



Indiana League of Municipal Clerk Treasurers

District Meetings
2018



Internal Controls

- Control Environment
- Risk Assessment
- Control Activities**
- Information and Communication
- Monitoring

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UNIFORM INTERNAL CONTROL STANDARDS
FOR INDIANA POLITICAL SUBDIVISIONS



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Common Internal Control Findings

Did not

separate incompatible activities

related to receipts,
disbursements, and payroll.

Did not have a
review or approval process
over bank reconciliation or
over financial close and
reporting



Collections Not Deposited

Utility Receipts

Fundraisers Proceeds

Fees / Accountable Items

Asset Sales

“Uncleared” Deposits



Collections Not Deposited

What procedures can you put in place to protect your city or town?

Control Activities

Reconciliations

Authorizations

Approval Processes

Verification Processes

Segregation of Duties and Compensating Controls



Payroll

Overpayment of Compensation

Adjustments to Withholdings

Payroll Service Providers



Payroll

What procedures can you put in place to protect your city or town?

Control Activities

- Reconciliations
- Authorizations
- Approval Processes
- Verification Processes

Segregation of Duties and Compensating Controls



Unauthorized Withdrawals, EFTs, Checks

Cash Withdrawals

Checks Payable to Cash

Counter Checks

EFTs

Duplicate Payments

Supporting Documentation



Unauthorized Withdrawals, EFTs, Checks

What procedures can you put in place to protect your city or town?

Control Activities

Reconciliations

Authorizations

Approval Processes

Verification Processes

Segregation of Duties and Compensating Controls



Personal Expenses

- Utility Bill Adjustments
- Personal Expenses
- Debit Card Purchases
- Electronic Funds Transfers



Personal Expenses

What procedures can you put in place to protect your city or town against the payment of personal expenses?

Control Activities

Reconciliations

Authorizations

Approval Processes

Verification Processes

Segregation of Duties and Compensating Controls



Internal Controls

Review the Internal Control Manual

Continue to Establish Procedures

Address All Five components

Update Procedures as Needed



Indiana Code 5-11-1-27

Report of Misappropriation

- **Actual or Reasonable Cause**
 - to believe a misappropriation has occurred
- ***Shall immediately* send **written** notice to**
 - State Board of Accounts
 - County Prosecutor



Indiana Code 5-11-1-27

Report of Variance / Loss

- Materiality Threshold
- ***Shall be reported immediately***
to the State Board of Accounts



Corrective Action Plans

- Progress
- Internal Controls
 - Receipting, Disbursing, Payroll
 - AFR
 - SEFA
- Overdrawn Cash Balances
- Bank Reconciliation
- Errors on Claims
- Supporting Documentation
- Penalties and Interest



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