10 Minute Supervisor Training September 2026

Internal Control Essentials

Internal controls are policies, procedures and systems an organization implements to safeguard assets, ensure accurate financial reporting, and promote regulatory compliance. These mechanisms deter fraud, reduce errors, and ensure operations run efficiently.

Why should districts have internal controls in place?

- Districts who have strong internal controls are less likely to suffer from theft, asset misuse or unnoticed accounting mistakes.
- Districts who have strong internal controls ensure they are adhering to all their mandates and deadlines.
- Districts who have strong internal controls know that their financial data is correct and can be relied on for decision making.

What kind of internal controls should districts have?

- Preventative controls – These are measures that should stop errors and fraud before it happens.
- Detective controls – These are measures that should catch issues after they occur.
- Corrective controls – These are measures that are taken to fix the root causes found by the detective controls.

Preventative controls

Districts should have a written policy regarding purchasing. Each district should decide for themselves what purchases require prior approval by the board. For example, who can purchase items? Is there a dollar limit to how much can be spent? Are there certain stores that should be used? Each district should also have a written policy regarding confirmation of all purchases. For example, who is looking at the invoices to be sure the amount paid is correct? Who is looking at the receipts to be sure that all the items purchased were for district use?

Although segregation of duties cannot be accomplished by district employees in most districts, this doesn't mean that it isn't a needed preventative control. A second person, likely the treasurer or board chair, should be reviewing the district's receipts and deposits. It is not good practice for only the district employee to handle all the district's funds.

Districts should also have physical controls in place to protect the district's assets. The district may have areas of the office which should stay locked. Funds received by the district should be kept in a locked drawer or safe. Passwords should not be written down on a note on the desk. The authorized check signers should NEVER sign blank checks. The district should not have signature stamps.

Detective controls

Every district account should be reconciled at least every month. This reconciliation should include checking the bank statements against the district's QuickBooks or Quicken accounts. It should also include comparing receipts and invoices against the accounting records and the bank statements to be sure that they match as well.

Districts should be regularly comparing what has actually been received and spent to what was expected to be received and spent. Has the district spent a lot more this month than it has during this month in previous years? Have we had some expenses that we weren't expecting and therefore didn't budget for? Have all these expenses been approved by the board? Is there a reason we haven't received a deposit that we should have already received?

Corrective controls

When something has gone wrong, the district needs to spend some quality time figuring out how it went wrong and how the district can ensure that it doesn't happen again. This might include updating entries in the accounting software with notes explaining the issue. It might include requiring training for district employees and/or supervisors. It might include voting to adopt new preventative controls. It might include changing the person who is responsible for something.

Trust, but verify

District supervisors should trust that the district employee is doing what they should be doing. And the district employee should trust that the district supervisors are doing what they should be doing. Both should be taking the time to verify that this is the case. A system of checks and balances allows the district to ensure that they are taking care of the public's funds to the best of their ability, which in turn allows the public to know that they have elected the right people to represent them.