



# Indiana Library Workshop

Fall 2018



## Internal Controls

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

[www.in.gov/sboa](http://www.in.gov/sboa)

### 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

Receipts

Fundraisers Proceeds

Fees / Accountable Items

Asset Sales

“Uncleared” Deposits



## Collections Not Deposited

What procedures can you put in place to protect your library?

### 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 library?

### 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 library?

### Control Activities

- Reconciliations
- Authorizations
- Approval Processes
- Verification Processes

Segregation of Duties and Compensating Controls



## Personal Expenses

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



## Personal Expenses

What procedures can you put in place to protect your library 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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