

HOUSE BILL No. 1969

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-11-1; IC 36-3-4-24; IC 36-10-9-9.

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

January 26, 1999, read first time and referred to Committee on Rules and Legislative Procedures.

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Introduced

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.

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 11 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 authorized by**
 36 **another provision of law from engaging internal auditors or**
 37 **independent certified public accountants to conduct additional**
 38 **examinations of the books and records of the entity and to prepare**
 39 **reports that supplement the examinations and reports required by**
 40 **section 9 of this chapter. The additional examinations must comply**
 41 **with the uniform compliance guidelines established under**
 42 **subsection (a).**



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1 SECTION 3. IC 36-3-4-24 IS AMENDED TO READ AS
 2 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 24. (a) For each
 3 department of the consolidated city, the city-county legislative body
 4 shall establish a standing committee, having at least three (3) members,
 5 to investigate the policies and expenditures of the department.

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

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

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

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

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

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

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

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

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



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1 treasurer of the board, who shall issue receipts for them.

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

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

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

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

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1 In addition, the controller shall make other deposits for the bonds and
2 notes as is required by this chapter or by the resolutions, ordinances, or
3 trust agreements under which the bonds or notes are issued.
4 (f) The controller shall submit to the board at least annually a report
5 of his accounts exhibiting the revenues, receipts, and disbursements
6 and the sources from which the revenues and receipts were derived and
7 the purpose and manner in which they were disbursed. The board may
8 require that the report be prepared by an independent certified public
9 accountant designated by the board. **Subject to IC 5-11-1-24**, the
10 handling and expenditure of funds is subject to audit and supervision
11 by the state board of accounts.
12 SECTION 5. [EFFECTIVE JULY 1, 1999] **IC 5-11-1-24,**
13 **IC 36-3-4-24, and IC 36-10-9-9, all as amended by this act, apply**
14 **only to examinations and for the fiscal years for the affected**
15 **entities beginning after December 31, 1999.**

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