Whereas, from time to time the State Board of Accounts publishes memorandums concerning municipal policies; and

Whereas, on January 7, 2016, the State Board of Accounts issued a “Memorandum on Considerations for Materiality Policies” which provided policy recommendations concerning the reporting requirements and procedure for irregular variances, losses, shortages, and thefts of Town cash and assets to the State Board of Accounts; and

Whereas, the Cumberland Town attorney has reviewed the suggested Materiality Policy and believes it is in the best interest of the Town of Cumberland to adopt a Materiality Policy; and

Whereas, The Cumberland Town Council finds that it is in the best interest of the Town of Cumberland and the citizens of the Town to adopt the Materiality Policy substantially similar to the suggested policy considerations issued by the State Board of Accounts.

Therefore, the Cumberland Town Council adopts the following Materiality Policy, which is codified as Section 00-03-32-06 in the Cumberland Town Code:

“00-03-32-06 Materiality Policy

The following is the Town’s policy regarding accounting variances, losses, shortages, or thefts of cash or other assets:

(A) Reporting to Clerk-Treasurer: Any irregular variances, loses, shortages, or thefts of cash or other assets shall be immediately reported to the Clerk-Treasurer.

(B) Procedure: Upon receipt of a report of an irregular variance, loss, shortage, or theft, the Clerk-Treasurer must:

(1) Log all reports into a spreadsheet that is permanently maintained by the Town of Cumberland;

(2) Confirm the dollar amount of the variance, loss, shortage, or theft;

(3) Evaluate the report against the established dollar thresholds. Upon receipt of a report of a variance, loss, shortage, or theft of cash which exceeds $500.00, the Clerk-Treasurer must report the incident to the State Board of
Accounts. Upon receipt of a report of a variance, loss, shortage, or theft of any other (non-cash) asset which exceeds $500.00, the Clerk-Treasurer must report the incident to the State Board of Accounts.

4. Investigate the cause of any variance, loss, shortage, or theft and document all findings;

5. Document and implement corrective actions or internal control procedures to correct the causes of the variance, loss, shortage, or theft; and

6. Maintain copies of all relevant documentation, resolution of incidents, and any report to the State Board of Accounts in a centralized folder.

(C) Public Officials: All public officials who have actual knowledge of, or reasonable cause to believe, there has been a misappropriation of public funds must immediately send written notice of the misappropriation to the State Board of Accounts and the prosecuting attorney pursuant to Indiana Code § 5-11-1-27(I).”

**It is further ordained** that all other Town policies, which are not expressly amended by this ordinance, will remain in full force and effect.

**It is further ordained** that any Town policy which is inconsistent with the Materiality Policy contained in this ordinance are deleted and replaced by the language contained in this ordinance.

**It is further ordained** that this policy shall take effect upon the adoption by a majority of the Cumberland Town Council.

Adopted this **6** day of **April**, 2016.

A Majority of the Cumberland Town Council

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Joe Siefker, President

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Anna Pea, Vice President

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Nicole Bell, Council Member
Brian Gritter, Council Member

Mark Reynolds, Council Member

ATTEST:

Eraca Salmon, Clerk-Treasurer