

LAPORTE COUNTY, INDIANA

ORDINANCE NO. 16-12

ESTABLISHING INTERNAL CONTROL STANDARDS AND CREATING A MATERIALITY THRESHOLD FOR LAPORTE COUNTY PURSUANT TO I.C. 5-11-1-27.

WHEREAS, in 2015, the Indiana Legislature passed, and the Governor signed, P.L.184-2015, which is codified at I.C. 5-11-1-27; and

WHEREAS, I.C. 5-11-1-27 requires the LaPorte County Board of Commissioners ("Board of Commissioners") 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 I.C. 2-5-1.1-6.3 (commonly known as *Indiana State Board of Accounts Internal Control Standards for Indiana Political Subdivisions (September 2015)*), is adopted and that the appropriate personnel under I.C. 5-11-1-27 (c) are trained upon such; and

WHEREAS, pursuant to the *Indiana State Board of Accounts Internal Control Standards for Indiana Political Subdivisions (September 2015)*, the minimum level of internal control standards and procedures of LaPorte County ("County") must include the following five (5) elements: (1) Control Environment; (2) Risk Assessment; (3) Control Activities; (4) Information and Communication; and (5) Monitoring; and

WHEREAS, the County, by and through the Auditor's Office, has worked diligently with the County's financial consultant, Cender & Company, L.L.C., have reviewed each of the provisions of I.C. 5-11-1-27, as well as the Uniform Internal Control Standards for Indiana Political Subdivisions Report issued by the State of Indiana Board of Accounts, dated September, 2015, and as a consequence of same, now recommend that the LaPorte County Board of Commissioners consider establishment of a system of internal control for the Country consistent with current applicable law to promote government accountability and transparency, based upon the recent report issued by the State of Indiana Board of Accounts related to the same; and

WHEREAS, the Board of Commissioners recognizes its responsibility as the oversight body of the County with regard to internal accounting control; and

WHEREAS, after due consideration and in order to comply with I.C. 5-11-1-27 and the *Indiana State Board of Accounts Internal Control Standards for Indiana Political Subdivisions (September 2015)*, the Board of Commissioners believes it is in the best interests of its citizens to adopt an Internal Control Policy for the County based on the minimal level of internal control standards set forth by the State of Indiana Board of Accounts; and

NOW, THEREFORE, BE IT ORDAINED by the Board of Commissioners of the LaPorte County, Indiana, that:

Section 1. Adoption of Internal Control Standards

That the Board of Commissioners of the LaPorte County, Indiana hereby establishes a system of internal control for the County based expressly upon the Uniform Internal Control Standards for Indiana Political Subdivisions in the Report of the State of Indiana Board of Accounts dated September, 2015, in pertinent part, in order to promote government accountability and transparency as its core objective and standard.

Section 2. Establish Materiality Threshold.

For the purpose of complying with requirements of I.C. 5-11-1-27(j), the Board of Commissioners of LaPorte County, Indiana hereby adopts a materiality threshold of \$5,000 for cash items and \$10,000 for non-cash items as to when notification of the State Board of Accounts is immediately notified of an erroneous or irregular material variance, loss, shortage, or theft of County funds.

Section 3. Personnel Training.

The personnel of the County whose official duties include receiving, processing, depositing, disbursing, or otherwise having access to funds that belong to the County, 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 administrative leave status, on the minimum internal control standards and procedures and any other standards and procedures determined necessary by the County and shall cooperate with the Auditor so that the Auditor can timely certify to the State Board of Accounts that the training was received annually by those personnel as required by law.

Section 4. Elected and appointed officials and employees of the County.

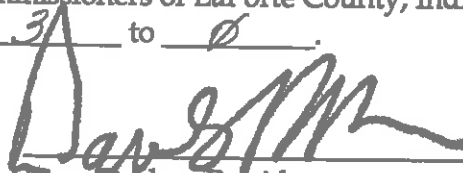
All elected and appointed officials and employees of the County are hereby directed to abide by and to cooperate fully in the implementation of the Internal Control Policy of the County.

Section 5. Reports on compliance by Auditor.

At least annually, the Auditor shall provide a written report to the Board of Commissioners regarding the status of the implementation of the internal control policies set forth, including, but not limited to, the appropriate training and monitoring, any incidents of significant non-compliance with the policies set forth and any disciplinary action imposed as a result thereof, and any financial losses due to employee misconduct, including, but not limited to, failure to comply with the County's documented internal control policies.

This Ordinance will be effective upon passage by the Board of Commissioners, any necessary publication, and any necessary approval by the Indiana Department of Local Government Finance.

PASSES AND ADOPTED by the Board of Commissioners of LaPorte County, Indiana, this 21st
day of December, 2016 by a vote of 3 to 0.



Dave Decker, President

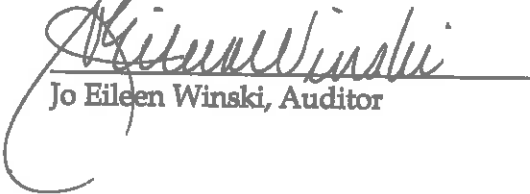


Dr. Vidya Kora, Vice President



Michael Gonder, Member

ATTEST:



Jo Eileen Winski, Auditor