Internal Financial Controls Checklist for Municipalities

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The Internal Financial Controls Checklist for Municipalities was created to help VLCT members apply government accounting principles to assess and improve the accuracy, transparency, and security of municipal finances and assets. This document is meant to be used by municipal officials whose responsibilities include oversight and handling of municipal assets as well as accounting for municipal finances. Ideally, this checklist will be used by all such officials, working together to assess the dependability of the town's financial record keeping and reporting.

Even though state law does not mandate the implementation or use of internal financial controls, from an accounting and risk management standpoint, it is considered best practice for each municipality to have an internal control system in place. As such, internal controls may vary significantly from municipality to municipality. Controls in small towns with few employees will naturally be different from controls in larger towns that have more employees in the financial function. However, the standards of any internal control system are generally the same. In the municipal context, internal controls help to assure that public funds are administered and expended in compliance with applicable statutes and regulations; that funds are used for purposes for which they were authorized and intended; and that there is accurate reporting regarding the use of those funds.

Disclaimer: This resource was created by Municipal Assistance Center attorneys but it is only intended to provide information and it does **NOT** constitute legal advice. Readers with specific legal questions are encouraged to contact an attorney. The use or downloading of this resource does **NOT** create an attorney-client relationship and will not be treated in a confidential manner.

If you have additional questions about this resource, please contact a MAC attorney by using the Ask a Question button to submit them.

Ask a Question(opens in a new tab)

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