

BILL NO. R-16-12-03

RESOLUTION R-_____

A RESOLUTION establishing a materiality threshold and policy for erroneous or irregular material variances, losses, shortages, and thefts for the City of Fort Wayne

WHEREAS, IC 5-11-1-27(j) requires all political subdivisions immediately report all erroneous or irregular material variances, losses, shortages, or thefts of political subdivision funds or property to the State Board of Accounts; and

WHEREAS, State Examiner Directive 2015-6 directs each political subdivision to determine its own policy on materiality, and;

WHEREAS, failure to establish a policy on materiality would result in establishment of the City's materiality threshold to zero dollars and no cents (\$0.00) with the State Board of Accounts, and;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF FORT WAYNE, INDIANA:

SECTION 1. The City of Fort Wayne hereby adopts the Materiality Policy Regarding Erroneous or Irregular Variances, Losses, Shortages and Thefts attached hereto and incorporated herein as Exhibit A.

SECTION 2. That this Resolution shall be in full force and effect from and after its passage and any and all necessary approval by the Mayor.

Council Member

APPROVED AS TO FORM AND LEGALITY

Carol Helton, City Attorney

CITY OF FORT WAYNE POLICY AND PROCEDURE MANUAL

POLICY : Materiality Policy Regarding Erroneous or Irregular Variances, Losses, Shortages and Thefts

Effective as of 12/31/16

GENERAL

1. All erroneous or irregular variances, losses, shortages, or thefts of City funds or property shall be reported immediately to the City Controller.
2. All material (defined below) erroneous or irregular variances, losses, shortages, or thefts of City funds or property shall be reported immediately to the State Board of Accounts.
3. This policy is intended to comply with IC 5-11-1-27 and State Examiner Directive 2015-6.

REPORTING REQUIREMENTS

1. All monetary or non-monetary erroneous or irregular variances, losses, shortages, or thefts shall be reported to the City Controller or his/her designee within twenty-four (24) hours of the discovery.
2. Any City employee, official or officer failing to report any monetary or non-monetary erroneous or irregular variances, losses, shortages, or thefts within twenty-four (24) hours of the discovery shall be subject to discipline pursuant to the City of Fort Wayne Policy 304 and Indiana law.

MATERIALITY THRESHOLD

1. Monetary Assets – Cash Accounts and Petty Cash Funds

Any single occurrence of erroneous or irregular variances, losses, shortages, or theft greater than **\$5,000** shall be reported to the State Board of Accounts by the City Controller or his/her designee. This does not include inadvertent clerical errors or misplacements that are identified in a timely fashion and promptly corrected with no loss to the City of Fort Wayne.

2. Non-Monetary Assets

Every single occurrence of erroneous or irregular variances, losses, shortages, or theft of non-monetary assets greater than **\$25,000** shall be reported to State Board of Accounts by the City Controller or his/her designee. This does not include inadvertent clerical errors or misplacements that are identified in a timely fashion and promptly corrected with no loss to the City of Fort Wayne or losses from genuine accidents.

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PUBLIC OFFICER'S KNOWLEDGE OF MISAPPROPRIATION OF PUBLIC FUNDS

1. A public officer who has knowledge of or reasonable cause to believe that there has been a misappropriation of public funds or assets of the public office shall immediately send written notice of the misappropriation to the Indiana State Board of Accounts and the Allen County prosecuting attorney.
2. "Public officers" are those individuals that are charged with duties imposed by statute, delegated to them by the State of Indiana. Public officers include all elected or appointed officials.
3. "Misappropriation of public funds or assets of the public office" means the deliberate misplacement, exploitation, or wrongful, temporary, or permanent use of any public funds through malfeasance, misfeasance, or nonfeasance in office without consent of Indiana law or approval from the public officers' executive or fiscal body.

MAINTENANCE OF DOCUMENTATION

1. All relevant documentation, resolution of incidents, and any report relating to erroneous or irregular variances, losses, shortages or thefts will be maintained by the Controller's Office in a centralized data folder. Each report will be reviewed for the dollar thresholds mentioned above.
2. When appropriate, the City Controller will report all instances that exceed the thresholds and maintain copies of relevant documentation.
3. The Controller's Office will implement corrective actions or internal control procedures to correct any cause related to the variance, loss, shortage, or theft.