Ordinance No. 2016-11
An Ordinance for Compliance with the
Uniform Internal Control Standards for Indiana Political Subdivisions

WHEREAS, in 2015 the Indiana Legislature passed, and the Governor signed, P.L. 184-2015;

WHEREAS, after June 30, 2016 and thereafter, IC 5-11-1-27(g) requires the town council ensure that the acceptable minimum level of internal control standards and internal control procedures for internal control systems of political subdivisions, developed by the State Board of Accounts and approved by the Audit and Financial Reporting Subcommittee of the Legislative Council established by IC 2-5-1.1-6.3, is adopted and that the appropriate personnel under IC 5-11-1-27(c) are trained upon such;

WHEREAS, the minimum level of internal control standards and procedures of the town must include the following: (1) Control Environment (2) Risk Assessment (3) Control Activities (4) Information and Communication and (5) Monitoring;

WHEREAS, the (1) Control Environment refers to the demonstration of a commitment of the town to (a) integrity and ethical values, (b) oversight of the internal control system, (c) establishment of an organization structure that oversees the operations, reporting and compliance of the objectives of the internal controls system, (d) attracting developing and retaining competent individuals and (e) evaluating performance and holding individuals responsible for internal control duties and responsibilities;

WHEREAS, the (2) Risk Assessment refers to the process that identifies and assesses internal and external risks and establishes tolerances of the town sufficient to (a) enable the identification of risks and the amount of risks tolerated, (b) identify, analyze and respond to risks, (c) consider the potential for fraud in the risk assessment process and (d) identify, analyze and respond to significant changes impacting the internal control system;

WHEREAS, the (3) Control Activities refers to the town actions and tools established through policies and procedures that go towards the detection, prevention or the reduction of identified risks of loss while still providing government operations by (a) designing control activities, (b) designing information systems and (c) implementing policies;

WHEREAS, the (4) Information and Communication refers to the internal and external communication needed to support and internal controls system that is valued and used by (a) receiving quality information, (b) internally communicating quality information and (c) externally communicating quality information;

WHEREAS, the (5) Monitoring Activities refers to the activities of the town officials to see that all of the components of the internal control system that meet or exceed the standards herein are functioning properly by (a) establishing and operating monitoring activities and then evaluating them on an ongoing or periodic basis and (b) the timely remediation of deficiencies;

WHEREAS, the municipal legislative body to ensure that these minimum standards and procedures are met or exceeded needs to adopt a policy that at least includes the requirements set forth in IC 5-11-1-27 and also the approved compliance guidelines of the State Board of Accounts dated September 2015 that is reasonable for the town of its size and the size of its government;

WHEREAS, the standards listed are considered in light of the operations objectives, the reporting objectives and the compliance objectives of the town in performing certainly its financial activities of governance but also the other governmental activities;

WHEREAS, because governments vary in size and complexity, there is no single method or set of internal control policies and procedures that is applicable; and

WHEREAS, after thoughtful consideration and in order to comply with IC 5-11-1-27 and the guidelines, the town believes it is in the best interests of its citizens to adopt as its policy the minimum requirements of IC 5-11-1-27 and implement it in the manner stated below;

NOW, THEREFORE, THE TOWN COUNCIL OF THE TOWN OF CORYDON, HARRISON COUNTY, INDIANA ORDAINS AS FOLLOWS:

1. The town finds that its mission as related to an internal control system is as follows:

    1) Provision of a democratic governmental structure at the grassroots level;
    2) Provision of services as determined through the political process including but not limited to, police, fire, streets, roads, economic development, and parks;
    3) Promotion of government efficiency, accountability, reliability and transparency; and
    4) Promotion of safeguards to reduce the risk of loss due to fraud, waste, abuse, mismanagement or errors.

2. The town finds that its interrelated and often overlapping objectives as related to an internal control system are as follows:

    1) Operations Objectives which involve the ways governmental services are performed and the performance of those providing governmental services including by way of example budgeting, purchasing, permitting, cash management and planning among others.
    2) Reporting Objectives which involve the filing of financial and non-financial information to those inside the government and those outside of the government including by way of example filing the annual report, audit and examination cooperation, filing uniform conflict of interest forms and the other filings with any governmental agency or official or information required to be kept such as an OSHA log and responding to a public records request among others.
    3) Compliance Objectives involve the adherence to law and regulations, including by way of example following guidance documents such as the State Board of Accounts' manuals, bulletins, directives and the Department of Local Government Finance's forms and directions and including other outside of government trainings and documents such as the Indiana Association of Cities and Towns (IACT) and the Indiana League of Municipal Clerks and Treasurers, among other, as appropriate for the town.

3. The town adopts and directs the minimum level of internal control standards and internal control procedures for an internal control system that includes the following five (5) standards to promote government accountability and transparency as described in the Uniform Internal Control Standards for Indiana Political Subdivisions guidance document from the State Board of Accounts dated September 2015 and as thereafter modified:
        a) Control Environment.
        b) Risk Assessment.
        c) Control Activities.
        d) Information and Communication.
        e) Monitoring.

4. The town adopts and directs the following principles in explanation of the pertinent standards above be followed at all levels of the town government:

1) Control environment:

   a) The oversight body and management demonstrate a commitment to integrity and ethical values.
   b) The oversight body oversees the town's internal control system.
   c) Management establishes an organizational structure, assigns responsibility and delegates authority to achieve the town's objective.
   d) Management demonstrates a commitment to attract, develop and retain competent individuals.
   e) Management evaluates performance and holds individuals accountable for their internal control responsibilities.

2) Risk Assessment:

   a) Management defines objectives clearly to enable the identification of risks and defines risk tolerances.
   b) Management identifies, analyzes and responds to risk related to achieving the defined objectives.
   c) Management considers the potential for fraud when identifying, analyzing and responding to risks.
   d) Management identifies, analyzes and responds to significant changes that could impact the internal control system.

3) Control Activities:

   a) Management designs control activities to achieve objectives and respond to risks.
   b) Management designs the town's information system and related control activities to achieve objectives and respond to risks.
   c) Management implements control activities through policies.

4) Information and communication:

   a) Management uses quality information to achieve the town's objectives.
   b) Management internally communicates the necessary quality information to achieve the town's objectives.
   c) Management externally communicates the necessary quality information to achieve the town's objectives.

5) Monitoring:

   a) Management establishes and operates monitoring activities to monitor the internal control system and evaluate the results.
   b) Management remediates identified internal control deficiencies on a timely basis.

5. The town adopts the internal control standards above so as to establish an effective internal control system for the town through its design, implementation and operation.

6. The town directs that the above standards be used to design, implement, operate and modify current operations, reporting and compliance objectives that will safeguard the assets of the town, promote reliability, accountability and transparency of financial and non-financial information and to assure compliance with laws and regulations for each office, department and personnel (as defined below) for an effective and reasonable internal control system of the town.

7. The town authorizes the Clerk/Treasurer, the council president, the police chief (Fiscal Committee) together with the advice of the town attorney to review the current internal control system of the town and adopt a policy for the future internal control system, subject to the approval of the town council, to be effective after June 30, 2016 and perform an annual review, or more if determined necessary for compliance with this ordinance.

8. The personnel, whether an official or employee, of the town whose official duties include receiving, processing, depositing, disbursing, or otherwise having access to funds that belong to the federal government, state government, a political subdivision, or another governmental entity shall comply with these minimum internal control standards and procedures and any other policy regarding standards and procedures determined necessary by the town now and as modified in the future.

9. The personnel of the town, both elected and appointed, whose official duties include receiving, processing, depositing, disbursing, or otherwise having access to funds that belong to the federal government, state government, a political subdivision, or another governmental entity shall be trained at least once during a calendar year and annually thereafter, unless on leave status, on the minimum internal control standards and procedures and any other standards and procedures determined necessary by the town and shall cooperate with the town fiscal officer or designee so that the fiscal officer can timely certify to the State Board of Accounts that the training was received annually by the personnel as provided by law.

10. The town authorizes the Fiscal Committee, subject to the approval of the town council, to determine the position and person who are the personnel referred to in sections 8 and 9 above and notify such personnel.

11. The town council delegates to the Fiscal Committee, subject to town council approval, the authority and/or duties including creating the internal control systems policy.

12. All elected and appointed officials and employees of the town are hereby directed to abide by and to cooperate fully in the implementation of the internal control system of the town.

13. An employee who fails to abide by or cooperate with the implementation, compliance and certifications connected with the Internal Control System commits a violation of and may result in the discipline, including termination, of the employee.

14. An elected or appointed official of the town who fails to abide by or cooperate with the implementation and the mandated certifications of the Internal Control System may be subject to any action allowed by law.

15. This Ordinance may be implemented by any and all of the following actions or such others as authorized by this Council: a) posting a copy of this Ordinance in its entirety in at least one of the locations in the town where it posts employer posters or other notices to its employees; b) providing a copy of this Ordinance to its employees and elected and appointed officials; c) providing or posting a notice of the adoption of this Ordinance; or d) any such other action or actions that would communicate the policies established by this Ordinance to its employees and elected and appointed officials.

This Ordinance is hereby adopted at the duly noticed and regularly scheduled meeting of the Corydon Town Council held this 11th day of July, 2016 and is made retroactive to July 1, 1016.

AYE	NAY
Eva S North	
John [illegible]	
Roger L. McGraw	
Mark L. Parks	

Passed and adopted this 11th day of July, 2016.

Eva S North

Eva Bates North,
Town of Corydon Council President

ATTEST:

Tregala M. King

Tregala M. King,
Town of Corydon Clerk-Treasurer