

Memorandum

To: Personnel, Legislative and Public Affairs Subcommittee

Re: Authorization to Hire One Full Time Accounting Staff Position

From: John Winkler, General Manager

Date: January 3, 2007

Due to the limited number of accounting staff, every year the District's audit identifies a lack of **segregation of duties** as a reportable condition within the Districts accounting department. A good system of internal accounting control includes segregation of duties so that no one person handles a transaction from beginning to completion. Segregation problems occur in almost all small and medium sized organizations. The Papio NRD is currently an organization with a budget of over 44 million dollars and is responsible for an additional four rural water supply operations and we have an accounting staff of two.

As the General Manager of the Papio NRD I and the Board of Directors have a fiduciary responsibility to the tax payers of the District that proper accounting procedures are in place to ensure the appropriate protection and utilization of District funds. Consequently, I have been working with Bland and Associates, as well as, internal accounting staff to create a proposal to address this issue. In addition to addressing the segregation of duties issue I thought it was equally important to have a plan in place to ensure continuity of the accounting department in the event our current staff became incapacitated or decided to leave the District.

To address the segregation of duties issue, as well as, to ensure the continuity of the accounting department operations; management proposes to hire one full time accounting staff to perform the day to day accounting operations that are now performed by Jack Lawless. To upgrade Mr. Lawless's role to that of Senior Accountant in which he will be responsible for preparation of the District's annual financial statements, monthly bank statement reconciliation, monthly financial closings, year end closings, cash management oversight, cash reconciliation etc. and supervise the overall operation of the Districts accounting department and its staff. In addition, Mr. Lawless will be responsible for drafting an operations manual for the accounting department. As part of the plan the District will utilize current in house staff, in selected roles, to further ensure the appropriate segregation of duties and to provide appropriate checks and balances for the organization. I am anticipating, upon the completion of a formal job description and thorough hiring process that a new person will be on board in April or early May 2008. Although I am not anticipating that the District will exceed overall budgeted salaries as a result of this position; I am requesting approval to exceed 110% in Administrative Salaries just in case.

Management recommends that the subcommittee recommend to the Board of Directors that the General Manager be authorized to hire one full time accounting staff position and the approval to exceed 110% of Account #01-00 4550 Salaries-Administrative/Clerical.