

Received 4/27/2016  
Clerk-Treasurer Office  
Auburn, Indiana

**RESOLUTION NO. 04-2016**  
**CITY OF AUBURN MATERIALITY POLICY**

**SUMMARY**

**This Resolution endorses the Clerk-Treasurer Directive, attached as Appendix A, regarding a policy on materiality and a process for reporting material items pursuant to State Examiner Directive 2015-6.**

_____ Recorder's Office	_____ Publish Public Hearing
_____ Auditor's Office	_____
_____ Clerk's Office	_____ Publish O/R after Adoption
_____ Other	
_____ Auburn Internet Code Site	

## RESOLUTION NO. 04-2016

**WHEREAS**, IC § 5-11-1-27(j) requires 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; and

**WHEREAS**, IC § 5-11-1-27(l), which requires public officials who have actual knowledge of or reasonable cause to believe that there has been misappropriation of public funds (regardless of the dollar amount), to immediately send written notice of misappropriation to the State Board of Accounts and the Prosecuting Attorney; and

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

**WHEREAS**, the City of Auburn does not condone any erroneous or irregular material variances, losses, shortages, or thefts of political subdivision funds or property but recognizes that relatively small items may not justify the cost of the involvement of the State Board of Accounts; and

**WHEREAS**, the Clerk-Treasurer has issued a directive, attached hereto as Appendix A, stating a policy on materiality and a process for reporting material items.

### **NOW, THEREFORE, BE IT RESOLVED:**

Section 1. The City of Auburn Common Council hereby endorses the Clerk-Treasurer's directive, attached as Appendix A, regarding a policy on materiality and a process for reporting material items.


Section 2. The City of Auburn Common Council calls upon the Clerk-Treasurer, City of Auburn officials, employees, and agents to enforce and comply with the policy on materiality and process for reporting material items and to report noteworthy items to the State Board of Accounts.

Section 3. The City of Auburn Common Council directs the Clerk-Treasurer to monitor, as necessary, compliance with the policy on materiality and process for reporting material items and report noteworthy items to the City of Auburn Common Council.

Section 4. The City of Auburn asks the Clerk-Treasurer to advise the Common Council of any changes in the policy on materiality and process for reporting material items.

**BE IT FURTHER RESOLVED** that this Resolution shall be in full force and effect from and after its passage by the Common Council of the City of Auburn and the signing by the Mayor.

**PASSED AND ADOPTED** by the Common Council of the City of Auburn, Indiana, this 7 day of June, 2016.


  
**James Finchum, Councilmember**

ATTEST:

  
**Patricia Miller, Clerk-Treasurer**

Presented to me, the Mayor of the City of Auburn, Indiana this 7 day of June, 2016.

APPROVED AND SIGNED by me this 7 day of June, 2016.

  
**NORMAN E. YODER, Mayor**

VOTING:

AYE

NAY

Kevin Webb



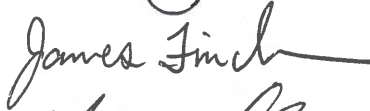
Todd Sanderson



Dennis (Matthew) Kruse, II



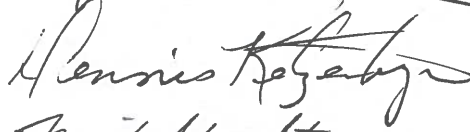
James Finchum



Michael Watson



Dennis Ketzenberger



Michael Walter



EXHIBIT "A"

**CLERK-TREASURER DIRECTIVE**  
**Policy on Materiality and Process for Reporting Material Items**

Whereas, IC § 5-11-1-27(j) requires 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; and

Whereas, IC § 5-11-1-27(l) requires public officials who have actual knowledge of or reasonable cause to believe that there has been misappropriation of public funds (regardless of the dollar amount), to immediately send written notice of misappropriation to the State Board of Accounts and the Prosecuting Attorney; and

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

Whereas, the City of Auburn does not condone any erroneous or irregular material variances, losses, shortages, or thefts of political subdivision funds or property but recognizes that relatively small items may not justify the cost of the involvement of the State Board of Accounts;

Now, therefore, the Clerk Treasurer of the City of Auburn directs as follows:

Section 1. All erroneous or irregular variances, losses, shortages, or thefts of the City of Auburn funds or property, or funds or property the City of Auburn holds in trust, shall be reported to the Clerk Treasurer or her designee promptly.

Section 2. It will be the policy of the Clerk Treasurer to report to the State Board of Accounts any erroneous or irregular variances, losses, shortages, or thefts of cash in excess of Five Hundred Dollars (\$500.00). In addition, all erroneous or irregular variances, losses, shortages, or thefts of cash which occur more than one time in a month and which the aggregate total is Five Hundred Dollars (\$500.00) or more shall be reported immediately to the State Board of Accounts. Exceptions shall be made for inadvertent clerical errors that are identified timely and promptly corrected with no loss to the City of Auburn.

Section 3. It will be the policy of the Clerk Treasurer to report promptly to the State Board of Accounts any erroneous or irregular variances, losses, shortages, or thefts of non-cash items in excess of Two Thousand Dollars (\$2,000.00), estimated market value. In addition, all erroneous or irregular variances, losses, shortages, or thefts of non-cash items which occur more than one time in a month and which the aggregate total is Two Thousand Dollars (\$2,000.00) shall be reported immediately to the State Board of Accounts. Exceptions shall be made for those resulting from inadvertent clerical errors or misplacements that are identified timely and promptly corrected with no loss to the City of Auburn, and except for losses from genuine accidents.

Section 4. All City of Auburn elected officials are asked, and all City of Auburn employees and agents are directed, to comply with this policy, and the City of Auburn Common Council is asked to endorse it.

Executed this 7 day of June, 2016.