

BOARD OF COMMISSIONER, DELAWARE COUNTY, INDIANA  
Ordinance No. 2016- 006

ORDINANCE ESTABLISHING MATERIALITY POLICY AS TO REPORTING TO INDIANA  
STATE BOARD OF ACCOUNTS AS TO ERRONEOUS OR IRREGULAR MATERIAL  
VARIANCES, LOSSES, SHORTAGES OR THEFTS

WHEREAS, Indiana Code § 5-11-1-27(j) states:

“All erroneous or irregular material variances, losses, shortages, or thefts of political subdivision funds or property shall be reported immediately to the state board of accounts. For all material variances, losses, shortages, or thefts, the state board of accounts shall:

- (1) Determine the amount of funds involved and report the amount to the appropriate government and law enforcement officials;
- (2) Determine the internal control weakness that contributed to or caused the condition; and
- (3) Make written recommendations to the appropriate legislative body or appropriate official overseeing the internal control system addressing:
  - (A) the method of correcting the condition; and
  - (B) the necessary internal control policies and internal control procedures that must be modified to prevent a recurrence of the condition”;

WHEREAS the Indiana State Board of Accounts has ruled that in general, each political subdivision must develop its own policy on materiality because the causes of irregular variances, losses, shortages, and thefts are as broad and varied as the political subdivisions in which the incidents occur.

WHEREAS the Board of Commissioners recognizes that variances, losses, shortages, and thefts may occur. If such an incident occurs, it is the County's policy for the Auditor and Treasurer or such other elected officials and/or employees as becomes aware of the variance, loss, shortage or theft to report the same to the President of the Board of Commissioners and to the Auditor of the County, to be placed on the agenda for resolution at the next Board of Commissioners meeting.

NOW THEREFORE, BE IT HEREBY ORDAINED BY THE BOARD OF COMMISSIONERS OF DELAWARE COUNTY, INDIANA, That:

Section 1: Any public official, department head or employee with actual knowledge or reasonable cause to believe that there has been a misappropriation of public funds is to immediately send written notice of the misappropriation to the State Board of Accounts and the Prosecuting Attorney, regardless of the amount.

Section 2: The materiality threshold at which point the County shall report incidents of material variances, losses, shortages, to the State Board of Accounts is:

- A. A one-time cash loss of at least \$500 or,
- B. A recurring cash loss of at least \$50 average per month, or,

- C. A value of \$500 for a one-time loss of assets, or,
- D. A creation of additional liabilities of at least \$1,000 average per month.

Section 3: All items not reported to the State Board of Accounts shall be resolved at the Board of Commissioners level with appropriate documentation retained by the County Auditor.

Section 4: When an irregular variance, loss, shortage, or theft is determined material pursuant to Delaware County's policy on materiality, the Auditor and/or the Treasurer shall report the incident to the State Board of Accounts. On the State Board of Accounts' website there is a notification link, which allows public officials to report via e-mail material irregular variances, losses, shortages, or thefts. Telephone and in-person reporting is also acceptable. Reports will be followed up with a return e-mail or call to gather additional information as necessary. All reports of irregular variances, losses, shortages, or thefts are maintained by the State Board of Accounts.

Section 5: This Ordinance shall be effective upon passage.

All of which is ordained this 18 th day of April, 2016.

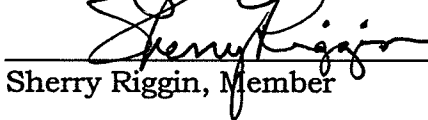
BOARD OF COMMISSIONERS  
DELAWARE COUNTY, INDIANA



Shannon Henry, President



James King, Vice-President



Sherry Riffin, Member

ATTEST:



Steven Craycraft, Auditor