AUDIT: County hospitals—Finances, examination by State Board of Accounts.
COUNTY HOSPITALS: Finance, examination by State Board of Accounts.
HOSPITALS: County finances, examination by State Board of Accounts.
ACCOUNTS, STATE BOARD OF: Examination of county hospitals.
COUNTY TREASURER: Custody of funds, county hospitals.

December 15, 1941.

Hon. Otto K. Jensen,
State Examiner,
State Board of Accounts,
Indianapolis, Ind.

Dear Sir:

I have before me your letter submitting the following questions:

"1. When a county hospital is so established, should the county treasurer have custody of the hospital funds?

"2. Regardless of the custody of funds, does the Department of Inspection and Supervision of Public Offices have jurisdiction over the records and accounting of such hospital and is it the duty of said department to make annual inspection and audits as is provided for other public offices?"

These questions relate to hospitals organized under the provisions of Section 22-3201 to 22-3210 of Burns' Indiana Statutes Annotated 1933. Sections 22-3201, 22-3203 and 22-3206 were amended in 1939 and can be found in the Cumulative Pocket Supplement of June, 1941.

In considering your first question, I think it is desirable to look to the original act before amendment. Section 22-3201, supra, before amendment provided for the organization of county hospitals by Boards of County Commissioner whenever it shall appear by petition or otherwise that there is a demand for a hospital within their county, and that the interest of the county and its citizens will be best served by the establishment
and maintenance of such a hospital. The section continues to set out the powers of the Board of County Commissioners in such cases and provides for a procedure.

Section 22-3203, supra, before amendment as well as after provides for the appointment of a governing board to consist of eleven members, it being provided, however, in the amended section that:

"* * * in all cases where such hospital is operated in conjunction with the county asylum for the poor the governing board shall consist of the board of county commissioners who shall have the management and control of the affairs and business of such hospital * * *"

The addition of this proviso, however, did not destroy the right to organize a county hospital under existing law, the effect being simply to authorize the formation of a hospital which was to be operated in conjunction with the county asylum for the poor, and providing in such a case that instead of the original board of eleven, such a hospital should be governed by the board of county commissioners.

Returning now to your first question—Section 22-3204, which was not amended, provides for the meetings of the governing board, and Section 22-3205, which was likewise not amended, provides for the organization of the hospital board.

Burns' Indiana Statutes Annotated, 1933, Secs. 22-3204, 22-3205.

I think the above sections are sufficient except in cases where the hospital is operated in conjunction with the county asylum, to clearly authorize the election of a treasurer of such board of eleven, but if any doubt should exist, I think that doubt would be cleared up by the original provision of Section 22-3206, which expressly provides:

"* * * and the charges for such applicants" (referring to indigent persons being treated at the request of the township trustees) "and the expense of the maintenance of such hospital remaining unpaid after the expenditure of all the funds derived from all sources for the maintenance of said hospital shall be exhausted, shall be paid out of the county treasury of
the county establishing such hospital upon warrant
drawn in favor of the treasurer of the governing
board of said hospital.” (Our italics.)

It is true that when Section 22-3206, supra, was amended in
1939, all references to the payment of unpaid expenses to the
treasurer of the governing board was omitted, but it is sig-
nificant that the relevant provision for the handling of the
finances of the board applies only to hospitals which are oper-
ated jointly with the county poor asylum. Note the language
of Section 22-3206 as amended:

“* * * All receipts received from said county hos-
pital operated in conjunction with the county poor
asylum shall be paid into the county general fund to
be paid out only upon appropriation by the county
council.”

No such provision, however, is made for the management
of the ordinary hospital governed by a board of eleven mem-
ers. For that reason I think we have to accept the proposi-
tion that the Act provides for two types of hospitals; one
governed by a board of eleven members, which is operated
separately and distinctly from the county poor asylum, and
whose board elects its own treasurer for the management of
its funds. Since the 1939 amendment, however, we must recog-
nize that there is under the statutes provision for a county
hospital to be operated in conjunction with the county poor
asylum and to be governed by the board of county commis-
sioners. In the management of such a hospital the board of
county commissioners is not authorized to appoint a separate
treasurer, but the moneys received are to be paid into the
county general fund to be paid out only upon application by
the county council.

Your first question, therefore, as applied to the ordinary
county hospital not operated in conjunction with the county
poor asylum, a treasurer is to be elected by the board of hos-
pital trustees consisting of eleven persons; as applied to
county hospitals operated in conjunction with the poor asylum
it apparently is not contemplated that a treasurer be elected.

As to your second question, these funds whether paid into
the county treasury or placed in a depository by the treasurer
of the hospital board would be under the jurisdiction of the De-
partment of Inspection and Supervision of Public Offices. All of these funds would clearly come within the meaning of "public funds," I think, and such an institution undoubtedly would be a public institution within the meaning of that term as used in the Department of Inspection and Supervision Act. Note the following language quoted from Section 60-219 of Burns' Indiana Statutes Annotated 1933:

"** The term 'public institution,' as used in this act, shall be construed to extend to, include and mean any institution or public service industry maintained in whole or in part at public expense or supported in whole or in part by appropriation of public funds or by taxation **"

Burns' Indiana Statutes Annotated 1933, Sec. 60-219.

The County Hospital Act referred to expressly authorizes the county council to make appropriations out of the county treasury and also authorizes the levying of a tax when necessary to maintain such hospital.

Burns' Indiana Statutes Annotated 1933, Sec. 22-3210.

Answering your second question, therefore, I think it is clear that the Department of Inspection and Supervision of Public Offices has jurisdiction over the records and accounting of such hospitals, and that it is the duty of the Department to make annual inspections and audits as provided in the case of other public offices.