

The background features a large, faint watermark of the Seal of the State Board of Accounts of Indiana. The seal is circular, with the words "STATE BOARD OF ACCOUNTS" around the perimeter and "INDIANA" at the top. In the center is a torch with a flame, surrounded by a wreath and a banner. The seal is rendered in a light gray color.

Internal Controls

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MANDATORY INITIAL STEPS

IC 5-11-1-27(g)

- Township Board required to adopt minimum standards
- Township Board required to ensure “personnel” are trained

IC 5-11-1-27(h)

- Trustee required to certify that Township Board adopted minimum standards
- Trustee required to certify that “personnel” are trained



INTERNAL CONTROL THEORY

Control Environment

Risk Assessment

Control Activities

Information and Communication

Monitoring



RISK ASSESSMENT

Review risks for common day to day areas:

Payment transactions

Recording transactions in ledger

Township Assistance transactions

Security of assets



CONTROL ACTIVITIES

Payment transactions:

Clerk gathers supporting documentation

Trustee reviews documentation and issues check

Township Board reviews vendor names to determine reasonableness

Recording transactions in ledger:

Clerk reviews deposit tickets and check copies to post in ledger

Trustee opens the bank statement and reconciles to ledger

Township Board President reviews the bank reconcilements and checks for any questionable reconciling items



MONITORING

Review control activities

Determine if policies and procedures are being followed

Determine if policies and procedures are sufficient to address the risk that was identified

Determine if changes in environment or individuals involved require further assessment of new risk areas



DOCUMENTATION

Write it down:

Write a narrative to document the Risk Assessment process and the results

Write down the policies and procedures adopted as control activities

Include “proof” that all individuals involved in the policies and procedures completed their tasks



SBOA EXPECTATIONS

What will the SBOA expect in future engagements?

Township Board ensures minimum standards have been adopted and personnel trained

Trustee certifications

SBOA will include a comment(s) in all reports

Show that Township has gone through the process of identifying risks and establishing control activities for significant areas

SBOA will consider a comment in report if Township can not provide information that they are moving towards instituting an Internal Control system