

REPORTING LOSSES, SHORTAGES, VARIANCES, OR THEFTS AND INTERNAL CONTROLS

Reporting Losses, Shortages, Variances, or Thefts

All members of the MSD Wayne community need to be watchful for fraud, theft, or misuse of the resources of the District. All District employees or contractors must report any known or suspected loss, shortage, variance, or theft of District funds or property to the employee's supervisor or to the Chief Financial Officer.

The Assistant Superintendent for Human Resources, in consultation with the Chief Financial Officer, shall take appropriate steps to investigate and remedy any loss, shortage, variance, or theft. The Assistant Superintendent for Human Resources shall document and maintain a file on any reported incident that includes for each incident, at minimum, a narrative of the situation, communication with authorities, relevant dates, the estimated amount of variance and any individuals involved.

As soon as any material loss, shortage, variance, or theft of District funds or property is substantiated, the Chief Financial Officer shall immediately report the incident to the State Board of Accounts.

A loss, shortage, variance, or theft is "material" if it amounts to more than \$150,000.¹ These materiality thresholds apply to cash or to the fair market value of other District assets. If there is doubt about whether a loss, shortage, variance, or theft meets the "material" threshold, it should be reported to the State Board of Accounts.

Additionally, Indiana law requires that any individual who holds, receives, disburses, or is required to keep account of funds on behalf of a public school district and who has actual knowledge of or reasonable cause to believe that there has been a misappropriation of public funds or assets of the school district to immediately send written notice of the misappropriation to the state board of accounts and the local prosecuting attorney. This requirement is not subject to any materiality threshold.

Internal Controls

The Board directs the Superintendent, with the Chief Financial Officer, to develop administrative guidelines to implement internal control standards and procedures consistent with State Board of Accounts guidance, and to ensure that District personnel receive training concerning the internal control standards and procedures.

¹ Any employee may be disciplined up to and including termination for causing any loss, shortage, variance, theft, or misappropriation of District assets regardless of amount. The "material" threshold is only for external reporting purposes.

The administration shall develop and utilize written procedures for determining the allowability of costs in accordance with 2 CFR Subpart E – Cost Principles and the terms and conditions of the federal award.

A minimum of two staff members trained in internal controls must review all financial transactions before processing, and such review shall be consistently documented.

Capital Assets

Each asset with a value of \$10,000 or over, with (1) a life of more than one year; or (2) improvement expenditures that extend the life of the asset, are capital assets and should be reflected in a complete detailed listing of all capital assets owned which reflects their acquisition value. State Board of Accounts Capital Asset Ledger (Form 369) should be used for this purpose. A complete physical inventory must be taken at least every two years. The list of capital assets should include: land, infrastructure, buildings, improvements other than buildings, equipment and construction work in progress.

IC 5-11-1-27

IC 5-11-1-16(c) & (d)

State Board of Accounts Directive 2015-6

State Board of Accounts, Uniform Internal Control Standards for Indiana Political Subdivisions

MSD of Wayne Township, Marion County, Indiana

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