

SCANNED

**RESOLUTION NO. 2016-19-CM**  
**RESOLUTION ADOPTING INTERNAL CONTROL STANDARDS AND**  
**PROCEDURES DEVELOPED BY INDIANA STATE BOARD OF ACCOUNTS**  
**AND ADOPTING MATERIALITY STANDARD**

WHEREAS, pursuant to IC 5-11-1-27(e), the State Board of Accounts was required to define “the acceptable minimum level of internal control standards and internal control procedures for internal control systems of political subdivisions;”

WHEREAS, pursuant to IC 5-11-1-27(g), the legislative body of every political subdivision is required to adopt “the standards and procedures developed” by the State Board of Accounts under IC 5-11-1-27(e);

WHEREAS, pursuant to IC 5-11-1-27(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;”

WHEREAS, each political subdivision is to develop its own policy on materiality

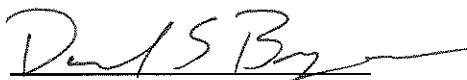
NOW, THEREFORE, BE IT RESOLVED that Tippecanoe County hereby adopts the standards and procedures developed by the Indiana State Board of Accounts under IC 5-11-1-27(e), the “Uniform Internal Control Standards for Indiana Political Subdivisions.”

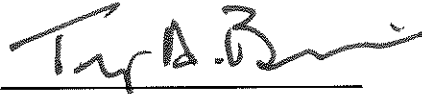
BE IT FURTHER RESOLVED that each officer or employee of Tippecanoe County whose official duties include receiving, processing, depositing, disbursing, or otherwise having access to funds that belong to the federal government, state government, a political subdivision, or another governmental entity must undergo training in the standards and procedures developed by the Indiana State Board of Accounts under IC 5-11-1-27(e) and adopted by Tippecanoe County.

BE IT FURTHER RESOLVED that a loss, shortage, or theft of cash or other asset belonging to Tippecanoe County in an amount over \$500 shall be deemed “material” for the purposes of IC 5-11-1-27(j) and reported to the Indiana State Board of Accounts.

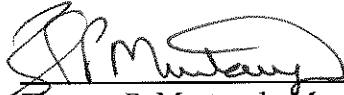
Duly adopted this 16<sup>th</sup> day of May, 2016.

BOARD OF COMMISSIONERS OF  
TIPPECANOE COUNTY

  
David S. Byers, President




Tracy A. Brown, Vice President



Thomas P. Murtaugh, Member

ATTEST:

  
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Robert Plantenga, Auditor of Tippecanoe County

**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.<sup>1</sup> 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

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<sup>1</sup> 60 days after close of fiscal year, so Aug. 30?

(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.

**From:** Doug Masson [<mailto:DJM@hlblaw.com>]  
**Sent:** Thursday, May 12, 2016 8:45 AM  
**To:** Bob Plantenga; Commissioners; Dave Williams ([dwilliams@purdueefcu.com](mailto:dwilliams@purdueefcu.com))  
**Cc:** 'Greg Guerrettaz'  
**Subject:** RE: Internal Controls

Sounds good to me. Unless anyone wants to discuss the issue further, attached is the resolution adopting the SBOA "Uniform Internal Control Standards" and the \$500 materiality standard which I will forward to Linda for the Commissioners to consider on Monday.

---Doug

**From:** Bob Plantenga [<mailto:BPlantenga@tippecanoe.in.gov>]  
**Sent:** Thursday, May 12, 2016 8:34 AM  
**To:** Doug Masson <[DJM@hlblaw.com](mailto:DJM@hlblaw.com)>; Commissioners <[Commissioners@tippecanoe.in.gov](mailto:Commissioners@tippecanoe.in.gov)>; Dave Williams ([dwilliams@purdueefcu.com](mailto:dwilliams@purdueefcu.com)) <[dwilliams@purdueefcu.com](mailto:dwilliams@purdueefcu.com)>  
**Cc:** 'Greg Guerrettaz' <[finance@msn.com](mailto:finance@msn.com)>  
**Subject:** RE: Internal Controls

Doug:

I would think that \$500 is a good threshold of materiality. I know there were times in the Treasurers' Office when our Cash Book was off and we knew the next day that things would be ok (sometimes it was a quietus timing issue or the BMV deposited funds in our bank account without us being informed). In those cases, we would be required to inform SBOA. I do not think we want it to be zero but our tolerance for discrepancies should be very low.

*Robert A. Plantenga*  
Tippecanoe County Auditor

**From:** Doug Masson [<mailto:DJM@hlblaw.com>]  
**Sent:** Thursday, May 12, 2016 8:28 AM  
**To:** Bob Plantenga; Commissioners; Dave Williams ([dwilliams@purdueefcu.com](mailto:dwilliams@purdueefcu.com))  
**Cc:** 'Greg Guerrettaz'  
**Subject:** RE: Internal Controls

Bob:

I didn't see anything that particularly caught my eye with respect to the internal controls themselves, but the Wells County policy set a materiality threshold that I think we do need to set at some point in the near future. We can put that in the internal controls resolution or a separate one. IC 5-11-1-27(j) provides that "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." State Board of Accounts has indicated that it's up to the political subdivision to set its materiality threshold.

The Wells County policy sets it at a one time cash loss of \$500, a recurring loss of at least \$50/month average, or creation of additional liabilities averaging \$1,000 per month. West Lafayette schools recently set the threshold at a \$5,000 loss of cash or other assets. The resolution is easy enough to prepare, but I need guidance on what we would like to set as a "material" loss such that the State Board of Accounts ought to be involved.

---Doug

**From:** Bob Plantenga [mailto:[BPlantenga@tippecanoe.in.gov](mailto:BPlantenga@tippecanoe.in.gov)]

**Sent:** Thursday, May 05, 2016 2:55 PM

**To:** Doug Masson <[DJM@hlblaw.com](mailto:DJM@hlblaw.com)>; Commissioners <[Commissioners@tippecanoe.in.gov](mailto:Commissioners@tippecanoe.in.gov)>;  
Dave Williams ([dwilliams@purdueefcu.com](mailto:dwilliams@purdueefcu.com)) <[dwilliams@purdueefcu.com](mailto:dwilliams@purdueefcu.com)>

**Cc:** 'Greg Guerrettaz' <[finance@msn.com](mailto:finance@msn.com)>

**Subject:** RE: Internal Controls

Doug:

I should have shared this earlier, but attached are a couple of policies which I have received. Maybe there is something in those to catch your eye, or maybe not!

*Robert A. Plantenga*  
Tippecanoe County Auditor

**From:** Doug Masson [<mailto:DJM@hlblaw.com>]  
**Sent:** Thursday, May 05, 2016 2:50 PM  
**To:** Commissioners; Bob Plantenga; Dave Williams ([dwilliams@purdueefcu.com](mailto:dwilliams@purdueefcu.com))  
**Cc:** 'Greg Guerrettaz'  
**Subject:** FW: Internal Controls

All:

We need to move forward with adopting an internal controls resolution in the near future. The form of resolution I circulated a few weeks ago is attached. I am also attaching the relevant statute (IC 5-11-1-27). The resolution itself does not need to be anything complicated -- I believe it's sufficient to declare that we are adopting DLGF's Uniform Standards and that personnel handling money need to be trained. (My sense that the resolution could be simple was bolstered earlier this week when a similar simple resolution that I had no part of creating was submitted to the W.L. School Board.)

The heavy lifting is with the training & with making sure that our internal controls comply with the Uniform Standards and correcting them where they don't.

---Doug

**From:** Doug Masson  
**Sent:** Monday, March 21, 2016 9:30 AM  
**To:** 'Bob Plantenga' <[BPlantenga@tippecanoe.in.gov](mailto:BPlantenga@tippecanoe.in.gov)>; Tracy A. Brown <[tabrown@tippecanoe.in.gov](mailto:tabrown@tippecanoe.in.gov)>; David Byers <[dbyers@tippecanoe.in.gov](mailto:dbyers@tippecanoe.in.gov)>  
**Cc:** Tom Murtaugh <[tmurtaugh@tippecanoe.in.gov](mailto:tmurtaugh@tippecanoe.in.gov)>; Dave Williams ([williams\\_council@comcast.net](mailto:williams_council@comcast.net)) <[williams\\_council@comcast.net](mailto:williams_council@comcast.net)>; Paula L Bennett <[plbennett@tippecanoe.in.gov](mailto:plbennett@tippecanoe.in.gov)>  
**Subject:** RE: Internal Controls

All:

As I read the statute (attached) , SBOA was required to define "the acceptable minimum level of internal control standards and internal control procedures for internal control systems of political subdivisions." The statute requires political subdivisions to adopt those standards and procedures and to train personnel who handle money for the subdivision. SBOA's response to this legislation was the "Uniform Internal Control Standards for Indiana Political Subdivisions."

I think this means we need to:

1. Adopt a resolution, formally incorporating SBOA's Uniform standards (draft attached).
2. Make sure our processes comply with the Uniform Standards and change them if they don't.
3. Train personnel.

---Doug

**From:** Bob Plantenga [<mailto:BPlantenga@tippecanoe.in.gov>]  
**Sent:** Monday, March 21, 2016 9:17 AM  
**To:** Tracy A. Brown <[tabrown@tippecanoe.in.gov](mailto:tabrown@tippecanoe.in.gov)>; David Byers <[dbyers@tippecanoe.in.gov](mailto:dbyers@tippecanoe.in.gov)>  
**Cc:** Tom Murtaugh <[tmurtaugh@tippecanoe.in.gov](mailto:tmurtaugh@tippecanoe.in.gov)>; Dave Williams ([williams\\_council@comcast.net](mailto:williams_council@comcast.net)) <[williams\\_council@comcast.net](mailto:williams_council@comcast.net)>; Paula L Bennett <[plbennett@tippecanoe.in.gov](mailto:plbennett@tippecanoe.in.gov)>; Doug Masson <[DJM@hlblaw.com](mailto:DJM@hlblaw.com)>  
**Subject:** RE: Internal Controls

Tracy:

I know watching the video is just the first step. My thinking was that we could have someone sit in on with departments which take in money to view the video and then we could have a discussion with them to go over their individual procedures to see if we can help them find any flaws in their procedures. It appears to me that individual department procedures need to be implemented into the county's policy. But I think the video is a good starting point for departments to examine their own procedures.

*Robert A. Plantenga*  
Tippecanoe County Auditor

**From:** Tracy A. Brown  
**Sent:** Friday, March 18, 2016 3:33 PM  
**To:** David Byers  
**Cc:** Bob Plantenga; Tom Murtaugh; Dave Williams ([williams\\_council@comcast.net](mailto:williams_council@comcast.net)); Paula L Bennett; Doug Masson ([djm@hlblaw.com](mailto:djm@hlblaw.com))  
**Subject:** Re: Internal Controls

I have had a conversation with Doug Masson in regards to this issue. It is my understanding that the legislative requirement goes a little deeper than just watching the training video.

We are also required to develop policies as well. I will have another conversation with Doug about the issue when he returns next week.

Tracy

Sent from my iPad

On Mar 18, 2016, at 2:06 PM, David Byers <[dbyers@tippecanoe.in.gov](mailto:dbyers@tippecanoe.in.gov)> wrote:

According to the new rules this has to be done, saying that, Bob do you want to lead this on the training, or have Paula start setting something up?

**From:** Bob Plantenga  
**Sent:** Wednesday, February 17, 2016 7:53 AM  
**To:** David Byers; Tom Murtaugh; Tracy A. Brown; Dave Williams ([williams\\_council@comcast.net](mailto:williams_council@comcast.net))



**Cc:** Doug Masson ([djm@hlblaw.com](mailto:djm@hlblaw.com))

**Subject:** Internal Controls

Commissioners and Councilmember Dave:

Legislation has passed requiring approval of Internal Control guidelines based on some criminal theft cases against a couple of elected officials and their employees. Attached is a summary of the requirements the county must meet by mid-year. Also attached is the policy itself which it appears the Council must adopt. The Commissioners appear to have the responsibility of training the departments which handles public funds. I have watched the video on the Board of Accounts website and it basically reads the Power Point which is included part 2 of the BOA report. I think it would be good to have departments watch this together (or at least part of each office) and then discuss how each office should proceed. A form is required to be completed for those involved in the training.

At least this is how I see the steps required by the legislation. We have had no training on these requirements yet but I'm sure that is coming.

Dave W , let me know if you want this on the March Council agenda.

*Robert A. Plantenga*

Tippecanoe County Auditor