



TOIRMA Update

By Jim Donelan

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Township Boards are the Financial Check and Balance for Townships

EACH LOCAL GOVERNMENT in Illinois has an official or officials with financial responsibilities for their particular governmental unit. For townships, a significant amount of financial obligation lies with the township supervisor, who by Illinois law is the treasurer of the township and road district funds. A check is not even valid for payment by a township or township road district unless the supervisor signs the check. In addition, each supervisor is required to be bonded by Illinois law. For TOIRMA members, the good news is that this bond is a part of your coverages.

A risk management program is a system for planning, organizing, leading, and controlling the resources and activities that an organization needs to protect itself from the adverse effects of losses.¹ A key part of TOIRMA's risk management approach is to equip our members with the tools and knowledge that will result in reducing the effects of potential losses. These, at times, can be fiduciary in nature, and we are in need of your ongoing attention to these matters.

As stated above, the township supervisor is the treasurer for townships and his or her signature is required on all checks in order for them to be valid. However, it is the duty of the township board to be the financial watchdog for the township and road district. In fact, at one time township trustees were called township "auditors." Although the title changed, the primary duties have not.

The township board is specifically responsible for examining each proposed expenditure or bill by asking the following questions.

1. Is the order/warrant being drawn from the proper fund (in line with the adopted budget and appropriation ordinance)?
2. Are there funds available to pay the expenditure?

Trustees should feel free to ask questions during board meetings.

If the answer to either of these two items is "no," then the board should not approve the expenditure. If the answer to both is "yes," then the board should approve the expenditure for payment. The supervisor would then sign the check and it can be sent for payment.

Although highway commissioners are not technically a part of the township board, we strongly encourage commissioners to ask any financial questions they may have at township board meetings. This is a financial best practice to understand the purpose and legitimacy of each expenditure prior to granting approval.

Thank you for your attention to these financial matters and for helping us manage risk.

If you have any further questions regarding the above topic, please feel free to contact me at (888) 562-7861, or by e-mail at jdonelan@toirma.org.



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