

# COMMITTEE REPORT

## MADAM PRESIDENT:

The Senate Committee on Local Government, to which was referred House Bill No. 1025, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

- 1           Page 3, line 31, delete "A bond or crime insurance policy that is  
2 filed to comply with" and insert "**Both of the following apply to a**  
3 **bond or crime insurance policy that is filed to comply with this**  
4 **section:**
- 5           **(1) Unless the bond or policy is canceled, the bond or policy**  
6 **must continue in force for the term of office of the individual**  
7 **who files the bond or policy.**
- 8           **(2) The aggregate liability of the surety or insurer is the**  
9 **amount specified in the bond or policy."**
- 10          Page 3, delete lines 32 through 37, begin a new paragraph and  
11 insert:
- 12          "SECTION 2. IC 5-11-1-27 IS ADDED TO THE INDIANA CODE  
13 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
14 1, 2011]: **Sec. 27. (a) As used in this section, "local government"**  
15 **means county, city, town, or township.**
- 16          **(b) In the compliance guidelines authorized under section 24 of**  
17 **this chapter, the state board of accounts shall define the acceptable**  
18 **minimum level of:**
- 19           **(1) internal control standards; and**  
20           **(2) internal control procedures;**

1       **for internal control systems of local governments. The internal**  
2       **control standards and procedures shall be developed to promote**  
3       **government accountability and transparency.**

4       **(c) All erroneous or irregular variances, losses, shortages, or**  
5       **thefts of local government funds or property shall be reported**  
6       **immediately to the state board of accounts. The state board of**  
7       **accounts shall:**

8               **(1) determine the amount of funds involved and report the**  
9               **amount to the appropriate government and law enforcement**  
10              **officials;**

11              **(2) determine the internal control weakness that contributed**  
12              **to or caused the condition; and**

13              **(3) make written recommendations to the appropriate**  
14              **legislative body or appropriate official overseeing the internal**  
15              **control system addressing:**

16                      **(A) the method of correcting the condition; and**

17                      **(B) the necessary internal control policies and internal**  
18                      **control procedures that must be modified to prevent a**  
19                      **recurrence of the condition.**

20              **(d) The legislative body or the appropriate official overseeing**  
21              **the internal control system shall immediately implement the**  
22              **policies and procedures recommended by the state board of**  
23              **accounts under subsection (c)(3)(B)."**

24              Renumber all SECTIONS consecutively.

(Reference is to HB 1025 as reprinted February 15, 2011.)

**and when so amended that said bill do pass.**

Committee Vote: Yeas 7, Nays 0.

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**Lawson C**

**Chairperson**