## Kentucky Local Health Departments

## INTERNAL CONTROLS PROGRAM GUIDELINES

The following outline should be used to assist with the development of an internal control manual for each health department. **This outline is not all-inclusive**. LHDs may also reference the [Finance and Administration Cabinet](https://finance.ky.gov/Pages/default.aspx) website for [Cash Handling procedures](https://finance.ky.gov/services/policies/Documents/FAP%20120-24-00.pdf).

**INTERNAL CONTROL PROGRAM OUTLINE**

**Purpose:**

To establish goals of the XXXXX Health Department’s Internal Control Program, to identify written policies that exist to demonstrate accountability, to ensure efficient financial and operational management, and to assure the security of resources.

**Internal Control Policy:**

The XXXXX Health Department will have an effective Internal Control Program in place to protect public funds, public property, and provide assurance to the XXXXX Board of Health and the citizens of XXXXX County/District that operations are in accordance with legal, regulatory, ethical, and generally accepted accounting practices and the requirements of the Kentucky Department for Public Health.

**Procedure:**

1. The XXXXX Health Department adheres to the policies and procedures outlined in the “Administrative Reference for LHDs in Kentucky (AR)”, dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, including collective updates and changes. XXXXX HD will adhere to revisions of this Administrative Reference (AR) and new and revised KARs/KRSs. The DPH ADMINISTRATIVE REFERENCE (AR) for LHDs creates uniformity in operations of Kentucky’s LHDs by presenting standard guidelines, chart of accounts, a cash accounting system, and budgeting processes that are mandated by state regulations.

2. XXXXX HD meets all applicable federal regulations governing programs it operates.

3. The Internal Control Program has XXXX goals. Each of the individual policies that make up the Internal Control Program will be developed, reviewed annually, and revised keeping these goals in mind.

The program is meant to:

* + - * 1. Safeguard the assets of the Health Department;
        2. Promote operation efficiency by serving as a guidebook;
        3. Check accuracy and reliability of systems data; and
        4. Ensure adherence to prescribed managerial policies.

4. XXXXX Health Department’s internal control procedures will allow for proper receipt of revenues and proper payment of all necessary, approved expenditures. It will also help prevent and detect errors, fraud, or unnecessary losses.

5. The LHD Internal Control Program should be a standard guide to instruct employees in proper internal procedures. The internal control program should be tailored to fit the needs of the XXXXX Health Department.

6. The LHD Internal Control Program is a subset of the general policies and procedures of the XXXXX Health Department. The annual review/revisions will be presented to the XXXXX County/District Board of Health for approval. The LHD Internal Control Program consists of the following individual policies: *(Each LHD should, at minimum, include policies for the items shown below. Additional policies should be added as needed by the LHD.)*

1. Internal Security Program – General Overview (Review the LHO Section of AR for guidance).
2. Board of Health – Lists oversight responsibilities.
3. Organization Chart – Lists chain of command.
4. Policies and Procedures.
5. Closing Office, End of Day – Building security.
6. Chart of Accounts
7. Board Approval of Operating Budget – Board oversight.
8. Financial Reporting.
9. Insurance and Fidelity Bonds – To protect assets.
10. Cash Management, Bank Accounts, Deposits, and Security of Funds.
11. Checks and Authorized Signatures – Controls over check disbursements.
12. Segregation of Key Duties – Separation of functions.
13. Annual Audit
14. Petty Cash and Change Funds – Controls over cash.
15. Payroll and Timesheets – Controls over payroll.
16. Travel and Other Related Expenses – Controls over travel.
17. Accounts Payable
18. Home Health Revenue Procedures – Controls over Home Health receipts.
19. Environmental Fee Revenue Procedures – Controls over Environmental receipts.
20. Clinic Revenue Procedures – Controls over clinic receipts.
21. Timed Deposits – Controls over CDs, savings and investment instruments.
22. WIC Voucher Distribution – Controls over WIC vouchers.
23. Purchase Procedures – Controls over who can purchase, how, etc.
24. Supply Inventories – Controls over supply inventories.
25. Equipment Inventory – Control over equipment.
26. Aspects of Internal Controls Pertaining to Human Resources/Personnel.
27. Contracts and Contractual Services – Controls over contracts.
28. Purchase Orders (POs) – Controls over processing POs.
29. Telephones and Fax Machines.
30. Cellular Phones
31. Pagers
32. Tablets/Electronic Devices
33. Website development and maintenance
34. Fleet Automobiles
35. Red Flag
36. The Health Insurance Portability and Accountability Act ([HIPAA](https://www.hhs.gov/hipaa/for-professionals/security/laws-regulations/index.html))
37. Limited English Proficiency ([LEP](https://www.hhs.gov/civil-rights/for-individuals/special-topics/limited-english-proficiency/index.html))