



February 23, 1999

HOUSE BILL No. 1969

DIGEST OF HB1969 (Updated February 18, 1999 9:48 am - DI 51)

Citations Affected: IC 5-11; IC 36-3; IC 36-10; noncode.

Synopsis: Consolidated city audits. Requires the state board of accounts to audit the city of Indianapolis and the Marion County capital improvements board. Allows these entities to engage a private auditor to perform additional audits of the entities.

Effective: July 1, 1999.

Bardon, Porter

January 26, 1999, read first time and referred to Committee on Rules and Legislative Procedures.
February 22, 1999, amended, reported — Do Pass.

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HB 1969—LS 8134/DI 51+



February 23, 1999

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

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HOUSE BILL No. 1969

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 5-11-1-7 IS AMENDED TO READ AS FOLLOWS
2 [EFFECTIVE JULY 1, 1999]: Sec. 7. (a) The state examiner shall
3 appoint assistants not exceeding the number required to administer this
4 article. The assistants are to be known as "field examiners" and are at
5 all times subject to the order and direction of the state examiner. Field
6 examiners shall inspect and examine accounts of all state agencies,
7 municipalities, and other governmental units, entities, or
8 instrumentalities.

9 (b) The state examiner may engage or, **subject to section 24 of this**
10 **chapter**, allow the engagement of private examiners to the extent the
11 state examiner determines necessary to satisfy the requirements of this
12 article. These examiners are subject to the direction of the state
13 examiner while performing examinations under this article.

14 (c) The state examiner may engage experts to assist the state board
15 of accounts in carrying out its responsibilities under this article.

16 SECTION 2. IC 5-11-1-24 IS AMENDED TO READ AS
17 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 24. (a) The state board

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1 of accounts shall establish in writing uniform compliance guidelines
 2 for the examinations and reports required by this chapter. The uniform
 3 compliance guidelines must include the standards that an entity must
 4 observe to avoid a finding that is critical of the entity for a reason other
 5 than the entity's failure to comply with a specific law.

6 (b) The state board of accounts may not establish guidelines for the
 7 auditing of an entity that are inconsistent with any federal audit
 8 guidelines that govern the entity.

9 (c) The state board of accounts must distribute the uniform
 10 compliance guidelines to each entity that the state board of accounts
 11 may audit.

12 (d) If the state board of accounts engages or authorizes the
 13 engagement of a private examiner to perform an examination under this
 14 chapter, the examination and report must comply with the uniform
 15 compliance guidelines established under subsection (a). If a person
 16 subject to examination under this chapter engages a private examiner,
 17 the contract with the private examiner must require the examination
 18 and report to comply with the uniform compliance guidelines
 19 established under subsection (a).

20 (e) The state or a municipality may not request proposals for
 21 performing examinations of an entity that is subject to examination
 22 under this chapter unless the request for proposals has been submitted
 23 to and approved by the state board of accounts.

24 (f) The state or a municipality may not enter into a contract with an
 25 entity subject to examination under this chapter if the contract does not
 26 permit the examinations and require the reports prescribed by this
 27 chapter.

28 **(g) The state board of accounts may not authorize any of the**
 29 **following entities to engage a private examiner to perform an**
 30 **examination or prepare a report to substitute for an examination**
 31 **or report required under section 9 of this chapter:**

32 **(1) A consolidated city or a department of a consolidated city.**

33 **(2) A capital improvement board established under**
 34 **IC 36-10-9.**

35 **(h) Subsection (g) does not prohibit an entity from engaging**
 36 **internal auditors or independent certified public accountants to**
 37 **conduct additional examinations of the books and records of the**
 38 **entity and to prepare reports that supplement the examinations**
 39 **and reports required by section 9 of this chapter. The additional**
 40 **examinations must comply with the uniform compliance guidelines**
 41 **established under subsection (a).**

42 SECTION 3. IC 36-3-4-24 IS AMENDED TO READ AS

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1 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 24. (a) For each
 2 department of the consolidated city, the city-county legislative body
 3 shall establish a standing committee, having at least three (3) members,
 4 to investigate the policies and expenditures of the department.

5 (b) The legislative body or its committee may:

6 (1) **subject to IC 5-11-1-24**, hire an internal auditor, an
 7 independent certified public accountant, or both to examine the
 8 books and records of the consolidated city, any of its special
 9 service districts or special taxing districts, and the county;

10 (2) investigate any charges against a department, officer, or
 11 employee of the consolidated city, or any of its special service
 12 districts or special taxing districts, or the county; and

13 (3) investigate the affairs of a person with whom a city or county
 14 agency has entered or is about to enter into a contract.

15 (c) When conducting an investigation under this section, the
 16 legislative body or its committee:

17 (1) is entitled to access to all records pertaining to the
 18 investigation; and

19 (2) may compel the attendance of witnesses and the production of
 20 evidence by subpoena and attachment served and executed in the
 21 county.

22 ~~(e)~~ (d) If a person refuses to testify or produce evidence at an
 23 investigation conducted under this section, the legislative body may
 24 order its clerk to immediately present to the circuit court of the county,
 25 a written report of the facts relating to the refusal. The court shall hear
 26 all questions relating to the refusal to testify or produce evidence, and
 27 shall also hear any new evidence not included in the clerk's report. If
 28 the court finds that the testimony or evidence sought should be given
 29 or produced, it shall order the person to testify or produce evidence, or
 30 both.

31 SECTION 4. IC 36-10-9-9 IS AMENDED TO READ AS
 32 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 9. (a) The treasurer of
 33 the board is the official custodian of all funds and assets of the board
 34 and is responsible for their safeguarding and accounting. He shall give
 35 bond for the faithful performance and discharge of all duties required
 36 of him by law in the amount and with surety and other conditions that
 37 may be prescribed and approved by the board. All funds and assets in
 38 the capital improvement fund and the capital improvement bond fund
 39 created by this chapter and all other funds, assets, and tax revenues
 40 held, collected, or received by the treasurer of the county for the use of
 41 the board shall be promptly remitted and paid over by him to the
 42 treasurer of the board, who shall issue receipts for them.



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1 (b) The treasurer of the board shall deposit all funds coming into his
2 hands as required by this chapter and by IC 6-7-1-30.1, and in
3 accordance with IC 5-13. Money so deposited may be invested and
4 reinvested by the treasurer in accordance with general statutes relating
5 to the investment of public funds and in securities that the board
6 specifically directs. All interest and other income earned on
7 investments becomes a part of the particular fund from which the
8 money was invested, except as provided in a resolution, ordinance, or
9 trust agreement providing for the issuance of bonds or notes. All funds
10 invested in deposit accounts as provided in IC 5-13-9 must be insured
11 under IC 5-13-12.

12 (c) The board shall appoint a controller to act as the auditor and
13 assistant treasurer of the board. He shall serve as the official custodian
14 of all books of account and other financial records of the board and has
15 the same powers and duties as the treasurer of the board or the lesser
16 powers and duties that the board prescribes. The controller, and any
17 other employee or member of the board authorized to receive, collect,
18 or expend money, shall give bond for the faithful performance and
19 discharge of all duties required of him in the amount and with surety
20 and other conditions that may be prescribed and approved by the board.
21 He shall keep an accurate account of all money due the board and of all
22 money received, invested, and disbursed in accordance with generally
23 recognized governmental accounting principles and procedure. All
24 accounting forms and records shall be prescribed or approved by the
25 state board of accounts.

26 (d) The controller shall issue all warrants for the payment of money
27 from the funds of the board in accordance with procedures prescribed
28 by the board, but a warrant may not be issued for the payment of a
29 claim until an itemized and verified statement of the claim has been
30 filed with the controller, who may require evidence that all amounts
31 claimed are justly due. All warrants shall be countersigned by the
32 treasurer of the board or by the executive manager. Warrants may be
33 executed with facsimile signatures.

34 (e) If there are bonds or notes outstanding issued under this chapter,
35 the controller shall deposit with the paying agent or other paying officer
36 within a reasonable period before the date that any principal or interest
37 becomes due sufficient money for the payment of the principal and
38 interest on the due dates. The controller shall make the deposit with
39 money from the sources provided in this chapter, and he shall make the
40 deposit in an amount that, together with other money available for the
41 payment of the principal and interest, is sufficient to make the payment.
42 In addition, the controller shall make other deposits for the bonds and

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1 notes as is required by this chapter or by the resolutions, ordinances, or
2 trust agreements under which the bonds or notes are issued.
3 (f) The controller shall submit to the board at least annually a report
4 of his accounts exhibiting the revenues, receipts, and disbursements
5 and the sources from which the revenues and receipts were derived and
6 the purpose and manner in which they were disbursed. **Subject to**
7 **IC 5-11-1-24**, the board may require that the report be prepared by an
8 independent certified public accountant designated by the board. The
9 handling and expenditure of funds is subject to audit and supervision
10 by the state board of accounts.

SECTION 5. [EFFECTIVE JULY 1, 1999] IC 5-11-1-7,
IC 5-11-1-24, IC 36-3-4-24, and IC 36-10-9-9, all as amended by
this act, apply only to examinations and reports for the fiscal years
for the affected entities beginning after December 31, 1999.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Rules and Legislative Procedures, to which was referred House Bill 1969, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 9, delete "11" and insert "24".

Page 2, line 35, delete "authorized by".

Page 2, line 36, delete "another provision of law".

Page 5, line 7, delete "The" and insert "**Subject to IC 5-11-1-24,** the".

Page 5, line 9, delete "Subject to IC 5-11-1-24, the" and insert "The".

Page 5, line 12, after "1999]" insert "**IC 5-11-1-7,**".

Page 5, line 14, after "and" insert "reports".

and when so amended that said bill do pass.

(Reference is to HB 1969 as introduced.)

MOSES, Chair

Committee Vote: yeas 9, nays 0.

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