor-independence-public-sector-revisited>.

- **Information Technology (IT) Services.** Designing or implementing an IT system used to house accounting records will impair an auditor’s independence for as long as the system is in place.
- **Valuation Services.** If the valuation is material to the subject matter of the audit, the auditor’s independence would be impaired.
- **Investment Services.** Having custody of a government’s assets or making buy-sell decisions on its behalf would impair independence.

With the explicit language included in the RCW and GAGAS, the duties and responsibilities of the auditor’s office are quite prescribed in order to maintain independence of books and records it is reviewing. Two areas highlighted in the excerpt that needs to be considered by the county is the accounting records preparation and IT services. By maintaining the county’s general ledger and posting journal entries for departments places the auditor’s office at risk for internal control issues. Furthermore, as identified by the Washington State Auditor’s Office of the County’s 2013 audit, by the auditor’s office having administrative rights to the county’s financial system places a threat on the independence of the review as it provides an opportunity to alter the financial data.⁴

Information Technology

The mission statement of the County’s IT department identifies its support purposes “to provide computer services to Whitman County’s Elected Officials, Department Heads, in-house staff and taxpayers.” However, its place in the organization’s overall finance function is unclear.

To provide clarity and to identify the IT department’s roles and responsibilities as it relates to the county’s finance function, the county should develop an IT governance framework. The purpose of IT governance is to align IT strategy with the county’s organizational strategy through organization and business processes.⁵ The governance structure must be developed with executive leadership from the Board of Commission as well as partners throughout the organization. As the County considers its IT governance structure, there are features that are characteristics of a good IT governance structure:

- **Joint Decision Making.** IT professionals provide their insight into the technical issues, while the business professionals ensure that the IT investments align with business needs.
- **Involvement of Top Decision Makers.** Having executive support legitimize the overall governance structure to the entire organization.
- **Standard Evaluation Plan.** All stakeholders should have a shared understanding of to what standards the proposed project is being evaluated. Factors could include policy mandates, integration with other projects, long-term support, cost, and resources.

⁴ Washington State Auditor’s Office, “Schedule of Audit Findings and Responses, Whitman County – January 1, 2013 through December 31, 2013,”

<http://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1012661&isFinding=true&sp=false>.

⁵ Presented at California Society of Municipal Finance Officers 2015 conference: Oakland County, Michigan, “Introduction to Information Technology for Finance Officers,” February 2015, https://www.oakgov.com/it/Documents/presentations/CSMFO_ConfSession_2015.pdf.

- **Screen for Technical Consideration.** During the project planning and evaluation process, the organization should review proposed projects for conformance with technology standards and to identify synergies between projects.
- **Formal Business Case Made.** Any business unit or department proposing the project should describe the rationale for the project, including estimated costs and benefits.
- **Partnership with the Finance Office.** During the planning and evaluation process, the finance office should be informed of the spending requests for technology as well as the rationale for those requests. This helps the finance officer be more effective in allocating for the most valuable projects.
- **IT Strategic Plan.** An IT strategic plan identifies an organization’s business goals, along with opportunities that technology has to support those goals. Strategies are then identified for how to make use of those opportunities.⁶

Specifically for the county’s finance system and its design and planning, IT certainly has a role in the process. However, for it to be successful and effective process for the county, it will require joint decision making from all parties—core users, executive leadership, and IT.

Other organizations have been effective in establishing clear service level agreements (or documented set of service level expectations) for central services, such as IT. GFOA recommends that the county explore using these to both clearly identify the role of IT and to set and communicate those expectations throughout the organization. Service level expectations would set appropriate boundaries on the role of IT versus the other departments and identify appropriate response times, quality standards, and issue resolution processes. With expectations and roles defined, departments can then focus on providing the best service to the applicable customers given the structure of what was arranged.

General Roles and Guidelines

Below are additional guidelines and roles for the county’s IT operations based on GFOA’s experience.

- Manage the underlying technology of the New World System to ensure staff have access to the system
- Maintain any related hardware and disaster recovery activities for New World Logos system
- Manage the system to ensure appropriate service levels are maintained for internal customer service (keep system up)
- IT supports New World Logos system through configuration of dashboards
- IT ensures functional leads or department users have access to system (security user roles)
- Assist users with data extraction (reporting), if necessary

Treasurer’s Office

Like the board of commissions and county auditor position, RCW also prescribes the responsibilities of the county treasurer. In Whitman County, the treasurer’s office identifies its responsibilities to include: property tax collection, real estate excise tax, receipting, investments, bonds and loans, cash accounting,

⁶ Shayne Kavanagh and David Melbye, “Shrewd Investing in IT Assets through IT Governance” *Government Finance Review*, February 2009, http://www.gfoa.org/sites/default/files/GFR_FEB_09_8.pdf.

cash management, and taxing district reports. This aligns with what was identified by treasurers in Cowlitz, Kitsap, Pacific, and Skagit counties.

County	Responsibilities
Cowlitz County	Tax collection, accounting of all funds and deposits of revenues, determining adequate liquidity of funds and authorizing the release of warrants, administering debt financing, investing funds not need for immediate expenditures, coordinating banking services, acting agent to Department of Revenue in the administration of real estate excise tax
Kitsap County	Acting as the "bank" for the county, school districts, fire districts, water districts and other units of local government and receipts, disburses, invests, and accounts for the funds of each entity
Pacific County	Tax and revenue collection, banking, cash management, investment, financial reporting, and debt management
Skagit County	Provide cash custody, investment, revenue collection, and debt payment services

While the finance-related functions of the treasurer’s office are clearly defined and align with the RCW, there are issues related to accurately recording financial transactions and bank reconciliation. These issues have resulted in difficulties in financial reporting and findings from the Washington State Auditor’s Office.⁷ As discussed in the organizational assessment report, additional training on bank reconciliation and other treasury functions is strongly recommended.

Financial Policies

Financial policies are central to a strategic, long-term approach to financial management⁸. Financial policies establish the framework and standards for organization’s financial resources and practices, and are a key element to sound fiscal administration. GFOA’s book, *Financial Policies*, was written to assist governments in the development and implementation of these critical financial policies. In addition, adopting financial policies is a GFOA best practice (<http://www.gfoa.org/adopting-financial-policies>).

Financial polices help government:

- Institutionalize good financial management practices.
- Clarify and crystallize strategic intent for financial management.
- Define boundaries.
- Support good bond ratings.
- Promote long-term and strategic thinking.
- Manage risks to financial condition.
- Comply with established public management best practices.

⁷ See Washington State Auditor’s Office, “Schedule of Audit Findings and Responses, Whitman County – January 1, 2013 through December 31, 2013,”

<http://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1012661&isFinding=true&sp=false>.

⁸ Shayne C. Kavanagh, *Financial Policies*, (Chicago, IL: Government Finance Officers Association, 2012).

GFOA is providing the following information regarding financial policies (based on GFOA's *Financial Policies* book) so all stakeholders (e.g. BOCC, Project Team, county department heads, employees, citizens) understand "financial policies."

Financial policies are guidelines for operational and strategic decision making related to financial matters, which have, ideally, been adopted by the organization's board (BOCC). Financial policies identify acceptable and unacceptable courses of action, establish parameters that government can operate, and provide a standard against which the government's fiscal performance can be judged. In short, financial policies set the baseline standard for stewardship over financial resources and practices.

Below are the specific types of financial policies along with a description GFOA recommends the county develop. GFOA has prioritized the financial policies based on GFOA's assessment of Whitman County.

Please see Attachment 1 to review sample government financial policies.

- **Accounting and Financial Reporting.** Policies that establish and guide the use of an audit committee, endorse key accounting principles, and that ensure external audits are properly performed.
- **Risk management and internal controls.** Policies that address traditional views of risk management and internal control, as well as more modern concepts of "enterprise risk management."
- **Procurement.** Policies that are most essential for the governing board to adopt in order to encourage efficient, effective and fair public procurement.
- **Expenditures.** Policies addressing a range of issues around how the money is expended, including personnel, outsourcing, and funding long-term liabilities.
- **General fund reserves.** Policies governing the amount of resources to be held in reserve and condition under which reserve can be used.
- **Long-term financial planning.** A policy that commits the organization to taking a long-term approach to financial health.
- **Reserves in other funds.** Policies for other funds (especially enterprise funds) that serve a similar purpose to general fund reserve policies.
- **Revenues.** Policies about the intent behind the government's revenue portfolio generally, as well as specific policies on user fees and taxes.
- **Operating budget.** Policies that describe essential features of the budget process and form, as well as principles that guide budgetary decision making.
- **Capital asset management.** Policies that cover the lifecycle of capital assets, including capital improvement planning, capital budgeting, project management, and asset maintenance.
- **Debt.** Policies that govern the use of government debt, including permissible debt instrument, conditions under which debt may be used, and allowable levels of debt.
- **Investment.** Policies that provide guidance on the investment of public funds, including permissible investment instruments, standards for care in invested funds, and the role of staff and professional advisors in the investment program.

- **Local economic development.** Policies that address a local government’s use of subsidies or other incentives to encourage private development.

Additional information, including financial policy samples from governments, can be found at <http://www.gfoa.org/financialpolicies>.

Recommendations

- Review essential finance-related job descriptions based on our analysis.
- Elected official and departments discontinue assigning duties, tasks, and projects that are outside of an employee’s skillset and position description
 - For example, IT should not assist with reconciling financial transactions, and the auditor’s office should not maintain security privileges in the New World Logos system.
- The county should carefully consider the long-term impact when assigning tasks and expectations to positions where they do not have the skillset or experience.
- To facilitate understanding of duties and responsibilities, centralize the repository of position descriptions and actively maintain and update the position descriptions.
- Conduct a salary and compensation study of positions within the organization. For example, the “administrative assistant” for each department should have comparable skills and pay.
- Develop a communication plan to clearly communicate the roles and responsibilities and any changes to job descriptions.
- Identify general role of major actors related to finance, such as those identified below. An example description of the general role of major actors is from the City of Dubuque, Iowa: <http://www.cityofdubuque.org/1327/Budget-Roles-Responsibilities>.
 - Board of County Commission
 - Administrative Officer
 - Department Heads
- Create Audit Committee
 - An audit committee is a subcommittee of the governing board to provide independent review and oversight of the government’s financial reporting processes, internal controls, and independent auditors.⁹ An audit committee also provides a forum separate from management in which auditors and other interested parties can candidly discuss concerns. An audit committee helps to ensure that management properly develops and effectively maintains a sound system of internal control, that procedures are in place to objectively assess management’s practices, and that the independent auditors objectively assess the government’s financial reporting practices.¹⁰ Given the importance of the audit committee to maintaining accountability in public finance, one of the

⁹ Shayne C. Kavanagh, *Financial Policies*, (Chicago, IL: Government Finance Officers Association, 2012).

¹⁰ Shayne C. Kavanagh, *Financial Policies*, (Chicago, IL: Government Finance Officers Association, 2012).

most importance policies a governing board can formally adopt is to establish an audit committee and define its responsibility.¹¹

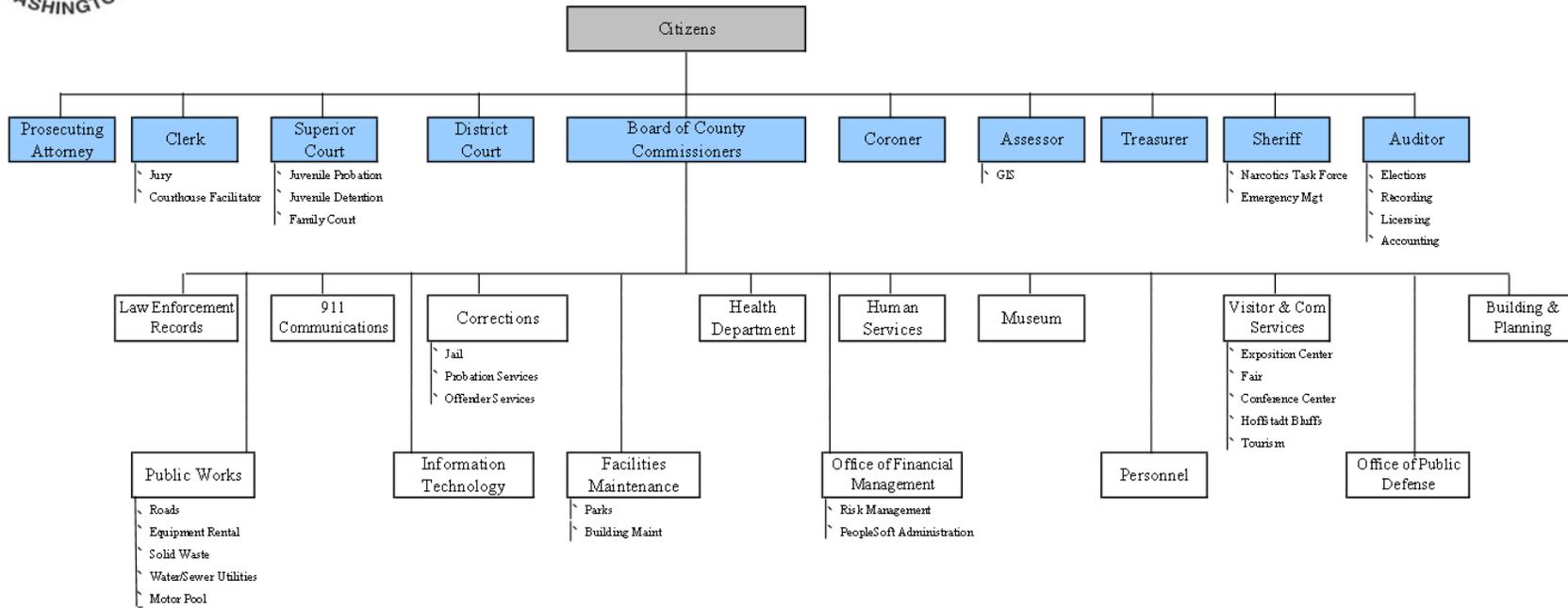
- ii. Additional information can be found regarding the GFOA Audit Committee Best Practice at <http://www.gfoa.org/audit-committees> and in the *Financial Policies* book, by Shayne C. Kavanagh.

¹¹ Shayne C. Kavanagh, *Financial Policies*, (Chicago, IL: Government Finance Officers Association, 2012).

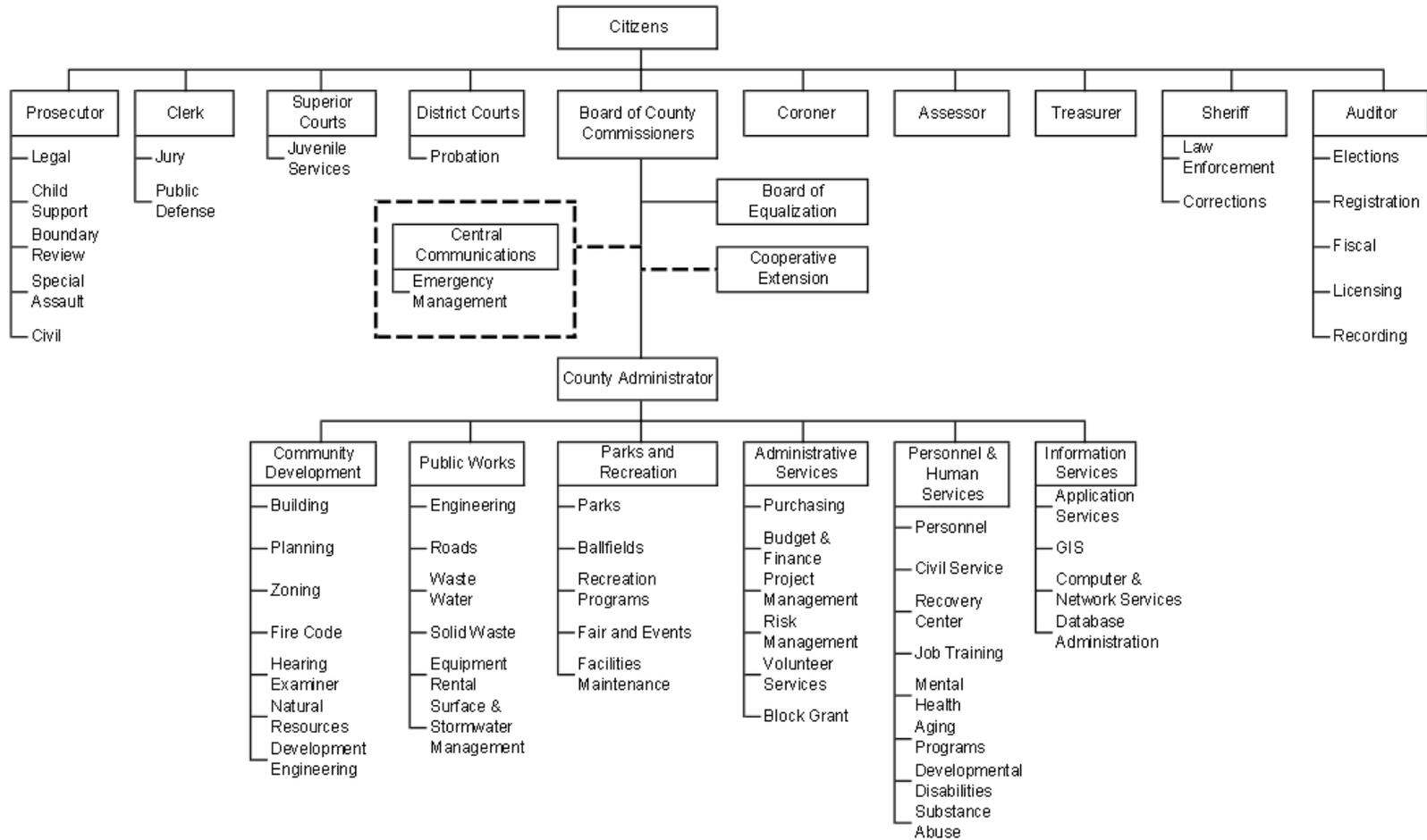
Appendix 1 – Example Organizational Charts



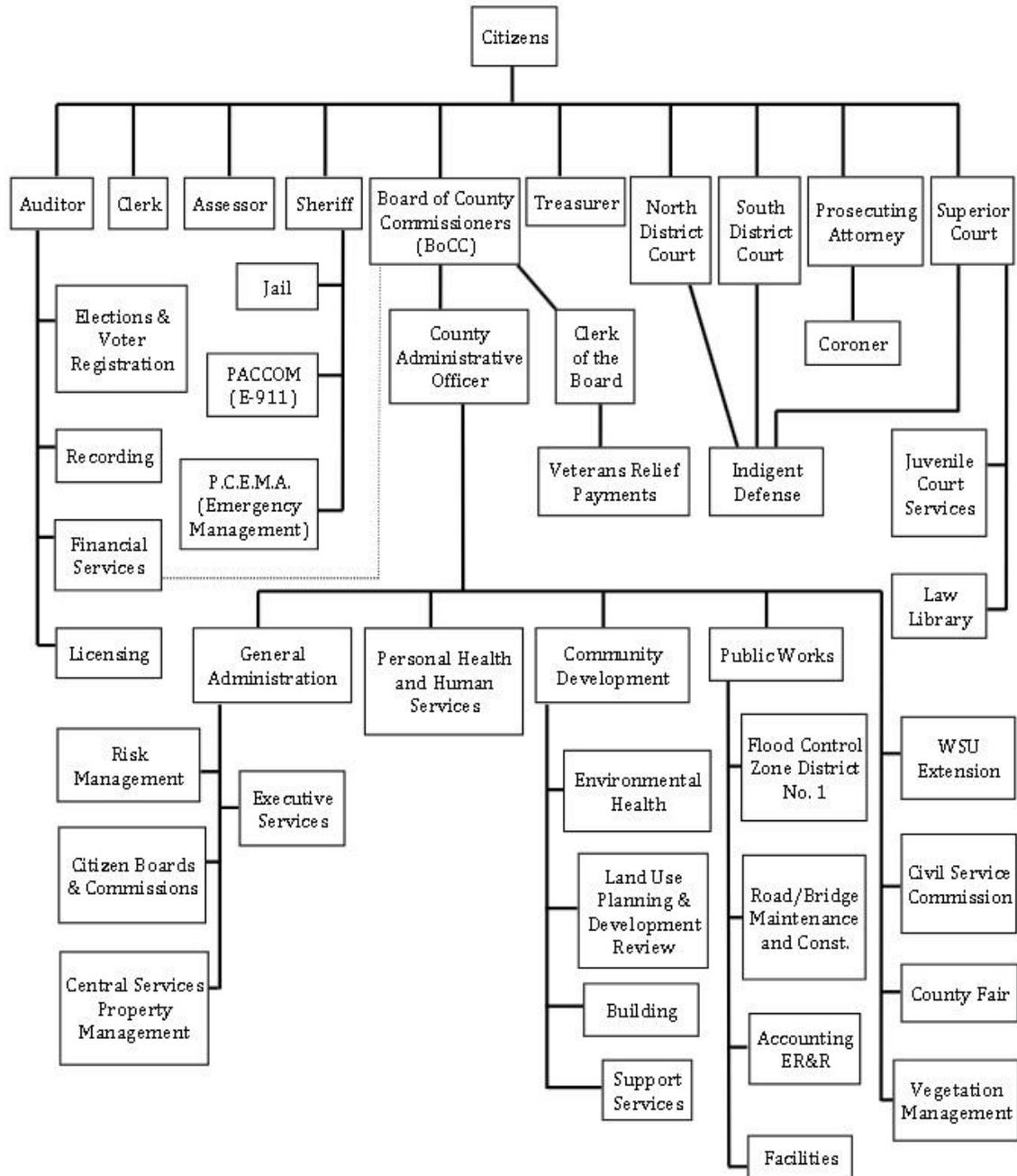
COWLITZ COUNTY ORGANIZATION CHART



Kitsap County Organization

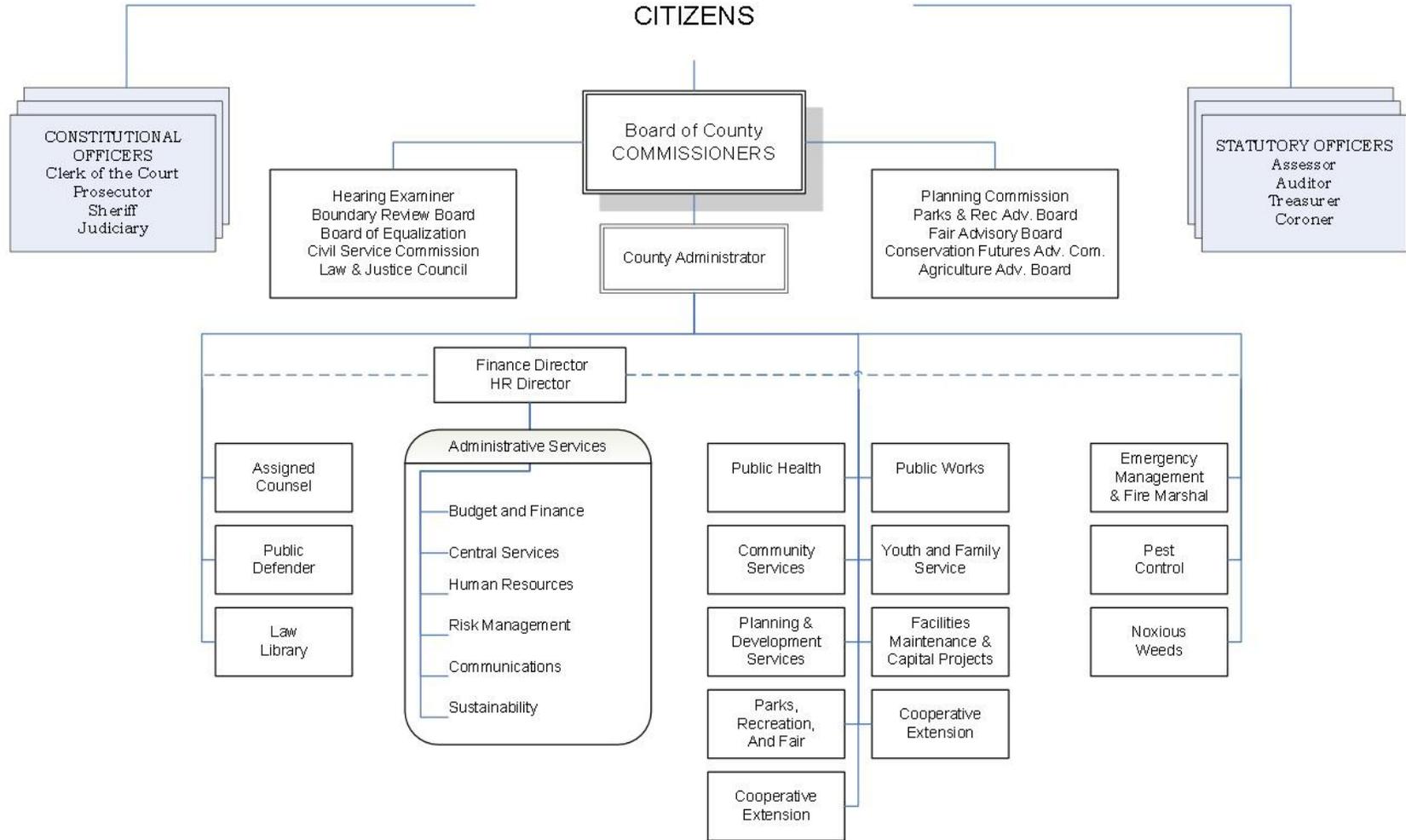


Pacific County Government Organization



SKAGIT COUNTY

CITIZENS



Attachment 1 – Sample Financial Policies

See also, <http://www.gfoa.org/adopting-financial-policies>



Attachment 2_
Sample_Financial_Poli