

Montgomery County
2022 Internal Controls Annual Report
November 28, 2022

In 2016, Montgomery County established an Internal Controls Oversight Committee. This Committee is comprised of the County Administrator, Auditor, Treasurer, Sheriff, Chief Probation Officer and the Building Administrator. This committee was charged with recommending and implementing internal control standards as set forth by the Indiana State Board of Accounts. In 2016 the Board of Commissioners, upon recommendation by the Committee, adopted a Materiality Policy, Cash Policy, and Credit Card Policy. This Policy was amended November 19, 2018. Under the policies, the Committee must also provide oversight in order to ensure compliance with the policies. The Committee met on June 20, 2022 and now submits the following report to the Board of Commissioners:

1. Training: All employees were to receive training during 2022, and new employees are required to receive training within seven (7) days of the commencement of their employment. This training includes the viewing of the internal controls video produced by the State Board of Accounts. Department Heads received training from the County Attorney. The committee received reports that Department Heads conducted the required employee training in 2022.

2. Amendments: The Committee recommended that all public works contracts contain suspension and debarment provisions. Such provisions are usually limited to contracts which are supported with federal aid. In 2022, one public works contract was not originally supported by federal aid when the parties entered into the agreement, but later the project became a federal aid project. The contract did not include the required language for federal aid agreements. A copy of the proposed language is attached. The Committee discussed adoption of a "no cash" policy, but it was determined that various laws require county officials to accept cash for the payment of taxes and fees.

3. Violations: No violations were reported to the Committee during 2022, and no Committee members are aware of any violations. The policies require all employees to report violations to the appropriate Department Head and the County Attorney. Neither the Department Heads nor the County Attorney received notice of violations during 2022;

4. Reporting: The Committee understands that its members have an obligation to report any known violations or concerns to the Board of Commissioners. In order to discharge this obligation, this annual report provides Board members with all information known to the Committee; and

5. Future Oversight: The Committee noted some overuse of County credit cards and recommended that Department Heads receive training on the use of accounts established by the Auditor and Treasurer which will allow a direct charge to the account. The County Administrator will coordinate this training. The Committee continues to discharge its oversight obligations and will meet in 2023 in order to review the policies and discuss amendments. In addition, if a violation occurs, the violation will be reported to the Board immediately.

6. Action List for 2023: The Committee will ensure that the following action occurs during 2023:

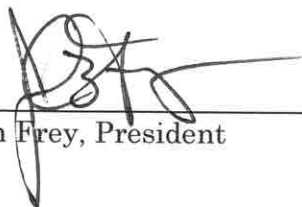
a. County Administrator will send a memorandum to all Department Heads in December in order to remind them to conduct annual training for existing employees during the month of January and for new employees within 7 days of the commencement of their employment. This training shall include the Interval Controls video produced by the State Board of Accounts. The County Administrator will require a written verification of existing employee training by January 31, 2023 and written verification of new employee training within 7 days of commencement of the employment.

b. At the annual training for Department Heads, the County Administrator will address the options available for direct charging to County accounts established by the Auditor and Treasurer.

c. The Commissioners should consider adoption of the amended Internal Controls policy in order to address suspension and debarment.

Submitted By: Tom Klein, County Administrator

Received by:



John Frey, President

11/28/22

Date

Policy 4: Contracts Policy

4.01 Contracts Supported by Federal Funds: Under Federal law and regulations, a Department Head who administers a contract or agreement which is supported by federal funds is responsible for the efficient and effective administration of grant funds through the application of sound management practices. Such funds shall be administered in a manner consistent with all applicable Federal, State and local laws, the associated agreements/assurances, program objectives and specific terms and conditions of the grant award. In addition, (1) all public works agreements and (2) any other agreement entered into by Montgomery County or one of its agencies, offices, board or commission that is supported by federal funds or may be supported by federal funds in the future must include the following paragraph:

Neither the contractor/consultant nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from entering into this contract by any federal agency or by any department, agency or political subdivision of the State. The contractor/consultant agrees that if after the execution of this agreement, either it or its any of its principals are debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from entering into contracts similar to this one that it will immediately notify the Montgomery County Administrator. For purposes of this agreement, the term "principal" means an officer, director, owner, partner, key employee, or other person with primary management or supervisory responsibilities, or a person who has a critical influence on or substantive control of the operations of the contractor/consultant or who has managerial or supervisory responsibilities for the services to be delivered under this agreement. In addition, the contractor/consultant represents that none of its subcontractors or subconsultants are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from entering into this contract by any federal agency or by any department, agency or political subdivision of the State. The contractor/consultant is solely responsible for any recoupment, penalties or costs that arise from the use of a suspended or debarred subconsultant. If any subconsultant becomes debarred or suspended, the contractor/consultant will immediately notify the Montgomery County Administrator and at the request of Montgomery County take all steps required by Montgomery County to terminate the contractor/consultant's contractual relationship with said subconsultant for work to be performed under this contract. If the contractor/consultant breaches its obligations under this paragraph, including but not limited to, not being debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from entering into this contract, Montgomery County shall have the right to terminate this contract and to delay, withhold or deny work under any supplement or amendment, change order or other contractual device issued pursuant to this contract.