



January 27, 2015

---

---

## HOUSE BILL No. 1104

---

DIGEST OF HB 1104 (Updated January 27, 2015 1:46 pm - DI 87)

**Citations Affected:** IC 4-3; IC 4-12; IC 4-30; IC 4-35; IC 4-37; IC 5-10.5; IC 5-11; IC 5-20; IC 5-22; IC 5-28; IC 6-3.5; IC 6-8.1; IC 6-9; IC 8-1.5; IC 8-10; IC 9-15; IC 9-16; IC 13-23; IC 14-13; IC 14-14; IC 15-13; IC 16-19; IC 20-39; IC 20-49; IC 21-7; IC 21-16; IC 22-14; IC 28-11; IC 33-44; IC 36-7; IC 36-8; IC 36-10.

**Synopsis:** State board of accounts examinations and sheriff's merit board. Permits the state board of accounts to determine the frequency with which the state board of accounts conducts financial examinations based on risk based criteria approved by the audit and financial reporting subcommittee of the legislative council. Indicates that the results of an examination of the state board of accounts are confidential until approved and released for publication by the state examiner. Permits disclosure under certain circumstances. Prohibits a relative of: (1) an active county police officer; or (2) the sheriff; from serving as a member of the sheriff's merit board.

**Effective:** July 1, 2015.

---

---

## Lehman, Klinker, Riecken, Mahan

---

---

January 8, 2015, read first time and referred to Committee on Government and Regulatory Reform.  
January 27, 2015, amended, reported — Do Pass.

---

---

HB 1104—LS 6640/DI 51





January 27, 2015

First Regular Session of the 119th General Assembly (2015)

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 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

## HOUSE BILL No. 1104

---

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

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

1           SECTION 1. IC 4-3-17-4 IS AMENDED TO READ AS FOLLOWS  
2 [EFFECTIVE JULY 1, 2015]: Sec. 4. (a) The articles of incorporation  
3 or bylaws of the corporation, as appropriate, must provide that:  
4           (1) the exclusive purpose of the corporation is to provide grants  
5           and serve as a resource for education programs on drug and  
6           alcohol abuse, by providing assistance to persons or entities  
7           involved with:  
8               (A) coordinating the activities of all parties having a role in  
9               drug and alcohol abuse education and prevention; and  
10              (B) educating and assisting local communities in educating  
11              Indiana citizens on the problems of drug and alcohol abuse;  
12           (2) the board must include:  
13              (A) the governor or the governor's designee;  
14              (B) the state health commissioner or the commissioner's  
15              designee; and

HB 1104—LS 6640/DI 51



- 1 (C) additional persons appointed by the governor, who have  
 2 knowledge or experience in drug or alcohol education  
 3 programs;  
 4 (3) the governor shall designate a member of the board to serve  
 5 as chairman of the board;  
 6 (4) the board shall select any other officers it considers necessary,  
 7 such as a vice chairman, treasurer, or secretary;  
 8 (5) the chairman of the board may appoint any subcommittees that  
 9 the chairman considers necessary to carry out the duties of the  
 10 corporation;  
 11 (6) with the approval of the governor, the corporation may appoint  
 12 a president, who shall serve as the chief operating officer of the  
 13 corporation and who may appoint staff or employ consultants to  
 14 carry out the corporation's duties under this chapter, including  
 15 personnel to receive or disseminate information that furthers the  
 16 goals of the corporation;  
 17 (7) the corporation may receive funds from any source (including  
 18 state appropriations), may enter into contracts, and may expend  
 19 funds for any activities necessary, convenient, or expedient to  
 20 carry out its purposes;  
 21 (8) any amendments to the articles of incorporation or bylaws of  
 22 the corporation must be approved by the board;  
 23 (9) the corporation shall submit an annual report to the governor,  
 24 lieutenant governor, and chairman of the legislative council  
 25 before December 31 of each year;  
 26 (10) the corporation shall conduct an annual public hearing to  
 27 receive comments from interested parties regarding the annual  
 28 report, and notice of the hearing shall be given at least fourteen  
 29 (14) days before the hearing in accordance with IC 5-14-1.5-5(b);  
 30 and  
 31 (11) the corporation is subject to ~~an annual~~ audit by the state  
 32 board of accounts, and the corporation shall bear the full costs of  
 33 this audit.  
 34 An annual report described in subdivision (9) that is submitted to the  
 35 chairman of the legislative council must be in an electronic format  
 36 under IC 5-14-6.  
 37 (b) The corporation may perform other acts necessary, convenient,  
 38 or expedient to carry out its purposes under this chapter and has all the  
 39 rights, powers, and privileges granted to corporations by IC 23-17 and  
 40 by common law.  
 41 (c) With the approval of the governor, the corporation may merge  
 42 with an entity with similar purposes. If the corporation merges with



1 another entity under this subsection, the governor shall revoke the  
2 certification under section 7 of this chapter.

3 SECTION 2. IC 4-12-4-15, AS AMENDED BY P.L.229-2011,  
4 SECTION 51, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
5 JULY 1, 2015]: Sec. 15. The funds, accounts, management, and  
6 operations of the state department of health under this chapter are  
7 subject to ~~annual~~ audit by the state board of accounts.

8 SECTION 3. IC 4-12-15-2, AS ADDED BY P.L.187-2013,  
9 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
10 JULY 1, 2015]: Sec. 2. (a) The office may establish a nonprofit  
11 subsidiary corporation that is exempt from federal income taxation  
12 under Section 501(c)(3) of the Internal Revenue Code, to solicit and  
13 accept private funding, gifts, donations, bequests, devises, and  
14 contributions.

15 (b) A subsidiary corporation established under this section:

16 (1) shall use money received under subsection (a) to carry out in  
17 any manner the purposes and programs of the office;

18 (2) shall report to the budget committee each year concerning:

19 (A) the use of money received under subsection (a); and

20 (B) the balances in any accounts or funds established by the  
21 subsidiary corporation; and

22 (3) may deposit money received under subsection (a) in an  
23 account or fund that is:

24 (A) administered by the subsidiary corporation; and

25 (B) not part of the state treasury.

26 (c) A subsidiary corporation established under this section is  
27 governed by a board of directors comprised of members appointed by  
28 the office.

29 (d) Employees of the office shall provide administrative support for  
30 a subsidiary corporation established under this section.

31 (e) The state board of accounts shall ~~annually~~ audit a subsidiary  
32 corporation established under this section.

33 SECTION 4. IC 4-30-17-11 IS AMENDED TO READ AS  
34 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 11. (a) Each eligible  
35 recipient that is approved to receive money from the build Indiana fund  
36 under section 10 of this chapter must, as a condition of receiving  
37 money from the build Indiana fund, enter into a funding agreement  
38 with the budget agency.

39 (b) The agreement required under subsection (a) must obligate the  
40 eligible recipient to do the following:

41 (1) Complete the project in conformity with the information in the  
42 project statement reviewed and approved under section 10 of this



- 1 chapter and any subsequent agreements reviewed by the budget  
2 committee and approved by the governor, upon recommendation  
3 of the budget agency.
- 4 (2) Acknowledge, on a form prescribed by the budget agency, the  
5 receipt and deposit of money received from the build Indiana  
6 fund. The written acknowledgment must include proof that the  
7 funds have been deposited in the financial institution listed in the  
8 documents described in subdivision (1) and must be submitted to  
9 the budget agency within ten (10) business days after receipt of  
10 the money.
- 11 (3) Account for money received from the build Indiana fund in  
12 accordance with generally accepted accounting principles, the  
13 accounting guidelines established by the state board of accounts,  
14 or an alternative method of accounting approved by the state  
15 board of accounts.
- 16 (4) Be subject to the audit and the reporting requirements under  
17 IC 5-11-1 (state board of accounts), ~~for each year~~ beginning with  
18 the year in which money from the build Indiana fund is received  
19 and ending with the year in which the project is completed.
- 20 (5) Upon request, provide for the contact person specified in the  
21 project statement or another person who is knowledgeable about  
22 the project to appear and give testimony to the budget committee  
23 concerning the project.
- 24 (6) Submit to the budget agency, on a form prescribed by the  
25 budget agency, verification of the completion of the project not  
26 later than ten (10) business days after the project is complete.
- 27 (7) If a project is not completed by the anticipated completion  
28 date specified in the documents described in subdivision (1),  
29 submit to the budget agency, on a form prescribed by the budget  
30 agency, information as to the reason the project is not complete  
31 and the revised completion date of the project. The form must be  
32 submitted before the anticipated completion date specified in the  
33 documents described in subdivision (1).
- 34 (8) Pay reasonable attorney's fees and other reasonable expenses  
35 incurred to enforce the provisions of the agreement described in  
36 subdivisions (1) through (7), collect reimbursement of project  
37 funds under subsection (d), or prosecute a violation of the  
38 agreement.
- 39 (c) The budget agency shall monitor compliance with the agreement  
40 required under subsection (a).
- 41 (d) In addition to any other remedy provided by law, if the eligible  
42 recipient fails to comply with a condition of the agreement required



1 under subsection (a), the budget agency may, under the procedures set  
 2 forth in IC 4-21.5, require the entity to repay all the funds distributed  
 3 to the eligible recipient under this chapter. The budget agency shall  
 4 give notice of the order under IC 4-21.5-3-4. Money repaid under this  
 5 section shall be deposited in the build Indiana fund.

6 SECTION 5. IC 4-30-19-2, AS AMENDED BY P.L.84-2005,  
 7 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 8 JULY 1, 2015]: Sec. 2. The state board of accounts shall ~~conduct an~~  
 9 ~~annual~~ audit of the operations of the lottery and shall receive a copy of  
 10 any independent financial audit and any security report prepared under  
 11 this article. The commission shall pay the full costs of the audit  
 12 required under this section.

13 SECTION 6. IC 4-35-7-12, AS AMENDED BY P.L.210-2013,  
 14 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 15 JULY 1, 2015]: Sec. 12. (a) The Indiana horse racing commission shall  
 16 enforce the requirements of this section.

17 (b) A licensee shall before the fifteenth day of each month distribute  
 18 the following amounts for the support of the Indiana horse racing  
 19 industry:

20 (1) An amount equal to fifteen percent (15%) of the adjusted  
 21 gross receipts of the slot machine wagering from the previous  
 22 month at each casino operated by the licensee with respect to  
 23 adjusted gross receipts received after June 30, 2013, and before  
 24 January 1, 2014.

25 (2) The percentage of the adjusted gross receipts of the slot  
 26 machine wagering from the previous month at each casino  
 27 operated by the licensee that is determined under section 16 or 17  
 28 of this chapter with respect to adjusted gross receipts received  
 29 after December 31, 2013.

30 (c) The Indiana horse racing commission may not use any of the  
 31 money distributed under this section for any administrative purpose or  
 32 other purpose of the Indiana horse racing commission.

33 (d) A licensee shall distribute the money devoted to horse racing  
 34 purses and to horsemen's associations under this subsection as follows:

35 (1) Five-tenths percent (0.5%) shall be transferred to horsemen's  
 36 associations for equine promotion or welfare according to the  
 37 ratios specified in subsection (g).

38 (2) Two and five-tenths percent (2.5%) shall be transferred to  
 39 horsemen's associations for backside benevolence according to  
 40 the ratios specified in subsection (g).

41 (3) Ninety-seven percent (97%) shall be distributed to promote  
 42 horses and horse racing as provided in subsection (f).



1 (e) A horsemen's association shall expend the amounts distributed  
 2 to the horsemen's association under subsection (d)(1) through (d)(2) for  
 3 a purpose promoting the equine industry or equine welfare or for a  
 4 benevolent purpose that the horsemen's association determines is in the  
 5 best interests of horse racing in Indiana for the breed represented by the  
 6 horsemen's association. Expenditures under this subsection are subject  
 7 to the regulatory requirements of subsection (h).

8 (f) A licensee shall distribute the amounts described in subsection  
 9 (d)(3) as follows:

10 (1) Forty-six percent (46%) for thoroughbred purposes as follows:

11 (A) Sixty percent (60%) for the following purposes:

12 (i) Ninety-seven percent (97%) for thoroughbred purses.

13 (ii) Two and four-tenths percent (2.4%) to the horsemen's  
 14 association representing thoroughbred owners and trainers.

15 (iii) Six-tenths percent (0.6%) to the horsemen's association  
 16 representing thoroughbred owners and breeders.

17 (B) Forty percent (40%) to the breed development fund  
 18 established for thoroughbreds under IC 4-31-11-10.

19 (2) Forty-six percent (46%) for standardbred purposes as follows:

20 (A) Three hundred seventy-five thousand dollars (\$375,000)  
 21 to the state fair commission to be used by the state fair  
 22 commission to support standardbred racing and facilities at the  
 23 state fairgrounds.

24 (B) One hundred twenty-five thousand dollars (\$125,000) to  
 25 the state fair commission to be used by the state fair  
 26 commission to make grants to county fairs to support  
 27 standardbred racing and facilities at county fair tracks. The  
 28 state fair commission shall establish a review committee to  
 29 include the standardbred association board, the Indiana horse  
 30 racing commission, and the Indiana county fair association to  
 31 make recommendations to the state fair commission on grants  
 32 under this clause.

33 (C) Fifty percent (50%) of the amount remaining after the  
 34 distributions under clauses (A) and (B) for the following  
 35 purposes:

36 (i) Ninety-six and five-tenths percent (96.5%) for  
 37 standardbred purses.

38 (ii) Three and five-tenths percent (3.5%) to the horsemen's  
 39 association representing standardbred owners and trainers.

40 (D) Fifty percent (50%) of the amount remaining after the  
 41 distributions under clauses (A) and (B) to the breed  
 42 development fund established for standardbreds under





1 IC 4-31-11-10.

2 (3) Eight percent (8%) for quarter horse purposes as follows:

3 (A) Seventy percent (70%) for the following purposes:

4 (i) Ninety-five percent (95%) for quarter horse purses.

5 (ii) Five percent (5%) to the horsemen's association  
6 representing quarter horse owners and trainers.

7 (B) Thirty percent (30%) to the breed development fund  
8 established for quarter horses under IC 4-31-11-10.

9 Expenditures under this subsection are subject to the regulatory  
10 requirements of subsection (h).

11 (g) Money distributed under subsection (d)(1) and (d)(2) shall be  
12 allocated as follows:

13 (1) Forty-six percent (46%) to the horsemen's association  
14 representing thoroughbred owners and trainers.

15 (2) Forty-six percent (46%) to the horsemen's association  
16 representing standardbred owners and trainers.

17 (3) Eight percent (8%) to the horsemen's association representing  
18 quarter horse owners and trainers.

19 (h) Money distributed under this section may not be expended  
20 unless the expenditure is for a purpose authorized in this section and is  
21 either for a purpose promoting the equine industry or equine welfare or  
22 is for a benevolent purpose that is in the best interests of horse racing  
23 in Indiana or the necessary expenditures for the operations of the  
24 horsemen's association required to implement and fulfill the purposes  
25 of this section. The Indiana horse racing commission may review any  
26 expenditure of money distributed under this section to ensure that the  
27 requirements of this section are satisfied. The Indiana horse racing  
28 commission shall adopt rules concerning the review and oversight of  
29 money distributed under this section and shall adopt rules concerning  
30 the enforcement of this section. The following apply to a horsemen's  
31 association receiving a distribution of money under this section:

32 (1) The horsemen's association must annually file a report with  
33 the Indiana horse racing commission concerning the use of the  
34 money by the horsemen's association. The report must include  
35 information as required by the commission.

36 (2) The horsemen's association must register with the Indiana  
37 horse racing commission.

38 The state board of accounts shall ~~annually~~ audit the accounts, books,  
39 and records of the Indiana horse racing commission, each horsemen's  
40 association, a licensee, and any association for backside benevolence  
41 containing any information relating to the distribution of money under  
42 this section.



1 (i) The commission shall provide the Indiana horse racing  
2 commission with the information necessary to enforce this section.

3 (j) The Indiana horse racing commission shall investigate any  
4 complaint that a licensee has failed to comply with the horse racing  
5 purse requirements set forth in this section. If, after notice and a  
6 hearing, the Indiana horse racing commission finds that a licensee has  
7 failed to comply with the purse requirements set forth in this section,  
8 the Indiana horse racing commission may:

9 (1) issue a warning to the licensee;

10 (2) impose a civil penalty that may not exceed one million dollars  
11 (\$1,000,000); or

12 (3) suspend a meeting permit issued under IC 4-31-5 to conduct  
13 a pari-mutuel wagering horse racing meeting in Indiana.

14 (k) A civil penalty collected under this section must be deposited in  
15 the state general fund.

16 SECTION 7. IC 4-37-2-4, AS AMENDED BY P.L.166-2013,  
17 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
18 JULY 1, 2015]: Sec. 4. The corporation is subject to ~~an annual~~  
19 compliance ~~audit audits~~ by the state board of accounts.

20 SECTION 8. IC 4-37-8-5, AS AMENDED BY P.L.166-2013,  
21 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
22 JULY 1, 2015]: Sec. 5. The foundation is subject to ~~an annual~~  
23 compliance ~~audit audits~~ by the state board of accounts.

24 SECTION 9. IC 5-10.5-4-1, AS AMENDED BY P.L.53-2014,  
25 SECTION 64, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
26 JULY 1, 2015]: Sec. 1. The board shall do all of the following:

27 (1) Appoint and fix the salary of a director.

28 (2) Employ or contract with employees, auditors, technical  
29 experts, legal counsel, and other service providers as the board  
30 considers necessary to transact the business of the fund without  
31 the approval of any state officer, and fix the compensation of  
32 those persons.

33 (3) Establish a general office in Indianapolis for board meetings  
34 and for administrative personnel.

35 (4) Provide for the installation in the general office of a complete  
36 system of:

37 (A) books;

38 (B) accounts, including reserve accounts; and

39 (C) records;

40 to give effect to all the requirements of this article and to ensure  
41 the proper operation of the fund.

42 (5) Provide for a report at least annually to each member of the



- 1 amount credited to the member in the annuity savings account in  
 2 each investment program under IC 5-10.2-2.
- 3 (6) With the advice of the actuary, adopt actuarial tables and  
 4 compile data needed for actuarial studies that are necessary for  
 5 the fund's operation.
- 6 (7) Act on applications for benefits and claims of error filed by  
 7 members.
- 8 (8) Have the accounts of the fund audited ~~annually~~ by the state  
 9 board of accounts and if the board determines that it is advisable,  
 10 have the operation of a public pension or retirement fund of the  
 11 system audited by a certified public accountant.
- 12 (9) Publish for the members a synopsis of the fund's condition.
- 13 (10) Adopt a budget on a calendar year or fiscal year basis that is  
 14 sufficient, as determined by the board, to perform the board's  
 15 duties and, as appropriate and reasonable, draw upon fund assets  
 16 to fund the budget.
- 17 (11) Expend money, including income from the fund's  
 18 investments, for effectuating the fund's purposes.
- 19 (12) Establish personnel programs and policies for the employees  
 20 of the system.
- 21 (13) Submit a financial report before November 1 each year to the  
 22 governor, the interim study committee on pension management  
 23 oversight established by IC 2-5-1.3-4 in an electronic format  
 24 under IC 5-14-6, and the budget committee. The report under this  
 25 subdivision must set forth a complete operating and financial  
 26 statement covering its operations during the most recent fiscal  
 27 year, and include any other information requested by the chair of  
 28 the interim study committee on pension management oversight  
 29 established by IC 2-5-1.3-4 in an electronic format under  
 30 IC 5-14-6.
- 31 (14) Provide the necessary forms for administering the fund.
- 32 (15) Submit to the auditor of state or the treasurer of state  
 33 vouchers or reports necessary to claim an amount due from the  
 34 state to the system.
- 35 SECTION 10. IC 5-11-1-9, AS AMENDED BY P.L.280-2013,  
 36 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 37 JULY 1, 2015]: Sec. 9. (a) The state examiner, personally or through  
 38 the deputy examiners, field examiners, or private examiners, shall  
 39 examine all accounts and all financial affairs of every public office and  
 40 officer, state office, state institution, and entity.
- 41 (b) An examination of an entity deriving:  
 42 (1) less than fifty percent (50%); or



1 (2) subject to subsection (h), at least fifty percent (50%) but less  
 2 than two hundred thousand dollars (\$200,000) if the entity is  
 3 organized as a not-for-profit corporation;  
 4 of its disbursements during the period subject to an examination from  
 5 appropriations, public funds, taxes, and other sources of public expense  
 6 shall be limited to matters relevant to the use of the public money  
 7 received by the entity.

8 (c) The examination of an entity described in subsection (b) may be  
 9 waived ~~or deferred~~ by the state examiner if the state examiner  
 10 determines in writing that all disbursements of public money during the  
 11 period subject to examination were made for the purposes for which the  
 12 money was received. However, the:

13 (1) Indiana economic development corporation created by  
 14 IC 5-28-3 and the corporation's funds, accounts, and financial  
 15 affairs; and

16 (2) department of financial institutions established by  
 17 IC 28-11-1-1 and the department's funds, accounts, and financial  
 18 affairs;

19 shall be examined biennially by the state board of accounts.

20 (d) On every examination under this section, inquiry shall be made  
 21 as to the following:

22 (1) The financial condition and resources of each municipality,  
 23 office, institution, or entity.

24 (2) Whether the laws of the state and the uniform compliance  
 25 guidelines of the state board of accounts established under section  
 26 24 of this chapter have been complied with.

27 (3) The methods and accuracy of the accounts and reports of the  
 28 person examined.

29 The examinations shall be made without notice.

30 (e) If during an examination of a state office under this chapter the  
 31 examiner encounters an inefficiency in the operation of the state office,  
 32 the examiner may comment on the inefficiency in the examiner's report.

33 (f) The state examiner, deputy examiners, any field examiner, or any  
 34 private examiner, when engaged in making any examination or when  
 35 engaged in any official duty devolved upon them by the state examiner,  
 36 is entitled to do the following:

37 (1) Enter into any state, county, city, township, or other public  
 38 office in this state, or any entity, agency, or instrumentality, and  
 39 examine any books, papers, documents, or electronically stored  
 40 information for the purpose of making an examination.

41 (2) Have access, in the presence of the custodian or the  
 42 custodian's deputy, to the cash drawers and cash in the custody of



1 the officer.

2 (3) During business hours, examine the public accounts in any  
3 depository that has public funds in its custody pursuant to the  
4 laws of this state.

5 (g) The state examiner, deputy examiner, or any field examiner,  
6 when engaged in making any examination authorized by law, may issue  
7 subpoenas for witnesses to appear before the examiner in person or to  
8 produce books, papers, or other records (including records stored in  
9 electronic data processing systems) for inspection and examination.  
10 The state examiner, deputy examiner, and any field examiner may  
11 administer oaths and examine witnesses under oath orally or by  
12 interrogatories concerning the matters under investigation and  
13 examination. Under the authority of the state examiner, the oral  
14 examinations may be transcribed with the reasonable expense paid by  
15 the examined person in the same manner as the compensation of the  
16 field examiner is paid. The subpoenas shall be served by any person  
17 authorized to serve civil process from any court in this state. If a  
18 witness duly subpoenaed refuses to attend, refuses to produce  
19 information required in the subpoena, or attends and refuses to be  
20 sworn or affirmed, or to testify when called upon to do so, the examiner  
21 may apply to the circuit court having jurisdiction of the witness for the  
22 enforcement of attendance and answers to questions as provided by the  
23 law governing the taking of depositions.

24 (h) ~~This subsection applies to audited years beginning after June 30,~~  
25 ~~2009.~~ The definitions in IC 20-24-1 apply throughout this subsection.  
26 Appropriations, public funds, taxes, and other sources of public money  
27 received by a nonprofit corporation as a charter school or organizer of  
28 a charter school for the purposes of a charter school may not be  
29 counted for the purpose of applying subsection (b)(2). Unless the  
30 nonprofit corporation receives other public money that would qualify  
31 the nonprofit corporation for a full examination of all accounts and  
32 financial affairs of the entity under subsection (b)(2), an examination  
33 of a charter school or organizer of a charter school must be limited to  
34 matters relevant to the use of the public money received for the charter  
35 school. This subsection does not prohibit the state examiner, personally  
36 or through the deputy examiners, field examiners, or private examiners,  
37 from examining the accounts in which appropriations, public funds,  
38 taxes, or other sources of public money are applied that are received by  
39 a nonprofit corporation as a charter school or organizer of a charter  
40 school relating to the operation of the charter school.

41 SECTION 11. IC 5-11-1-25 IS AMENDED TO READ AS  
42 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 25. (a) **This section**

**HB 1104—LS 6640/DI 51**



1 does not limit the application of any law that requires a  
 2 municipality, a public hospital, another public office or public  
 3 officer, an entity, or another person or organization to be audited  
 4 or otherwise examined on an annual or other basis by:

5 (1) a certified public accountant; or

6 (2) a person other than the state examiner or the state board  
 7 of accounts.

8 (b) Subject to section 9 of this chapter and subsections (c)  
 9 through (d), the state board of accounts shall conduct examinations  
 10 of audited entities at the times determined by the state board of  
 11 accounts, but not less than once every four (4) years, using risk  
 12 based examination criteria that are:

13 (1) established by the state board of accounts; and

14 (2) approved by the audit committee.

15 (c) Examinations under this chapter shall ~~must~~ be conducted  
 16 annually for the following:

17 (1) the state.

18 (2) Cities:

19 (3) Counties:

20 (4) Towns with a population greater than five thousand (5,000):

21 (5) Public hospitals:

22 (b) Subject to section 9 of this chapter, examinations under this  
 23 chapter shall be conducted biennially for:

24 (1) municipalities; and

25 (2) entities;

26 that are not listed in subsection (a).

27 (d) As permitted under this section since September 1, 1986 (the  
 28 effective date of P.L.3-1986, SECTION 16), examinations of school  
 29 corporations shall be conducted biennially.

30 SECTION 12. IC 5-11-5-1, AS AMENDED BY P.L.104-2014,  
 31 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 32 JULY 1, 2015]: Sec. 1. (a) Whenever an examination is made under  
 33 this article, a report of the examination shall be made. The report must  
 34 include a list of findings and shall be signed and verified by the  
 35 examiner making the examination. A finding that is critical of an  
 36 examined entity must be based upon one (1) of the following:

37 (1) Failure of the entity to observe a uniform compliance  
 38 guideline established under IC 5-11-1-24(a).

39 (2) Failure of the entity to comply with a specific law.

40 A report that includes a finding that is critical of an examined entity  
 41 must designate the uniform compliance guideline or the specific law  
 42 upon which the finding is based. The reports shall immediately be filed



1 with the state examiner, and, after inspection of the report, the state  
2 examiner shall immediately file one (1) copy with the officer or person  
3 examined, one (1) copy with the auditing department of the  
4 municipality examined and reported upon (if the subject of the report  
5 is a municipality), and one (1) copy in an electronic format under  
6 IC 5-14-6 with the legislative services agency, as staff to the audit  
7 committee and the general assembly. Upon filing, the report becomes  
8 a part of the public records of the office of the state examiner, of the  
9 office or the person examined, of the auditing department of the  
10 municipality examined and reported upon, and of the legislative  
11 services agency, as staff to the audit committee and the general  
12 assembly. A report is open to public inspection at all reasonable times  
13 after it is filed. If an examination discloses malfeasance, misfeasance,  
14 or nonfeasance in office or of any officer or employee, a copy of the  
15 report, signed and verified, shall be placed by the state examiner with  
16 the attorney general and the inspector general. The attorney general  
17 shall diligently institute and prosecute civil proceedings against the  
18 delinquent officer, or upon the officer's official bond, or both, and  
19 against any other proper person that will secure to the state or to the  
20 proper municipality the recovery of any funds misappropriated,  
21 diverted, or unaccounted for.

22 (b) Before an examination report is signed, verified, and filed as  
23 required by subsection (a), the officer or the chief executive officer of  
24 the state office, municipality, or entity examined must have an  
25 opportunity to review the report and to file with the state examiner a  
26 written response to that report. If a written response is filed, it becomes  
27 a part of the examination report that is signed, verified, and filed as  
28 required by subsection (a). **As part of the review of the examination  
29 report, the state examiner shall hold a gathering of the officer or  
30 chief executive officer of the state office, municipality, or entity  
31 examined, any employees or agents of the state office, municipality,  
32 or entity examined who are requested to attend by the officer or  
33 chief executive officer of the state office, municipality, or entity  
34 examined, and the members of the legislative and fiscal bodies of  
35 the municipality or entity examined. Such a gathering is referred  
36 to as an "exit conference" for purposes of this subsection. The  
37 following apply to an exit conference:**

38 (1) **All information discussed and materials presented or  
39 delivered by any person during an exit conference are  
40 confidential and may not be discussed or shared publicly until  
41 the earliest of the occurrences set forth in subsection (g).  
42 However, the information discussed and materials presented**



1 or delivered during an exit conference may be shared with an  
 2 officer, employee, consultant, adviser, or attorney of the  
 3 officer or chief executive officer of the state office,  
 4 municipality, or entity examined who was not present at the  
 5 exit conference. An individual with whom information and  
 6 materials are shared must maintain the confidentiality of the  
 7 information and materials as provided in this subdivision  
 8 until the earliest of the occurrences set forth in subsection (g).

9 (2) An individual attending an exit conference may not  
 10 electronically record the exit conference.

11 (3) An exit conference is not a meeting (as defined in  
 12 IC 5-14-1.5-2(c)) for purposes of IC 5-14-1.5 or any other law.

13 (4) If the state examiner determines after the exit conference  
 14 that additional actions must be undertaken by a deputy  
 15 examiner, field examiner, or private examiner with respect to  
 16 information discussed or materials presented at the exit  
 17 conference, the state examiner may call for an additional exit  
 18 conference to be held.

19 (5) Not more than thirty (30) days after the initial exit  
 20 conference is held under this subsection, the legislative body  
 21 of the municipality or entity examined and reported upon may  
 22 adopt a resolution, approved by at least a two-thirds (2/3) vote  
 23 of the legislative body, requesting that an additional exit  
 24 conference be held. The legislative body shall notify the state  
 25 board of accounts if the legislative body adopts a resolution  
 26 under this subdivision. If a legislative body adopts a  
 27 resolution under this subdivision, the state board of accounts  
 28 shall conduct an additional exit conference not more than  
 29 sixty (60) days after the state board of accounts receives  
 30 notice of the adoption of the resolution. The municipality or  
 31 entity examined must pay the travel and staff costs incurred  
 32 by the state board of accounts in conducting an additional exit  
 33 conference under this subdivision.

34 (6) A final report under subsection (a) may not be issued  
 35 earlier than forty-five (45) days after the initial exit  
 36 conference is held under this subsection.

37 (c) Except as ~~required~~ **provided** by subsections (b), ~~and~~ (d), ~~and~~ (e),  
 38 it is unlawful for any ~~deputy examiner, field examiner, or private~~  
 39 ~~examiner, person,~~ **person**, before an examination report is made public as  
 40 provided by this section, to make any disclosure of the result of any  
 41 examination of any public account, except:

42 (1) to the state examiner; ~~or~~





1 (2) if directed to give publicity to the examination report by the  
2 state examiner or by any court;

3 (3) to another deputy examiner, field examiner, or private  
4 examiner engaged in conducting the examination; or

5 (4) if directed by the state examiner, to the chair of the audit  
6 committee or the members of the audit committee acting in  
7 executive session, or both.

8 If an examination report shows or discloses the commission of a crime  
9 by any person, it is the duty of the state examiner to transmit and  
10 present the examination report to the **grand jury prosecuting attorney**  
11 of the county in which the crime was committed. ~~at its first session~~  
12 ~~after the making of the examination report and at any subsequent~~  
13 ~~sessions that may be required.~~ The state examiner shall furnish to the  
14 **grand jury prosecuting attorney** all evidence at the state examiner's  
15 command necessary in the investigation and prosecution of the crime.

16 (d) If, during an examination under this article, a deputy examiner,  
17 field examiner, or private examiner acting as an agent of the state  
18 examiner determines that the following conditions are satisfied, the  
19 examiner shall report the determination to the state examiner:

20 (1) A substantial amount of public funds has been  
21 misappropriated or diverted.

22 (2) The deputy examiner, field examiner, or private examiner  
23 acting as an agent of the state examiner has a reasonable belief  
24 that the malfeasance or misfeasance that resulted in the  
25 misappropriation or diversion of the public funds was committed  
26 by the officer or an employee of the office.

27 (e) After receiving a preliminary report under subsection (d), the  
28 state examiner may provide a copy of the report to the attorney general.  
29 The attorney general may institute and prosecute civil proceedings  
30 against the delinquent officer or employee, or upon the officer's or  
31 employee's official bond, or both, and against any other proper person  
32 that will secure to the state or to the proper municipality the recovery  
33 of any funds misappropriated, diverted, or unaccounted for.

34 (f) In an action under subsection (e), the attorney general may attach  
35 the defendant's property under IC 34-25-2.

36 (g) ~~Except as permitted in this section, the information and~~  
37 ~~materials that are part of an exit conference under subsection (b)~~  
38 ~~and the results of an examination, including a preliminary report~~  
39 ~~under subsection (d), is are confidential until the occurrence of the~~  
40 ~~earliest of the following:~~

41 (1) The final report **is made public** under subsection (a). ~~is~~  
42 ~~issued,~~



1           **(2) The results of the examination are publicized under**  
 2           **subsection (c)(2). unless**

3           **(3) The attorney general institutes an action under subsection (e)**  
 4           **on the basis of the preliminary report.**

5           **(h) Except as permitted in this section, an individual, a public**  
 6           **agency (as defined in IC 5-14-3-2), a public employee, a public**  
 7           **official, or an employee or officer of a contractor or subcontractor**  
 8           **of a public agency that knowingly or intentionally discloses**  
 9           **information in violation of subsection (b) or (g), regardless of**  
 10           **whether the information is received orally or by any other means,**  
 11           **is subject to the following:**

12           **(1) A public agency (as defined in IC 5-14-3-2), a public**  
 13           **employee, a public official, or an employee or officer of a**  
 14           **contractor or subcontractor of a public agency commits a**  
 15           **Class A infraction under IC 5-14-3-10.**

16           **(2) If the disclosure is by a person who is not described in**  
 17           **subdivision (1), the person commits a Class A infraction.**

18           SECTION 13. IC 5-20-7-8, AS ADDED BY P.L.87-2011,  
 19           SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 20           JULY 1, 2015]: Sec. 8. The fund is subject to an ~~annual~~ audit by the  
 21           state board of accounts. The full costs of the audit shall be paid from  
 22           money in the fund.

23           SECTION 14. IC 5-22-10-3 IS AMENDED TO READ AS  
 24           FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 3. (a) A purchasing  
 25           agent shall maintain the contract records for a special purchase in a  
 26           separate file.

27           (b) A purchasing agent shall include in the contract file a written  
 28           determination of the basis for:

29           (1) the special purchase; and

30           (2) the selection of a particular contractor.

31           (c) Notwithstanding any other law, a governmental body shall  
 32           maintain a record listing all contracts made under this chapter for a  
 33           minimum of five (5) years. The record must contain the following  
 34           information:

35           (1) Each contractor's name.

36           (2) The amount and type of each contract.

37           (3) A description of the supplies purchased under each contract.

38           (d) The contract records for a special purchase are subject to ~~annual~~  
 39           audit by the state board of accounts.

40           SECTION 15. IC 5-28-3-2, AS ADDED BY P.L.4-2005, SECTION  
 41           34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,  
 42           2015]: Sec. 2. (a) The corporation is a body politic and corporate, not



1 a state agency but an independent instrumentality exercising essential  
2 public functions.

3 (b) The corporation and the corporation's funds, accounts, and  
4 financial affairs shall be examined ~~biennially~~ by the state board of  
5 accounts ~~under IC 5-11~~ **as required by IC 5-11-1-9.**

6 SECTION 16. IC 5-28-5-13, AS ADDED BY P.L.4-2005,  
7 SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
8 JULY 1, 2015]: Sec. 13. (a) Notwithstanding section 12 of this chapter,  
9 the board may establish a nonprofit subsidiary corporation to solicit  
10 and accept private sector funding, gifts, donations, bequests, devises,  
11 and contributions.

12 (b) A subsidiary corporation established under this section:

13 (1) must use money received under subsection (a) to carry out in  
14 any manner the purposes and programs under this article;

15 (2) must report to the budget committee each year concerning:

16 (A) the use of money received under subsection (a); and

17 (B) the balances in any accounts or funds established by the  
18 subsidiary corporation; and

19 (3) may deposit money received under subsection (a) in an  
20 account or fund that is:

21 (A) administered by the subsidiary corporation; and

22 (B) not part of the state treasury.

23 (c) The state board of accounts shall ~~annually~~ audit a subsidiary  
24 corporation established under this section.

25 SECTION 17. IC 5-28-18-7, AS AMENDED BY P.L.87-2011,  
26 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
27 JULY 1, 2015]: Sec. 7. (a) The small business development fund is  
28 established within the state treasury. The fund is a revolving fund to:

29 (1) provide loans approved by the corporation under this chapter  
30 and IC 5-28-17; and

31 (2) provide loans or loan guarantees under the small and minority  
32 business financial assistance program established by  
33 IC 5-28-20-9.

34 (b) The fund consists of appropriations from the general assembly  
35 and loan repayments.

36 (c) The corporation shall administer the fund. The following may be  
37 paid from money in the fund:

38 (1) Expenses of administering the fund.

39 (2) Nonrecurring administrative expenses incurred to carry out the  
40 purposes of this chapter and IC 5-28-20.

41 (d) Earnings from loans made under this chapter shall be deposited  
42 in the fund.



1 (e) The treasurer of state shall invest the money in the fund not  
 2 currently needed to meet the obligations of the fund in the same  
 3 manner as other public funds may be invested. Interest that accrues  
 4 from these investments shall be deposited in the state general fund.

5 (f) Money in the fund at the end of a state fiscal year does not revert  
 6 to the state general fund.

7 (g) The fund is subject to ~~an annual~~ audit by the state board of  
 8 accounts. The fund shall bear the full costs of the audit.

9 (h) With respect to loans or loan guarantees made from the fund  
 10 before July 1, 2011, references in law or loan documents made to the  
 11 microenterprise partnership program fund before July 1, 2011, shall be  
 12 construed after June 30, 2011, as references to the small business  
 13 development fund.

14 SECTION 18. IC 6-3.5-7-13.5, AS ADDED BY P.L.137-2006,  
 15 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 16 JULY 1, 2015]: Sec. 13.5. (a) The general assembly finds that counties  
 17 and municipalities in Indiana have a need to foster economic  
 18 development, the development of new technology, and industrial and  
 19 commercial growth. The general assembly finds that it is necessary and  
 20 proper to provide an alternative method for counties and municipalities  
 21 to foster the following:

- 22 (1) Economic development.
- 23 (2) The development of new technology.
- 24 (3) Industrial and commercial growth.
- 25 (4) Employment opportunities.
- 26 (5) The diversification of industry and commerce.

27 The fostering of economic development and the development of new  
 28 technology under this section or section 13.6 of this chapter for the  
 29 benefit of the general public, including industrial and commercial  
 30 enterprises, is a public purpose.

31 (b) The fiscal bodies of two (2) or more counties or municipalities  
 32 may, by resolution, do the following:

- 33 (1) Determine that part or all the taxes received by the units under  
 34 this chapter should be combined to foster:
  - 35 (A) economic development;
  - 36 (B) the development of new technology; and
  - 37 (C) industrial and commercial growth.
- 38 (2) Establish a regional venture capital fund.

39 (c) Each unit participating in a regional venture capital fund  
 40 established under subsection (b) may deposit the following in the fund:

- 41 (1) Taxes distributed to the unit under this chapter.
- 42 (2) The proceeds of public or private grants.



1 (d) A regional venture capital fund shall be administered by a  
 2 governing board. The expenses of administering the fund shall be paid  
 3 from money in the fund. The governing board shall invest the money  
 4 in the fund not currently needed to meet the obligations of the fund in  
 5 the same manner as other public money may be invested. Interest that  
 6 accrues from these investments shall be deposited into the fund. The  
 7 fund is subject to ~~an annual~~ audit by the state board of accounts. The  
 8 fund shall bear the full costs of the audit.

9 (e) The fiscal body of each participating unit shall approve an  
 10 interlocal agreement created under IC 36-1-7 establishing the terms for  
 11 the administration of the regional venture capital fund. The terms must  
 12 include the following:

- 13 (1) The membership of the governing board.
- 14 (2) The amount of each unit's contribution to the fund.
- 15 (3) The procedures and criteria under which the governing board  
 16 may loan or grant money from the fund.
- 17 (4) The procedures for the dissolution of the fund and for the  
 18 distribution of money remaining in the fund at the time of the  
 19 dissolution.

20 (f) An interlocal agreement made by the participating units under  
 21 subsection (e) must provide that:

- 22 (1) each of the participating units is represented by at least one (1)  
 23 member of the governing board; and
- 24 (2) the membership of the governing board is established on a  
 25 bipartisan basis so that the number of the members of the  
 26 governing board who are members of one (1) political party may  
 27 not exceed the number of members of the governing board  
 28 required to establish a quorum.

29 (g) A majority of the governing board constitutes a quorum, and the  
 30 concurrence of a majority of the governing board is necessary to  
 31 authorize any action.

32 (h) An interlocal agreement made by the participating units under  
 33 subsection (e) must be submitted to the Indiana economic development  
 34 corporation for approval before the participating units may contribute  
 35 to the fund.

36 (i) A majority of members of a governing board of a regional  
 37 venture capital fund established under this section must have at least  
 38 five (5) years of experience in business, finance, or venture capital.

39 (j) The governing board of the fund may loan or grant money from  
 40 the fund to a private or public entity if the governing board finds that  
 41 the loan or grant will be used by the borrower or grantee for at least one  
 42 (1) of the following economic development purposes:



- 1 (1) To promote significant employment opportunities for the
- 2 residents of the units participating in the regional venture capital
- 3 fund.
- 4 (2) To attract a major new business enterprise to a participating
- 5 unit.
- 6 (3) To develop, retain, or expand a significant business enterprise
- 7 in a participating unit.
- 8 (k) The expenditures of a borrower or grantee of money from a
- 9 regional venture capital fund that are considered to be for an economic
- 10 development purpose include expenditures for any of the following:
- 11 (1) Research and development of technology.
- 12 (2) Job training and education.
- 13 (3) Acquisition of property interests.
- 14 (4) Infrastructure improvements.
- 15 (5) New buildings or structures.
- 16 (6) Rehabilitation, renovation, or enlargement of buildings or
- 17 structures.
- 18 (7) Machinery, equipment, and furnishings.
- 19 (8) Funding small business development with respect to:
- 20 (A) prototype products or processes;
- 21 (B) marketing studies to determine the feasibility of new
- 22 products or processes; or
- 23 (C) business plans for the development and production of new
- 24 products or processes.
- 25 SECTION 19. IC 6-3.5-7-13.6, AS ADDED BY P.L.137-2006,
- 26 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 27 JULY 1, 2015]: Sec. 13.6. (a) The fiscal body of a county or
- 28 municipality may, by resolution, establish a local venture capital fund.
- 29 (b) A unit establishing a local venture capital fund under subsection
- 30 (a) may deposit the following in the fund:
- 31 (1) Taxes distributed to the unit under this chapter.
- 32 (2) The proceeds of public or private grants.
- 33 (c) A local venture capital fund shall be administered by a
- 34 governing board. The expenses of administering the fund shall be paid
- 35 from money in the fund. The governing board shall invest the money
- 36 in the fund not currently needed to meet the obligations of the fund in
- 37 the same manner as other public money may be invested. Interest that
- 38 accrues from these investments shall be deposited into the fund. The
- 39 fund is subject to ~~an annual~~ audit by the state board of accounts. The
- 40 fund shall bear the full costs of the audit.
- 41 (d) The fiscal body of a unit establishing a local venture capital fund
- 42 under subsection (a) shall establish the terms for the administration of



- 1 the local venture capital fund. The terms must include the following:
- 2 (1) The membership of the governing board.
- 3 (2) The amount of the unit's contribution to the fund.
- 4 (3) The procedures and criteria under which the governing board
- 5 may loan or grant money from the fund.
- 6 (4) The procedures for the dissolution of the fund and for the
- 7 distribution of money remaining in the fund at the time of the
- 8 dissolution.
- 9 (e) A unit establishing a local venture capital fund under subsection
- 10 (a) must be represented by at least one (1) member of the governing
- 11 board.
- 12 (f) The membership of the governing board must be established on
- 13 a bipartisan basis so that the number of the members of the governing
- 14 board who are members of one (1) political party may not exceed the
- 15 number of members of the governing board required to establish a
- 16 quorum.
- 17 (g) A majority of the governing board constitutes a quorum, and the
- 18 concurrence of a majority of the governing board is necessary to
- 19 authorize any action.
- 20 (h) The terms established under subsection (d) for the
- 21 administration of the local venture capital fund must be submitted to
- 22 the Indiana economic development corporation for approval before a
- 23 unit may contribute to the fund.
- 24 (i) A majority of members of a governing board of a local venture
- 25 capital fund established under this section must have at least five (5)
- 26 years of experience in business, finance, or venture capital.
- 27 (j) The governing board of the fund may loan or grant money from
- 28 the fund to a private or public entity if the governing board finds that
- 29 the loan or grant will be used by the borrower or grantee for at least one
- 30 (1) of the following economic development purposes:
- 31 (1) To promote significant employment opportunities for the
- 32 residents of the unit establishing the local venture capital fund.
- 33 (2) To attract a major new business enterprise to the unit.
- 34 (3) To develop, retain, or expand a significant business enterprise
- 35 in the unit.
- 36 (k) The expenditures of a borrower or grantee of money from a local
- 37 venture capital fund that are considered to be for an economic
- 38 development purpose include expenditures for any of the following:
- 39 (1) Research and development of technology.
- 40 (2) Job training and education.
- 41 (3) Acquisition of property interests.
- 42 (4) Infrastructure improvements.



- 1 (5) New buildings or structures.  
 2 (6) Rehabilitation, renovation, or enlargement of buildings or  
 3 structures.  
 4 (7) Machinery, equipment, and furnishings.  
 5 (8) Funding small business development with respect to:  
 6 (A) prototype products or processes;  
 7 (B) marketing studies to determine the feasibility of new  
 8 products or processes; or  
 9 (C) business plans for the development and production of new  
 10 products or processes.

11 SECTION 20. IC 6-8.1-3-6 IS AMENDED TO READ AS  
 12 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 6. (a) The department  
 13 shall maintain, for a period of at least three (3) years, a record of all  
 14 monies received and disbursed, and copies of all returns filed with the  
 15 department.

16 (b) ~~At the end of each fiscal year,~~ The state board of accounts shall  
 17 audit the department's record of receipts and disbursements.

18 SECTION 21. IC 6-9-42-9, AS ADDED BY P.L.182-2009(ss),  
 19 SECTION 262, IS AMENDED TO READ AS FOLLOWS  
 20 [EFFECTIVE JULY 1, 2015]: Sec. 9. The accounts, books, and records  
 21 of the complex are subject to ~~an annual~~ financial and compliance audit  
 22 by the state board of accounts.

23 SECTION 22. IC 8-1.5-3-14 IS AMENDED TO READ AS  
 24 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 14. (a) A municipally  
 25 owned utility under the jurisdiction of the commission for approval of  
 26 rates and charges and of the issuance of stocks, bonds, notes, or other  
 27 evidence of indebtedness shall file with the commission an annual  
 28 report of the operation of the plant on forms prescribed by the  
 29 commission. The annual reports shall be kept in the office of the  
 30 commission as a public record. A municipally owned utility that has  
 31 withdrawn from commission jurisdiction under IC 8-1-2-100 (before  
 32 its repeal on January 1, 1983) or section 9 or 9.1 of this chapter is not  
 33 required to file the annual report required by this section.

34 (b) The state board of accounts shall examine all accounts of every  
 35 municipally owned utility. ~~at regular intervals~~ In the examination,  
 36 inquiry shall be made as to:

- 37 (1) the financial condition and resources of the utility;  
 38 (2) whether the laws of the state have been complied with; and  
 39 (3) the methods and accuracy of the accounts and reports of the  
 40 utilities examined.

41 The examination shall be made without notice, and its cost shall be  
 42 paid out of the funds of the utility.





1 SECTION 23. IC 8-10-1-22, AS AMENDED BY P.L.98-2008,  
 2 SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 3 JULY 1, 2015]: Sec. 22. (a) The ports of Indiana shall cause an audit  
 4 of its books and accounts to be made at least once each year by  
 5 certified public accountants, and the cost thereof may be treated as a  
 6 part of the cost of construction or of operations of the ports and projects  
 7 of the ports of Indiana. The accounts, books, and records of the ports  
 8 of Indiana shall be audited ~~annually~~ by the state board of accounts, and  
 9 the cost of such audit may be treated as a part of the cost of  
 10 construction or of operations of the ports and projects of the ports of  
 11 Indiana.

12 (b) The ports of Indiana shall, following the close of each fiscal  
 13 year, submit an annual report of its activities for the preceding year to  
 14 the governor, the budget committee, and the general assembly. An  
 15 annual report submitted under this section to the general assembly must  
 16 be in an electronic format under IC 5-14-6. Each report shall set forth  
 17 a complete operating and financial statement for the ports of Indiana  
 18 during the fiscal year it covers.

19 SECTION 24. IC 9-15-3-1 IS AMENDED TO READ AS  
 20 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 1. The state board of  
 21 accounts shall audit all accounts of the commission. ~~annually~~.

22 SECTION 25. IC 9-16-5-1 IS AMENDED TO READ AS  
 23 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 1. The state board of  
 24 accounts shall ~~conduct an annual~~ audit of each account of each license  
 25 branch operated under this article. An audit prepared under this section  
 26 is a public record.

27 SECTION 26. IC 13-23-7-7 IS AMENDED TO READ AS  
 28 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 7. ~~Not later than~~  
 29 ~~December 31, 1996, and every two (2) years thereafter,~~ The state board  
 30 of accounts shall ~~conduct an~~ audit of the excess liability trust fund.

31 SECTION 27. IC 14-13-1-41, AS AMENDED BY P.L.13-2013,  
 32 SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 33 JULY 1, 2015]: Sec. 41. (a) The commission may establish a nonprofit  
 34 subsidiary corporation that is exempt from federal income taxation  
 35 under Section 501(c)(3) of the Internal Revenue Code, to solicit and  
 36 accept private funding, gifts, donations, bequests, devises, and  
 37 contributions.

38 (b) A subsidiary corporation established under this section:

- 39 (1) shall use money received under subsection (a) to carry out in  
 40 any manner the purposes of and programs under this chapter;  
 41 (2) shall report to the budget committee each year concerning:  
 42 (A) the use of money received under subsection (a); and



- 1 (B) the balances in any accounts or funds established by the  
 2 subsidiary corporation; and  
 3 (3) may deposit money received under subsection (a) in an  
 4 account or fund that is:  
 5 (A) administered by the subsidiary corporation; and  
 6 (B) not part of the state treasury.
- 7 (c) A subsidiary corporation established under this section shall be  
 8 governed by a board of directors comprised of:  
 9 (1) the members of the commission appointed under section 6 of  
 10 this chapter; and  
 11 (2) any other directors that the members of the commission  
 12 appoint.
- 13 (d) Employees of the commission shall provide administrative  
 14 support for a subsidiary corporation established under this section.
- 15 (e) The state board of accounts shall ~~annually~~ audit a subsidiary  
 16 corporation established under this section.
- 17 SECTION 28. IC 14-13-2-30, AS ADDED BY P.L.181-2009,  
 18 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 19 JULY 1, 2015]: Sec. 30. The commission is responsible for the  
 20 safekeeping and deposit of money the commission receives under this  
 21 chapter. The state board of accounts shall:  
 22 (1) prescribe the methods and forms for the keeping of; and  
 23 (2) ~~annually~~ audit;  
 24 the accounts, records, and books of the commission and fund.
- 25 SECTION 29. IC 14-14-1-44 IS AMENDED TO READ AS  
 26 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 44. (a) The:  
 27 (1) commission shall have an audit of the commission's books and  
 28 accounts to be made at least one (1) time each year by certified  
 29 public accountants; and  
 30 (2) state board of accounts shall audit ~~annually~~ the accounts,  
 31 books, and records of the commission.
- 32 (b) The cost of the audits may be treated as a part of the  
 33 administrative expense of the commission.
- 34 SECTION 30. IC 15-13-3-11, AS AMENDED BY P.L.6-2012,  
 35 SECTION 108, IS AMENDED TO READ AS FOLLOWS  
 36 [EFFECTIVE JULY 1, 2015]: Sec. 11. (a) The commission may  
 37 establish a nonprofit subsidiary corporation that is exempt from federal  
 38 income taxation under Section 501(c)(3) of the Internal Revenue Code,  
 39 to solicit and accept private funding, gifts, donations, bequests, devises,  
 40 and contributions.
- 41 (b) A subsidiary corporation established under this section:  
 42 (1) shall use money received under subsection (a) to carry out in



- 1 any manner the purposes and programs under this article;  
 2 (2) shall report to the budget committee each year concerning:  
 3 (A) the use of money received under subsection (a); and  
 4 (B) the balances in any accounts or funds established by the  
 5 subsidiary corporation; and  
 6 (3) may deposit money received under subsection (a) in an  
 7 account or fund that is:  
 8 (A) administered by the subsidiary corporation; and  
 9 (B) not part of the state treasury.
- 10 (c) A subsidiary corporation established under this section is  
 11 governed by a board of directors comprised of the members of the  
 12 commission.
- 13 (d) Employees of the commission shall provide administrative  
 14 support for a subsidiary corporation established under this section.
- 15 (e) The state board of accounts shall ~~annually~~ audit a subsidiary  
 16 corporation established under this section.
- 17 SECTION 31. IC 16-19-3-30, AS ADDED BY P.L.191-2013,  
 18 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 19 JULY 1, 2015]: Sec. 30. (a) The state department may establish a  
 20 nonprofit subsidiary corporation that is exempt from federal income  
 21 taxation under Section 501(c)(3) of the Internal Revenue Code, to  
 22 solicit and accept private funding, gifts, donations, bequests, devises,  
 23 and contributions.
- 24 (b) A subsidiary corporation established under this section:  
 25 (1) shall use money received under subsection (a) to carry out in  
 26 any manner the purposes and programs of the state department,  
 27 which may include programs intended to reduce infant mortality,  
 28 increase childhood immunizations, reduce obesity, and reduce  
 29 smoking rates;  
 30 (2) shall report to the budget committee each year concerning:  
 31 (A) the use of money received under subsection (a); and  
 32 (B) the balances in any accounts or funds established by the  
 33 subsidiary corporation; and  
 34 (3) may deposit money received under subsection (a) in an  
 35 account or fund that is:  
 36 (A) administered by the subsidiary corporation; and  
 37 (B) not part of the state treasury.
- 38 (c) A subsidiary corporation established under this section is  
 39 governed by a board of directors comprised of members appointed by  
 40 the governor. Employees of the state department may serve on the  
 41 board of directors.
- 42 (d) Employees of the state department shall provide administrative



1 support for a subsidiary corporation established under this section.  
 2 Employees of the state department directly involved in the subsidiary  
 3 corporation established under this section may engage in fundraising  
 4 activities on behalf of the subsidiary corporation.

5 (e) The state board of accounts shall ~~annually~~ audit a subsidiary  
 6 corporation established under this section.

7 SECTION 32. IC 20-39-3-4, AS ADDED BY P.L.2-2006,  
 8 SECTION 162, IS AMENDED TO READ AS FOLLOWS  
 9 [EFFECTIVE JULY 1, 2015]: Sec. 4. The state board of accounts shall  
 10 prescribe accounting forms to be used by the county committees (as  
 11 defined in IC 20-23-4-4) and shall audit the financial records of each  
 12 county committee (as defined in IC 20-23-4-4). ~~at least once every~~  
 13 ~~three (3) years.~~

14 SECTION 33. IC 20-49-3-14, AS ADDED BY P.L.2-2006,  
 15 SECTION 172, IS AMENDED TO READ AS FOLLOWS  
 16 [EFFECTIVE JULY 1, 2015]: Sec. 14. ~~A field examiner assigned by~~  
 17 The state ~~examiner board of accounts~~ shall ~~annually~~ examine the  
 18 status of the fund. Upon completion of the examination, the examiner  
 19 performing the duty shall prepare a report of the examination. The  
 20 report must show:

- 21 (1) all necessary pertinent information;
- 22 (2) the balance of the fund's principal at the close of the previous  
 23 examination;
- 24 (3) the amount of interest and principal paid by each county to the  
 25 state board of finance since the close of the previous examination;
- 26 (4) the balance of principal due at the date of the closing of the  
 27 report;
- 28 (5) a statement of receipts and disbursements by the state board  
 29 of finance;
- 30 (6) a list of the securities found to be in the possession of the state  
 31 board of finance;
- 32 (7) the amount of each security; and
- 33 (8) the total amount of all the securities held in custody.

34 The appropriate officer of the state board of finance shall sign the list  
 35 described in subdivision (6) in duplicate. The original signed list shall  
 36 be deposited with the state board of accounts, and the duplicate of the  
 37 signed list shall be kept in the files of the treasurer of state.

38 SECTION 34. IC 21-7-14-7, AS ADDED BY P.L.2-2007,  
 39 SECTION 244, IS AMENDED TO READ AS FOLLOWS  
 40 [EFFECTIVE JULY 1, 2015]: Sec. 7. The state board of accounts shall  
 41 ~~annually~~ examine the status of the fund. ~~by a field examiner or field~~  
 42 ~~examiners assigned by the state examiner.~~ Upon the completion of the



1 examination, the examiners performing the duty shall prepare a report  
2 of the examination. The report must show:

- 3 (1) all necessary, pertinent information;  
4 (2) the balance of the fund's principal at the close of the previous  
5 examination;  
6 (3) the amount of interest and principal paid by each county to the  
7 state board of finance since the close of the previous examination;  
8 (4) the balance of principal due at the date of closing of the  
9 report;  
10 (5) a statement of receipts and disbursements by the state board  
11 of finance;  
12 (6) a list of the securities found to be possessed by the state board  
13 of finance;  
14 (7) the amount of each security; and  
15 (8) the total amount of all the securities held in custody.

16 The appropriate officer of the state board of finance shall sign the list  
17 described in subdivision (6) in duplicate. The original signed list shall  
18 be deposited with the state board of accounts, and the duplicate of the  
19 signed list shall be kept in the files of the treasurer of state.

20 SECTION 35. IC 21-16-5-6, AS ADDED BY P.L.2-2007,  
21 SECTION 257, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 6. The corporation is subject to ~~an~~  
22 ~~annual~~ audit by the state board of accounts. The corporation shall bear  
23 the full costs of this audit.  
24

25 SECTION 36. IC 22-14-6-7, AS ADDED BY P.L.107-2007,  
26 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
27 JULY 1, 2015]: Sec. 7. The fund is subject to ~~an annual~~ audit by the  
28 state board of accounts. The fund shall pay all costs of the audit.

29 SECTION 37. IC 28-11-1-1, AS AMENDED BY P.L.6-2012,  
30 SECTION 200, IS AMENDED TO READ AS FOLLOWS  
31 [EFFECTIVE JULY 1, 2015]: Sec. 1. (a) The department of financial  
32 institutions is established.

33 (b) The department:

- 34 (1) is an independent agency in the executive branch of state  
35 government; and  
36 (2) exercises essential public functions.

37 (c) The expenses of the department in administering the financial  
38 institutions subject to the department's oversight are paid by financial  
39 institutions through fees established by the department under  
40 IC 28-11-3-5.

41 (d) Subject to subsection (e), the department's regulatory and  
42 budgetary functions are not subject to oversight by the following:



1 (1) The office of management and budget (notwithstanding  
2 IC 4-3-22-14).

3 (2) The budget agency (notwithstanding IC 4-12-1).

4 (3) The state personnel department (notwithstanding IC 4-15-2.2).

5 (4) The Indiana department of administration (notwithstanding  
6 IC 4-13-1).

7 (5) The office of technology (notwithstanding IC 4-13.1).

8 (e) The department's funds, accounts, and financial affairs shall be  
9 examined ~~biennially~~ by the state board of accounts. ~~under~~  
10 ~~IC 5-11-1-9(c)~~.

11 SECTION 38. IC 33-44-7-15 IS AMENDED TO READ AS  
12 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 15. The state board of  
13 accounts shall ~~conduct an audit of the fund at least one (1) time during~~  
14 ~~each year~~ to ensure that the fund is administered as required by this  
15 chapter. The state board of accounts may conduct audits of qualified  
16 legal services providers, law school clinics, and programs or projects  
17 in the public interest that assist in the improvement of the  
18 administration of justice as the state board of accounts considers  
19 necessary to ensure that the money distributed to qualified legal  
20 services providers, law school clinics, and programs or projects in the  
21 public interest that assist in the improvement of the administration of  
22 justice is being used as required by this article.

23 SECTION 39. IC 36-7-23-47 IS AMENDED TO READ AS  
24 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 47. The funds and  
25 accounts of the authority are subject to ~~an annual~~ audit by the state  
26 board of accounts.

27 SECTION 40. IC 36-8-10-3 IS AMENDED TO READ AS  
28 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 3. (a) The fiscal body  
29 of each county shall, by ordinance, establish a sheriff's merit board to  
30 be known as the \_\_\_\_\_ county sheriff's merit  
31 board (inserting the name of the county).

32 (b) The board consists of five (5) members. Three (3) members shall  
33 be appointed by the sheriff, and two (2) members shall be elected by a  
34 majority vote of the members of the county police force under  
35 procedures established by the sheriff's merit board. However:

36 (1) ~~no~~ ~~an~~ active county police officer;

37 (2) **a relative (as defined in IC 36-1-20.2-8) of an active county**  
38 **police officer; or**

39 (3) **a relative (as defined in IC 36-1-20.2-8) of the sheriff;**

40 may **not** serve on the board, **either as a member appointed by the**  
41 **sheriff or elected by the county police force.** Appointments are for  
42 terms of four (4) years or for the remainder of an unexpired term. Not



1 more than two (2) of the members appointed by the sheriff nor more  
 2 than one (1) of the members elected by the officers may belong to the  
 3 same political party. All members must reside in the county. All  
 4 members serve during their respective terms and until their successors  
 5 have been appointed and qualified. A member may be removed for  
 6 cause duly adjudicated by declaratory judgment of the circuit court of  
 7 the county.

8 (c) As compensation for service, each member of the board is  
 9 entitled to receive from the county a minimum of fifteen dollars (\$15)  
 10 per day for each day, or fraction of a day, that the member is engaged  
 11 in transacting the business of the board.

12 (d) As soon as practicable after the members of the board have been  
 13 appointed, they shall meet upon the call of the sheriff and organize by  
 14 electing a president and a secretary from among their membership.  
 15 Three (3) members of the board constitute a quorum for the transaction  
 16 of business. The board shall hold regular monthly meetings throughout  
 17 the year as is necessary to transact the business of the sheriff's  
 18 department.

19 SECTION 41. IC 36-8-16.7-30, AS ADDED BY P.L.132-2012,  
 20 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 21 JULY 1, 2015]: Sec. 30. (a) The state board of accounts shall audit the  
 22 fund ~~on an annual basis~~ to determine whether the fund is being  
 23 managed in accordance with this chapter. ~~For each of the two (2) state~~  
 24 ~~fiscal years ending:~~

25 (A) ~~June 30, 2013;~~ and

26 (B) ~~June 30, 2014;~~

27 ~~the state board of accounts shall submit, not later than November 1 of~~  
 28 ~~each year during which the particular state fiscal year ends, a report of~~  
 29 ~~the audit required by this subsection to the budget committee for the~~  
 30 ~~budget committee's review. A report submitted under this subsection~~  
 31 ~~must be in an electronic format under IC 5-14-6.~~

32 (b) ~~On an annual basis, and~~ In conjunction with the board's review  
 33 under section 38(d) of this chapter of the state board of accounts'  
 34 ~~annual~~ audit of PSAPs, the board shall review 911 service in Indiana,  
 35 including the collection, disbursement, and use of the statewide 911 fee  
 36 assessed under section 32 of this chapter. The purpose of the review is  
 37 to ensure that the statewide 911 fee:

38 (1) does not exceed the amount reasonably necessary to provide  
 39 adequate and efficient 911 service; and

40 (2) is used only for the purposes set forth in this chapter.

41 (c) ~~For each of the two (2) calendar years ending:~~

42 (A) ~~December 31, 2013;~~ and



1                   (~~B~~) ~~December 31, 2014;~~  
 2 the board shall submit, not later than March 1 of the year immediately  
 3 following the particular calendar year, a summary report of the board's  
 4 findings under the review required by subsection (b) to the budget  
 5 committee for the budget committee's review. A report submitted under  
 6 this subsection must be in an electronic format under IC 5-14-6.

7           SECTION 42. IC 36-8-16.7-38, AS ADDED BY P.L.132-2012,  
 8 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 9 JULY 1, 2015]: Sec. 38. (a) A PSAP may use a distribution from a  
 10 county under this chapter only for the following:

- 11           (1) The lease, purchase, or maintenance of communications  
 12 service equipment.  
 13           (2) Necessary system hardware and software and data base  
 14 equipment.  
 15           (3) Personnel expenses, including wages, benefits, training, and  
 16 continuing education, only to the extent reasonable and necessary  
 17 for the provision and maintenance of:  
 18               (A) the statewide 911 system; or  
 19               (B) a wireline enhanced emergency telephone system funded  
 20 under IC 36-8-16 (before its repeal on July 1, 2012).  
 21           (4) Operational costs, including costs associated with:  
 22               (A) utilities;  
 23               (B) maintenance;  
 24               (C) equipment designed to provide backup power or system  
 25 redundancy, including generators; and  
 26               (D) call logging equipment.  
 27           (5) An emergency notification system that is approved by the  
 28 board under section 40 of this chapter.  
 29           (6) Connectivity to the Indiana data and communications system  
 30 (IDACS).  
 31           (7) Rates associated with communications service providers'  
 32 enhanced emergency communications system network services.  
 33           (8) Mobile radio equipment used by first responders, other than  
 34 radio equipment purchased under subdivision (9) as a result of the  
 35 narrow banding requirements specified by the Federal  
 36 Communications Commission.  
 37           (9) Up to fifty percent (50%) of the costs associated with the  
 38 narrow banding or replacement of radios or other equipment as a  
 39 result of the narrow banding requirements specified by the  
 40 Federal Communications Commission.

41           (b) A PSAP may not use a distribution from a county under this  
 42 chapter for the following:





- 1 (1) The construction, purchase, renovation, or furnishing of PSAP  
 2 buildings.  
 3 (2) Vehicles.  
 4 (c) Not later than January 31 of each year, each PSAP shall submit  
 5 to the board a report of the following:  
 6 (1) All expenditures made during the immediately preceding  
 7 calendar year from distributions under this chapter.  
 8 (2) Call data and statistics for the immediately preceding calendar  
 9 year, as specified by the board and collected in accordance with  
 10 any reporting method established or required by the board.  
 11 (d) ~~Beginning in 2013~~; The state board of accounts ~~annually~~ shall  
 12 audit the expenditures of distributions under this chapter ~~made during~~  
 13 ~~the immediately preceding calendar year~~ by each PSAP that receives  
 14 distributions under this chapter. In conducting an audit under this  
 15 subsection, the state board of accounts shall determine, in conjunction  
 16 with the board, whether the expenditures made by each PSAP are in  
 17 compliance with subsections (a) and (b). The board shall review and  
 18 further audit any ineligible expenditure identified by the state board of  
 19 accounts under this subsection or through any other report. If the board  
 20 verifies that the expenditure did not comply with this section, the board  
 21 shall ensure that the fund is reimbursed in the dollar amount of the  
 22 noncomplying expenditure from any source of funding, other than a  
 23 fund described in subsection ~~(f)~~; ~~(e)~~, that is available to the PSAP or to  
 24 a unit in which the PSAP is located.  
 25 (e) ~~For each of the two (2) calendar years ending:~~  
 26 ~~(A) December 31, 2013; and~~  
 27 ~~(B) December 31, 2014;~~  
 28 the state board of accounts shall submit, not later than March 1 of the  
 29 year immediately following the particular calendar year, a summary  
 30 report of the audits required by subsection ~~(d)~~ for the particular  
 31 calendar year to the budget committee for the budget committee's  
 32 review. A report submitted under this subsection must be in an  
 33 electronic format under IC 5-14-6.  
 34 ~~(f)~~ (e) A distribution under section 37(a)(2) of this chapter must be  
 35 deposited by the treasurer of the county in a separate fund set aside for  
 36 the purposes allowed by subsections (a) and (b). The fund must be  
 37 known as the \_\_\_\_\_ (insert name of county) 911 fund. The county  
 38 treasurer may invest money in the fund in the same manner that other  
 39 money of the county may be invested, but income earned from the  
 40 investment must be deposited in the fund set aside under this  
 41 subsection.  
 42 SECTION 43. IC 36-10-9-9, AS AMENDED BY P.L.182-2009(ss),



1 SECTION 457, IS AMENDED TO READ AS FOLLOWS  
2 [EFFECTIVE JULY 1, 2015]: Sec. 9. (a) The treasurer of the board is  
3 the official custodian of all funds and assets of the board and is  
4 responsible for their safeguarding and accounting. The treasurer shall  
5 give bond for the faithful performance and discharge of all duties  
6 required of the treasurer by law in the amount and with surety and other  
7 conditions that may be prescribed and approved by the board. All funds  
8 and assets in the capital improvement fund and the capital  
9 improvement bond fund created by this chapter and all other funds,  
10 assets, and tax revenues held, collected, or received by the treasurer of  
11 the county for the use of the board shall be promptly remitted and paid  
12 over by the county treasurer to the treasurer of the board, who shall  
13 issue receipts for them.

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

25 (c) The board shall appoint a controller to act as the auditor and  
26 assistant treasurer of the board. The controller shall serve as the official  
27 custodian of all books of account and other financial records of the  
28 board and has the same powers and duties as the treasurer of the board  
29 or the lesser powers and duties that the board prescribes. The controller  
30 and any other employee or member of the board authorized to receive,  
31 collect, or expend money, shall give bond for the faithful performance  
32 and discharge of all duties required of the controller in the amount and  
33 with surety and other conditions that may be prescribed and approved  
34 by the board. The controller shall keep an accurate account of all  
35 money due the board and of all money received, invested, and  
36 disbursed in accordance with generally recognized governmental  
37 accounting principles and procedure. All accounting forms and records  
38 shall be prescribed or approved by the state board of accounts.

39 (d) The controller shall issue all warrants for the payment of money  
40 from the funds of the board in accordance with procedures prescribed  
41 by the board but a warrant may not be issued for the payment of a claim  
42 until an itemized and verified statement of the claim has been filed with



1 the controller, who may require evidence that all amounts claimed are  
2 justly due. All warrants shall be countersigned by the treasurer of the  
3 board or by the executive manager. Warrants may be executed with  
4 facsimile signatures.

5 (e) If there are bonds or notes outstanding issued under this chapter,  
6 the controller shall deposit with the paying agent or other paying officer  
7 within a reasonable period before the date that any principal or interest  
8 becomes due sufficient money for the payment of the principal and  
9 interest on the due dates. The controller shall make the deposit with  
10 money from the sources provided in this chapter, and he shall make the  
11 deposit in an amount that, together with other money available for the  
12 payment of the principal and interest, is sufficient to make the payment.  
13 In addition, the controller shall make other deposits for the bonds and  
14 notes as is required by this chapter or by the resolutions, ordinances, or  
15 trust agreements under which the bonds or notes are issued.

16 (f) The controller shall submit to the board at least annually a report  
17 of the board's accounts exhibiting the revenues, receipts, and  
18 disbursements and the sources from which the revenues and receipts  
19 were derived and the purpose and manner in which they were  
20 disbursed. The board may require that the report be prepared by an  
21 independent certified public accountant designated by the board. The  
22 state board of accounts shall audit annually the accounts, books, and  
23 records of the board and prepare a financial report and a compliance  
24 audit report. The board shall submit to the city-county legislative body  
25 financial and compliance reports of the state board of accounts. The  
26 board shall post the reports of the state board of accounts on the board's  
27 Internet web site. The city-county legislative body shall discuss the  
28 financial and compliance reports of the state board of accounts in a  
29 public hearing. The handling and expenditure of funds is subject to  
30 supervision by the state board of accounts.



## COMMITTEE REPORT

Mr. Speaker: Your Committee on Government and Regulatory Reform, to which was referred House Bill 1104, 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 12, delete lines 30 through 42, begin a new paragraph and insert:

"SECTION 12. IC 5-11-5-1, AS AMENDED BY P.L.104-2014, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 1. (a) Whenever an examination is made under this article, a report of the examination shall be made. The report must include a list of findings and shall be signed and verified by the examiner making the examination. A finding that is critical of an examined entity must be based upon one (1) of the following:

(1) Failure of the entity to observe a uniform compliance guideline established under IC 5-11-1-24(a).

(2) Failure of the entity to comply with a specific law.

A report that includes a finding that is critical of an examined entity must designate the uniform compliance guideline or the specific law upon which the finding is based. The reports shall immediately be filed with the state examiner, and, after inspection of the report, the state examiner shall immediately file one (1) copy with the officer or person examined, one (1) copy with the auditing department of the municipality examined and reported upon (if the subject of the report is a municipality), and one (1) copy in an electronic format under IC 5-14-6 with the legislative services agency, as staff to the audit committee and the general assembly. Upon filing, the report becomes a part of the public records of the office of the state examiner, of the office or the person examined, of the auditing department of the municipality examined and reported upon, and of the legislative services agency, as staff to the audit committee and the general assembly. A report is open to public inspection at all reasonable times after it is filed. If an examination discloses malfeasance, misfeasance, or nonfeasance in office or of any officer or employee, a copy of the report, signed and verified, shall be placed by the state examiner with the attorney general and the inspector general. The attorney general shall diligently institute and prosecute civil proceedings against the delinquent officer, or upon the officer's official bond, or both, and against any other proper person that will secure to the state or to the proper municipality the recovery of any funds misappropriated, diverted, or unaccounted for.

**HB 1104—LS 6640/DI 51**



(b) Before an examination report is signed, verified, and filed as required by subsection (a), the officer or the chief executive officer of the state office, municipality, or entity examined must have an opportunity to review the report and to file with the state examiner a written response to that report. If a written response is filed, it becomes a part of the examination report that is signed, verified, and filed as required by subsection (a). **As part of the review of the examination report, the state examiner shall hold a gathering of the officer or chief executive officer of the state office, municipality, or entity examined, any employees or agents of the state office, municipality, or entity examined who are requested to attend by the officer or chief executive officer of the state office, municipality, or entity examined, and the members of the legislative and fiscal bodies of the municipality or entity examined. Such a gathering is referred to as an "exit conference" for purposes of this subsection. The following apply to an exit conference:**

- (1) All information discussed and materials presented or delivered by any person during an exit conference are confidential and may not be discussed or shared publicly until the earliest of the occurrences set forth in subsection (g). However, the information discussed and materials presented or delivered during an exit conference may be shared with an officer, employee, consultant, adviser, or attorney of the officer or chief executive officer of the state office, municipality, or entity examined who was not present at the exit conference. An individual with whom information and materials are shared must maintain the confidentiality of the information and materials as provided in this subdivision until the earliest of the occurrences set forth in subsection (g).**
- (2) An individual attending an exit conference may not electronically record the exit conference.**
- (3) An exit conference is not a meeting (as defined in IC 5-14-1.5-2(c)) for purposes of IC 5-14-1.5 or any other law.**
- (4) If the state examiner determines after the exit conference that additional actions must be undertaken by a deputy examiner, field examiner, or private examiner with respect to information discussed or materials presented at the exit conference, the state examiner may call for an additional exit conference to be held.**
- (5) Not more than thirty (30) days after the initial exit conference is held under this subsection, the legislative body of the municipality or entity examined and reported upon may**



adopt a resolution, approved by at least a two-thirds (2/3) vote of the legislative body, requesting that an additional exit conference be held. The legislative body shall notify the state board of accounts if the legislative body adopts a resolution under this subdivision. If a legislative body adopts a resolution under this subdivision, the state board of accounts shall conduct an additional exit conference not more than sixty (60) days after the state board of accounts receives notice of the adoption of the resolution. The municipality or entity examined must pay the travel and staff costs incurred by the state board of accounts in conducting an additional exit conference under this subdivision.

**(6) A final report under subsection (a) may not be issued earlier than forty-five (45) days after the initial exit conference is held under this subsection.**

(c) Except as ~~required~~ **provided** by subsections (b), ~~and (d), and (e),~~ it is unlawful for any ~~deputy examiner, field examiner, or private examiner, person,~~ before an examination report is made public as provided by this section, to make any disclosure of the result of any examination of any public account, except:

- (1) to the state examiner; or**
- (2) if directed to give publicity to the examination report by the state examiner or by any court;**
- (3) to another deputy examiner, field examiner, or private examiner engaged in conducting the examination; or**
- (4) if directed by the state examiner, to the chair of the audit committee or the members of the audit committee acting in executive session, or both.**

If an examination report shows or discloses the commission of a crime by any person, it is the duty of the state examiner to transmit and present the examination report to the ~~grand jury prosecuting attorney~~ of the county in which the crime was committed. ~~at its first session after the making of the examination report and at any subsequent sessions that may be required.~~ The state examiner shall furnish to the ~~grand jury prosecuting attorney~~ all evidence at the state examiner's command necessary in the investigation and prosecution of the crime.

(d) If, during an examination under this article, a deputy examiner, field examiner, or private examiner acting as an agent of the state examiner determines that the following conditions are satisfied, the examiner shall report the determination to the state examiner:

- (1) A substantial amount of public funds has been misappropriated or diverted.



(2) The deputy examiner, field examiner, or private examiner acting as an agent of the state examiner has a reasonable belief that the malfeasance or misfeasance that resulted in the misappropriation or diversion of the public funds was committed by the officer or an employee of the office.

(e) After receiving a preliminary report under subsection (d), the state examiner may provide a copy of the report to the attorney general. The attorney general may institute and prosecute civil proceedings against the delinquent officer or employee, or upon the officer's or employee's official bond, or both, and against any other proper person that will secure to the state or to the proper municipality the recovery of any funds misappropriated, diverted, or unaccounted for.

(f) In an action under subsection (e), the attorney general may attach the defendant's property under IC 34-25-2.

(g) **Except as permitted in this section, the information and materials that are part of an exit conference under subsection (b) and the results of an examination, including a preliminary report under subsection (d), is confidential until the occurrence of the earliest of the following:**

- (1) The final report **is made public** under subsection (a). ~~is issued;~~
- (2) **The results of the examination are publicized under subsection (c)(2).** ~~unless~~
- (3) The attorney general institutes an action under subsection (e) on the basis of the preliminary report.

(h) **Except as permitted in this section, an individual, a public agency (as defined in IC 5-14-3-2), a public employee, a public official, or an employee or officer of a contractor or subcontractor of a public agency that knowingly or intentionally discloses information in violation of subsection (b) or (g), regardless of whether the information is received orally or by any other means, is subject to the following:**

- (1) **A public agency (as defined in IC 5-14-3-2), a public employee, a public official, or an employee or officer of a contractor or subcontractor of a public agency commits a Class A infraction under IC 5-14-3-10.**
- (2) **If the disclosure is by a person who is not described in subdivision (1), the person commits a Class A infraction."**

Delete pages 13 through 14.

Page 15, delete lines 1 through 7.

Page 27, between lines 16 and 17, begin a new paragraph and insert:  
"SECTION 40. IC 36-8-10-3 IS AMENDED TO READ AS



FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 3. (a) The fiscal body of each county shall, by ordinance, establish a sheriff's merit board to be known as the \_\_\_\_\_ county sheriff's merit board (inserting the name of the county).

(b) The board consists of five (5) members. Three (3) members shall be appointed by the sheriff, and two (2) members shall be elected by a majority vote of the members of the county police force under procedures established by the sheriff's merit board. However:

**(1) ~~no~~ an active county police officer;**

**(2) a relative (as defined in IC 36-1-20.2-8) of an active county police officer; or**

**(3) a relative (as defined in IC 36-1-20.2-8) of the sheriff;**

may **not** serve on the board, **either as a member appointed by the sheriff or elected by the county police force.** Appointments are for terms of four (4) years or for the remainder of an unexpired term. Not more than two (2) of the members appointed by the sheriff nor more than one (1) of the members elected by the officers may belong to the same political party. All members must reside in the county. All members serve during their respective terms and until their successors have been appointed and qualified. A member may be removed for cause duly adjudicated by declaratory judgment of the circuit court of the county.

(c) As compensation for service, each member of the board is entitled to receive from the county a minimum of fifteen dollars (\$15) per day for each day, or fraction of a day, that the member is engaged in transacting the business of the board.

(d) As soon as practicable after the members of the board have been appointed, they shall meet upon the call of the sheriff and organize by electing a president and a secretary from among their membership. Three (3) members of the board constitute a quorum for the transaction of business. The board shall hold regular monthly meetings throughout the year as is necessary to transact the business of the sheriff's department."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1104 as introduced.)

MAHAN

Committee Vote: yeas 12, nays 0.

HB 1104—LS 6640/DI 51

