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

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:

<table>
<thead>
<tr>
<th>Manual</th>
<th>Page</th>
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<tbody>
<tr>
<td>*City officers and employees</td>
<td>61-10</td>
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<tr>
<td>*Town officers and employees</td>
<td>61-13</td>
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<td>*Elected officials</td>
<td>61-4</td>
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<td>*Compensation</td>
<td>55-4/55-1</td>
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<td>*Benefits</td>
<td>55-1</td>
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<td>*Salary Schedules</td>
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<th>Bulletins</th>
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<tr>
<td>*City and Town officers</td>
<td>March 2014</td>
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<tr>
<td>*Police and Fire</td>
<td>March 2014</td>
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## 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

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.
## Voucher No. Warrant No.

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**ON ACCOUNT OF APPROPRIATION FOR**

**COST DISTRIBUTION LEDGER CLASSIFICATION IF CLAIM PAID MOTOR VEHICLE HIGHWAY FUND**

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<th>Acct. No.</th>
<th>Account Title</th>
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**ACCOUNTS PAYABLE VOUCHER REGISTER**

**Governmental Unit**

**Agency**

For Period __________ to __________

Page _____ of _____ Pages

**General Form No. 294 (1977)**

<table>
<thead>
<tr>
<th>DATE FILED</th>
<th>VOUCHER NUMBER</th>
<th>NAME OF CLAIMANT</th>
<th>OFFICE, DEPARTMENT OR FUND</th>
<th>AMOUNT OF VOUCHER</th>
<th>AMOUNT ALLOWED</th>
<th>CHECK WARRANT NUMBER</th>
<th>MEMORANDUM</th>
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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: Uniform Internal Control Standards 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/

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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
### MILEAGE CLAIM

<table>
<thead>
<tr>
<th>Date of Trip</th>
<th>From</th>
<th>To</th>
<th>Distance Traveled</th>
<th>Nature of Business</th>
<th>Rate</th>
<th>Miles Traveled</th>
<th>Mileage Allowable</th>
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**Mileage Allowable**

- TOTALS

**Mileage Claim No.**

**Claim No.**

**Warrant No.**

**IN FAVOR OF**

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**On Account of Appropriation No.**

**Allowed**

in the sum of **$**

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**Disbursing Officer**

I have examined the within claim and hereby certify as follows:

- That it is in proper form.
- That it is duly authenticated as required by law.
- That it is based upon statutory authority.
- That it is apparently correct.

---

(Official Title)

**Filed**

---

**Warrant No.**

**IN FAVOR OF**

---

(Official Title)
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
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