

BOARD OF COMMISSIONER, CASS COUNTY, INDIANA  
ORDINANCE NO. 2016 04

An Ordinance Concerning The Adoption Of  
Minimum Internal Control Standards and Procedures  
And Determining Materiality Threshold For Cass County Government

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, IC 5-11-1-27 provides that internal control standards shall be defined to promote government accountability and transparency. This statute applies to all political subdivisions under IC 5-11-10.5-1, including counties, townships, cities, towns, school corporations, library districts, fire protection districts, public transportation corporations, local hospital authorities or corporations, local airport authority districts, special service districts, special taxing districts, or other separate local governmental entities that may sue and be sued;

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, After June 30, 2016, IC 5-11-1-27(g) provides that the legislative body of each political subdivision must adopt the minimum internal control standards as defined by SBOA. Additionally, the legislative body must ensure that personnel receive proper training concerning the internal control standards and procedures adopted by the political subdivision; and

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, Cass County 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, BE IT HEREBY ORDAINED BY THE BOARD OF COMISSIONERS OF CASS COUNTY, INDIANA, That:

Section 1: The acceptable minimum level of internal control standards and procedures developed under IC 5-11-1-27(e) by the SBOA contained in the Uniform Internal Control Standards for Indiana Political Subdivisions manual, are hereby adopted by Cass County and that county personnel receive training concerning the internal control standards and procedures hereby adopted.

Section 2: 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, the President of the Board of Commissioners, and the Prosecuting Attorney, regardless of the amount.

Section 3: The materiality threshold at which point the County shall report incidents of material variances, losses, shortages, to the State Board of Accounts is:

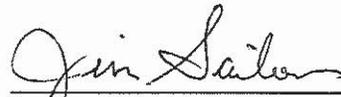
- A. A one-time cash loss of at least \$500 or,
- B. A recurring cash loss of at least \$50 average per month, or,
- C. A value of \$500 for a one-time loss of assets, or,
- D. A creation of additional liabilities of at least \$1,000 average per month.

Section 4: 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 5: Pursuant to IC 5-11-1-27(l), if any Cass County employee knows or suspects that other County employees are engaged in fiscal misconduct, it is his/her responsibility to immediately notify their Supervisor or the Board of Commissioners or if the Supervisor or a Commissioner is involved the County Attorney, or if the employee has concerns about informing the County Attorney, then the County Auditor and Prosecuting Attorney are to be contacted.

Section 6: This Ordinance shall be effective upon passage.

BOARD OF COMMISSIONERS  
CASS COUNTY, INDIANA

  
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Jim Sailors

  
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Ralph Anderson

  
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Jeff LeDonne