



AUDITOR OF STATE

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To: County Auditors and County Treasurers
From: Office of the Indiana Auditor of State
Date: 2016-07-01
RE: Auditor of State's Electronic Payment Policy

Traditional submissions via mail and by paper warrant are woefully inefficient and subject to substantial risks including lost or stolen checks and delays in payments and distributions which put Indiana's AAA Credit Rating at risk. Therefore, in an effort to increase efficiency and accountability, and to ensure the security, management, and predictability of funds remitted to the State, AOS will require electronic submission. Effective July 1, 2016, the Indiana Auditor of State (AOS) will require any and all political subdivisions or officers charged with collecting and remitting or disbursing, to AOS, fines and forfeitures; fines and fees; and all Settlement related collections, to complete and comply with an electronic payment agreement form to direct deposit by electronic funds transfer all the aforesaid payments to the Auditor of State, in accordance with statutory due dates, into a financial institution and account designated by AOS.

Under IC 4-7-1-2(7), it is the duty of the Auditor of State to "Direct and superintend the collection of all money due to the state and employ counsel to prosecute suits, instituted at the auditor's instance, on behalf of the state." Furthermore, IC 4-7-1-2(10), the Auditor of State shall, "Superintend the fiscal concerns of the state and their management in the manner required by law and furnish the proper forms to assessors, treasurers, collectors, and auditors of counties." All forms and reports used by AOS are "subject to the approval of the auditor of state," under IC 4-7-1-4.1(b).

In accordance with its statutory obligation, AOS will provide an electronic payment agreement form containing information regarding the State's Financial Institution information and a section for the political subdivision or officer's contact information who are charged with collecting and remitting or disbursing fines and forfeitures; fines and fees; and all Settlement related collections to AOS.

The political subdivision or officer shall complete the AOS electronic payment agreement form and work with their local financial institution to complete the process. The political subdivision or officer will be responsible for ensuring the payment amount is accurately calculated, the payment date is within the time prescribed by law, and that there are sufficient funds in the account to make the payment.

Additionally, the political subdivision or officer will be required to submit any necessary support, documentation, and/or required forms that must accompany the payment. This documentation shall be submitted electronically to the State. The political subdivision or officer will also be required to designate a point of contact to the State Auditor's office. This contact will be responsible for answering any questions or concerns about payments received from the political subdivision or officer.

Beginning July 1, 2016, failure to secure a waiver, or otherwise comply with the AOS electronic payment agreement form and make payment by the time funds are due may result in AOS charging interest and damages or filing suit to recover delinquent funds under IC 4-7-1-6.

AOS is not required to accept payment that does not conform to its prescribed forms and processes (such as a paper check). A political subdivision or officer that fails to secure a waiver of properly utilize and submit an EFT agreement form promulgated by AOS would not be in compliance with its legal obligations pursuant to Indiana code. If AOS rejects the non-conforming payment, then the political subdivision or officer will be delinquent in payment if it does not make a conforming payment by the due date.

Enclosed you will find the AOS electronic payment agreement form, as well as a payment schedule listing the required payments and their due dates. Please return the completed AOS electronic payment form to settlements@auditor.in.gov not later than July 1, 2016. Once AOS receives your agreement form, you will receive confirmation and an additional notice of when payments will need to be submitted electronically.

In the event a political subdivision or officer is unable to comply with the new policy, they may request AOS to grant a waiver of the requirement. The political subdivision or officer must state the reason for requesting the waiver, and sign and verify the waiver form. The auditor of state may grant a political subdivision or officer's request for a waiver for any of the following reasons:

- 1) The political subdivision or officer does not currently have a savings or checking account and is unable to establish such an account within the geographic area of the political subdivision or officer's primary location without payment of a service fee. The political subdivision or officer must submit with the waiver request a written statement by the political subdivision or officer's financial institution of the political subdivision or officer's inability to establish an account without the payment of a fee.
- 2) The political subdivision or officer's primary location is too remote to have access to a financial institution where a direct deposit can be made.
- 3) The political subdivision or officer's financial institution is unable to accept an electronic deposit or withdrawal. The political subdivision or officer must submit with the waiver request a written statement by the political subdivision, officer or officer's financial institution that the financial institution is unable to accept an electronic deposit or withdrawal.
- 4) The auditor of state determines that the facts of the particular case warrant a waiver of the requirement.

Thank you for your attention to this memorandum. Should you have any questions regarding this policy, please contact AOS Settlement Director Fred Van Dorp at 317-232-3309.

Sincerely,

Fred Van Dorp
Settlement Director
Indiana Auditor of State