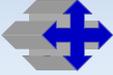


Discussion Item

Framework for Internal Control

Presented By



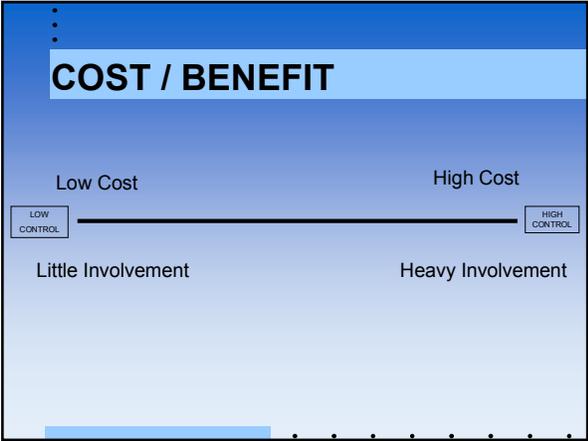
Government Financial Solutions, Inc.

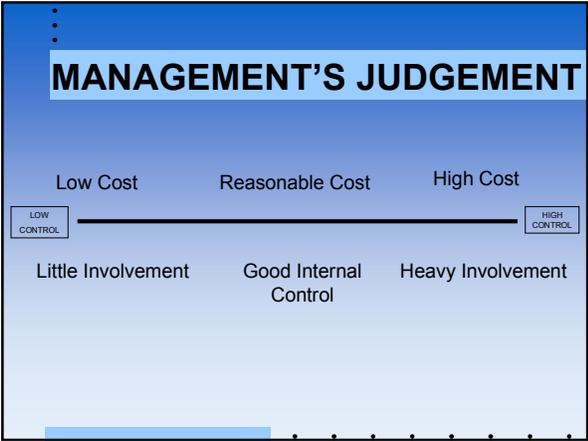
OBJECTIVES

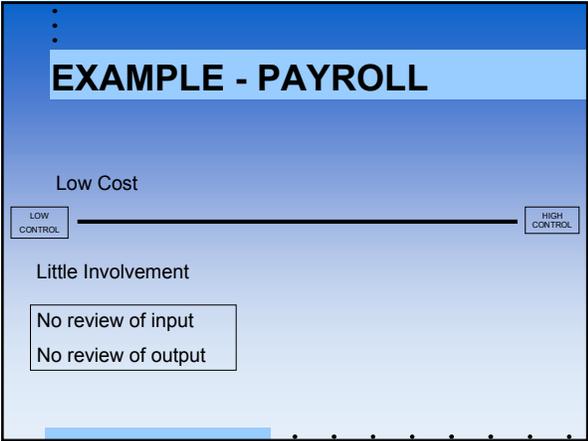
The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

RESPONSIBILITIES

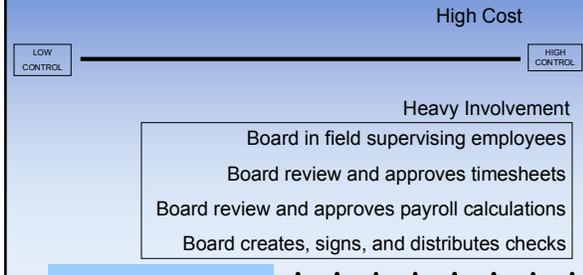
Management is responsible for establishing and maintaining effective internal controls. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the controls.







EXAMPLE - PAYROLL (CONT)



EXAMPLE - PAYROLL (CONT)



PURCHASING AREA

Estimates and judgments by management are required to assess the expected benefits and related costs of the controls.

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PURCHASING AREA (CONT)

Appropriate levels of oversight are needed for each of the participants in the purchasing process. Oversight should include both purchasing and disbursements.

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PURCHASING AREA (CONT)

Example (purchasing):
Board approves all POs over \$50,000
Executive Director approves all POs between \$2,000 and \$50,000
Supervisors approve all POs under \$2,000

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PURCHASING AREA (CONT)

Example (disbursements):
Board signs all checks over \$5,000
Executive Director signs checks under \$5,000

Note: payroll is processed by ADP and therefore, no checks are actually signed by anyone from SEMSWA.

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PURCHASING AREA (CONT)

Use of purchasing cards can facilitate ease of purchasing as well as enhance internal control. Features include:

- Individual card limits
- Limits on vendors by card
- Supervisory review and approval
- Just like using VISA

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BOARD FEEDBACK

Board ideas and concerns?
