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Re: Internal Control Standards

Dear Gentlemen:

As I am sure you all may be aware, the State Board of Accounts has been tasked with implementing Internal Control procedures to be adopted by all political subdivisions this year. Indiana Code §5-11-1-27 requires all elected officials, appointees or employees of a political subdivision to be trained on internal control procedures and policies. I have attended several meetings and/or seminars in which this issue has been discussed and there generally are three (3) components to the new law. They are as follows:

1. A unit (City) should adopt standards and procedures for a policy regarding internal controls. The standards, procedures and policies are applicable to all personnel that have any control, authority or responsibility for City property and includes real and personal property in

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addition to monies and funding. The definition of "personnel" is rather broad and includes more than just employees and elected officials. The City of Franklin has already adopted this required policy.

2. Pursuant to statute and the policy, the City of Franklin is responsible to conduct training on the adopted standards after June 30<sup>th</sup>, 2016. It is recommended this training occur prior to the end of the calendar year. The recommended training should be at a minimum to watch the State Board of Accounts video hosted at <http://in.gov/sboa/>. This is a twenty-six (26) minute video dealing with the policy behind internal controls.

3. At the conclusion of each calendar year, the City Clerk Treasurer is required to certify that personnel, as defined by statute to include employees, elected officials and appointed persons, have completed their training and familiarized themselves with the concepts of internal controls. This certification is filed with the City's annual financial report.

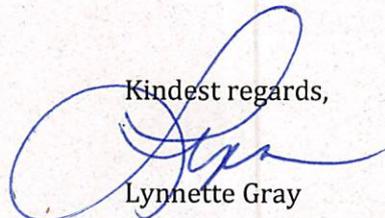
To meet these requirements, the Clerk Treasurer has been in the process of obtaining certifications from all employees. Additionally, the Board of Public Works and Safety and City Council will pass a resolution that members will also watch the video so they can certify they are aware of the requirements.

We are respectfully requesting your Boards also consider participating. It has been suggested by the State Board of Accounts that any Board that approves claims, manages City property or City funds, should be aware of these procedures. I have taken the liberty of drafting a form resolution approving this policy. If each Board member would view the twenty-six (26) minute webinar, I believe the spirit and intent of the statute will have been met. The City will then hold, within its' records, the certification from these officials and should a State Board of Accounts audit occur, I believe this will be very helpful. The failure to adequately comply with the law can result in a loss of funding or budgets being rejected so this is of importance to the City. Additionally, if we are requiring our employees to be trained, it can't hurt that our appointed officials do the same. If you wish to revise the resolution or have questions, I certainly welcome your input.

I genuinely wish to express my thanks to each of you, as well as to the members of your respective Boards for your service. If you feel a different resolution is appropriate, please feel free to adopt as you see fit. Also, please send the City's thanks to your respective Board members for their efforts in this most important matter.

Please feel free to contact me.

Kindest regards,



Lynnette Gray

LG:vh

Attachment

cc: Krista Linke  
Tim O'Sullivan  
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