

WHEREAS, in the opinion of the County Auditor, the public interests required that the Lake County Council, should be called to meet in special session at this time, for the purpose of considering the Budgets for year 2015, a written notice was sent to each member of the Council, and proper advertisement made, and all other acts performed in accordance with the laws governing such matters.

And now in obedience to such call, come Ted Bilski, President, David Hamm, Jerome Prince, Daniel Dernulc, Christine Cid, and Eldon Strong, County Councilpersons, together with Ray Szarmach, County Council Attorney. Councilwoman Elsie Franklin was absent.

OPEN: County Council Recommendations, Discussions and Actions

Dante said that today is the beginning of the Objection period. It ends in (7) seven days. If any taxpayers have any objections, they have 7 days to object, then the Council has to respond.

**Prince made a motion, seconded by Hamm to approve a new position in Department 3030/Government Center for 2015, titled Custodian, job code 18804-003 @ \$24,156, and reduce Commissioner's Budget, Department 2900, line 41250 by \$24,156, plus benefits. The majority voted "Yes". Franklin was "absent". Motion carried 6-yes, 1-absent.**

Susan Kelly, from Lake Ridge Fire Protection was present, and made her presentation for the budget for 2015.

Judge Stefaniak was present to discuss a shortfall in his budget because the State reduced Fund 706. Dante said it is not an increase, one fund, (706) is going down, and Fund 001 is going to increase by \$46,000.

In the Matter of Ordinance Authorizing Tax Levies – First Reading.

**Cid made a motion, seconded by Hamm to approve on First Reading. The majority voted "Yes". Franklin was "absent". Motion to approve on First Reading carried 6-yes, 1-absent.**

In the Matter of Ordinance for Appropriation, Forms 4A and 4B. – First Reading

**Hamm made a motion, seconded by Cid to approve on First Reading. The majority voted "Yes". Franklin was "absent". Motion to approve on First Reading carried 6-yes, 1-absent.**

In the Matter of Salary Ordinance for 2015 – First Reading

**Prince made a motion, seconded by Cid to approve on First Reading. The majority voted "Yes". Franklin was "absent". Motion to approve on First Reading carried 6-yes, 1-absent.**

In the Matter of Longevity Ordinance for 2015. – First Reading

**Dernulc made a motion, seconded by Prince to approve on First Reading. The majority voted "Yes". Franklin was "absent". Motion to approve on First Reading carried 6-yes, 1-absent.**

In the Matter of Sheriff Clothing Allowance Ordinance – First Reading

**Strong made a motion, seconded by Hamm to approve on First Reading. The majority voted "Yes". Franklin was "absent". Motion to approve on First Reading carried 6-yes, 1-absent.**

In the Matter of Per Diem Expense Ordinance for 2015.

**Cid made a motion, seconded by Prince to approve on First Reading. The majority voted "Yes". Franklin was "absent". Motion to approve on First Reading carried 6-yes, 1-absent.**

In the Matter of Ordinance Establishing the Lake County Internal Review Policies and Procedures for Federal and State Grant Reporting. – Second Reading

**Prince made a motion, seconded by Cid to approve on Second Reading. The majority voted "Yes". Franklin was "absent". Motion to approve on Second Reading carried 6-yes, 1-absent.**

TRANSFER OF FUNDS CERTIFICATE

I, the proper legal officer of Lake County Council, Lake County, IN., hereby certify to the Auditor of Lake County, that the Lake County Council, approved the following transfers:

	Requested	Approved
<u>Commissioners</u> 2900		
From: 001-43810 TAW Interest	\$190,000.00	
To: 001-44500 Construction/Reconstruction	\$190,000.00	\$190,000.00

And that such transfer does not necessitate expenditure of more money than was set out in detail in the budget as finally approved by the Department of Local Government Finance.

This transfer was made at a special public meeting according to proper ordinance, a copy of which is attached to this certificate.

Dated this 24<sup>th</sup> day of September, 2014

Ted F. Bilski  
President, Lake County Council

	Transfer Made motion	seconded	
Commissioners(\$190,000) (See Footnotes)	Prince	Hamm	The majority voted "Yes". Franklin was "absent". Motion Carried 6-yes, 1-absent.

Footnotes

Re: Commissioners(\$190,000) – Prince made a motion, seconded by Hamm to Suspend Rules and add a transfer for consideration. The majority voted "Yes". Franklin was "absent". Motion to Suspend Rules carried 6-yes, 1-absent.

Prince made a motion, seconded by Hamm to approve the transfer in the Commissioners, Department 2900, general fund 001, from: 001-43810/TAW Interest in the amount of \$190,000.00, To: 001-44500/Construction/Reconstruction, in the amount of \$190,000.00. The majority voted "Yes". Franklin was "absent". Motion to approve carried 6-yes, 1-absent.

In the Matter of Ordinance Establishing the Lake County Internal Review Policies and Procedures for Federal and State Grant Reporting. – Second Reading

Prince made a motion, seconded by Cid to approve on Second Reading. The majority voted "Yes". Franklin was "absent". Motion to approve on Second Reading carried 6-yes, 1-absent.

**ORDINANCE NO. 1376A**

**ORDINANCE ESTABLISHING THE  
LAKE COUNTY INTERNAL REVIEW  
POLICIES AND PROCEDURES FOR  
FEDERAL AND STATE GRANT REPORTING**

**WHEREAS,** various State and Federal Grants available to Lake County are on occasion presented to the Lake County Board of Commissioners and the Lake County Council for approval; and

**WHEREAS,** various State and Federal Grants available to Lake County on occasion require an appropriation of funds by the Lake County Council; and

**WHEREAS,** I.C. 36-2-3.5-5(6) provides that the Lake County Council, as the fiscal and legislative body of Lake County, may by ordinance establish new County departments, divisions, or agencies whenever necessary to promote efficient County Government; and

**WHEREAS,** it is in the best interest of Lake County Government to establish the Internal Review Division within the office of the Auditor to review the activities of Federal and State Grant programs, including but not limited to Government compliance with Federal and State laws, policies, established procedures, and accountability for the use of Federal and State funds; and

**WHEREAS,** the Internal Review Division shall issue reports on their findings to the Lake County Board of Commissioners, Lake County Council, and the Lake County Auditor, and all Government entities as required by the Lake County Grant Oversight Committee, established by Ordinance No. 1176A.

NOW, THEREFORE, LET IT BE ORDAINED AS FOLLOWS:

That the Lake County Council adopts the following internal review policies and procedures for federal grant reporting as follows:

**SECTION 1: ORGANIZATION AND POLICY**

**1.1 PURPOSE:**

This document establishes the official policies and procedures for the Internal Review Division within the Office of the Auditor. It explains the purpose, authority and responsibility of the internal review function and the duties of the Internal Review Division, which consists of the

Grant Committee, Grant Supervisor, and the Budget Liaison Director.

**1.2 AUTHORITY:**

The powers and duties of the Office of the Lake County Auditor (Auditor) are authorized under Indiana Code 32-2-9.5. The Auditor serves as the Fiscal Officer of the County with oversight responsibility of all financial books and records of County offices. The Auditor is an elected official and is organizationally independent of the operating activities of the Board of County Commissioners ("Commissioners"), the Lake County Council ("Council"), and the County Departments.

Recognizing the importance of government compliance with federal laws, policies, established procedures and accountability for the use of federal funds while performing its duties, the Auditor, Commissioners and Council have established the Internal Review Division.

The Internal Review Division is responsible for reviewing the activities of the federal grant programs under the direction of the Commissioners. The Internal Review Division is organizationally independent and has no direct responsibility for, or authority over, any Commissioner function, activity, or program subject to review.

The Internal Review Division has the authority and responsibility to review all departments receiving federal financial assistance and federal cost-reimbursement contracts and to issue reports thereon.

**1.3 MISSION STATEMENT:**

The mission of the Internal Review Division is to assure compliance by the County Departments that are receiving Federal financial assistance and Federal cost-reimbursement contracts received directly from Federal awarding agencies or indirectly from pass-through entities through the performance of independent, objective reviews and evaluations of relevant activities under the Commissioners. In performing these duties, the Internal Review Division will endeavor to assist Commissioner Administrators and County Department Managers in achieving compliance with financial reporting. These efforts are intended to ensure County compliance in order to fulfil the County's fiduciary responsibilities to the federal government.

**1.4 MISSION STRATEGY:**

The Internal Review Division will accomplish its mission to provide Lake County with an efficient, proactive and comprehensive internal review program through the conduct of:

(A) Performance review to test that required internal controls are in place and to evaluate cost effectiveness and efficiency with which federal resources are employed. Recommendations will be reported as appropriate.

(B) Assistance to the Auditor's Finance and Accounting Division and/or the external auditors in the performance of the annual audit of the County's financial statements.

(C) Compliance reviews to ensure conformance with the requirements of Federal and Indiana laws and/or Federal and Indiana grants.

**1.5 REQUIRED ACCESS TO RECORDS:**

The Auditor must have full access to all County records, properties and personnel related to federal grants in order to properly conduct required review activities. Accordingly, County officials and employees shall furnish any requested information and records within their custody and respond to any questions regarding powers, duties, activities, organization, property, financial transactions and methods of business related to federal grants.

**SECTION 2: METHOD OF OPERATION****2.1 INTERNAL REVIEW FUNCTIONS:**

The following describes the functional operation of the Internal Review Division and the requirements for accomplishing its mission:

**(A) Definition and Objective of Internal Review**

Internal review is an independent objective assurance activity designed to add value and improve operations of the County as a service to management and elected officials. The fundamental objective of internal review is to assist all members of management to discharge their responsibilities. This objective is met by furnishing management with periodic reviews and recommendations concerning the federal grant related activities.

**(B) Scope of Operations**

The Internal Review Division's scope of operations encompasses revenues and expenditures of federal grant awards. This requires going beyond the accounting and financial records to obtain a full understanding of the operations under review and involves such activities as, but is not limited to:

- Perform a periodic review of the financial statement(s) for the Federal program in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States ("GAGAS");
- Obtain an understanding of internal control and perform tests of internal control over the Federal program consistent with the requirements of §\_\_\_.500(c) for a major program;
- Perform procedures to determine whether the county department has complied with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on the Federal program consistent with the requirements of §\_\_\_.500(d) for a major program; and
- Follow up on prior SBOA audit findings, perform procedures to assess the reasonableness of the summary schedule of prior audit SBOA findings prepared by the County Department §\_\_\_.500(e).

**(C) Responsibility and Authority**

- (1) The Internal Review Division has no direct responsibility for, or authority over, any activity under review.

(2) Any review performed by the Internal Review Division does not relieve the County department or Auditor employees of their assigned responsibilities.

(3) The Internal Review Division is comprised of the Grant Committee, the Grant Supervisor and the Budget Liaison Director.

(a) The Grant Committee is comprised of three members of the Lake County Council. Pursuant to Lake County Ordinance, all county departments prior to submission and/or award of the grant application shall schedule a meeting with the Grant Committee in order to review previous and ongoing compliance.

(b) Where internal control and contractual compliance is involved with federal grants, the Grant Supervisor and Budget Liaison Director will:

- (i) Review and evaluate policies, plans and procedures, but have no responsibility for establishing same; and
- (ii) Review the existing and proposed procedures and make recommendations and/or comments regarding acceptable standards.

**(D) Responsibility of County Department**

The County Department shall:

(1) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.

(2) Maintain internal control over Federal programs that provides reasonable assurance that the County Department is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

(3) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

(4) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with §    .310.

(5) Ensure that the audits required by this part are properly performed and submitted when due. When extensions to the report submission due date required by §    .320(a) are granted by the cognizant or oversight agency for audit, promptly notify the Federal clearinghouse designated by Office of Management and Budget and each pass-through entity providing Federal awards of the extension.

(6) Follow up and take corrective action on review recommendations, including preparation of a summary schedule of prior review recommendations and a corrective action plan in accordance with §    .315(b) and §    .315(c), respectively.

**2.2 INDEPENDENCE, OBJECTIVITY AND ETHICS:**

The Internal Review Division is responsible directly to the Auditor for the performance of internal review activities and for the reporting of recommendations. The Internal Review Division is therefore considered to be independent of the county departments operations being reviewed.

Objectivity is essential to the review function. Therefore, the Internal Review Division should not devise or install procedures that will be later reviewed. In the installation of new systems, the Internal Review Division can offer suggestions for minimum controls and program implementation without impairing objectivity.

The Internal Audit Division shall maintain high standards of conduct, honor and character so that credibility and integrity are not open to question. The Internal Review Division will subscribe to the Codes of Professional Ethics and Standards as promulgated by the county's personnel and ethics policies.

**2.3 REVIEW PLANNING, CONDUCT AND COMMUNICATION:**

The Internal Review Division shall, on a periodic basis, develop a plan of review with respect to internal control and compliance requirements. The annual review plan shall include identification of each review to be conducted in terms of the financial records and activities to be reviewed.

Reviews shall be conducted in compliance with generally accepted government auditing standards issued by the Comptroller General of the United States ("GAGAS"). These standards are contained and detailed in the Circular A-133, issued pursuant to the Single Audit Act of 1984, P.L. 98-502, and the Single Audit Act Amendments of 1996, P.L. 104-156. It sets forth standards for obtaining consistency and uniformity among Federal agencies for the audit of States, local governments, and non-profit organizations expending Federal awards.

The Internal Review Division shall notify the appropriate county department management of the nature and purpose of the review. During the course of the review, the Internal Review Division will inform the Auditor and department management, to the fullest extent practicable, of any significant recommendations.

**SECTION 3: INTERNAL REVIEW SERVICES****3.1 TYPES OF SERVICES:**

The following are general descriptions of the types of services provided by the Internal Review Division. The annual review plan can include any combination of these types.

**(A) Revenue Review.**

Review includes review of County departments responsible for the billing, collection and administration of federal grant revenues.

**(B) Compliance Review.**

These reviews generally are performed to ensure compliance with Federal or State laws and/or

requirements of Federal grants. These can include reviews of management practices and financial data to determine the extent to which a unit complies with applicable Indiana Statutes, County Code and policies and procedures.

**(C) Fraud Investigations**

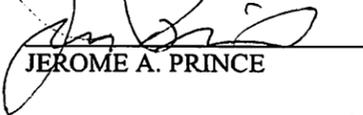
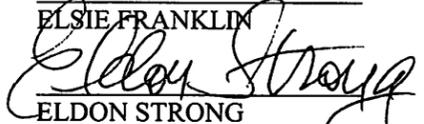
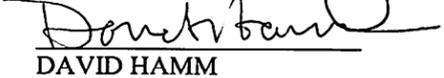
Any suspected criminal act (e.g., theft, robbery, etc.) should be promptly reported to the appropriate County officials and proper law enforcement agency.

Suspicious of fraud, misappropriation of County assets, unethical behavior of County employees or other irregularities may be reported to the Auditor through the Internal Review Division. Callers may remain anonymous if they wish. As directed by the Auditor, an independent investigation may be performed by the proper law enforcement agency, or other appropriate agency.

**3.2 REVIEW REPORTS:**

Upon completion of the review, the Grant Supervisor and/or Budget Liaison Director will prepare an original draft of the review report. The report will communicate to County management, in a clear and concise manner, the results of the review. The format of the report will depend upon the type of review performed.

SO ORDAINED THIS 24th DAY OF September, 2014.

 <hr/> CHRISTINE CID	 <hr/> TED F. BILSKI, President
 <hr/> DANIEL E. DERNULC	<p style="text-align: center;"><b>Absent</b></p> <hr/> ELSIE FRANKLIN
 <hr/> JEROME A. PRINCE	 <hr/> ELDON STRONG
	 <hr/> DAVID HAMM

Members of the Lake County Council

There being no further business to come before the Council, it was moved and seconded that the Council does now adjourn to meet again, as required by law.

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President, Lake County Council

ATTEST:

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Peggy Holinga Katona,  
Lake County Auditor

