

Montgomery County Board of Commissioners

Ordinance 2016 – 9

Ordinance Adopting Materiality Policy

Whereas, from time to time the State Board of Accounts publishes memoranda concerning municipal policies; and

Whereas, on January 7, 2016, the State Board of Accounts issued a “Memorandum on Considerations for Materiality Policies” which provided policy recommendations concerning the reporting requirements and procedure for irregular variances, losses, shortages, and thefts of County cash and assets to the State Board of Accounts; and

Whereas, the Montgomery County Board of Commissioners believes it is in the best interest of Montgomery County to adopt a Materiality Policy substantially similar to the suggested policy considerations issued by the State Board of Accounts in order to promote transparency and to ensure that the Board of Commissioners is aware of any irregularities in the financial records of the County; and

It is, therefore ordained that a new section, Section 36.24 is hereby added to Chapter 36 of the Montgomery County Code, which reads as follows:

“§36.24 MATERIALITY POLICY

- (A) Reporting to Auditor:** If an elected official, appointed official or employee discovers any material irregular variances, losses, shortages, or thefts of cash or other assets, the official or employee will immediately report the irregularity or theft to the Board of County Commissioners and to the Indiana State Board of Accounts.
- (B) Discovery of Irregularities By Auditor:** If the Auditor discovers any material irregular variances, losses, shortages, or thefts of cash or other assets, the Auditor will immediately report the irregularity or theft to the Board of County Commissioners and to the Indiana State Board of Accounts.
- (C) Procedure:** Upon receipt of a report of any material irregular variance, loss, shortage, or theft, the Auditor must:
 - 1. **Maintenance of Record:** Log all reports into a spreadsheet that is permanently maintained by Montgomery County;
 - 2. **Confirmation:** Confirm the dollar amount of the variance, loss, shortage, or theft;
 - 3. **Definition of Materiality:** For purposes of this policy, the term “material” means a variance, loss, shortage, or theft of cash which exceeds

\$0.00 and a variance, loss, shortage, or theft of any other (non-cash) asset which exceeds \$0.00.

4. **Investigation:** Investigate the cause of any variance, loss, shortage, or theft and document all findings;
5. **Corrective Action:** Document and implement corrective actions or internal control procedures to correct the causes of the variance, loss, shortage, or theft; and
6. **Record Keeping:** Maintain copies of all relevant documentation, resolution of incidents, and any report to the State Board of Accounts in a centralized folder.

(D) **Duty of Public Officials to Report Misappropriation of Public Funds:** All public officials who have actual knowledge of, or reasonable cause to believe, there has been a misappropriation of public funds must immediately send written notice of the misappropriation to the State Board of Accounts and the prosecuting attorney pursuant to Indiana Code § 5-11-1-27(I) and to the Board of County Commissioners pursuant to this policy."

It is further ordained that all other provisions of Chapter 36, which are not expressly amended by this ordinance, will remain in full force and effect.

It is further ordained that any County policy which is inconsistent with the Materiality Policy contained in this ordinance are deleted and replaced by the language contained in this ordinance.

It is further ordained that this policy shall take effect upon the adoption by a majority of the Montgomery County Board of Commissioners.

Adopted this 14th day of March, 2016.

A Majority of the Montgomery County
Board of Commissioners

James D. Fulwider, President



Phil Bane, Vice President


Terry Hockersmith, Member

Attest 
Jennifer Andel, Auditor