



Exit Recommendations  
Snohomish Health District  
Audit Period Ending: December 31, 2020

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We are providing the following exit recommendations for management's consideration. They are not referenced in the audit report. We may review the status of the following exit items in our next audit.

### **Accountability:**

#### **Small and Attractive Assets**

The District has not adopted a formal small and attractive asset policy and relies on decentralized departments to identify assets which meet the criteria for being added to the small and attractive asset listing. As a result our audit found the District is not consistently identifying, tracking and safeguarding small and attractive assets and has never performed a small and attractive asset inventory.

We recommend the District adopt a formal policy to define small and attractive assets and establish procedures to track and monitor such assets, including performing an annual inventory. See the Budgeting, Accounting, and Reporting Systems (BARS) manual (section 3.3.11.50) for more information.

#### **EFT Policy**

In the prior audit, we reviewed the District's policies and procedures related to electronic fund transfer (EFT) transactions. Our audit found the District did not have formal EFT guidance which contains the required elements of BARS 3.8.11 per RCW 39.58.750. The District is in the process of drafting this guidance however, at the time of our audit it has not been finalized.

We continue to recommend the District finalize formal EFT guidance which contains the required elements of BARS 3.8.11 in accordance with RCW 39.58.750.

#### **Self-Insurance Reserve**

The District self-insures for unemployment compensation through the Employment Security Department (ESD) reimbursable option. This option instructs employers to report quarterly wages to the ESD, but only pay claims when an unemployment claim is filed, approved, paid by the ESD and then submitted to the employer by the ESD to be paid, or reimbursed. Our audit found the District does not have a self-insurance reserve and pays unemployment claims out of the general budget. Although unemployment claims are typically insignificant, estimating and setting aside funds for future claims could prevent future financial hardships in the event of large and/or unexpected claims.

We recommend the District establish a process for estimating and setting aside funds for future unemployment claims.



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## **Financial Statements:**

### **Petty Cash Funds**

The District is not reporting the full authorized balance of its petty cash funds. The District's petty cash resolution authorizes a fund balance of \$2,000 and the District reported a year-end balance of \$1,000. The Budgeting, Accounting, and Reporting Systems manual states that "all funds should be reconciled and replenished to the authorized balance as of fiscal year-end to ensure expenditures are recorded." Therefore, the District under reported cash by \$1,000 at year-end.

We recommend the District establish procedures to ensure that petty cash is reconciled and reported at the authorized amount at year-end in accordance with BARS 3.8.8.30.