

Avon Town Council

Ordinance 2025 - 36

Adopting Amended Internal Controls Policy

Whereas, in 2016, the Town adopted an Internal Controls Policy pursuant to a directive issued by the Indiana State Board of Accounts; and

Whereas, the Town's Internal Controls Committee annually reviews the Policy and makes recommendations to the Town Council regarding amendments which are either required or advisable in order to provide for effective management of Town administration; and

Whereas, the Internal Controls Committee submitted to the Town Council its Annual Report and recommended certain amendments to the Policy; and

Whereas, the Town Council has reviewed the proposed amendments and now finds that said amendments should be adopted; and

It is therefore, ordained that the proposed amendments received from the Internal Controls Committee are hereby adopted and that the Internal Controls Policy should read as attached in Exhibit A.

It is further ordained that this ordinance shall become effective upon adoption and that any other provision of the Code Book which is not specifically amended by this ordinance shall remain in full force and effect.

Adopted this _____ day of January, 2026.

Avon Town Council:

Dawn Lowden, President

Jayson Puckett, Vice President

William Holland, Member

Robert Pope, Member

Greg Zusan, Member

Attest:

Julie Loker, Clerk-Treasurer

Exhibit A

Town of Avon Internal Control Policies

Policy 1: Cash Handling Policy

Preamble: The Town of Avon, except for the Town Court, in an effort to reduce and eliminate the risk of theft of public funds, does not accept cash as an acceptable method of payment for transactions totaling an amount greater than \$5.00. Town of Avon Department Heads retain the discretion to prohibit cash transactions for an amount \$5.00 or less, as well as the discretion to charge a copying fee in an amount of \$5.00 or less. Otherwise, unless specifically prohibited, all Town employees shall follow the cash handling policies and procedures as set forth in this policy for transactions \$5.00 or less.

1.01 General Policy: It is the policy of the Town of Avon to safeguard all public funds that are entrusted to the Town. The Town is committed to the pillars of responsibility and integrity when handling public funds and providing service to its citizens. For these reasons, the Town of Avon believes it is in the best interest of its citizens to have a zero tolerance policy for theft of public funds. Further, the Town will employ a minimal tolerance policy for employee errors when handling cash entrusted to the Town. It is the intent of the Town that this policy conform to the Internal Control Standards issued by the Indiana State Board of Accounts.

1.02 Oversight Committee: The Oversight Committee will develop policies and procedures and train all employees and elected and appointed officials regarding the Town's cash handling procedures. The Oversight Committee will also create systems for reporting, audit and verification in order to ensure that all policies are followed.

1.03 Training of Employees: Every Town employee will receive training on this Cash Handling Policy on or before August 1, 2016 and annually thereafter. New employees will receive training within seven (7) days of the commencement of their employment. Newly elected officials will receive training within 14 days of the commencement of their office. The Committee will report to the Town Council at least quarterly, beginning at the end of the third quarter of 2016 in order to verify that the required training has been administered.

1.04 Employee Identification for Cash Handling Procedures/Security: Each employee authorized to accept cash on behalf of the Town must have an individual cash drawer. Employees are prohibited from authorizing the use of their cash draw to any other individual. Department Heads are responsible for documenting compliance with this policy. Any software system which records cash collections to a cash drawer must require a unique user

identification and password. No employee is authorized to share their unique user identification and/or password with any other individual.

1.05 Receipting: Only authorized employee may accept cash on behalf of the Town. When receiving cash, the employee must use his/her individual cash drawer. Authorized employees must (1) issue a paper receipt for all payments received, (2) retain a copy of the issued receipt for reconciliation purposes, (3) immediately record the transaction on the Town software system, and (4) perform all other tasks necessary to properly document the transaction. All transactions must carry a unique user identification of the employee who completed the transaction.

1.06 Voiding or Altering Transactions: An employee who seeks to have a receipt voided or otherwise altered must obtain the authorization from both the Department Head and the Clerk-Treasurer. The Department Head and the Clerk-Treasurer are responsible for (1) reviewing and approving the voiding or altering of a posted receipt and (2) documenting the approval of any voided or altered transactions.

1.07 Balancing Cash Drawers: An employee responsible for collecting cash is the sole person authorized to balance his/her cash drawer. Balancing of the cash drawer must be completed and properly recorded at the end of each business day. After balancing, the employee must provide to the Department Head and the Clerk-Treasurer with the balancing record.

1.08 Depositing Cash: After an authorized employee (the receiver) completes the balance of his/her cash drawer, he/she must provide the cash to an employee (transferor) to be designated by the Clerk-Treasurer to prepare a bank deposit. Upon completion of preparing a bank deposit, the transferor will deliver the cash, balancing record and other required documents to a second employee (verifier) designated by the Clerk-Treasurer, who is not the receiver nor the transferor, must recheck the accuracy and of deposit. The transferor and verifier must initial a form to be created and retained by the Clerk-Treasurer. After the accuracy of the bank deposit has been verified, the verifier must deliver the cash and deposit documents to the Clerk-Treasurer or, in her absence, the Chief Deputy Clerk-Treasurer, must deposit the cash with the bank contracted by the Town of Avon. The Clerk-Treasurer or her Chief Deputy

will retain a duplicate receipt for her records. All collections must be deposited timely and intact. All receipts must be properly obtained and issued to the appropriate personnel.

1.09 Revenue Report: An employee, who was not involved in the cash transaction, must compile all receipts and forms to create a monthly revenue report to be reviewed by the Clerk-Treasurer, Oversight Committee and the Avon Town Council. In order to complete this report, the employee must check the reconciliation of the cash drawer collections and amend the revenue report of that employee on a daily basis. After completion of the report, the employee must initial the report and provide the report to the Clerk-Treasurer for review and authorization. The Clerk-Treasurer then must review the report and, only after determining the accuracy of the report, initial the form in the space provided. The Clerk-Treasurer must obtain a monthly bank statement and review that statement for accuracy. The Clerk-Treasurer and the Department Head from which the transaction originated will prepare a monthly reconciliation report between the bank statement and the monthly revenue report. This form must be initialed by the Department Head and the Clerk-Treasurer. If the revenue report needs altered after being prepared, the designated employee must get authorization to make an alteration from the Clerk-Treasurer. The Clerk-Treasurer must review the amendment before provide the designated employee the authority to make the change. All revenue reports must be maintained in a daily file.

1.10 Record Retention: Any documentation pertaining to a daily cash collection must be retained by the Clerk-Treasurer's Office and available for audit or for review by the Oversight Committee and Town Council.

1.11 Oversight Committee Review: The Oversight Committee is responsible for reviewing all reciting and posting requirements to ensure the accuracy and timeliness of posting the receipt of cash. The Oversight Committee is responsible for reviewing both the revenue report and monthly reconciliation report for accuracy.

1.12 Reporting and Investigations: Any employee of the Town of Avon is encouraged to report to the Oversight Committee any known or suspected violation of this policy. Reporting of a violation can be made anonymously. If a report of violation is made, the Oversight Committee must immediately begin an investigation to determine the nature and scope of the violation. Any violations must be noted and corrective action must be taken. All evaluations should

include a discussion this policy, the Town's Internal Controls standards, and any problems the employee has with their assigned task. After completion of this evaluation, the Oversight Committee must determine if any aspect of this policy needs to be amended to avoid future violations.

1.13 Discipline: Employees who violate the provisions of these policy are subject to discipline, including but not limited to termination.

Policy 2: Credit Card and Procurement Card Policy

2.01 General Policy: It is the intent of this policy to comply with the minimum standards set forth in the State Board of Accounts Uniform Compliance Guidelines. Should any provision of this policy conflict with those guidelines, the State Board of Accounts Uniform Compliance Guidelines is controlling and is deemed to be the policy of the Town of Avon as expressly written.

2.02 Use of Cards: Credit cards / Procurement Cards (PCards), which are issued by the Town, are only for business related purchases by Town employees. Departmental credit cards / PCards may be used only for lawful charges of expenses related to and necessary for the effective operation of that department. Such uses include but are not limited to:

- (1) Purchasing supplies and equipment for the use and benefit of the department;
- (2) Travel and lodging expenses of department personnel while traveling on approved municipal business;
- (3) Meal expenses of departmental personnel while traveling on approved municipal business, provided that any such expense does not exceed any authorized per diem for meals. Reasonable tips or gratuities are allowed as meal expenses if service is provided as part of the meal;
- (4) Approved training and education costs for departmental personnel; and
- (5) Any other use required for the efficient operation of the department, provided that the use has been approved by the Clerk-Treasurer.

2.03 Prohibited Use: The credit cards / PCards may not be used for the following:

- (1) Personal use;
- (2) Purchasing alcohol;
- (3) Any illegal purpose; or
- (4) To bypass the Town's accounting system or purchasing policies.

2.04 General Procedures.

- (1) The Clerk-Treasurer shall be responsible for keeping, maintaining, and securing any credit card / PCard until it is necessary and proper to distribute a Town issued credit card / PCard for an authorized purpose mentioned above. The Clerk-Treasurer shall be responsible for maintaining a list of cards issued and will be responsible for maintaining credit limits and allowed merchant categories.
- (2) The Town employee desiring to use a Town credit card / PCard must fill out a requisition form and obtain proper approval by the Clerk-Treasurer before making any purchase.
- (3) No Town employee may save any credit card/PCard information to their computer, a website, or any other form of documentation.
- (4) Immediately after making an authorized purchase, the Town employee must return the credit card / PCard to the Clerk-Treasurer.
- (5) As soon as possible, but no more than seven days after use, the Town employee using the credit card / PCard shall deliver to the Clerk-Treasurer the following documents:
 - a. A completed requisition form signed by the purchaser and Clerk-Treasurer;
 - b. Original receipts and/or invoices for the charges; and
 - c. Any other documentation required by the Town which supports the claim.
- (6) If the employee loses the original receipt and/or invoice, the employee shall provide a duplicate receipt and/or invoice or an affidavit of lost receipt.

2.05 Internal Review of Claims Procedure.

- (1) The Clerk-Treasurer must maintain an accounting system or log which contains at least the following:
 - a. The name of the Town employee who requested the credit card / PCard;
 - b. The position of the Town employee who requested the credit card / PCard;
 - c. The estimated amount of the purchase;
 - d. The fund and account numbers to be charged;
 - e. The date the card is issued;
 - f. The date the card is returned; and
 - g. All sufficient documentation necessary to assure accuracy and compliance with this policy.
- (2) The Town shall designate an officer, other than the Clerk-Treasurer, to review the transactions listed on the credit card / PCard statement in order to ensure there is sufficient documentation and inclusion in the claim to the Legislative Body. This designated member must ensure the card statements and accounting system or log provides accurate, relevant, and timely information. The designated member must certify his/her review by initialing or signing the necessary documentation.
- (3) All claims must be approved by the Avon Town Council.

2.06 **Misuse.**

- (1) Any misuse of a Town issued credit card / PCard may result in disciplinary action up to and including termination. A Town employee may be personally liable for reimbursement of charges that do not meet the requirements of this policy. Further, the Clerk-Treasurer is authorized to deny reimbursement claims by employees for violations of this policy.
- (2) Any interest, late charges, or other fees resulting from the tardy submission of proper documentation by any officer or employee shall be the personal responsibility of that officer or employee to pay.

(3) All credit cards / PCards must be kept in a secure location. Any loss or theft must be reported to the card issuing bank and the Clerk-Treasurer immediately.

(4) Upon termination of employment, the employee must immediately surrender the card to the Clerk-Treasurer.

2.07 Reporting and Investigations: Any employee of the Town of Avon is encouraged to report to the Oversight Committee any known or suspected violation of this policy. Reporting of a violation can be made anonymously. If a report of violation is made, the Oversight Committee must immediately begin an investigation to determine the nature and scope of the violation. Any violations must be noted and corrective action must be taken. All evaluations should include a discussion of this policy, the Town's Internal Controls standards, and any problems the employee has with their assigned task. After completion of this evaluation, the Oversight Committee must determine if any aspect of this policy needs to be amended to avoid future violations.

2.08 Town Employee Training; Best Practices.

(1) The Clerk-Treasurer and designated person assigned to review the necessary credit card / PCard statements is responsible for the training and education of employees on the proper use of Town credit cards / PCards and the requirements of this policy.

(2) The Clerk-Treasurer and the designated Audit Committee member assigned to review the necessary credit card / PCard statements must evaluate and adjust these internal controls and policies on a regular basis. Changes should compensate for personnel changes, newly elected officials, financial fluctuations, etc. to ensure the Town is complying with the Internal Control Standards as set forth by the State Board of Accounts.

Policy 3: Credit Card, Procurement Card, and BP Card Policy

3.01 General Policy: It is the intent of this policy to comply with the minimum standards

set forth in the State Board of Accounts Uniform Compliance Guidelines. Should any provision of this policy conflict with those guidelines, the State Board of Accounts Uniform Compliance Guidelines is controlling and is deemed to be the policy of the Town of Avon as expressly written.

3.02 Use of Cards: Credit cards / Procurement Cards (PCards), and BP Cards, which are issued by the Town, are only for business related purchases by Town employees. Departmental credit cards / PCards and BP cards may be used only for lawful charges of expenses related to and necessary for the effective operation of that department. Such uses include but are not limited to:

- (1) Purchasing supplies and equipment for the use and benefit of the department;
- (2) Travel and lodging expenses of department personnel while traveling on approved municipal business;
- (3) Meal expenses of departmental personnel while traveling on approved municipal business, provided that any such expense does not exceed any authorized per diem for meals. Reasonable tips or gratuities are allowed as meal expenses if service is provided as part of the meal;
- (4) Approved training and education costs for departmental personnel; and
- (5) Any other use required for the efficient operation of the department, provided that the use has been approved by the Clerk-Treasurer.

3.03 Prohibited Use: The credit cards / PCards and BP Cards may not be used for the following:

- (1) Personal use;
- (2) Purchasing alcohol;
- (3) Any illegal purpose; or

(4) To bypass the Town's accounting system or purchasing policies.

3.04 Credit Card and PCard Procedure.

(1) The Clerk-Treasurer shall be responsible for keeping, maintaining, and securing any credit card / PCard until it is necessary and proper to distribute a Town issued credit card / PCard for an authorized purpose mentioned above. The Clerk-Treasurer shall be responsible for maintaining a list of cards issued and will be responsible for maintaining credit limits and allowed merchant categories.

(2) The Town employee desiring to use a Town credit card / PCard must fill out a requisition form and obtain proper approval by the Clerk-Treasurer before making any purchase.

(3) No Town employee may save any credit card/PCard information to their computer, a website, or any other form of documentation.

(4) Immediately after making an authorized purchase, the Town employee must return the credit card / PCard to the Clerk-Treasurer.

(5) As soon as possible, but no more than seven days after use, the Town employee using the credit card / PCard shall deliver to the Clerk-Treasurer the following documents:

(a) A completed requisition form signed by the purchaser and Clerk-Treasurer;

(b) Original receipts and/or invoices for the charges; and

(c) Any other documentation required by the Town which supports the claim.

(6) If the employee loses the original receipt and/or invoice, the employee shall provide a duplicate receipt and/or invoice or an affidavit of lost receipt.

3.05 BP plc Gas Card Procedure. Various departments of the Town of Avon, including the Police Department, possess BP plc. gas cards ("BP cards"). The use of BP cards shall be as follows:

(1) Department Heads shall be responsible for keeping, maintaining, and securing any BP card until it is necessary and proper to distribute it for an authorized purpose. The Department Head shall be responsible for maintaining a list of cards issued and will be responsible for maintaining credit limits and allowed merchant categories.

- (2) The Town employee desiring to use a BP card must fill out a requisition form and obtain proper approval by the Department Head before making any purchase.
- (3) No Town employee may save any BP card information to their computer, a website, or any other form of documentation.
- (4) Immediately after making an authorized purchase, the Town employee must return the BP card to the Department Head.
- (5) As soon as possible, but no more than seven days after use, the Town employee using the BP card shall deliver to the Clerk-Treasurer the following documents:
 - (a) A completed requisition form signed by the purchaser and Department Head;
 - (b) Original receipts and/or invoices for the charges; and
 - (c) Any other documentation required by the Town which supports the claim.
- (6) If the employee loses the original receipt and/or invoice, the employee shall provide a duplicate receipt and/or invoice or an affidavit of lost receipt.

3.06 Internal Review of Claims Procedure.

- (1) The Clerk-Treasurer must maintain an accounting system or log which contains at least the following:
 - a. The name of the Town employee who requested the credit card / PCard;
 - b. The position of the Town employee who requested the credit card / PCard;
 - c. The estimated amount of the purchase;
 - d. The fund and account numbers to be charged;
 - e. The date the card is issued;
 - f. The date the card is returned; and
 - g. All sufficient documentation necessary to assure accuracy and compliance with this policy.
- (2) The Town shall designate an officer, other than the Clerk-Treasurer, to review the transactions listed on the credit card / PCard statement in order to ensure there is sufficient documentation and inclusion in the claim to the Legislative Body. This

designated member must ensure the card statements and accounting system or log provides accurate, relevant, and timely information. The designated member must certify his/her review by initialing or signing the necessary documentation.

(3) All claims must be approved by the Avon Town Council.

3.07 Misuse.

(1) Any misuse of a Town issued credit card / PCard or BP card may result in disciplinary action up to and including termination. A Town employee may be personally liable for reimbursement of charges that do not meet the requirements of this policy. Further, the Clerk-Treasurer is authorized to deny reimbursement claims by employees for violations of this policy.

(5) Any interest, late charges, or other fees resulting from the tardy submission of proper documentation by any officer or employee shall be the personal responsibility of that officer or employee to pay.

(6) All credit cards / PCards and BP cards must be kept in a secure location. Any loss or theft must be reported to the card issuing bank and the Clerk-Treasurer immediately.

(7) Upon termination of employment, the employee must immediately surrender the card to the Clerk-Treasurer.

3.08 Reporting and Investigations: Any employee of the Town of Avon is encouraged to report to the Oversight Committee any known or suspected violation of this policy. Reporting of a violation can be made anonymously. If a report of violation is made, the Oversight Committee must immediately begin an investigation to determine the nature and scope of the violation. Any violations must be noted and corrective action must be taken. All evaluations should include a discussion of this policy, the Town's Internal Controls standards, and any problems the employee has with their assigned task. After completion of this evaluation, the Oversight Committee must determine if any aspect of this policy needs to be amended to avoid future violations.

3.09 Town Employee Training; Best Practices.

(1) The Clerk-Treasurer and designated person assigned to review the necessary credit card / PCard and BP Card statements is responsible for the training and education of employees on the proper use of these cards and the requirements of this policy.

(2) The Clerk-Treasurer and the designated employee assigned to review the necessary credit card / PCard and BP card statements must evaluate and adjust these internal controls and policies on a regular basis. Changes should compensate for personnel changes, newly elected officials, financial fluctuations, etc. to ensure the Town is complying with the Internal Control Standards as set forth by the State Board of Accounts.

Policy 4: Reporting Policy

4.01 Annual Financial Report: Per Indiana state law, the Town of Avon is required to submit to the State Board of Accounts (SBOA) an “Annual Financial Report” of the Town of Avon. The Clerk-Treasurer of the Town shall ensure that this report is completed. Upon completion of the required Annual Financial Report, and before submitting it to the SBOA, the Clerk-Treasurer must present the report to the Avon Town Council for review and approval for submission. Upon the approval of submission by the Avon Town Council, the Clerk-Treasurer shall submit the report to the SBOA. Nothing in this policy shall be read to conflict with, or otherwise supersede, any submission requirement of the SBOA.

4.02 Internal Control Training Certification for Elected Officials, Appointees, and Employees: The State Board of Accounts requires the Town of Avon to administer training of elected official, appointees, and employees on the SBOA internal control standards, as well as all internal control policies of the Town. The Clerk-Treasurer shall ensure that all required training is administered. Upon completion of the required “Internal Control Training Certification for Elected Officials, Appointees, and Employees Certification”, and before submitting it to the SBOA, the Clerk-Treasurer must present the report to the Avon Town Council for review and approval for submission. Upon the approval of submission by the Avon Town Council, the Clerk-Treasurer shall submit the report to the SBOA. Nothing in this policy shall be read to conflict with, or otherwise supersede, any submission requirement of the SBOA.

4.03 Materiality Policy: The Town of Avon has adopted, by ordinance, a Materiality Policy. This policy requires the Clerk-Treasurer, from time to time as necessary, to make reports to the Avon Town Council. The Clerk-Treasurer shall ensure those reporting requirements are fulfilled.

4.04 Other Annual Reports: In the event the Town of Avon is required to make a report to the state of Indiana, or an agency of the state, the Town employee who conducts and drafts the report must present the report to the Avon Town Council for review and approval for submission before submitting the report to the state. Only upon the approval by the Town Council will the employee be authorized to file the report with the state or its agency. Nothing in this policy shall be read to conflict with, or otherwise supersede, any submission requirement of the state or its agency.

Policy 5: Contracts Policy

5.01 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 the Town of Avon or one of its agencies, offices, boards or commissions 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 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 Town Manager. 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 Town Manager and at the request of the Town of Avon take all steps required by the Town of Avon 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, the Town of Avon 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.

Policy 6: Allowable Costs / Cost Principles

6.01 Application: The Office of Management and Budget (the “OMB”) prescribes the cost accounting requirements associated with local governments’ administration of federal awards (the “Cost Principles”). The requirements are contained in 2 CFR Part 200, Subpart E. The Cost Principles applicable to the Town of Avon apply to all federal awards received by the Town of Avon, unless the Town is not required to account to the federal awarding agency or pass-through entity for actual costs incurred.

6.02 Purpose: It is the Town of Avon’s intent to comply with 2 CFR 200, Subpart E, and adopts the regulation as an Internal Control policy by reference. It is the intention of the Town of Avon to aid the Town and its employees in administering federal awards. The guidelines contained in this policy are non-exclusive and not intended to list all the requirements of the Cost Principles that the Town shall follow when administering federal awards.

6.03 Cost Principle Guidelines

- (1) **Basic Guidelines** . Except where otherwise authorized by statute, cost must meet the following general criteria in order to be allowable under federal awards. Unallowable costs are either expenses that are unallowable by nature or unallowable activities.
- (2) **General Cost Allowability Criteria** . All costs expended under an applicable federal award must meeting the follow general criteria:
 - a. **Be necessary and reasonable for the proper and efficient performance and administration of the federal program.**
 - i. When determining whether a cost is necessary, consideration shall be given to:
 1. Whether the cost is needed for the proper and efficient performance of the federal award;
 2. Whether the cost is identified in the approved project budget or application;
 3. Whether the cost aligns with identified needs based on results and findings from a needs assessment; and
 4. Whether the cost addresses project goals and objectives
 - ii. When determining reasonableness of cost, consideration shall be given to:
 1. Whether the cost is the type generally recognized as ordinary and necessary for the proper and efficient performance of the federal award;
 2. The restraints or requirements imposed by federal, state, and other laws and regulations and terms and conditions of the award;
 3. Market prices for comparable goods or services for the geographic area;
 4. Whether relevant individuals involved in the administration of the award acted with prudence under the circumstances; and

5. Whether the Town significantly deviates from its established practices and policies when incurring costs in ways that unjustifiably increase the award's cost.
- b. **Be allocable to the award.** A cost is allocable to the federal award if the goods and services involved are chargeable or assignable to the federal award relative to the benefit derived by the federal grant.
 - c. **Consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the Town.**
 - d. **Consistent treatment.** A cost cannot be assigned to a federal award as a direct cost if any other cost for the same purpose in like circumstances has been assigned as an indirect cost under another award.
 - e. **Adequately documented.**
 - f. **Be determined in accordance with generally accepted accounting principles, unless provided otherwise by 2 CFR 200, Subpart E.**
- (3) **Allowable Costs - Local Government-Wide Central Service Costs:** If the Town provides certain services to operating agencies on a centralized basis, a process is required whereby cost associated with the central service can be identified and assigned to the benefitted activities on a reasonable and consistent basis. The Town must submit these costs to be allocated under the federal award, and such submissions shall meet the requirements of 2 CFR 200, Appendix V, paragraph D.
- (4) **Selected Items of Cost .** In addition to the basic guidelines, the following selected items of cost are generally allowable or unallowable as follows:

Select Cost Item	2 CFR Part 200 Reference	Allowability	Items of Cost Requiring Prior Approval
Advertising and public relations costs	§200.421	Allowable with restrictions	
Advisory councils	§200.422	Allowable with restrictions	
Alcoholic beverages	§200.423	Unallowable	
Audit services	§200.425	Allowable with restrictions	
Bad debts	§200.426		
Bonding costs	§200.427	Allowable with restrictions	
Collection of improper payments	§200.428	Allowable	
Compensation for personal services	§200.430	Allowable with restrictions; special conditions apply	X (related to the salaries of administrative and clerical staff)
Compensation – fringe benefits	§200.431	Allowable with restrictions	X

			(related to costs for IHEs)
Conferences	§200.432	Allowable with restrictions	
Contingency provisions	§200.433	Unallowable with exceptions	
Contributions and donations	§200.434	Unallowable if made by local government; not reimbursable but value may be used as cost sharing or matching if made to local government	
Defense and prosecution of criminal and civil proceedings, claims, appeals, and patent infringements	§200.435	Allowable with restrictions	
Depreciation	§200.436	Allowable with qualifications	
Employee health and welfare costs	§200.437	Allowable with restrictions	
Entertainment costs	§200.438	Unallowable with exceptions	X
Equipment and other capital expenditures	§200.439	Allowability based on specific requirements	X
Exchange rates	§200.440	Allowable with restrictions	X
Fines, penalties, damages, and other settlements	§200.441	Unallowable with exceptions	X
Fundraising and investment management costs	§200.442	Unallowable with exceptions	X
Gains and losses on disposition of depreciable assets	§200.443	Allowable with restrictions	
General costs of government	§200.444	Unallowable with exceptions	
Goods or services for personal use	§200.445	Unallowable if goods or services; allowable if housing but with restrictions	X
Idle facilities and idle capacity	§200.446	Idle facilities – unallowable with exceptions; idle	

		capacity – allowable with restrictions	
Insurance and indemnification	§200.447	Allowable with restrictions	X
Intellectual property	§200.448	Allowable with restrictions	
Interest	§200.449	Allowable with restrictions	
Lobbying	§200.450	Unallowable	
Losses on other awards and contracts	§200.451	Unallowable (but should be included in the indirect cost rate base for allocation of indirect costs)	
Maintenance and repair costs	§200.452	Allowable with restrictions	
Materials and supplies costs, including computing devices	§200.453	Allowable with restrictions	
Memberships, subscriptions, and professional activity costs	§200.454	Allowable with restrictions	X
Organization costs	§200.455	Unallowable except federal prior approval	X
Participant support costs	§200.456	Allowable with prior approval of the federal awarding agency	X
Plant and security costs	§200.457	Allowable; capital expenditures subject to §200.439	
Professional service costs	§200.459	Allowable with restrictions	
Proposal costs	§200.460	Allowable with restrictions	
Publication and printing costs	§200.461	Allowable with restrictions	
Rearrangement and reconversion costs	§200.462	Allowable (ordinary and normal)	X
Recruiting costs	§200.463	Allowable with restrictions	
Relocation costs of employees	§200.464	Allowable with restrictions	
Rental costs of real property and equipment	§200.465	Allowable with restrictions	

Selling and marketing costs	\$200.467	Unallowable with exceptions	X
Specialized services facilities	\$200.468	Allowable with restrictions	
Student activity costs	\$200.469	Unallowable unless specifically provided for in the federal award	
Taxes (including Value Added Tax)	\$200.470	Allowable with restrictions	
Telecommunication costs and video surveillance costs	\$200.471	Unallowable	
Termination costs	\$200.472	Allowable with restrictions	
Training and education costs	\$200.473	Allowable for employee development	
Transportation costs	\$200.474	Allowable with restrictions	
Travel costs	\$200.475	Allowable with restrictions	X

Policy 7: Projects Financed by Bonds

7.01 General Policy: It is in the policy of the Town of Avon to comply with all obligations imposed upon it, or its agencies, boards, and commissions, as issuers of debt by way of bonds. The obligations imposed on the Town are contained in the bond documents, including but not limited to the bonds, the Official Statement, Continuing Disclosure Undertaking, Trust Indenture, Financing Agreement, Lease and Addenda to the Lease, Purchase Agreement, and other documents. Additional obligations are imposed by rules and guidance of the Indiana State Board of Accounts.

7.02 Responsibilities of Governing Boards: The governing board that issues bonds to finance a project has a duty to (1) know the obligations imposed by the issuance documents and the construction agreements, (2) comply with these obligations, (3) document the board's compliance, and (4) report its compliance to the Town Council, and, as part of its audit, to the State Board of Accounts.

7.03 Discharge of Responsibilities by Governing Boards: For each bond issuance, the issuing governing board will develop a compliance checklist, document its compliance with the obligations, and report its compliance at least annually to the Town Council. The governing

board will maintain records relating to the bond and its compliance for a period of not less than five (5) years after the bonds have been paid, unless a longer period is required by the bond documents or by law.

7.04 Engagement of Consultants. The governing board issuing bonds will engage financial consultants, bond attorneys, the Town attorneys, underwriters, and other consultants to assist with compliance before and after the issuance of bonds.

7.05 Payment of Claims for Projects. In consideration of claims filed for the issuance of bonds, post-closing obligations, design of projects, construction of projects, and closing of projects, the governing body that issued the bonds and any agency responsible for administration of the bond proceeds will comply with all obligations and only pay expenses which it finds it is (1) obligated to pay under the terms and conditions of written agreements and (2) authorized to pay under the terms and conditions of the bond documents. In addition, the government board must only pay and authorize payment of funds from the correct fund of bond proceeds and must comply with all payment procedures required by the bond documents.

7.06 Reconciliation of Accounts and Accounting. The Clerk-Treasurer and, if applicable, the treasurer of any governing body that issued the bond, must perform a monthly reconciliation of each fund of bond proceeds and report the findings of the reconciliation to the governing board and to the Town Council. If the reconciliation report shows that the fund bank statement conflicts with the governing board's accounting, the Clerk-Treasurer and governing board must address and remedy the conflict and report their action to the governing board and Town Council.

7.07 Oversight Committee Review: The Oversight Committee will annually review compliance with the policy.

Policy 8: Buy Money Fund

1.01. Purpose: The purpose of this policy is to establish internal controls for obtaining, using, and accounting for confidential funds used in support of criminal investigations.

1.02. Policy: Criminal investigations requiring the use of confidential monetary disbursements may be supported by the funds in the Buy Money Fund. The Buy Money Fund shall be managed by the Chief of Police. Officers requesting and utilizing funds from the Buy Money Fund shall adhere to the procedures set forth in this policy.

1.03 General Guidelines. The use of funds from the Buy Money Fund shall only be used in connection with criminal investigations requiring confidential money disbursements and only for the purposes approved in writing by the Chief of Police.

1.04. General Procedures

1.04.01 Request Procedures

1. Police officers requesting use of Buy Money Funds shall do so by completing an initial request form. The initial request form shall contain the requesting officer's full name, a case reference number, specify the anticipated criminal activity, describe the evidence to be received, and specify the amount of the expenditure. The expenditure amount shall not exceed \$2,500, if the expenditure is for controlled substances, and shall not exceed \$750 if the expenditure is for any other purpose.
2. The request form shall be submitted to the officer's supervisor. The requesting officer's supervisor shall approve or deny the request. If denied, the request form shall be returned to the requesting officer. If the supervising officer wishes to modify the amount of funds being requested, the supervising officer shall deny the request and direct the requesting officer to submit a new request form. If approved, the

supervising officer shall endorse the request by signing and dating the request form.

3. If approved, the supervising officer shall then forward the request form to the Chief of Police. The Chief of Police shall approve or deny the request. If denied, the request form shall be returned to the requesting officer. If the Chief of Police wishes to modify the amount of funds being requested, the Chief of Police shall deny the request and direct the requesting officer to submit a new request form. If approved, the Chief of Police shall endorse the request by signing and dating the request form. The Chief of Police shall also assign the request a control number, and indicate this control number on the Request for Funds form.

1.04.02 Draw Procedures

1. After the initial request form is approved and endorsed by a supervising officer and the Chief of Police, the Chief of Police shall submit a draw request form to the Clerk-Treasurer. The draw request form shall contain the following information:
 - a. The name of the requesting officer;
 - b. The amount of the expenditure; and
 - c. The control number.
2. The Clerk-Treasurer shall issue a check or money order made payable to the requesting officer, and deliver the check to the Chief of Police. The Chief of Police shall deliver the check to the requesting officer. The employee shall be the only person authorized to endorse the check.
3. The Clerk-Treasurer shall also issue a receipt to the Chief of Police for the disbursement to the requesting officer.

1.04.03 Procedures Relating to Use and Return of Funds

1. Funds advanced to a requesting officer shall only be held outstanding for up to 48 hours. If it becomes apparent at any point within the 48-hour period that the expenditure will not materialize, the funds must be returned to the Chief of Police. The Chief of Police will then return the funds to the Clerk-Treasurer as soon as possible. An extension of the 48-hour limit may be granted by the requesting officer's supervising officer and the Chief of Police. Such extensions shall be indicated on the initial request form, and if approved, endorsed with both the supervising officer and the Chief of Police's signature and date of approval.

2. Unused checks shall be returned to the Chief of Police, unendorsed, with a memorandum explaining the reason for the return of the unused check. The Chief of Police shall deliver the unused check to the Clerk-Treasurer.
3. Following the related investigative police action, an officer who receives funds from the Buy Money Fund shall return the funds to the requesting officer's supervisor within 24 hours, or at the beginning of the officer's next shift, with a supplemental report which contains the following information:
 - a. The officer's name;
 - b. The control number;
 - c. Date the supplemental report was prepared;
 - d. Date of each expenditure;
 - e. Amount of each expenditure;
 - f. Description of each expenditure;
 - g. Amount of funds held in evidence;
 - h. Date of return of funds; and
 - i. Case reference number.
4. The supervising officer shall review the supplemental report for accuracy and completeness, and sign and date the supplemental report. The supervising officer shall then present the funds and the supplemental report to the Chief of Police, who shall also sign and date the supplemental report upon approval.
5. The Chief of Police shall prepare a return form, which contains the following information:
 - a. The check number;
 - b. The control number;
 - c. The amount of the check;
 - d. The name of the payee;
 - e. The amount of the expenditure, in the event funds are not returned in full, either due to loss of funds during an official police investigation;
 - f. The amount of funds held in evidence in the event funds are held in evidence subject to return upon the conclusion of criminal investigation and prosecution; and
 - g. The amount of the returned funds.
6. The Chief of Police shall present to the Clerk-Treasurer the form and the returned funds, if any.
7. In the event funds are held in evidence, upon conclusion of criminal investigation and prosecution, the Chief of Police shall submit a supplemental return form and the funds to the Clerk-Treasurer.
8. The Clerk-Treasurer shall deposit returned funds in the Buy Money Fund.

9. The Clerk-Treasurer shall adhere to all petty cash fund procedures as authorized by Ind. Code 36-1-8-3.

1.04.04 Accounting and Documentation

1. The Chief of Police shall keep a written ledger and recording the following information for each disbursement:
 - a. The date the check is written;
 - b. The check number;
 - c. The control number;
 - d. The amount of the check; and
 - e. The name of the payee (i.e. the requesting officer).
2. The Chief of Police shall maintain the written ledger and copies of all request forms, receipts, memorandums of explanation submitted for unused checks, supplemental reports, return forms, and supplemental return forms.
3. The Chief of Police, or the Chief of Police's designee, shall prepare a monthly reconciliation of the funds disbursed and refunded to the Buy Money Fund, and submit the reconciliation report to the Clerk-Treasurer.
4. The Clerk-Treasurer shall prepare an annual report to the Town Council reporting the reconciliation of the Buy Money Fund.

1.05 General Controls

1. Money drawn from the Buy Money Fund shall not be spent for any purpose other than that for which it was requested unless granted by prior written approval from the requesting officer's supervisor and the Chief of Police.
2. Employees who violate the provisions of this policy are subject to discipline, including but not limited to termination.

