

SEGREGATION OF DUTIES

OCTOBER 2019 AUDITOR MEETINGS

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*

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*

ACCOUNTING PROCESS

- AUTHORIZATION
 - RECEIPTING OR DISBURSING
- CUSTODY
 - CUSTODIAN OF CASH AND INVESTMENTS
- RECORD KEEPING
 - FUNDS LEDGER – OFFICIAL RECORD
- RECONCILIATION
 - CASH BOOK AND BANK RECONCILIATION

AUDITOR

AUTHORIZATION

Receipting

Disbursing

RECORD KEEPING

Posting records



AUDITOR - Receipts

IC 36-2-9-12

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

AUDITOR

IC 36-2-9-15

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

TREASURER

CUSTODY

Bank Accounts

Investments

RECONCILIATION

Bank



TREASURER – RECEIPTS AND DISBURSEMENTS

- IC 36-2-10-9

- The Treasurer shall receive money to which the county is entitled and shall disburse it on warrants issued and attested by the county auditor.

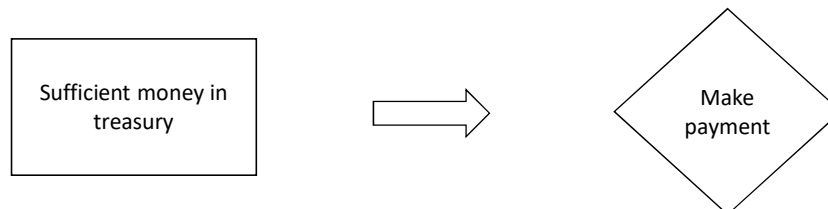


Treasury is the funds of the government

TREASURER - DISBURSEMENTS

- IC 36-2-10-11

- 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.



RECEIPTING

- **STEP 1 AUDITOR**
 - Prepares document that shows the date, funds credited, amount, person paying and source of payment
- **STEP 2 TREASURER**
 - Take the document prepared by the auditor
 - Count and receipt collections for deposit
- **STEP 3 AUDITOR**
 - Retain copy of treasurer's receipt
 - Issue final quietus to payer
 - Post to the funds ledger

ACH or ELETRONIC 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

DISBURSING

- STEP 1 AUDITOR
 - Audits claim/ invoices
- STEP 2 GOVERNING BOARD
 - Approves claim
- STEP 3 AUDITOR
 - Prepares warrant
- STEP 4 TREASURER
 - Determines Treasury has sufficient balance to pay and authorizes payment (check or electronic payment)
- STEP 5 AUDITOR
 - Post Disbursement to fund

SEPARATE ACCOUNTS

- IC 36-2-10-15
 - The treasurer shall maintain separate accounts of receipts and expenditures from each specific county fund
 - TREASURER'S FUND LEDGER
 - The treasurer shall maintain a general account of county receipts and disbursements.
 - CASH BOOK

OTHER CONSIDERATIONS

- Work together to provide accurate accounting for the county

Respect

Cooperation

Communication