

**FCO 2016-14**

**An Ordinance for Compliance with the Uniform Internal Control Standards for  
Indiana Political Subdivisions in accordance with IC 5-11-1-27  
Effective July 1, 2016**

Whereas, in 2015 the Indiana Legislature passes, and Governor signed, P.L.184-2015;

Whereas, after June 30, 2016 and thereafter, IC5-11-1-27(g) requires the Floyd County 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 Floyd County 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 Floyd County for (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) attaching developing and retaining 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 Floyd County 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 Floyd County actions and tools established through policies and procedures that go toward 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 communications needed to support an 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 Floyd County 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 Floyd County 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 of Floyd County 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, Floyd County 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 Floyd County states as follows:

1. The County finds that its mission as related to an internal control system is as follows:
  - a. Provision of a democratic governmental structure at the grassroots level;
  - b. Provision of services as determined through the political process including but not limited to the recycling services that the County provides;
  - c. Promotion of government efficiency, accountability, reliability and transparency; and
  - d. Promotion of safeguards to reduce the risk of loss due to fraud, waste, abuse, mismanagement or errors.
  
2. The County finds that its interrelated and often overlapping objectives as related to an internal control system are as follows:
  - a. 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.
  - b. 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 amount others.
  - c. 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 IACT among others.
  
3. The County 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:
  - (1) Control Environment.
  - (2) Risk Assessment.

- (3) Control Activities.
  - (4) Information and Communication.
  - (5) Monitoring.
4. The County adopts and directs the following principals in explanation of the pertinent standards above be followed as all levels of Floyd County government:
- (1) Control Environment:
    - a. The oversight body and management demonstrate a commitment to integrity and ethical values.
    - b. The oversight body oversees the County's internal control system.
    - c. Management establishes an organizational structure, assigns responsibility and delegates authority to achieve the County objectives.
    - 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 County 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 County's objectives.
    - b. Management internally communicates the necessary quality information to achieve the County's objectives.
    - c. Management externally communicates the necessary quality information to achieve the County's objectives.
  - (5) Monitoring:
    - a. Management establishes and operated 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 County adopts the internal control standards above so as to establish an effective internal control system for the County through its design, implementation and operation.
6. The County 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 County, 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 County.

7. The County authorizes the Board of Commissioners to review the current internal control system of the County and adopt a policy for the future internal control system to be effective after June 30, 2016 and perform an annual review, or more if determined necessary for compliance with this resolution.
8. The personnel, whether an official or employee, of the County whose official duties include receiving, processing, deposition, 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 County now and as modified in the future.
9. The personnel of the County whose official duties include receiving, processing, deposition, 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 minimum internal control standards and procedures and any other standards and procedures determined necessary by the County and shall cooperate with the County 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 County authorized the Board of Commissioners to determine the position and person who are the personnel referred to in section 8 and 9 above and notify such personnel.
11. The Board of Commissioners/or their designee will perform all the internal control system activities/duties. The Floyd County Board of Commissioners constitutes "management".
12. All elected and appointed officials and employees of the County are hereby directed to abide by and to cooperate fully in the implementation of the internal control system of Floyd County.
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 County 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 Board: a)posting a copy of this Ordinance in its entirety in at least one of the locations in the County where it posts employer posters or 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 the 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.

So Ordained this 20<sup>th</sup> day of September, 2016.

Board of Commissioners of the County of Floyd.

  
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Stephen Bush, President

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Mark Seabrook

  
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Charles Freiberger

ATTEST   
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Scott Clark, Auditor