

Sponsor: Janet Venecz
Councilwoman At Large

RESOLUTION NO. R36

**A RESOLUTION ESTABLISHING A POLICY ON MATERIALITY FOR REPORTING
IRREGULAR VARIANCES, LOSSES, SHORTAGES AND THEFTS**

WHEREAS, Indiana Code 5-11-1-27 (j) requires all Indiana political subdivisions 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 a materiality threshold of \$0.00 requiring *all* irregular material variances, losses, shortages or thefts of political subdivision funds or property to be reported to the State Board of Accounts; and

WHEREAS, the City of Hammond desires to establish a policy on reporting material variances, losses, shortages or theft of cash or other non-monetary assets to the State Board of Accounts.

BE IT THEREFORE RESOLVED, the Common Council of the City of Hammond, Indiana hereby resolves to adopt the following policy:

Section I. Loss or Shortage of Cash or Other Monies

A variance, loss or shortage of cash or other monies from any City of Hammond fund that has been substantiated or determined to be in an amount over One Thousand Dollars (\$1000.00), where resulting from a one-time loss of One Thousand Dollars (\$1000.00) or multiple occurrences amounting to One Thousand Dollars (\$1000.00) in aggregate, is material and will be promptly reported to the Indiana State Board of Accounts by the Controller or the Controller's 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 Hammond.

Section II. Loss or Shortage of Non-Monetary Assets

A loss or shortage of a City of Hammond asset other than cash or money that has been substantiated or determined to have an estimated fair market value of over Five Thousand Dollars (\$5000.00) is material and will be promptly reported to the Indiana State Board of Accounts by the Controller or the Controller's 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 Hammond.

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Section III. Theft of Cash or Non-Monetary Assets

The administration and/or any public employee who has actual knowledge of, or reasonable cause to believe, a misappropriation or theft of City of Hammond funds or assets has occurred shall immediately report in writing to the Indiana State Board of Accounts, the City of Hammond Law Department and the City of Hammond Controller's office regardless of the monetary value of such misappropriation or theft.

Section IV. Maintaining Documentation

The administration will investigate any and all found or reported losses, shortages, or thefts of City of Hammond funds or assets, regardless of whether the value or amount of a variance, loss, shortage or theft is determined to be material pursuant to Sections I and II of this resolution. The details and resolution of an investigation will be documented and retained in the Controller's office for a period of Five years following the resolution date.

Section V. Administrative Procedures

The Controller is authorized and instructed to develop administrative procedures and regulations to carry out the requirements of this resolution.

Section VII. Compliance

All elected and appointed officials, and all employees of the City of Hammond are directed to comply with this resolution and the administrative procedures and regulations to be issued by the Controller as required by Section V.

ADOPTED AND APPROVED BY the Common Council of the City of Hammond, Indiana, this 12th day of December, 2016.

Janet Venecz, President /s/
Hammond Common Council

ATTEST:

Robert J. Golec, City Clerk /s/

City of Hammond, Indiana

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PRESENTED BY ME, the undersigned City Clerk of the City of Hammond, Indiana, to the Mayor, for approval and signature, this 13th day of December, 2016.

Robert J. Golec, City Clerk /s/

City of Hammond, Indiana

The foregoing Resolution No. R36 consisting of two (2) typewritten pages, including this page, was APPROVED AND SIGNED BY ME, the undersigned Mayor of the City of Hammond, Indiana, this 16th day of December, 2016.

Thomas M. McDermott, Jr., Mayor /s/

City of Hammond, Indiana

PASSED by the Common Council on the 12th day of December, 2016 and approved by the Mayor on the 16th day of December, 2016.

Robert J. Golec, City Clerk, /s/

Hammond, Indiana