

ORDINANCE 816

AN ORDINANCE BY THE TOWN COUNCIL OF THE TOWN OF OGDEN DUNES, INDIANA ESTABLISHING INTERNAL CONTROL STANDARDS AND ESTABLISHING A MATERIALITY THRESHOLD

WHEREAS, Indiana Code 5-11-1-27 requires all Indiana political subdivisions to adopt minimum levels of internal control standards developed by the State Board of Accounts as published in the Uniform Internal Control Standards for Indiana Political Subdivisions prior to June 30, 2016, and

WHEREAS, the Ogden Dunes Town Council has reviewed the proposed internal control standards and materiality threshold and recommends adoption of same.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF OGDEN DUNES, INDIANA, THAT:

Section 1 The Town of Ogden Dunes, Indiana hereby adopts the Internal Control Policy attached hereto and incorporated herein as Exhibit A.

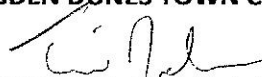
Section 2 The Clerk-Treasurer's office is directed to ensure that all personnel receive training concerning the internal control procedures adopted and approved herein.

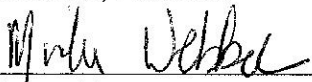
Section 3 The Town of Ogden Dunes, Indiana hereby adopts a materiality threshold of \$100 for purposes of the internal control procedures adopted and approved herein. The materiality threshold policy is attached hereto and incorporated herein as Exhibit B.

Section 4 This ordinance shall be in full force and effect from and after its passage and adoption as required by law.

ALL OF WHICH IS PASSED AND ADOPTED by the Town Council of the Town of Ogden Dunes, this 5th day of JULY, 2016.


OGDEN DUNES TOWN COUNCIL


Tim Nelson, President


Mike Webber


Kathy Kniola


Scott Lehmann


Nate Ball

ATTEST:


Jean Manna, Clerk-Treasurer

INTERNAL CONTROL POLICY

EXHIBIT A OF ORDINANCE 816

WHEREAS, after June 30, 2016 and thereafter, IC 5-11-1-27(g) requires the Ogden Dunes 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 of Ogden Dunes 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 of Ogden Dunes 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 of Ogden Dunes 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 of Ogden Dunes 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 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 the Town of Ogden Dunes 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;

The Town of Ogden Dunes adopts and directs the minimum level of internal control standards and internal control procedures for an internal control system that includes the above 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.

The personnel, whether an official or employee, of the Town of Ogden Dunes whose official duties include receiving, processing, depositing, disbursing, or otherwise having access to funds or assets belonging to the Town of Ogden Dunes shall comply with these minimum standards and procedures and any other policy regarding standards and procedures determined necessary by the Town of Ogden Dunes now and as modified in the future.

The personnel, whether an official or employee, of the Town of Ogden Dunes whose official duties include receiving, processing, depositing, disbursing, or otherwise having access to funds or assets belonging to the Town of Ogden Dunes 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 of Ogden Dunes and shall cooperate with the Town of Ogden Dunes 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.

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

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

An elected or appointed official of the Town of Ogden Dunes 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.

This policy has been implemented by the following actions: (a) posting of the policy and Ordinance 816 to the Town's official website (www.ogdendunes.in.gov) and providing a copy of this policy and Ordinance 816 to all responsible employees and elected and appointed officials.

The following specific internal control policies are adopted for use by the Town of Ogden Dunes:

PAYROLL ACTIVITIES

1. All timecard records will be approved by department heads and submitted to the Deputy Clerk-Treasurer for processing. Should the Deputy Clerk-Treasurer find any inaccuracies in the timecards, a clarification will be requested of the department head.
2. Hours worked and wage rates are verified by department heads. The Deputy Clerk Treasurer will check all time cards to verify the accuracy of the calculated total hours and verify that the wage rates are consistent with the latest approved Town salary ordinance.
3. Payroll checks are to be signed by the Clerk-Treasurer and payroll claims must be signed by a minimum of three Town Council members and the Clerk-Treasurer.
4. All payroll checks must be accounted for in numerical order. The Deputy Clerk-Treasurer will submit check numbers used each month to the Clerk-Treasurer for numerical verification.
5. Blank payroll checks are kept in a locked file cabinet and keys are kept in the possession of the Deputy Clerk-Treasurer. In addition, all employee files are also kept in a locked file cabinet with the Deputy Clerk-Treasurer having access.
6. The responsibilities for hiring, terminating and approving promotions are segregated from those preparing payroll transactions or inputting data.
7. Access to payroll software is appropriately controlled by user logins and passwords.

8. Changes to a payroll disbursement are approved by an individual other than the ones authorized to process the changes.
9. Payroll checks are accounted for in numerical order and reconciled to the payroll check register.
10. Unclaimed payroll checks are returned to the Clerk-Treasurer via the department head.

DISBURSEMENT ACTIVITIES

1. The responsibility for approving claims must be segregated from those preparing claims. The Deputy Clerk-Treasurer shall prepare the claims for signature and in turn the Town Council and Clerk-Treasurer will sign off on all claims.
2. Checks are to be signed by an individual other than the person preparing them. All checks are signed by the Clerk-Treasurer while the Deputy Clerk-Treasurer prepares the checks for signature. In the absence of the Clerk-Treasurer, the Deputy Clerk-Treasurer has the authority to sign checks; however, the claims will still be approved by a minimum of three Town Council members and the Clerk-Treasurer.
3. All claims issued for payment must be for lawful Town business only. All claims for payment must be reviewed and approved by a minimum of three Town Council members before payment can be made. However, the Deputy Clerk-Treasurer is instructed to follow Section 33.01 of the Ogden Dunes Town Codes which lists those claims which may, if necessary, be paid in advance of the Town Council signatures.
4. The responsibility for acknowledging the receipt of goods or services is segregated from those preparing claims and writing checks. Department heads will sign off on all invoices acknowledging the goods or services have been received and the Deputy Clerk-Treasurer will in turn process the checks.
5. Invoices or other receipts are attached to each claim to support the disbursement.
6. Access to disbursement software is appropriately controlled by the user logins and passwords.
7. The Deputy Clerk-Treasurer upon completion of the disbursement process (claims and checks) supplies the Clerk-Treasurer with all information necessary to compare supporting documentation to each claim and verify the amount of the check.

CREDIT CARD TRANSACTIONS

1. The Ogden Dunes Town Codes, specifically Section 33.03, describes the Town's policy regarding credit card use.
2. The Deputy Clerk-Treasurer will review all credit card statements and attach all supporting documentation before payment is made.
3. All invoices filed in connection with the use of the credit card must be itemized before being approved and paid.
4. When the purpose for which the credit card has been accomplished, and/or the card is no longer necessary, said card must be maintained in a secure manner.

RECEIPTING CASH AND CHECKS ACTIVITIES

1. The responsibility for collecting money and issuing receipts is to be segregated from those preparing the monthly bank reconciliation. In most cases, the Police Clerk will collect and receipt all cash and checks. The Police Clerk is responsible for incoming mail and will receipt all checks before they are passed on to the Deputy Clerk-Treasurer. The Police Clerk will tally and record the day's revenue and deposit it into a locked cash box. The Deputy Clerk-Treasurer will in turn retrieve the revenue and prepare the bank deposit slip.
2. Pre-numbered receipts are issued for all money collected and the duplicate receipt is retained for audit purposes.
3. Posting of receipts to the ledger is completed by the Deputy Clerk-Treasurer and the collection and issuing of receipts is performed by the Police Clerk.
4. The billing process is completed by an individual other than the one who collects cash payments from customers. The Police Clerk collects payments and the Deputy Clerk-Treasurer performs the billing process.
5. The Deputy Clerk-Treasurer will supply the Town Council and the Clerk-Treasurer with monthly statements indicating all fund balances.
6. Receipts must indicate the type of payment received (cash, check, etc.) which is then reconciled to the make-up of the bank deposit.

EMPLOYEE SURETY BONDS

All employees handling cash or checks for the Town must be bonded. Currently, the Police Clerk, Deputy Clerk-Treasurer and Clerk-Treasurer have bonds through the Town's insurance company.

TRAINING CERTIFICATION

An internal control training certification form shall be completed for elected officials and employees affected by this ordinance. Both the Adoption of Standards Certification form and the Training of Personnel Certification form shall be filed electronically with the State Board of Accounts at the same time as the annual report is filed.

TOWN OF OGDEN DUNES, INDIANA
POLICY REGARDING ERRONEOUS OR IRREGULAR VARIANCES, LOSSES,
SHORTAGES AND THEFTS

PURPOSE

This Policy is intended to comply with Indiana Code 5-11-1-27 and State Examiner Directive 2014-6.

MATERIALITY THRESHOLD

The materiality threshold for the Town of Ogden Dunes shall be One Hundred Dollars (\$100.00). If the erroneous or irregular variance, loss, shortage or theft is not cash or a cash-equivalent, the value of the item at the time of the variance, loss, shortage or theft shall be used to determine whether the materiality threshold has been met.

All erroneous or irregular variances, losses, shortages, or thefts of One Hundred Dollars (\$100.00) or more shall be reported immediately to the State Board of Accounts. In addition, all erroneous or irregular variances, losses, shortages, or thefts which occur more than three (3) times in a month and which in the aggregate total One Hundred Dollars (\$100.00) or more shall be reported immediately to the State Board of Accounts.

KNOWLEDGE OF MISAPPROPRIATION

A public officer who has knowledge of or reasonable cause to believe that there has been a misappropriation of public funds or assets of the public office shall immediately send written notice of the misappropriation to the Indiana State Board of Accounts and the Porter County prosecuting attorney.

MAINTENANCE OF DOCUMENTATION

The Town of Ogden Dunes shall maintain records and documentation concerning erroneous or irregular variances, losses, shortages, or thefts in accordance with generally accepted accounting principles and the internal control standards provided by the Indiana State Board of Accounts.

RESOLUTION OF INCIDENTS NOT MEETING THE MATERIALITY THRESHOLD

The Town of Ogden Dunes shall investigate all erroneous or irregular variances, losses, shortages or thefts regardless of whether they meet the materiality threshold established by this policy. Upon conclusion of each such investigation, the Town shall:

1. implement procedures designed to prevent the recurrence of such incidents; and
2. take appropriate disciplinary action against the employee responsible for the incident.