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

Reporting Losses, Shortages, Variances, or Thefts

All members of the Bluffton-Harrison Metropolitan School District ("Corporation") community need to be watchful for fraud, theft, or misuse of the resources of the Corporation. All Corporation employees or contractors must report any known or suspected loss, shortage, variance, or theft of Corporation funds or property to the employee's supervisor or to the Corporation Treasurer.

The Corporation Treasurer shall take appropriate steps to investigate and remedy any loss, shortage, variance, or theft. The Corporation Treasurer 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 Corporation funds or property is substantiated, the Corporation Treasurer 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 $500.00.[1] These materiality thresholds apply to cash or to the fair market value of other Corporation 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 corporation 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 corporation 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 of School Trustees hereby adopts *State Board of Accounts, Uniform Internal Control Standards for Indiana Political Subdivisions* and directs the Superintendent, with the Corporation Treasurer, to implement internal control standards and procedures consistent with this State Board of Accounts guidance, and to ensure that Corporation personnel receive training concerning the internal control standards and procedures. The administration shall develop and utilize written procedures for determining the allowability of costs in accordance with 2 CFR Part 200 Subpart E

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

– Cost Principles and the terms and conditions of the federal award. A minimum of 2 staff members trained in internal controls must review all financial transactions before processing, and such review shall be consistently documented.

Authorized Signatures

Authorized signatures for checks and warrants of BHMSD shall be the Corporation Treasurer. Authorized signatures for extra-curricular checks shall be the School Principal and Corporation Treasurer. In the absence of the School Principal, the Corporation Treasurer may sign extra-curricular checks.

Legal References:
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

Bluffton-Harrison Metropolitan School District

Adopted: Dec. 16, 2024