

Report on Resolutions 02-2013 & 03-2013 Implementation

North Beach Water District

Date: 3/18/2013

Re: Pacific County Auditor and Resolution 02-2013 and
Resolution 03-2013.

In January, 2013 the Board of Commissioners adopted Resolution 02-2013 - Approving the Issuance of Warrants by a District Auditing Officer and Resolution 03-2013 - Amending Section 6 (A) of the Employee Policy and Procedure Manual relating to Employee Compensation and Pay Periods. A report on the resolutions was provided by the Bill Neal, general manager NBWD, explaining the need and purpose of the resolutions in the January Board Packet.

In preparing the resolutions, Bill Neal worked with Shelly Flemetis, Pacific County Chief Deputy Treasurer, in researching the implementing of the procedures outlined in the Resolutions 02-2013 and 03-2013. Jack McCarty, office manager NBWD, worked with the Bank of the Pacific in researching the procedure for implementing the direct deposits into employee accounts. The critical path for implementing the new policy was not complicated and within the framework of applicable law.

The District attempted to implement the new policy in February, 2013. At that point the Bank of the Pacific informed Jack McCarty that Shelly Flemetis had not completed her end of the transaction. Jack contacted Shelly. Shelly informed Jack that there was a problem and recommended that Bill Neal contact Pat Gardner, Pacific County Auditor.

Bill Neal contacted Pat Gardner and Pat informed Bill that she would only issue warrants one day a month. Bill informed Pat that Renee Goodin, Pacific County Treasurer, was already approving two electronic funds transfers a month, one for the US Treasury (Payroll Tax) and one for the Washington State Department of Revenue (Excise Tax). Pat informed Bill that those were special exceptions and were only allowed because the US Treasury and the Washington State Department of Revenue would only accept payment via electronic funds transfers.

Bill Neal requested a meeting with Pat Gardner, Renee Goodin, Shelly Flemetis, and David Burke, Pacific County Prosecuting Attorney to discuss possible solutions to this impasse. The meeting was scheduled for February 14, 2013 at 1:00 PM.

The meeting was attended by Bill Neal, Pat Gardner, Renee Goodin, Shelly Flemetis, David Burke, and Mary Lou Rogers, Pacific County Accountant. The result of the meeting was that Pat Gardner agreed to allow electronic funds transfers for "payroll only", provided Bill submit proof that the four conditions outlined in RCW 42.24.180 had been met. Bill informed Pat that

the North Beach Water District Commissioners had already reviewed those conditions had affirmed they were satisfied with Resolution 02-2013. Pat then consented to only requiring proof that Bill Neal and Jack McCarty were bonded for a minimum of \$50,000 and copies of the District contracting, hiring, purchasing, and disbursing polices. Pat also stated she would need proof that the Board of Commissioners had approved all vouchers signed by the auditing officer at the next meeting of the Board of Commissioners.

Pat also informed Bill that she would not allow any warrants (by check or EFT) be issued for payment of bills that may become delinquent before the next meeting of the Board of Commissioners of North Beach Water District. David and Pat recommend that Bill contact any vender who required payment before warrants are normally issued each month and inform them that the District would not pay late fees and that they needed to adjust their due dates to correspond to the District's payment schedule. David said that if the vender did not like the arrangement then we should find new vendors. Bill Neal thanked them for their cooperation and advice.

After providing Pat with the required documentation Pat authorized Renee Goodin to issue the electronic fund transfer for payroll per the outlined procedure¹.

On March 7, 2013 Pat sent Bill an e-mail² informing him that an original voucher needed to be in her office four days in advance of the paydays. This was a deviation of the procedure developed with Shelly Flemetis and Mary Lou Rogers. Shelly only required two days' notice and the voucher would be signed electronically.

Bill requested Pat and David³ review Chapter 19.34 RCW - Washington Electronic Authentication. RCW 19.34.010 provides that and electronic signature may be used for official public business to provide reasonable assurance of the integrity, authenticity, and nonrepudiation on electronic communication. After a reconsideration Pat agreed to accept an electronic signature with conditions.

The resolution of these issues have created a lag in the implementation of the new policy. The general manager will be asking for draws form requesting employees in the March District expenses. The first direct deposit payroll will be April 5, 2013.

Until cooperation from the County Auditor can be obtained, the District will not be able to pay bills that may become delinquent before the next meeting of the Board of Commissioners.

¹ See attached memorandum

² See attached e-mail

³ See attached e-mail

PACIFIC COUNTY AUDITOR



Willapa Harbor Area – (360) 875-9313
Peninsula Area – (360) 642-9313
Naselle – (360) 484-7313
North Cove Area – (360) 267-8313
FAX – (360) 875-9333
TDD – (360) 875-9400

Pat M. Gardner
County Auditor &
Recorder
P.O. Box 97
South Bend, WA. 98586-0097

PACIFIC COUNTY COURTHOUSE
National Historic Site

Memorandum

To: Renee Goodin, Pacific County Treasurer
From: Pat M. Gardner, Pacific County Auditor
Date: 3/14/2013
Re: North Beach Water District

North beach Water District has requested that their payroll be direct deposit or electronic funds transferred. The district has provided the proper paper work approval by the Board of Commissioners. The auditor's office will received the payroll voucher and then provide the treasurer's office with the approved voucher.

If you have any questions please contact me.

From: [Pat Gardner](#)
To: [Bill Neal](#)
Cc: [Rachel Patrick](#); [Renee Goodin](#); [Shelly Fletmetis](#)
Subject: Payroll
Date: Thursday, March 07, 2013 2:32:32 PM
Importance: High

Bill,

Now that we have ok'd doing the payroll, your policy states that payroll will be issued the 5th and the 20th, in order for this to work, the Auditor's office will need the payroll voucher in the auditor office 4 days before the payment. You will need to have the voucher to us by the 1st and 16th of each month to insure that the payment is completed. The payroll voucher will have to be the signed original.

If you have any questions please do not hesitate to contact me.

Pat M Gardner

Pacific County Auditor
PO Box 97
South Bend Wa 98586-0097
Phone(360) 875-9313
Fax (360) 875-9333
Cell (206) 276-7498

NOTICE: All emails sent to and from this address will be received by the Pacific County email system and may be subject to public disclosure under Chapter 42.56 RCW and to archiving and review.

Pacific County is an Equal Opportunity Employer

No virus found in this message.

Checked by AVG - www.avg.com

Version: 2013.0.2899 / Virus Database: 2641/6147 - Release Date: 03/04/13

From: [Pat Gardner](#)
To: [Bill Neal](#); [Rachel Patrick](#)
Cc: [Shelly Flemetis](#); [Renee Goodin](#)
Subject: RE: Resolution 02-2013
Date: Monday, March 11, 2013 11:25:36 AM

Bill,

I just spoke with David Burke the PA and he still has some reservations, but we decided to let you do it, you will need to:

- Send or bring a signed authorization from the board.
- We will need yours and the Managers original signature on file at our office
- We will confirm we received the payroll and the amount before we approve it. Same with the AP.
- We will still need the final approved original sent to us signed by the board for both the Payroll and AP for our records.

If you have any questions feel free to contact me.

Regards,

Pat

From: Bill Neal [<mailto:bneal@northbeachwater.com>]
Sent: Thursday, March 07, 2013 4:10 PM
To: Rachel Patrick
Cc: Pat Gardner; Shelly Flemetis; Renee Goodin
Subject: RE: Resolution 02-2013

Rachel,

Could you please ask Pat and David to review Chapter 19.34 RCW regarding the Washington Electronic Authentication Act? According to the act an electronic signature may be used for "official public business to provide reasonable assurance of the integrity, authenticity, and nonrepudiation on electronic communication" (RCW 19.34.010 (4)). The District will be taking steps to meet all of the criteria found in the ACT so that we can process vouchers electronically that will be "a digitally signed message that shall be deemed to be an original message" (RCW 19.34.330)).

William "Bill" Neal
General Manager
North Beach Water District
www.northbeachwater.com

From: Rachel Patrick [<mailto:rpatrick@co.pacific.wa.us>]
Sent: Thursday, March 07, 2013 3:52 PM
To: Bill Neal
Cc: Pat Gardner; Shelly Flemetis; Renee Goodin
Subject: RE: Resolution 02-2013

Bill,

After speaking to the Prosecuting Attorney, the Auditor has decided to not accept an electronic signature. Please make sure to have the voucher with original signature to the Auditor's Office before we can approve your ACH or process your accounts payable.

If you have any questions please feel free to contact me.

Thanks,

Rachel Patrick

From: Bill Neal [<mailto:bneal@northbeachwater.com>]

Sent: Wednesday, March 06, 2013 9:29 AM

To: Rachel Patrick; Pat Gardner; Renee Goodin; Shelly Fletmetis

Cc: 'Jack McCarty, NBWD Office Manager'; 'Brian Sheldon'; 'Gwen Brake'; 'RD Williams'; David Burke

Subject: RE: Resolution 02-2013

Rachel,

Please find attached Resolution 05-2010. Resolution 05-2010 repealed and replaced Resolution 05-2009 and included a vendor list and purchasing policy. I inadvertently sent you Resolution 05-2009 yesterday.

The District does not have a disbursing policy. The reason the District does not have a disbursing policy is because the District does not disburse its funds. The Pacific County Auditor writes and disburses North Beach Water District's warrants so a disbursing policy is not needed. RCW 42.24.180 applies to District's who write their own warrants and to those who utilize county auditors to write their warrants. If a District writes and disburses its own warrants a policy establishing internal controls would be needed.

RCW 42.24.180 does not require Pacific County to collect any receivables for the District. In our telephone conversation you indicated that you needed proof that the District had complied with the four requirements outlined in the statute that must be met before the District could authorize an Auditing Officer to approve claims (vouchers) for disbursement. You indicated that you would need proof that the Board subsequently approved all claims issued by the Auditing Officer and I assumed you wanted notification of any claims the Board did not approve also. RCW 42.24.180 (4) clearly places the responsibility of collecting any claims not subsequently approved by the Board on the District's Auditing Officer not the County Auditor.

William "Bill" Neal
General Manager
North Beach Water District
www.northbeachwater.com

From: Rachel Patrick [<mailto:rpatrick@co.pacific.wa.us>]

Sent: Tuesday, March 05, 2013 4:31 PM

To: Bill Neal; Pat Gardner; Renee Goodin; Shelly Fletmetis

Cc: Jack McCarty, NBWD Office Manager; Brian Sheldon; Gwen Brake; RD Williams; David Burke

Subject: RE: Resolution 02-2013

Mr. Neal,

I don't see the purchasing or disbursing policy, please forward this to me so we can move forward in this process. If you did attach it please explain to me where I would find it.

Also in the below statement please understand that once a direct deposit or warrant is issued there is nothing that Pacific County can do to "collect" this.

In the event the Board does not approve a claim that has been approved by the Auditing Officer the General Manager will notify the Pacific County Auditor that the claim is not a District receivable and that all efforts are being made to collect the payable (as per RCW 42.24.180).

If you have any question please feel free to contact me.

Thanks,

Rachel Patrick

From: Bill Neal [<mailto:bneal@northbeachwater.com>]

Sent: Tuesday, March 05, 2013 3:51 PM

To: Pat Gardner; Rachel Patrick; Renee Goodin; Shelly Flemetis; bneal@northbeachwater.com

Cc: Jack McCarty, NBWD Office Manager; Brian Sheldon; Gwen Brake; RD Williams

Subject: Resolution 02-2013

Dear Pat and Rachel,

Please find attached proof of fidelity bonds for both Jack McCarty and William Neal. The Fidelity bonds are for \$100,000 each which is twice the amount found in RCW 42.24.180.

Please also find attached polices for contracting, hiring, purchasing, and disbursing. The Board of Commissioners has reviewed he policies and has declared these polices adequate to provide internal controls.

The General Manager will provide verification that all claims approved by the District's Auditing Officer receive Board approval at the next scheduled regular meeting of the Board (as per RCW 42.24.180).

Time is of the essence, the Bank of the Pacific needs to verify the funds transfer's accounts with the County Treasurer for the payroll direct deposits as soon as possible.

William "Bill" Neal
General Manager
North Beach Water District
www.northbeachwater.com

No virus found in this message.

Checked by AVG - www.avg.com

Version: 2013.0.2899 / Virus Database: 2641/6147 - Release Date: 03/04/13