

RESOLUTION OF BROWN COUNTY REGIONAL SEWER DISTRICT

**RESOLUTION NO: 2020-02**

**RESOLUTION DETERMINING THE MATERIALITY THRESHOLD FOR REPORTING IRREGULAR VARIANCES, LOSSES, SHORTAGES AND THEFTS**

**WHEREAS**, the Brown County Regional Sewer District (“BCRSD”), through separate Resolution, has established a system of internal controls and procedures required to promote accountability and transparency; and

**WHEREAS**, the fiscal officer of BCRSD maintains documentation regarding the assets, properties, and accounting of the monies and property of BCRSD; and

**WHEREAS**, the Board of Directors believes it is in the best interest of future customers and the general public that BCRSD, as the fiscal body, should establish a policy regarding materiality; and

**WHEREAS**, Indiana Code § 5-11-1-27 (a copy of which is attached and made a part hereof) provides that each political subdivision must develop its own policy of materiality for purposes of recognizing and reporting irregular variances, losses, shortages and thefts which may occur; and

**WHEREAS**, applicable Indiana law requires that all erroneous or irregular material variances, losses, shortages or thefts of BCRSD funds or property be reported immediately to the State Board of Accounts and that the Board of Directors may define what is considered material for such reporting purposes; and

**WHEREAS**, the Board of Directors, acting in its capacity as the fiscal body of BCRSD, is the best determiner of the qualitative and quantitative factors unique to BCRSD in arriving at a determination of materiality; and

**WHEREAS**, BCRSD has been advised by its fiscal officer there are no known variances, losses, overages or shortages; and

**WHEREAS**, the BCRSD specifically recognizes, confirms and acknowledges that pursuant to applicable law public officials who have actual knowledge of or reasonable cause to believe that there has been a misappropriation of public funds shall send written notice of the misappropriation to the State Board of Accounts and the local prosecuting attorney and nothing herein is intended to circumvent the provisions of Indiana Code § 5-11-1-27; and

**WHEREAS**, after thorough consideration and review, the Board of Directors determines the materiality level for BCRSD shall be the sum of One Hundred Dollars (\$100.00),

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE BROWN COUNTY REGIONAL SEWER DISTRICT THAT:**

1. The above recitations are adopted as findings by BCRSD.
2. For purposes of Indiana Code § 5-11-1-27, the materiality level for BCRSD shall be the sum of One Hundred Dollars (\$100.00) applicable to its funds and property.
3. The fiscal officer of BCRSD shall maintain all documentation related to the funds and property of BCRSD, including the resolution of any incidents that do not meet the materiality threshold.
4. The fiscal officer of BSRSD shall immediately send written notice of any known or possible irregular variance, loss, shortage or theft to the State Board of Accounts.
5. That any prior resolution(s) inconsistent or in conflict with the terms of this Resolution are of no further force and effect and are specifically repealed.

**THIS RESOLUTION DULY PASSED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2020**  
 by the Board of Directors of Brown County Regional Sewer District, having been passed by a vote of \_\_\_\_\_ in Favor and \_\_\_\_\_ Opposed.

**BROWN COUNTY SEWER DISTRICT BOARD OF DIRECTORS**

	<u>Aye</u>	<u>Nay</u>		<u>Aye</u>	<u>Nay</u>
_____	_____	_____	_____	_____	_____
Mike Leggins			Debbie Larsh		
_____	_____	_____	_____	_____	_____
Phil LeBlanc			W. Clint Studabaker		
			_____	_____	_____
			Richard M. Hall		

**IC 5-11-1-27 Local governmental internal controls; personnel training; violations; reporting misappropriations**

Sec. 27. (a) As used in this section, "legislative body" has the meaning set forth in IC 36-1-2-9.

(b) As used in this section, "material" means a significant or consequential amount, as determined by the state examiner and approved by the audit committee.

(c) As used in this section, "personnel" means an officer or employee of a political subdivision whose official duties include receiving, processing, depositing, disbursing, or otherwise having access to funds that belong to the federal government, state government, a political subdivision, or another governmental entity.

(d) As used in this section, "political subdivision" has the meaning set forth in IC 5-11-10.5-1.

(e) In the compliance guidelines authorized under section 24 of this chapter, the state board of accounts shall define and the audit committee shall approve not later than November 1, 2015, the acceptable minimum level of internal control standards and internal control procedures for internal control systems of political subdivisions, including the following:

- (1) Control environment.
- (2) Risk assessment.
- (3) Control activities.
- (4) Information and communication.
- (5) Monitoring.

The internal control standards and procedures shall be developed to promote government accountability and transparency.

(f) Not later than November 1, 2015, the state board of accounts shall develop or designate approved personnel training materials as approved by the audit committee, to implement this section.

(g) After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision.

(h) After June 30, 2016, the fiscal officer of a political subdivision shall certify in writing that:

- (1) the minimum internal control standards and procedures defined under subsection (e) have been adopted by the political subdivision; and
- (2) personnel, who are not otherwise on leave status, have received training as required by subsection (g)(2).

The certification shall be filed with the state board of accounts at the same time as the annual financial report required by section 4(a) of this chapter is filed. The certification shall be filed electronically in the manner prescribed under IC 5-14-3.8-7.

(i) After June 30, 2016, if the state board of accounts finds during an audit of a political subdivision that:

(1) the political subdivision has not adopted the internal control standards and procedures required under subsection (g)(1); or

(2) personnel of the political subdivision have not received the training required under subsection (g)(2);

the state board of accounts shall issue a comment in its examination report for the political subdivision. If, during a subsequent audit, the state board of accounts finds a violation described in subdivision (1) or (2) has not been corrected, the political subdivision has sixty (60) days after the date the state board of accounts notifies the political subdivision of its findings to correct the violation. If a violation is not corrected within the required period, the state board of accounts shall forward the information to the department of local government finance.

(j) 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.

(k) The legislative body or the appropriate official overseeing the internal control system shall immediately implement the policies and procedures recommended by the state board of accounts under subsection (j)(3)(B).

(l) A public officer who has actual knowledge of or reasonable cause to believe that there has been a misappropriation of public funds or assets of the public office, including:

(1) information obtained as a result of a police report;

(2) an internal audit finding; or

(3) another source indicating that a misappropriation has occurred;

shall immediately send written notice of the misappropriation to the state board of accounts and the prosecuting attorney serving in the area governed by the political subdivision.

(m) If the attorney general institutes civil proceedings related to this section or under IC 5-11-5-1, the attorney general shall seek, in addition to the recovery of any funds misappropriated, diverted, or unaccounted for, restitution of:

(1) costs incurred by the state board of accounts; and

(2) all costs and reasonable attorney's fees incurred by the attorney general;

in connection with the civil proceedings.

*As added by P.L.117-2011, SEC.2. Amended by P.L.184-2015, SEC.6.*