

National Sexual Assault Coalition  
**reshāp** Resource Sharing Project  
 Working Together To End Sexual Violence

## Ensuring Accuracy in Your Finances: Internal Controls

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Policies & procedures

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## Our Conversation Today

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- What are they?
- Where do we begin?
- Simple Steps to Take
- Recognizing Internal Controls
- What if something goes wrong?

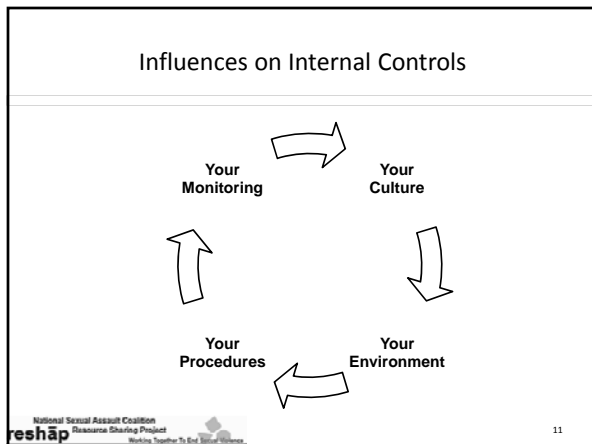
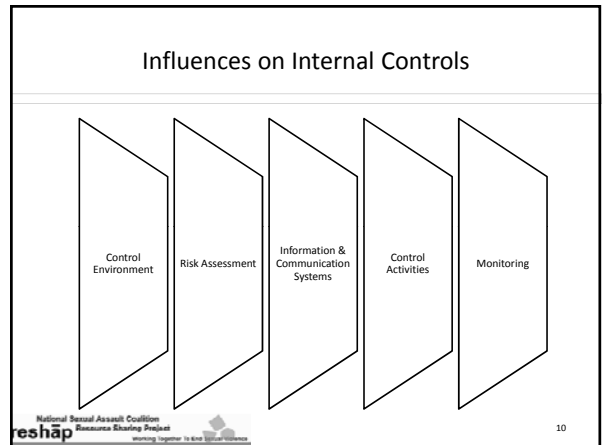
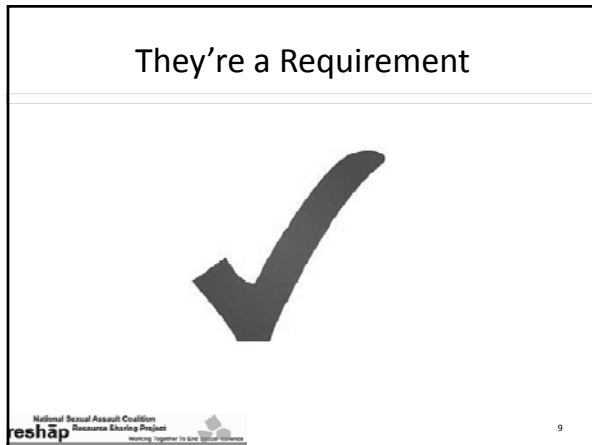
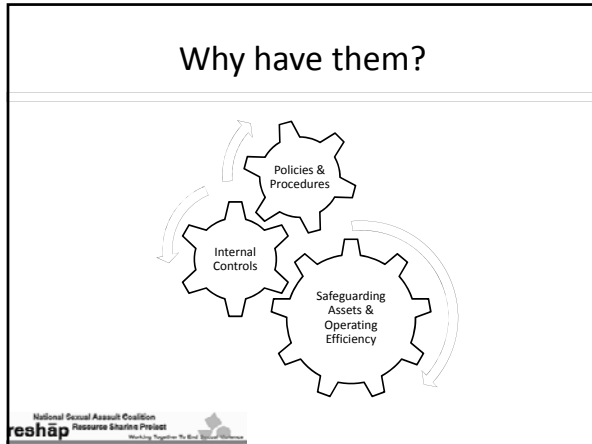
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## What are they?

“A process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of the entity’s objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.” - AU 314

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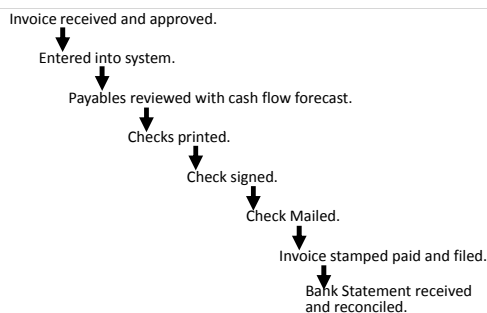
- ### Who is involved?
- Everyone
- Board: Approve and monitor
  - Management: Design
  - Staff: Implement
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## So, where do we begin?



- Think about your processes
- What are the steps involved?
- Who touches them?
- Who reviews each step?

## Process Mapping



## Segregation of Duties

“Financial transactions should not be handled by only one person from beginning to end. Different people should authorize payments, sign checks, record payments in the books and reconcile bank statements.”

## Segregation of Duties



## Process Table

Step	Who is involved	Check?
Invoices received	Receptionist	Bookkeeper
Invoice approved	Program manager	Check signer
Entered into system	Bookkeeper	
Payables reviewed	CFO	ED / Board
Checks Printed	Bookkeeper	CFO

## Processes Mapped

- Payables / Invoices received
  - Payroll
  - Vendors
- Revenue / Money received
  - Cash
  - Checks
  - Wire receipts
- Petty cash
- Fixed Assets



## Simple Steps to Take

- More than one check signer
- Payroll service
- Board review
- Think about your processes and define responsibilities – process map?

## More than One Check Signer

A blank check form with various fields. At the top left, it says "YOUR COMPANY NAME HERE". Below that is a field for "PAY TO THE ORDER OF" and a field for the amount "\$". There are also fields for "YOUR COMPANY NAME HERE" and "TOTAL DOLLARS". At the bottom, there is a MICR line: "⑆001537⑆ ⑆000000000⑆ ⑆00000000⑆".

## Payroll Service

A collage of images related to payroll. On the left, a portion of a payroll check is visible with a table of deductions:
 

Gross Pay	388.27
Amount	0.00
TAX'S	0.00
Table Pay	388.27
Tax	0.00
SP	0.00
CP	0.00
Net Pay	388.27

 On the right, there is a stack of US dollar bills, with a "SOCIAL SECURITY" card visible. At the bottom, the logos for ADP and PAYCHEX are displayed.

## Serious Board Review

- What financial statements does your board look at?

## Serious Board Review

- What financial statements does your board look at?
- Budget to Actual for year
  - Requires doing a month-to-month budget
- Projections
- Balance Sheet
- Cash flow

## Serious Board Review

- How often does your board review financial statements?

BOARD GOVERNANCE

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## Let's Play a Game

TRUE  
 FALSE

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## Is it or Isn't it?

True or False: The following represents a good internal control?

An accounting policies and procedure manual should be reviewed and revised annually?

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## Is it or Isn't it?

True or False: The following represents a good internal control?

To create efficiency, the same person may authorize an expense and sign a check?

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## Is it or Isn't it?

True or False: The following represents a good internal control?

Employment records for each employee should include detail wage rates, benefits, tax rates, and other pertinent information?

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## Is it or Isn't it?

True or False: The following represents a good internal control?

Checks should never be signed before they have been completely filled out.

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### Is it or Isn't it?

True or False: The following represents a good internal control?

There is a limit to the amount of cash that can be reimbursed through the petty cash account.

### Is it or Isn't it?

True or False: The following represents a good internal control?

Approved invoices can have checks signed and waiting for better cash flow before being mailed.

### Is it or Isn't it?

True or False: The following represents a good internal control?

Fixed assets should be reviewed and adjusted every other year.

### Is it or Isn't it?

True or False: The following represents a good internal control?

Reimbursement forms from the Executive Director should be reviewed and approved by a board member.

### Is it or Isn't it?

True or False: The following represents a good internal control?

Pin numbers for bank accounts should be kept in the file cabinet under "P"


### Is it or Isn't it?

True or False: The following represents a good internal control?

All time sheets should be signed by employees, reviewed, and signed by their immediate supervisors.

### Additional Steps for Internal Controls

- Personnel Policy
  - Defined hiring and firing policy
- Accounting Policies and Procedures
- Training / Professional Development
- Encourage Vacations



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### What to do when “something goes wrong?”

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### What to do when “something goes wrong?”

Isolate  
Investigate  
Act  
Communicate

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### Quick summary

<p>1. Designed to protect Assets</p> 	<p>2. Think about your processes. What are the checks and balances?</p> 
<p>3. Use common sense</p> 	<p>4. Implement, monitor and enforce</p> 

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