



March 10, 2015

ENGROSSED SENATE BILL No. 489

DIGEST OF SB 489 (Updated March 10, 2015 1:42 pm - DI 87)

Citations Affected: IC 5-11.

Synopsis: State board of accounts issues. Provides that, if material variances, losses, shortages, or thefts of local government funds or property are reported to the state board of accounts, the state board of accounts is required to report the amount of funds to law enforcement officials and investigate and report on internal control weaknesses that caused the condition. Defines "material" as a significant or consequential amount as determined by the state examiner and approved by the audit committee. Expands the definition of "local government" for purposes of internal control systems. Provides that the state board of accounts has access to any periodic statement of condition filed by a depository with the treasurer of state. Provides that a vendor upon request shall allow the state board of accounts to access all software and records of computer services that a vendor has supplied to a municipality. Defines a vendor as a person who supplies electronic goods, software, or technological services (including computer services) to a municipality.

Effective: July 1, 2015.

**Young R Michael, Head, Taylor,
Randolph**

(HOUSE SPONSOR — LEHMAN)

January 14, 2015, read first time and referred to Committee on Local Government.
February 19, 2015, reported favorably — Do Pass.
February 23, 2015, read second time, amended, ordered engrossed.
February 24, 2015, engrossed. Read third time, passed. Yeas 48, nays 2.

HOUSE ACTION

March 5, 2015, read first time and referred to Committee on Government and Regulatory Reform.
March 10, 2015, amended, reported — Do Pass.

ES 489—LS 7075/DI 120



March 10, 2015

First Regular Session 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.

ENGROSSED SENATE BILL No. 489

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 5-11-1-27, AS ADDED BY P.L.117-2011,
2 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2015]: Sec. 27. (a) As used in this section, "local government"
4 means ~~county, city, town, or township~~. **a political subdivision (as**
5 **defined in IC 5-11-10.5-1).**
6 **(b) As used in this section, "material" means a significant or**
7 **consequential amount as determined by the state examiner and**
8 **approved by the audit committee.**
9 ~~(b)~~ (c) In the compliance guidelines authorized under section 24 of
10 this chapter, the state board of accounts shall define the acceptable
11 minimum level of:
12 (1) internal control standards; and
13 (2) internal control procedures;
14 for internal control systems of local governments. The internal control
15 standards and procedures shall be developed to promote government
16 accountability and transparency.

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1 ~~(c)~~ **(d)** All erroneous or irregular **material** variances, losses,
2 shortages, or thefts of local government funds or property shall be
3 reported immediately to the state board of accounts. **For all material**
4 **variances, losses, shortages, or thefts**, the state board of accounts
5 shall:

6 (1) determine the amount of funds involved and report the amount
7 to the appropriate government and law enforcement officials;

8 (2) determine the internal control weakness that contributed to or
9 caused the condition; and

10 (3) make written recommendations to the appropriate legislative
11 body or appropriate official overseeing the internal control system
12 addressing:

13 (A) the method of correcting the condition; and

14 (B) the necessary internal control policies and internal control
15 procedures that must be modified to prevent a recurrence of
16 the condition.

17 ~~(d)~~ **(e)** The legislative body or the appropriate official overseeing the
18 internal control system shall immediately implement the policies and
19 procedures recommended by the state board of accounts under
20 subsection ~~(c)(3)(B)~~: **(d)(3)(B)**.

21 SECTION 2. IC 5-11-1-28 IS ADDED TO THE INDIANA CODE
22 AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY**
23 **1, 2015]: Sec. 28. The state board of accounts shall have regular**
24 **access to any statement of condition filed by a depository (as**
25 **defined in IC 5-13-4-8) with the treasurer of state under**
26 **IC 5-13-10-3.**

27 SECTION 3. IC 5-11-1-29 IS ADDED TO THE INDIANA CODE
28 AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY**
29 **1, 2015]: Sec. 29. (a) As used in this section, "vendor" means a**
30 **person who supplies electronic goods, software, or technological**
31 **services (including computer services) to a municipality. The term**
32 **does not include an employee of the municipality or an employee**
33 **of the state.**

34 **(b) A vendor upon request shall allow the state board of**
35 **accounts to access all software (including information and data**
36 **that is stored in the software), and records of computer services**
37 **that a vendor has supplied to a municipality. The access required**
38 **to be allowed by a vendor under this section shall be:**

39 **(1) limited to read only capability;**

40 **(2) provided to the state board of accounts without prior:**

41 **(A) notice to; or**

42 **(B) approval of;**



1 **the municipality to which the software was provided; and**
2 **(3) provided through remote access, if requested by the state**
3 **board of accounts.**



COMMITTEE REPORT

Madam President: The Senate Committee on Local Government, to which was referred Senate Bill No. 489, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is to SB 489 as introduced.)

HEAD, Chairperson

Committee Vote: Yeas 8, Nays 0

 SENATE MOTION

Madam President: I move that Senate Bill 489 be amended to read as follows:

Page 2, line 22, delete "(a) As used in this section, "financial institution"" and insert "**The state board of accounts shall have regular access to any statement of condition filed by a depository (as defined in IC 5-13-4-8) with the treasurer of state under IC 5-13-10-3.**"

Page 2, delete lines 23 through 32.

(Reference is to SB 489 as printed February 20, 2015.)

YOUNG R MICHAEL

 COMMITTEE REPORT

Mr. Speaker: Your Committee on Government and Regulatory Reform, to which was referred Senate Bill 489, 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 2, line 1, after "irregular" insert "**material**".

and when so amended that said bill do pass.

(Reference is to SB 489 as reprinted February 24, 2015.)

MAHAN

Committee Vote: yeas 11, nays 0.

ES 489—LS 7075/DI 120

