

STATE OF INDIANA

EXECUTIVE DEPARTMENT INDIANAPOLIS

13-26

EXECUTIVE ORDER _____

FOR: PROMOTING THE INDEPENDENCE OF THE STATE BOARD OF ACCOUNTS AND STATE EXAMINER

TO ALL WHOM THESE PRESENTS MAY COME, GREETINGS:

WHEREAS, fiscal integrity is the foundation of a prosperous state;

WHEREAS, state agencies as defined in Ind. Code § 4-12-1-2 oversee billions of dollars in public funds;

WHEREAS, Ind. Code § 5-1-1-1 created the State Board of Accounts to consist of a State Examiner, who is the “principal officer of the board,” and two deputy examiners, all to be appointed by the Governor and to be “subject to removal by the Governor for incompetency or for misconduct of the office, after a hearing upon due notice and upon stated charges in writing”;

WHEREAS, Ind. Code § 5-1-1-2 provides that the State Board of Accounts “shall formulate, prescribe and install a system of accounting and reporting” for state agencies, and Ind. Code § 5-1-1-9 provides that the State Examiner “shall examine all financial affairs of every public office and officer, state office, state institution, and entity”;

WHEREAS, through performing these duties, the State Board of Accounts and State Examiner are fundamental to the ability of state agencies to oversee public funds, to set appropriate financial policies, to maintain effective internal controls and to ensure that financial statements are free from material misstatements;

WHEREAS, the State Examiner of the Board of Accounts is responsible for publicly attesting to the fairness of financial statements, evaluating the effectiveness of internal controls and, through the issuance of management letters, making comments and recommendations which, when implemented, may improve the design or operation of internal control systems;

WHEREAS, in December 2011 the U.S. Governmental Accountability Office issued the 2011 revision of Governmental Auditing Standards (GAGAS) effective for audits for periods ending on or after December 15, 2012;

WHEREAS, section 3.29(c) of the GAGAS standards provide that when an auditor is appointed by someone other than a legislative body, the auditor’s independence is strengthened when the appointment is confirmed by a legislative body, when removal of the auditor is subject to oversight or approval by a legislative body, and when the auditor reports the results of audits to and is accountable to a legislative body;

WHEREAS, Ind. Code § 2-5-1.1-11 provides the Legislative Council with authority to examine the accounts, financial affairs, or performance of the State Board of Accounts;

WHEREAS, in order to fully comply with the GAGAS standards, certain safeguards can be put in place to ensure the structural independence of the State Board of Accounts and State Examiner that are consistent with and surpass the requirements of Ind. Code 5-1-1;

WHEREAS, such safeguards will help eliminate any real or perceived threats to the independence of the State Board of Accounts and State Examiner;

WHEREAS, the executive branch's voluntary implementation of such safeguards will ensure the independence of the State Board of Accounts and State Examiner and contribute to maintaining the State's high standards of fiscal integrity;

WHEREAS, as Governor, I have a responsibility to manage the operations of the executive branch of state government and its various agencies efficiently and effectively and in accordance with Indiana law.

NOW, THEREFORE, I, Michael R. Pence, by virtue of the authority vested in me as Governor of the State of Indiana, do hereby:

1. ORDER all state agencies as defined by Ind. Code § 4-12-1-2 to recognize and support the independence of the State Board of Accounts and State Examiner.
2. ORDER all state agencies to recognize the sole authority of the State Examiner over the assignment, appointment, compensation and promotion of assistants in accordance with Ind. Code § 5-11-1-7 and subject to the funds appropriated by the Indiana General Assembly.
3. REQUEST the Personnel Subcommittee of the Legislative Council, created by Ind. Code § 2-5-1.1-1, to confirm or oppose the appointment of the current State Examiner, which was made pursuant to Ind. Code § 5-11-1-1.
4. REQUEST the Personnel Subcommittee of the Legislative Council to approve or reject the removal of the State Examiner should I choose to remove the State Examiner pursuant to Ind. Code § 5-11-1-1. In addition to following the procedures outlined in Ind. Code § 5-11-1-1, I will not remove the State Examiner unless and until the Legislative Council approves the removal.
5. PROHIBIT any agency from enforcing or applying any policy or procedure, unless specifically authorized by Indiana law or the Personnel Subcommittee of the Legislative Council, against or in relation to the State Board of Accounts unless the State Examiner consents to comply with the policy or procedure and determines that the policy or procedure will not interfere with the independence of the State Board of Accounts, unless emergency circumstances justify extraordinary measures to protect the State's budget or fiscal reserves, or unless such policy is one of general application to all other state agencies and not intended to interfere with the State Board of Accounts' audit processes.



IN TESTIMONY WHEREOF, I,

Michael R. Pence, have hereunto set
my hand and caused to be affixed the
Great Seal of the State of Indiana on
this 23rd day of December, 2013.

A handwritten signature in black ink that reads "Michael R. Pence".

Michael R. Pence
Governor of Indiana

Connie Lawson

ATTEST: Connie Lawson
Secretary of State