

RESOLUTION 17-01

A RESOLUTION OF THE NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION ESTABLISHING AN INTERNAL CONTROL SYSTEM AND POLICY AND A MATERIALITY/IRREGULAR VARIANCES, LOSSES, AND SHORTAGES POLICY

WHEREAS, the Northwestern Indiana Regional Planning Commission as established under IC 36-7-7.6 falls under "Other Governmental Units" in the Uniform Internal Control Standards for Indiana Political Subdivisions; and

WHEREAS, pursuant to I.C. 5-11-1-27, the Northwestern Indiana Regional Planning Commission (Commission) must adopt an Internal Control System and Policy, establish a Materiality Threshold related to irregularities and ensure that the appropriate personnel as specified in IC 5-11-1-27 (c) are trained upon such; and

WHEREAS, all Commission officials and employees of the Commission are hereby directed to abide by and to cooperate fully in the implementation of the Internal Control Policy;

WHEREAS, the Commission has established the Finance and Personnel Committee, composed exclusively of Commission members appointed by the Chair, to exercise financial oversight over Commission operations and to establish more detailed financial guidelines. The Commission hereby appoints the Finance and Personnel Committee as the Oversight Committee to oversee and monitor that the internal controls are approved, implemented and followed.

WHEREAS, the Finance and Personnel Committee will report to the Commission any encounters of irregular variances, losses, and shortages reported to the State of Indiana Board of Accounts.

NOW, THEREFORE, BE IT HEREBY ORDAINED BY the Commission the following:

SECTION 1. INTERNAL CONTROL SYSTEM AND POLICY

Mission.

The Commission through its Finance and Personnel Committee finds that its mission as related to an internal control system is as follows:

- (1) Provision of a democratic governmental structure at the grassroots level;
- (2) Provision of services as determined through the governmental process including but not limited to administration, grant administration and planning;
- (3) Promotion of government efficiency, accountability, reliability and transparency; and
- (4) Promotion of safeguards to reduce the risk of loss due to fraud, waste, abuse, mismanagement or errors.

Objectives.

The Commission through its Finance and Personnel Committee finds that its interrelated and often overlapping objectives as related to an internal control system are as follows:

(1) *Operations objectives.* These objectives involve the ways governmental services are performed and the performance of those providing governmental services including by way of example budgeting, purchasing, cash management, and planning among others.

(2) *Reporting objectives.* These objectives 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 cooperation, filing uniform conflict of interest forms, and the other filings with any governmental agency or official or information required to be maintained on file and responding to a public records request among others.

(3) *Compliance objectives.* These objectives involve the adherence to law and regulations including by way of example following guidance documents such as the State Board of Accounts' manuals, bulletins, directives and directions and including other outside-of-government trainings and documents.

Standards adopted.

The Commission through its Finance and Personnel Committee adopts and directs the minimum level of internal control standards and internal control procedures for an internal control system that includes the following five standards to promote government accountability and transparency as described in the Uniform Internal Control Standards for Indiana Political Subdivisions guidance document from the State of Indiana Board of Accounts dated September 2015, and as thereafter modified:

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

(5) Monitoring activities.

Principles.

The Commission through its Finance and Personnel Committee adopts and directs the following principles in explanation of the pertinent standards to be followed at all levels of the Commission:

(1) Control Environment.

(a) The oversight body and management demonstrate a commitment to integrity and ethical values.

(b) The Finance and Personnel Committee as the oversight body oversees the Commission through its internal control system.

(c) Management establishes an organizational structure, assigns responsibility, and delegates authority to achieve the Commission's objectives.

(d) Management demonstrates a commitment to attract, develop, and retain competent individuals.

(e) Management evaluates performance and holds individuals accountable for their internal control responsibilities.

(2) Risk Assessment.

(a) Management defines objectives clearly to enable the identification of risks and defines risk tolerances.

(b) Management identifies, analyzes and responds to risk related to achieving the defined objectives.

(c) Management considers the potential for fraud when identifying, analyzing and responding to risks.

(d) Management identifies, analyzes, and responds to significant changes that could affect the internal control system.

(3) Control Activities.

(a) Management designs control activities to achieve objectives and respond to risks.

(b) Management designs the Commission's information system and related control activities to achieve objectives and respond to risks.

(c) Management implements control activities through policies.

(4) Information and Communication.

(a) Management uses quality information to achieve the Commission's objectives.

(b) Management internally communicates the necessary quality information to achieve the Commission's objectives.

(c) Management externally communicates the necessary quality information to achieve the Commission's objectives.

(5) Monitoring Activities.

(a) Management establishes and operates monitoring activities to monitor the internal control system and evaluate the results.

(b) Management remediates identified internal control deficiencies on a timely basis.

System established.

The Commission adopts the internal control standards herein to establish an effective internal control system for the Commission through its design, implementation, and operation.

The Commission directs that the above standards be used to design, implement, operate and modify current operations, reporting and compliance objectives that will safeguard the assets of the Commission; promote reliability, accountability and transparency of financial and nonfinancial information; and assure compliance with laws and regulations for each office, department, and personnel for an effective and reasonable internal control system of the Commission.

Oversight body/Policy.

The Finance and Personnel Committee of the Commission shall serve as the oversight body of the internal controls system and policy. The Executive Director, or his designee, will create the internal controls systems policy and such policy, once adopted, will be included with other policies of the Commission. Management constitutes all department heads and the Executive Director.

Applicability.

The personnel, whether an official or employee, of the Commission 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 comply with these minimum internal control standards and procedures and any other policy regarding standards and procedures determined necessary by the Commission now and as modified in the future.

The personnel of the Commission 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, unless on leave status, on the minimum internal control standards and procedures and any other standards and procedures determined necessary by the Commission and shall cooperate with the Executive Director or his designee to timely certify to the State of Indiana Board of Accounts that the training was received by personnel as provided by law.

The Commission authorizes the Executive Director or his designee to determine the position and person who shall abide by this internal control policy and are required to take associated training. Such personnel shall be notified.

Implementation/Violation.

All officials and employees of the Commission are hereby directed to abide by and to cooperate fully in the implementation of the internal control system of the Commission.

An employee who fails to abide by or cooperate with the implementation, compliance, and certifications connected with the internal control system commits a violation of workplace standards and may result in the discipline, including termination, of the employee.

An official of the Commission 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.

Implementation/Methods.

This policy may be implemented by any or all of the following actions or such others as authorized by the Commission's Finance and Personnel Committee:

- (1) Posting a copy of the resolution in its entirety in at least one location at the Commission where it posts employer posters or other notices to its employees;
- (2) Providing a copy of the resolution to its employees and officials;
- (3) Posting a copy of the adopted resolution on the Commission's website; or
- (4) Any such other action or actions that would communicate the policies established by this chapter to its employees and officials.

SECTION 2. MUNICIPAL MATERIALITY/ IRREGULAR VARIANCES, LOSSES, and SHORTAGES

Purpose

There is hereby established the municipal statement on materiality and standards of conduct related to encounters of irregular variances, losses, and shortages. This is intended to comply with the provisions of I.C. 5-11-1-27(j), and State Examiner Directive 2015-6 issued November 18, 2015, amended April 7, 2016, and each as currently in effect, or amended hereafter from time to time.

Materiality Threshold

There are hereby established materiality thresholds for the purposes of reporting irregular variances, losses, shortages and thefts.

The materiality threshold to determine the necessity of reporting by the Commission shall be Fifteen Thousand (\$15,000.00) Dollars;

If the irregular variance, loss or shortage is not cash or a cash-equivalent, the value of the item at the time of the variance, loss or shortage shall be used to determine whether the materiality threshold has been met.

All irregular variances, losses or shortages exceeding the above thresholds shall be reported upon completion of the bank reconciliations or within thirty (30) Days of the monthly accounting period closing, whichever occurs first, to the State of Indiana Board of Accounts. In addition, irregular variances, losses or shortages which occur more often than four (4) times in a month and which in the aggregate total the amounts indicated above shall be reported immediately to the State of Indiana Board of Accounts.

Any *theft* of public funds or assets of *any* value upon discovery shall be immediately reported to the State of Indiana Board of Accounts and the Office of the Porter County Prosecuting Attorney. Materiality does not apply.

In addition, the Executive Director or his designee shall send written notice to the Commission's Chair and Treasurer regarding any notices of reporting irregular variances, losses, shortages and thefts reported to the State of Indiana Board of Accounts.

Duties of Public Officers with Knowledge of Misappropriation

A public officer who has knowledge of or reasonable cause to believe that there has been a misappropriation and/or theft of public funds or assets of the public office shall immediately send written notice of the misappropriation and/or theft to the State of Indiana Board of Accounts and the Office of the Porter County Prosecuting Attorney, all pursuant to I.C. 5-11-1-27(l).

After the public officer notifies the State of Indiana Board of Accounts, a copy of the notification shall be forwarded to the Executive Director. Upon receipt the Executive Director or his designee shall forward a copy of the notification to the Commission's Chair, Treasurer and Attorney.

Maintenance of Documentation

The Commission shall maintain records and documentation concerning irregular variances, losses, shortages and thefts in accordance with the required minimum internal control standards established as required by the State of Indiana Board of Accounts.

Resolution of Incidents Not Meeting the Materiality Threshold

The Commission shall immediately, upon discovery, investigate all irregular variances, losses, or shortages regardless of whether such meet the materiality threshold established by this chapter.

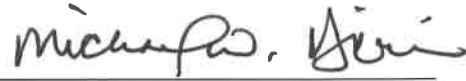
Upon conclusion of each such investigation, the Commission shall:

1. Implement procedures designed to prevent the recurrence of such incidents; and
2. Take appropriate action toward the employee(s)/Commission Official(s) responsible for the incident, which may include additional training, instruction, or disciplinary action.

Periodic Review of the Thresholds

The materiality thresholds fixed in Resolution 17-01 shall be periodically reviewed for sufficiency by the Executive Director or his designee who shall, when appropriate, recommend to the Commission's Finance and Personnel Committee such amendments as may be desirable or necessary to further perfect the sufficiency of the thresholds.

Duly adopted by the Northwestern Indiana Regional Planning Commission this 19th day of January 2017.



Chair

ATTEST:



Secretary