**ORDINANCE 16-1336**

AN ORDINANCE OF THE CITY OF WOODBURN, INDIANA, ADOPTING MINIMUM INTERNAL CONTROL STANDARDS AND PROCEDURES FOR IMPLEMENTATION OF A SYSTEM OF INTERNAL CONTROLS

**WHEREAS,** during the 2015 Session of the Indiana General Assembly, the legislature passed and the Governor signed, P.L.184-2015;

**WHEREAS**, after June 30, 2016, IC 5-11-1-27(g) requires the City of Woodburn (“City”) by and through its Common Council (“Council”) to 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 (“SBOA”) and approved by the Audit and Financial Reporting Subcommittee of the Legislative Council by IC 2-5-1.1-6.3, is adopted and that the appropriate personnel under IC 5-11-1-27(c) are trained thereunder;

**WHEREAS**, the purpose of maintaining a system of internal control is to promote government accountability and transparency; and

**WHEREAS**, SBOA, in pursuit of its duties under IC 5-11-1-27(e) adopted the *Uniform Internal Control Standards for Indiana Political Subdivisions* manual (the “Manual”), which contains the acceptable minimum level of internal control standards; and

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

**WHEREAS,** each of the above components are necessary to form a complete internal control process and each component is comprised of recognized principle elements (as further described by the Manual) and to have a complete component, the principles associated with each component should be present; and

**WHEREAS**, because governments vary in size and complexity, no single method or set of internal control policies and procedures is universally applicable and internal control is a conceptual process that is applied to a wide range of situations in a wide range of environments; and

**WHEREAS**, after thoughtful consideration and in order to comply with IC 5-11-1-27 and the Manual, the City 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 City of Woodburn Common Council hereby adopts the following Ordinance:

**SECTION 1: DEFINITIONS**

For purposes of this Ordinance and for carrying out the duties prescribed by it, the following definitions are adopted:

1. “Management” shall be defined to include the Mayor with respect to the City as a whole, the City Clerk-Treasurer with respect to any department or person handling or having access to any public funds, and all department heads with respect to their department in the City.
2. “Oversight Committee” or “Oversight Body” shall mean the Common Council, acting as a committee of the whole in pursuit of its obligations under I.C. 5-11-1-27 and the Manual.

**SECTION II: MISSION:**

The City finds that its mission as related to internal control system is as follows:

To serve the people of the City of Woodburn with integrity, efficiency and transparency in providing high quality government services, including in the areas of public safety, utilities, economic development and infrastructure, while safeguarding the public trust against risks of loss due to fraud, waste, abuse and mismanagement.

**SECTION III: OBJECTIVES**

The City finds that in fulfilling its mission, a system of internal controls is necessary to advancing the following objectives:

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 nonfinancial 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.
3. **Compliance Objectives** involve the adherence to law and regulations including by way of example following guidance documents such as State Board of Accounts’ manuals, bulletins, directives and the Department of Local Government Finance’s forms and directions and including other compliance related trainings and documents.

**SECTION IV: STANDARDS**

The City hereby 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 that are necessary toward meeting the above described objectives, and explicitly adopts the *Uniform Internal Control Standards for Indiana Political Subdivisions* dated September 2015, as thereafter may be modified:

1. Control Environment.
2. Risk Assessment.
3. Control Activities.
4. Information and Communication.
5. Monitoring.

**SECTION V: PRINCIPLES**

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

* 1. Control environment:
     1. The Oversight Body and management demonstrate a commitment to integrity and ethical values.
     2. The Oversight Body oversees the City’s internal control system.
     3. Management establishes an organizational structure, assigns responsibility and delegates authority to achieve the City’s objectives.
     4. Management demonstrates a commitment to attract, develop and retain competent individuals.
     5. Management evaluates performances and holds individuals accountable for their internal control responsibilities.
  2. Risk Assessment:
     1. Management defines objectives clearly to enable the identification of risks and defines risk tolerances.
     2. Management identifies, analyzes and responds to risk related to achieving the defined objectives.
     3. Management considers the potential for fraud when identifying, analyzing and responding to risks.
     4. Management identifies, analyzes and responds to significant changes that could impact the internal control system.
  3. Control Activities:
     1. Management designs control activities to achieve objectives and respond to risks.
     2. Management designs the City’s information system and related control activities to achieve objectives and respond to risks.
     3. Management implements control activities through policies.

1. Information and communication:
   * 1. Management uses quality information to achieve the City’s objectives.
     2. Management internally communicates the necessary quality information to achieve the City’s objectives.
     3. Management externally communicates the necessary quality information to achieve the City’s objectives.
2. Monitoring:
   * 1. Management establishes and operates monitoring activities to monitor the internal control system and evaluate the results.
     2. Management remediates identified internal control deficiencies on a timely basis.

**SECTION VI: DEVELOPMENT AND ADOPTION OF INTERNAL CONTROL PROCEDURES AND POLICIES BASED ON STANDARDS**

* 1. In order to meet the above-described objectives and fulfill the City’s mission, the City shall develop procedures based on the above-described standards. The City, therefore, hereby directs that the above standards set forth under Section IV be used to design, implement, operate and modify current operations, reporting and compliance procedures that will safeguard the assets of the City, promote reliability, accountability and transparency of financial and non-financial information and to ensure compliance with all laws and regulations for each office, department and personnel of the City for an effective and reasonable internal control system of the City.
  2. Accordingly, the City authorizes the City Clerk-Treasurer to undertake a review of the current internal control system of the City; to conduct interviews with personnel of the City with regard to the nature and extent of control exercised over public funds so as to identify appropriate personnel under paragraph 6(c), and to make recommendations regarding the internal control system of the City. The City Clerk-Treasurer shall present his findings to the Oversight Committee no later than October 1, 2016 regarding any deficiencies and recommendations with respect to advancing policies and procedures in furtherance of this Ordinance.
  3. The City authorizes the City Clerk-Treasurer, in carrying out his activities in regard to the above-paragraph, to determine the position and persons who are the personnel who exercise duties involving 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.
  4. No later than December 31, 2016, the Oversight Committee shall adopt policies and procedures in accordance with this Ordinance, after review and consultation with the City Clerk-Treasurer regarding areas of improvement and deficiency in any existing policies and procedures so as to satisfy the terms of this Ordinance with regard to internal controls.
  5. Upon adoption of the procedures and policies by the Oversight Committee, all personnel, whether a public official or employee of the City shall comply with the procedures and any other policy regarding standards and procedures determined necessary by the City now and as modified in the future.
  6. All personnel of the City 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 City and shall cooperate with the City’s Clerk-Treasurer or his designee so that the City Clerk-Treasurer may timely certify to the State Board of Accounts that the training was received annually by the personnel as provided by law.
  7. All elected and appointed officials and employees of the City are hereby directed to abide by and to cooperate fully in the implementation of the internal control system of the City.

**SECTION VII: FAILURE TO ABIDE BY INTERNAL CONTROLS:**

1. An employee who fails to abide by or cooperate with the implementation, compliance and certifications connected with the Internal Control System commits a violation thereof and may result in the discipline, including termination, of the employee.
2. An elected or appointed official of the City 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.

**SECTION VIII: IMPLEMENTATION OF INTERNAL CONTROLS**

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 City 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 polices established by this Ordinance to the City’s employees and elected and appointed officials.

**SECTION IV CONFLICT OF LAW**

No part of this Ordinance shall be interpreted to conflict with federal, state, or local laws and all reasonable efforts should be made to harmonize the same. Should any section or part thereof of this Ordinance be declared by a court of competent jurisdiction to be invalid, such decision shall not affect the validity of the Ordinance as a whole, or any portion thereof other than that portion so declared to be invalid, and for this purpose the provisions of this Ordinance are hereby declared to be severable. Provisions of prior ordinances that are in conflict with this Ordinance are hereby repealed.

**SECTION X AFFECT**

The express or implied repeal or amendment by this Ordinance of any other Ordinance or part of any other Ordinance does not affect any rights or liabilities accrued, penalties incurred, or procedures begun prior to the effective date of this Ordinance. Those rights, liabilities, and proceedings are continued, and penalties shall be imposed and enforced under the repealed or amended Ordinance as if this Ordinance had not been adopted.

**SECTION XI PASSAGE**

Unless as otherwise set forth herein, this Ordinance shall become effective upon promulgation according to law.

Ayes: \_\_\_\_\_\_\_\_\_\_\_\_

Nays: \_\_\_\_\_\_\_\_\_\_\_\_

Abstentions: \_\_\_\_\_\_\_\_\_\_\_\_

Adopted and Ordained this \_\_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 2016.

COMMON COUNCIL OF THE CITY

OF WOODBURN, INDIANA

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Daniel Watts, Councilman

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Dean Gerig, Councilman

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John Renner, Councilman

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Mike Voirol, Councilman

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Michael Martin, Councilman

ATTEST:

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Timothy Cummins, Clerk-Treasurer

WAIVER OF SECOND READING

On motion duly made and seconded, the second reading of the foregoing Ordinance was unanimously waived and the Ordinance was deemed effective as of the date of passage.

COMMON COUNCIL OF THE CITY OF WOODBURN, INDIANA

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Daniel Watts, Councilman

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Dean Gerig, Councilman

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John Renner, Councilman

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Mike Voirol, Councilman

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Michael Martin, Councilman

ATTEST:

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Timothy Cummins, Clerk-Treasurer

The foregoing Ordinance passed by the Council is signed and ( ) approved ( ) not approved by me on the date heretofore mentioned.

Date:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Joseph Kelsey, Mayor of the City of Woodburn 2433761