

RESOLUTION OF BROWN COUNTY REGIONAL SEWER DISTRICT

RESOLUTION NO: 2020-01

RESOLUTION ADOPTING UNIFORM INTERNAL CONTROL STANDARDS

WHEREAS, Indiana Code § 5-11-1-27 (a copy of which is attached and made a part hereof) requires each political subdivision to maintain a system of internal controls and procedures in order to promote accountability and transparency; and

WHEREAS, the Indiana State Board of Accounts has developed and published Uniform Internal Control Standards for Indiana Political Subdivisions ("Internal Control Standards") in order to provide the basis of common understanding to assist public sector managers and volunteers in complying with the internal control requirements; and

WHEREAS, the manual of Internal Control Standards ("Manual") is available on the government website at www.in.gov/sboa and sets forth the acceptable minimum level of internal control standards and procedures be the Internal Control systems of political subdivisions; and

WHEREAS, pursuant to Indiana Code § 5-11-1-27(g), all Indiana Political Subdivisions must develop local policies regarding internal controls standards and procedures and insure that personnel receive training concerning internal controls standards and procedures; and

WHEREAS, the Brown County Regional Sewer District ("BCRSD") finds that its policy regarding internal controls and procedures should and shall be the Internal Control Standards set forth in the Manual; and

WHEREAS, BCRSD's Treasurer, as its fiscal officer, is required to certify in writing that (i) Internal Control Standards have been adopted and (ii) appropriate personnel have received required training; and

WHEREAS, the fiscal officer of BCRSD is required to file his/her certification with the State Board of Accounts at the same time as BCRSD's required annual report,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE BROWN COUNTY REGIONAL SEWER DISTRICT THAT:

1. The above recitations are adopted as findings by BCRSD.
2. That BCRSD hereby adopts as its policy the internal control standards and procedures set forth in the Manual as expressly written and published by the Indiana State Board of Accounts (and as may be amended from time to time).

3. That, at the time BCRSD's annual financial report is electronically filed, the fiscal officer of BCRSD shall certify in writing that the Internal Control Standards have been adopted and that the appropriate personnel have been trained as required by statute.

4. That any prior resolution(s) inconsistent or in conflict with the terms of this Resolution are of no further force and effect and are specifically repealed.

THIS RESOLUTION DULY PASSED THIS _____ DAY OF _____, 2020
by the Board of Directors of the Brown County Regional Sewer District, having been passed by a vote of _____ in Favor and _____ Opposed.

BROWN COUNTY SEWER DISTRICT BOARD OF DIRECTORS

	<u>Aye</u>	<u>Nay</u>		<u>Aye</u>	<u>Nay</u>
_____ Mike Leggins	_____	_____	_____ Debbie Larsh	_____	_____
_____ Phil LeBlanc	_____	_____	_____ W. Clint Studabaker	_____	_____
			_____ Richard M. Hall	_____	_____

IC 5-11-1-27 Local governmental internal controls; personnel training; violations; reporting misappropriations

Sec. 27. (a) As used in this section, "legislative body" has the meaning set forth in IC 36-1-2-9.

(b) As used in this section, "material" means a significant or consequential amount, as determined by the state examiner and approved by the audit committee.

(c) As used in this section, "personnel" means an officer or employee of a political subdivision 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.

(d) As used in this section, "political subdivision" has the meaning set forth in IC 5-11-10.5-1.

(e) In the compliance guidelines authorized under section 24 of this chapter, the state board of accounts shall define and the audit committee shall approve not later than November 1, 2015, the acceptable minimum level of internal control standards and internal control procedures for internal control systems of political subdivisions, including the following:

- (1) Control environment.
- (2) Risk assessment.
- (3) Control activities.
- (4) Information and communication.
- (5) Monitoring.

The internal control standards and procedures shall be developed to promote government accountability and transparency.

(f) Not later than November 1, 2015, the state board of accounts shall develop or designate approved personnel training materials as approved by the audit committee, to implement this section.

(g) After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision.

(h) After June 30, 2016, the fiscal officer of a political subdivision shall certify in writing that:

- (1) the minimum internal control standards and procedures defined under subsection (e) have been adopted by the political subdivision; and
- (2) personnel, who are not otherwise on leave status, have received training as required by subsection (g)(2).

The certification shall be filed with the state board of accounts at the same time as the annual financial report required by section 4(a) of this chapter is filed. The certification shall be filed electronically in the manner prescribed under IC 5-14-3.8-7.

(i) After June 30, 2016, if the state board of accounts finds during an audit of a political subdivision that:

(1) the political subdivision has not adopted the internal control standards and procedures required under subsection (g)(1); or

(2) personnel of the political subdivision have not received the training required under subsection (g)(2);

the state board of accounts shall issue a comment in its examination report for the political subdivision. If, during a subsequent audit, the state board of accounts finds a violation described in subdivision (1) or (2) has not been corrected, the political subdivision has sixty (60) days after the date the state board of accounts notifies the political subdivision of its findings to correct the violation. If a violation is not corrected within the required period, the state board of accounts shall forward the information to the department of local government finance.

(j) All erroneous or irregular material variances, losses, shortages, or thefts of political subdivision funds or property shall be reported immediately to the state board of accounts. For all material variances, losses, shortages, or thefts, the state board of accounts shall:

(1) determine the amount of funds involved and report the amount to the appropriate government and law enforcement officials;

(2) determine the internal control weakness that contributed to or caused the condition; and

(3) make written recommendations to the appropriate legislative body or appropriate official overseeing the internal control system addressing:

(A) the method of correcting the condition; and

(B) the necessary internal control policies and internal control procedures that must be modified to prevent a recurrence of the condition.

(k) The legislative body or the appropriate official overseeing the internal control system shall immediately implement the policies and procedures recommended by the state board of accounts under subsection (j)(3)(B).

(l) A public officer who has actual knowledge of or reasonable cause to believe that there has been a misappropriation of public funds or assets of the public office, including:

(1) information obtained as a result of a police report;

(2) an internal audit finding; or

(3) another source indicating that a misappropriation has occurred;

shall immediately send written notice of the misappropriation to the state board of accounts and the prosecuting attorney serving in the area governed by the political subdivision.

(m) If the attorney general institutes civil proceedings related to this section or under IC 5-11-5-1, the attorney general shall seek, in addition to the recovery of any funds misappropriated, diverted, or unaccounted for, restitution of:

(1) costs incurred by the state board of accounts; and

(2) all costs and reasonable attorney's fees incurred by the attorney general;

in connection with the civil proceedings.

As added by P.L.117-2011, SEC.2. Amended by P.L.184-2015, SEC.6.