



VILLAGE OF THORNTON

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Wednesday, February 11, 2026

RE: Immaterial Variance and Bank Reconciliation Tolerance Policy

President Reynolds, Members of the Board of Trustees, and Administrator Payne,

As part of our ongoing effort to strengthen financial oversight and improve internal controls, I am requesting the adoption of the proposed **Immaterial Variance and Bank Reconciliation Tolerance Policy**.

During monthly bank reconciliations, minor variances may occasionally arise despite reasonable and thorough research. In limited cases, the time required to resolve very small differences can exceed the financial significance of the amount involved. Currently, the municipality does not have a formal framework governing how such immaterial variances should be handled.

This proposed policy establishes:

- A defined materiality threshold
- Required documentation and investigative standards
- A formal approval process prior to clearing any variance
- Aggregate limits and reporting requirements
- Safeguards to prevent misuse

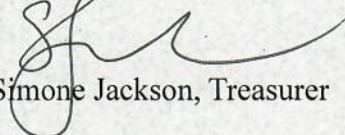
The intent is not to permit unexplained adjustments, but rather to create a transparent, controlled, and documented process that balances accuracy with responsible use of staff time.

The policy also strengthens oversight by requiring independent review and periodic reporting.

Adopting this policy is part of a broader initiative to formalize financial procedures, improve consistency, and reduce the risk of recurring audit findings stemming from unclear processes.

I welcome any questions and appreciate your continued support as we enhance the Village's financial governance framework.

Respectfully,



Simone Jackson, Treasurer