




# Working Together: Auditor & Treasurer

2023 Auditors Spring Quad




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INDIANA STATE BOARD OF ACCOUNTS

# Segregation of Duties



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INDIANA STATE BOARD OF ACCOUNTS

## Segregation of Duties

❖ *The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same action. Separating the ability to record, authorize, and approve the transactions along with the handling of the related asset reduces the risk of error or fraudulent actions.”*

*Uniform Internal Control Standards for Indiana Political Subdivisions*

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INDIANA STATE BOARD OF ACCOUNTS

## Segregation of Duties


❖ *“There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify the areas where segregation of duties is not feasible or practical and the compensating controls implemented to mitigate the risk.”*

*Uniform Internal Control Standards for Indiana Political Subdivisions*

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 <b>INDIANA STATE BOARD OF ACCOUNTS</b>	
<h2 style="margin: 0;">Accounting Process</h2> 	<ul style="list-style-type: none"> <li>❖ <b>Authorization</b> <ul style="list-style-type: none"> <li>• Receipting</li> <li>• Disbursing</li> </ul> </li> <li>❖ <b>Custody</b> <ul style="list-style-type: none"> <li>• Cash &amp; Investments</li> </ul> </li> <li>❖ <b>Record Keeping</b> <ul style="list-style-type: none"> <li>• Funds Ledger – Official Record</li> </ul> </li> <li>❖ <b>Reconciliation</b> <ul style="list-style-type: none"> <li>• Cash Book &amp; Bank Reconciliation</li> </ul> </li> </ul>

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 <b>INDIANA STATE BOARD OF ACCOUNTS</b>	
<h2 style="margin: 0;">Auditor Duties</h2> <p style="margin: 20px 0;">IC 36-2-9-2(c) states: “The county auditor is the fiscal officer of the county.”</p>	<div style="border: 1px solid black; border-radius: 10px; padding: 5px; margin-bottom: 10px; text-align: center;"> <b>Authorization</b> </div> <ul style="list-style-type: none"> <li>❖ Receipting</li> <li>❖ Disbursing</li> </ul> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; margin-bottom: 10px; text-align: center;"> <b>Record Keeping</b> </div> <ul style="list-style-type: none"> <li>❖ Posting Records</li> </ul>

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IC 36-2-9-12

## Receipting

- ❖ The Auditor shall keep an accurate account current with the county treasurer.
- ❖ The Auditor shall post the record and issue the quietus

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IC 36-2-9-15



## Disbursing

- ❖ The Auditor shall examine and settle all accounts and demands.
- ❖ The Auditor shall issue warrants.

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 <b>INDIANA STATE BOARD OF ACCOUNTS</b>	
<h2 style="text-align: center;">Treasurer Duties</h2> <p>IC 5-13-9-1(a) states in part: “Each county treasurer... may invest any funds held... in accordance with this chapter. .”</p>	<div style="border: 1px solid black; border-radius: 10px; padding: 5px; margin-bottom: 10px; text-align: center;">Custody</div> <ul style="list-style-type: none"> <li>❖ Bank Accounts</li> <li>❖ Investments</li> </ul> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; margin-bottom: 10px; text-align: center;">Reconciliation</div> <ul style="list-style-type: none"> <li>❖ Bank to Ledger</li> </ul>

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<div style="border: 1px solid black; padding: 10px; display: inline-block;">IC 36-2-10-9</div>	
<h2>Receipts &amp; Disbursements</h2> <ul style="list-style-type: none"> <li>❖ <b>The Treasurer shall receive money to which the county is entitled and shall disburse it on warrants issued and attested by the county auditor.</b></li> </ul>	
	
<p><b><i>**Treasury is the funds of the government</i></b></p>	

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## IC 36-2-10-11

### Disbursements

- ❖ If there is sufficient money in the county treasury for the payments of warrants of the county auditor, the treasurer shall pay each warrant when it is presented.

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## Receipting Process



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## Step #1 - Auditor

- ❖ Prepares a document that shows the date, funds credited, amount, person paying and source of payment.
- ❖ Application to Pay

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## Step #2 - Treasurer

- ❖ Take the document obtained from the Auditor to the Treasurer
  - Payee taking a copy of the document prepared by the Auditor
  - Electronic transfer of the information between the 2 offices
- ❖ Money is counted and the Treasurer issues a receipt to the person paying.

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## Step #3 - Auditor

- ❖ A copy of the Treasurer's receipt is returned to the Auditor by:
  - Taking Treasurer's receipt to the Auditor
  - Electronic transfer of the receipt information between the 2 offices
- ❖ A quietus is issued by the Auditor to the person paying.
- ❖ Post to the funds ledger

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## ACH or Electronic Deposits

- ❖ **STEP 1 AUDITOR**
  - Based on ACH notification, prepare quietus
- ❖ **STEP 2 TREASURER**
  - Based on ACH notification, post deposit to cash book
- ❖ **STEP 3 AUDITOR**
  - Complete quietus and post to funds ledger

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# Disbursing Process



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## Step #1 - Council

❖ Sets Budget and Appropriations

❖ IC 36-2-5-2(b):

The county fiscal body shall appropriate money to be paid out of the county treasury, and money may be paid out of the treasury only under an appropriation made by the fiscal body, except as otherwise provided by law.

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## Step #2 - Auditor

### ❖ Audits claim / invoices

#### ❖ IC 5-11-10-1.6(c):

- 1) There is a fully itemized invoice or bill for the claim;
- 2) The invoice or bill is approved by the officer or person receiving the goods and services;
- 3) The invoice or bill is filed with the governmental entity's fiscal officer;
- 4) The fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- 5) Payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim.

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## Step #3 – Governing Board

### ❖ Approves Claim to be paid

❖ IC 36-2-6-4(b) states in part: “The county executive may allow a claim or order the issuance of a county warrant for payment of a claim only at a regular or special meeting of the executive.”

❖ IC 36-2-6-4.5(d) states: “The county executive or the county board having jurisdiction over the allowance of the claim shall review and allow the claim at its next regular or special meeting following the preapproved payment of the expense.”

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## Step #4 - Auditor

- ❖ Prepares warrant
- ❖ IC 36-2-6-7(a) states in part:  
 “The county auditor may issue a warrant for money to be paid out of the county treasury in payment of a claim...”

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## Step #5 - Treasurer

- ❖ Determines Treasury has sufficient balance to pay and authorizes payment (check or electronic payment)
- ❖ IC 36-2-10-11(a) states:  
 “If there is sufficient money in the county treasury for the payment of warrants of the county auditor, the treasurer shall pay each warrant of the auditor when it is presented.”

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## Step #6 – Auditor & Treasurer

### ❖ Post disbursement to the Ledger

- Auditor – Official County Ledger
- Treasurer – Separate Ledger (IC 36-2-10-15 states in part: “The treasurer shall maintain separate accounts of receipts and expenditures from each specific county fund”)

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# Reconciling



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### IC 5-13-6-1(e)

- ❖ All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories..

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### Accounting and Uniform Compliance Guidelines

- ❖ At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee.

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# Teamwork

- ❖ The Treasurer maintains custody of the cash
- ❖ The Auditor maintains the funds ledger
- ❖ Both Auditor and Treasurer prepare a monthly report and funds ledgers need to be reconciled between the two offices.

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MONTHLY FINANCIAL STATEMENT								Form 61
Pleasant County Treasurer								
Balance and Receipts To Date	Receipts For Month	Total Balance and Receipts	Funds	Disbursed To Date	Disbursed for Month	Total Disbursed	Balances	
12,452,724.27	4,150,908.09	16,603,632.36	GENERAL	11,363,042.23	4,275,125.80	15,638,168.03	965,464.33	
8,607.00	2,869.00	11,476.00	ACCIDENT REPORT	7,951.72	3,408.74	11,360.46	115.54	
3,672,179.82	1,224,059.94	4,896,239.76	AFFORDABLE HOUSING	3,332,749.78	1,214,390.51	4,547,140.29	349,099.47	
8,232,027.00	2,744,009.00	10,976,036.00	ANIMAL CONTROL	8,231,999.70	2,744,009.00	10,976,008.70	27.30	
2,406,738.09	802,246.03	3,208,984.12	AVIATION	2,351,368.81	718,988.77	3,070,357.58	138,626.54	
220.11	73.37	293.48	LIT - ECONOMIC DEVELOPMENT (EDIT)	(373,084.78)	12,653.36	(360,431.42)	360,724.90	
5,064.06	1,688.02	6,752.08	LIT - SPECIAL PURPOSE	5,064.06	1,688.02	6,752.08	-	
8,848.44	2,949.48	11,797.92	CITY AND TOWN COURT COSTS	(5,747.22)	12,895.63	7,000.00	4,797.92	
64,186.05	21,395.35	85,581.40	CLERK'S RECORDS PERPETUATION	38,701.98	29,804.40	68,506.38	17,075.02	
97,869.20	25,623.12	123,492.32	COMMUNITY CORRECTIONS	18,129.78	36,548.97	54,678.75	68,813.57	
768.96	256.32	1,025.28	COMMUNITY TRANSITION PROGRAM	221.50	341.12	562.62	462.66	
-	-	-	CONGRESSIONAL SCHOOL INTEREST	(9,121.69)	-	(9,121.69)	9,121.69	
6,420.00	2,140.00	8,560.00	CONGRESSIONAL SCHOOL PRINCIPAL	(21,434.41)	-	(21,434.41)	29,994.41	
1,063,616.88	354,538.96	1,418,155.84	CONTROLLED SUBSTANCE EXCISE TAX	1,036,852.25	347,666.55	1,384,518.80	33,637.04	
462,870.68	154,223.56	616,894.24	CONVENTION, VISITOR AND TOURISM PROMOTION	349,774.33	181,091.40	530,865.73	86,028.51	
31,090.77	10,363.59	41,454.36	SALES DISCLOSURE-COUNTY SHARE	4,326.14	5,000.00	9,326.14	32,128.22	

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## Changes to the Fund's Ledger

### RECEIPTS / QUIETUS

- Each office should have a copy

### WARRANTS

- Each office has the checks and/or check register

### OTHER CHANGES

- Correction of Errors
- Voids of either quietus or warrant/check
- Transfer of funds


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## Reporting



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## Gateway

- ❖ Documentation of the Reconciliation of Form 61 between the Auditor and Treasurer required monthly upload
- ❖ Auditor or Treasurer can upload

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## Supplemental AFR

Supplemental Annual Financial Report  
RETURN THE COMPLETED FORM TO THE OFFICIAL OF THE GOVERNMENTAL UNIT BY JANUARY 20TH.

Name of Governmental Unit: \_\_\_\_\_ Contact Person: \_\_\_\_\_  
 Office Name: \_\_\_\_\_ Phone Number: \_\_\_\_\_  
 Year: \_\_\_\_\_ E-mail Address: \_\_\_\_\_

List all accounts/funds managed by this office

Fund Name	Beg. Investment Balance	Ending Investment Balance	Beginning Cash Balance	Other Receipts	Other Disbursements	Ending Cash Balance	New Fund

Certification: This is to certify that the data contained in this report is accurate and agrees with the financial records, to the best of my knowledge and belief.

Signature of Dept Official: \_\_\_\_\_ Title: \_\_\_\_\_  
 Printed Name of Dept Official: \_\_\_\_\_ Date Signed: \_\_\_\_\_

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INDIANA STATE BOARD OF ACCOUNTS

❖ Work together to provide accurate accounting for the county

- Respect
- Cooperation
- Communication



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### Contact Us:

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