# Newly Elected Clerk Treasurer and Controller Workshop

- Internal Controls
- Salary Ordinances
- Leave Policies
- Audit and Payment of Claims
- Deposits and Investments of Funds
- Travel Reimbursement

# **Internal Controls**

Internal control is a process executed by officials and employees that is designed to provide reasonable assurance that the objectives of the political subdivision will be achieved.

> Control Environment Risk Assessment Control Activities Information and Communication

Monitoring

#### Internal Controls Resources Available

Training Materials – <u>www.in.gov/sboa</u>

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Uniform Internal Control Standards for Indiana Political Subdivisions



Internal Control Webinar

Internal Control – Integrated Framework (COSO)

Standards for Internal Control in the Federal Government (Green Book)

# **Internal Controls**

After June 30, 2016 -

\*Legislative Body shall ensure that internal control standards and procedures have been adopted and personnel have received training.

After June 30, 2016

\*Fiscal Officer must certify that the minimum internal control standards and procedures have been adopted and personnel have received training – this certification will be part of the Annual Financial Report due in **2017**.

#### Salary Ordinances Statutory References

Cities:

IC 36-4-7-2; IC 36-4-7-3; IC 36-4-7-4 IC 36-8-3-3 (Police) IC 8-1.5-3-4 (Utility Service Board) IC 8-1.5-4-4 (Waterworks Board) Towns: IC 36-5-3-2 IC 36-8-3-3 IC 36-1.5-3-4 Board of Metropolitan Police Commissioners IC 36-8-9

#### Salary Ordinances Statutory References

Compensation:

IC 36-4-7-2(a) Defined

IC 36-4-7-2(c) and IC 36-5-3-2(c): Compensation of an elected city or town officer may not be changed in the year for which it is fixed, nor may it be reduced below the amount fixed for the previous year.

IC 36-5-3-6 Waiving Total Compensation

## Salary Ordinances

\*Things to include in the ordinance: Base Salary or Bi-weekly, Weekly Pay Amount Other Compensation, if offered (examples: longevity, bonuses)

\*Other Required Policies Employee Benefits Leave and Overtime Policy

\*IC 5-10-6-1 requires leave benefits to be set by ordinance.

#### Salary Ordinances Common Questions

- New Positions
  - Adding a new position is permitted. We recommend amending the ordinance for that year.
- Names vs. Positions
  - We recommend the identification of positions rather than names.
- Bi-Weekly or Weekly Paydays
  - We recommend using bi-weekly or weekly pays in the ordinance and not annualized amounts.

## Salary Ordinances

- When to Adopt Ordinance
  - A New ordinance should be adopted every year
    - For cities adoption should be not later than November 1 for the ensuing budget year (IC 36-4-7)
    - For towns no statutory deadline. We recommend passing at the time the budget is passed.

#### Problems to Avoid Payroll Transactions

- \*Overpayment of Authorized Amount
- \*Duplicate Payments
- \*Extra Payments
- \*Payments to non-employee

#### What internal controls are necessary to detect or prevent these types of payroll transaction issues?

## Salary Ordinances

Salary related items in Manual and Bulletins:	
Manual	<u>Page</u>
*City officers and employees	61-10
*Town officers and employees	61-13
*Elected officials	61-4
*Compensation	55-4/55-1
*Benefits	55-1
*Salary Schedules	61-13
Bulletins	
*City and Town officers	March 2014
*Police and Fire	March 2014

#### Leave Time Policies IC 5-11-6-1

City and Town Employees may be granted a vacation with pay, sick leave, paid holidays, and other similar benefits by **ordinance** of the legislative body.

#### **Leave Time Policies**

Payment of vacation benefits so granted may be made in advance of any vacation taken by such an employee.

**City Officers and Employees** 

IC 36-4-8-9(a) states: "One (1) to three (3) days before the vacation leave period of a city officer or employee begins, the city may pay him the amount of compensation he will earn while he is on vacation."

Town Officers and Employees

IC 36-5-4-7 states: "One (1) to three (3) days before the vacation leave period of a town officer or employee begins, the town may pay him the amount of compensation he will earn while he is on vacation leave."

#### Audit and Payment of Claims IC 5-11-10-1.6

The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

(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

#### Audit and Payment of Claims IC 5-11-10-1.6

(d) The fiscal officer of a governmental entity shall issue checks or warrants for claims by the governmental entity that meet all of the requirements of this section. The fiscal officer does not incur personal liability for disbursements:

(1) processed in accordance with this section; and

(2) for which funds are appropriated and available.

		ervice, where performed, dates of units, price per unit, etc.	service rendered, by
	Payee	Purchase Order No.	
		Terms	
		 Date Due	
Invoice Date	Invoice Number	scription d invoice(s) or bill(s))	Amount
	++		
		- 4 - 2	
		), is (are) true and correct and the received except	
	·	 Signature	Title

cribed by State Board of Accounts

Clerk-Treasurer

n Form No. 39 (Rev. 1995)

#### 1/12/2016

Prescribed by State Board	of Accounts				Town Form No. 39 (Rev. 1995)
VOUCHER NO.	WARRANT NO				
			ALLOWED	IN THE SUM OF	ş
	\$				
ON	ACCOUNT OF APPROPRI FOR	ATION			
	STRIBUTION LEDGER CLAS PAID MOTOR VEHICLE HIG		-		Council Members
Acct.			-		
No.	Account Title	Amount	-		
			-		
	MPL		-		
S			-		
			-		

#### ACCOUNTS PAYABLE VOUCHER REGISTER

	Governmental Unit	
	Agency	
For Period	, 20 to	, 20

NOTES: (1) Use both sides of form if needed. Signatures of governing board should appear only on the final page of each meeting in which accounts payable vouchers are allowed. (2) The Memorandum column is for entering action on accounts payable vouchers if disallowed in whole or in part, if continued to a later meeting of governing board, or for other pertinent information.

Page	of	

Page \_\_\_\_\_ of \_\_\_\_\_ Pages

 Prescribed by State Board or Accounts General Form No. 364 (1997)							
DATE FILED	VOUCHER NUMBER	NAME OF CLAIMANT	OFFICE, DEPARTMENT OR FUND	AMOUNT OF VOUCHER	AMOUNT	CHECK/ WARRANT NUMBER	MEMORANDUM (See Note (2) Above)

			0							
ime		ify that each of the abov e with IC 5-11-10-1.6.	e listed vouchers	and the inv	voices, or b	ills attached	I thereto, ar	e true and co	prrect and I have audite	d
Fiscal Officer										
ALLOWANCE OF VOUCHERS (IC 5-11-10-2 permits the governing body to sign the Accounts Payable Voucher Register in lieu of signing each claim.)										

We have examined the vouchers listed on the forgoing accounts payable voucher register, consisting of \_\_\_\_\_ pages, and except for vouchers not allowed as shown on the Register such vouchers are allowed in the total amount of \$\_\_\_\_\_.

Date this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

SIGNATURES OF GOVERNING BOARD

#### Problems to Avoid Audit and Payment of Claims

\*Claims not prepared for all disbursements \*Claims without supporting documentation \*Claims not presented to the Council \*Claims not related to government purpose \*Overspent appropriations

# What internal controls can be put in place to avoid these comments?

#### Problems to Avoid Audit and Payment of Claims

**Credit Cards** 

\*Personal Purchases

\*Lack of Documentation Require fully itemized documentation for each credit card charge.

What internal controls can you put in place to provide reasonable assurance that credit cards are used for lawful government purposes?

#### Audit and Payment of Claims

#### **Credit Cards**

\*Sample Policy on page 51-4 in Manual

\*Case Study: <u>Uniform Internal Control Standards</u> for Indiana Political Subdivisions

\*SBOA Best Practices www.in.gov/sboa

#### Deposit of Public Funds IC 5-13-6

\*A city or a town shall deposit funds not later than the next business day following the receipt unless the funds on hand do not exceed \$500.

\*The funds on hand must be deposited not later than the business day following the day that the funds exceed \$500.

\*Deposits must be made in depositories selected by ordinance an approved as depositories of state funds.

#### Problems to Avoid Deposit of Public Funds

\*Receipts not Deposited

What Internal Controls could be designed to provide reasonable assurance that all receipts are deposited?

#### Deposit and Investment Powers References

Statutory Reference: IC 5-13-9

City and Town Manual: Pages 56-1 to 56-12

City and Town Bulletin: December 2010 Manner of Investing Funds Procedures for Purchasing Investments Procedure for Posting Records at the Time Investments are Purchased or Sold

Approved Depository List: www.in.gov/tos/deposit/

#### **Travel Reimbursement**

Establish a Travel Policy – Consider

Definition of "Travel Status"

Mileage Rate

Meals

Lodging

Airfare, Cab Fare, Train Fare, etc.

Parking

Per Diem

Acceptable Spending Limits

#### Travel Reimbursement

IC 5-11-10-1.6(c)... This subsection does not prohibit a municipality from making meal expense advances to a municipal employee who will be traveling on official municipal business **if** the municipal fiscal body has adopted an **ordinance** allowing the advance payment,

\*specifying the maximum amount that may be paid in advance,

\*specifying the required invoices and other documentation that must be submitted by the municipal employee, and

\*providing for reimbursement from the wages of the municipal employee if the municipal employee does not submit the required invoices and documentation.

#### Travel Reimbursement Documentation Needed

- General Mileage Form 101
- Receipts for all reimbursements, including
  - Meals
  - Hotel
  - Airline, Taxi, etc.
  - Parking

General Form No. 211 11102

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2EEDOMETER READING columns are to be used only when distance between points cannot be determined by fixed mileage or official highway map.

embed by Jinte Board of Accounts

Pursuant to the provisions and penalties of Chapter 155. Acts 1953. I hereby certify that the loregoing account is just and correct, that the amount claimed is legally due, after allowing of test codes it that no bart of the same has been noted.

Claim No Warrant No IN FAVOR OF	l have examined the within claim and herel: certify as follows:
	That it is in proper form.
	That it is duly authenticated as require by law.
	That it is based upon statutory authority
	That it is apparently { correct incorrect
\$	
On Account of Appropriation No for	Disbursing Officer
Allowed 19 in the sum of \$ (Board or Commission) FILED (Official Title)	I certify that the within bill is true and correct that the m itemized and for which charge is made was ordered by me essayry to the public business: and that the rate per mile is s with statutes or governing ordinances, except 19

#### Problems to Avoid Travel Reimbursement

\*Lack of Documentation \*Personal Purchases \*Duplicate Payments \*Falsified Mileage Claims

#### What Internal Controls can be put in place to provide reasonable assurance that travel reimbursements are for lawful governmental purposes?

#### **Travel Reimbursement**

References:

Cities and Towns Manual Pages 51-11 and 55-3

Cities and Towns Bulletins: March 2009

#### **Contact Information**

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