

Town of Munster, Indiana, Town Council

ORDINANCE 1687

**AN ORDINANCE TO ESTABLISH MATERIALITY THRESHOLDS FOR
REPORTING IRREGULAR VARIANCES, LOSSES, SHORTAGES, AND
THEFTS**

WHEREAS, The Town of Munster recognizes that variances, losses, shortages, and thefts may occur; and

WHEREAS, IC 5-11-1-27(j) states, in part: 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; and

WHEREAS, State Examiner Directive 2015-6 directed that 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; and

WHEREAS, While the Town of Munster does not condone any erroneous or irregular variances, losses, shortages, or thefts of cash or property, it recognizes that the loss of relatively small amounts of cash or property may not justify the cost of the involvement of the State Board of Accounts; now, therefore, be it

ORDAINED, By the Town Council of the Town of Munster, Lake County, Indiana, as follows.

1. All erroneous or irregular variances, losses, shortages, or thefts shall be reported immediately to the Clerk-Treasurer. The Clerk-Treasurer shall maintain records and documentation concerning erroneous or irregular variances, losses, shortages, or thefts in accordance with generally accepted accounting principles and the internal control standards provided by the State Board of Accounts.
2. The Clerk-Treasurer shall 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 Town of Munster.
3. The Clerk-Treasurer shall report to the State Board of Accounts any erroneous or irregular variances, losses, shortages, or thefts of non-cash items in excess of

five thousand dollars (\$5,000.00), estimated market value, except for those resulting from inadvertent clerical errors or misplacements that are identified timely and promptly corrected with no loss to the Town of Munster, and except for losses from genuine accidents or other catastrophic events.

4. The Clerk-Treasurer shall investigate all erroneous or irregular variances, losses, shortages, or thefts, regardless of whether they meet the materiality threshold established by this ordinance. Upon conclusion of each such investigation, the Clerk-Treasurer shall:
 - a. Implement procedures designed to prevent the recurrence of such incidents; and
 - b. Take or recommend taking appropriate disciplinary action against the employee(s) responsible for the incident.

ORDAINED AND ADOPTED By the Town Council of the Town of Munster, Lake County, Indiana this 18th day of July, 2016 by a vote of 5 in favor and 0 opposed.

TOWN COUNCIL OF THE TOWN
OF MUNSTER, LAKE COUNTY, INDIANA



John P. Reed, President

ATTEST:



David F. Shafer, Clerk-Treasurer