



February 13, 2024

ENGROSSED
SENATE BILL No. 221

DIGEST OF SB 221 (Updated February 13, 2024 11:38 am - DI 140)

Citations Affected: IC 5-11; IC 36-2; IC 36-4.

Synopsis: State board of accounts. Limits the authority of the director of the special investigations department to investigations involving public monies that are the subject of financial examinations undertaken by the state board. Provides that an internal audit or risk assessment conducted by or on behalf of the state shall remain confidential, and that the state and other individuals may not divulge information related to an internal audit or risk assessment unless required to do so in accordance with a judicial order. Provides an exception allowing the state and other individuals to divulge information related to an internal audit or risk assessment to: (1) the state examiner; (2) the director of
(Continued next page)

Effective: Upon passage; July 1, 2024.

Bassler, Gaskill, Randolph Lonnie M,
Walker G
(HOUSE SPONSOR — LEHMAN)

January 9, 2024, read first time and referred to Committee on Tax and Fiscal Policy.
January 30, 2024, amended, reported favorably — Do Pass.
February 5, 2024, read second time, ordered engrossed. Engrossed.
February 6, 2024, read third time, passed. Yeas 48, nays 0.

HOUSE ACTION

February 12, 2024, read first time and referred to Committee on Government and Regulatory Reform.
February 13, 2024, reported — Do Pass.

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Digest Continued

the office of management and budget; (3) an external auditor, in accordance with professional auditing standards; or (4) any other individual for any reason that constitutes good cause as determined by the state examiner and approved by the director of the office of management and budget. Provides that if a majority of a governing body is present during an exit conference, or any conference initiated by the state examiner to discuss an examination status, the governing body shall be considered in an executive session. Removes a mandatory requirement that city clerks attend the annual training institute conducted by the state board of accounts. Limits the requirement that certain newly elected or appointed local officers complete five hours of approved training courses before the individual first takes office to only individuals first elected or appointed to the office of clerk-treasurer or city controller (and excluding city clerk). Requires an individual elected to the office of county auditor to annually certify completion of the individual's training requirements and file the certification with the state board.

ES 221—LS 6397/DI 134



February 13, 2024

Second Regular Session of the 123rd General Assembly (2024)

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 2023 Regular Session of the General Assembly.

ENGROSSED SENATE BILL No. 221

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

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

1 SECTION 1. IC 5-11-1-28, AS AMENDED BY THE TECHNICAL
2 CORRECTIONS BILL OF THE 2024 GENERAL ASSEMBLY, IS
3 AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2024]:
4 Sec. 28. (a) The bureau of motor vehicles (IC 9-14-7-1), office of the
5 secretary of family and social services (IC 12-8-1.5-1), and department
6 of state revenue (IC 6-8.1-2-1) shall each annually:
7 (1) have performed by an internal auditor:
8 (A) an internal audit; and
9 (B) a review of internal control systems;
10 of the agency; and
11 (2) have the internal auditor report the results of the internal audit
12 and review to an examiner designated by the state examiner to
13 receive the results.
14 (b) The examiner designated under subsection (a) shall, not later
15 than September 1 of each year:
16 (1) compile a final report of the results of the internal audits and
17 reviews performed and reported under subsection (a); and

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1 (2) submit a copy of the final report to the following:

2 (A) The governor.

3 (B) The ~~auditor of state~~ **comptroller**.

4 (C) The chairperson of the audit committee, in an electronic
5 format under IC 5-14-6.

6 (D) The director of the office of management and budget.

7 (E) The legislative council, in an electronic format under
8 IC 5-14-6.

9 **(c) An internal audit or risk assessment conducted by or on**
10 **behalf of the state shall remain confidential, except as provided in**
11 **subsection (e).**

12 **(d) Except as provided in subsection (e), or in accordance with**
13 **a judicial order:**

14 **(1) the state;**

15 **(2) an employee of the state;**

16 **(3) a former employee of the state;**

17 **(4) counsel to the state;**

18 **(5) an agent of the state; or**

19 **(6) any other person;**

20 **may not divulge information related to any internal audit or risk**
21 **assessment conducted by or on behalf of the state.**

22 **(e) Notwithstanding subsection (d), an entity or individual listed**
23 **in subsection (d) may divulge information related to an internal**
24 **audit or risk assessment conducted by or on behalf of the state to:**

25 **(1) the state examiner or the state examiner's designee;**

26 **(2) the director of the office of management and budget or the**
27 **director of the office of management and budget's designee;**

28 **(3) an external auditor, in accordance with professional**
29 **auditing standards; or**

30 **(4) any other individual for any reason that constitutes good**
31 **cause as determined by the state examiner and approved by**
32 **the director of the office of management and budget.**

33 SECTION 2. IC 5-11-5-1, AS AMENDED BY P.L.59-2023,
34 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
35 JULY 1, 2024]: Sec. 1. (a) Whenever an examination is made under
36 this article, a report of the examination shall be made. The report must
37 include a list of findings and shall be signed and verified by the
38 examiner making the examination. A finding that is critical of an
39 examined entity must be based upon one (1) of the following:

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

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



1 A report that includes a finding that is critical of an examined entity
2 must designate the uniform compliance guideline or the specific law
3 upon which the finding is based. Except as provided in subsection (g),
4 the state board of accounts may issue confidential management letters,
5 based on professional auditing standards, to an audited entity (as
6 defined in section 1.5(a) of this chapter) in a situation involving
7 noncompliance that does not result in the establishment of a corrective
8 action plan but that must be brought to the attention of the audited
9 entity's governing body. If issues addressed in the confidential
10 management letter become part of a finding in the subsequent audit
11 period, it shall be noted in the public report. The state examiner shall
12 file one (1) copy of the report with the entity examined, one (1) copy
13 in an electronic format on a public website, and one (1) copy in an
14 electronic format under IC 5-14-6 with the legislative services agency,
15 as staff to the audit committee and the general assembly. A report is
16 open to public inspection at all reasonable times after it is filed. If an
17 examination discloses malfeasance, misfeasance, or nonfeasance in
18 office or of any officer or employee, a copy of the report, signed and
19 verified, shall be placed by the state examiner with the attorney general
20 and the inspector general. The attorney general shall diligently institute
21 and prosecute civil proceedings against the persons or entities charged
22 in such report, or upon the officer's or employee's official bond, or both,
23 and against any other proper person that will secure to the state or to
24 the proper municipality the recovery of any funds misappropriated,
25 diverted, or unaccounted for.

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

42 (1) All information discussed and materials presented or delivered



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

12 (2) An individual attending an exit conference may not
13 electronically record the exit conference.

14 (3) If a majority of a governing body (as defined in
15 IC 5-14-1.5-2(b)) is present during an exit conference, **or any**
16 **conference initiated by the state examiner to discuss an**
17 **examination status**, the governing body shall be considered in an
18 executive session under IC 5-14-1.5. However, the governing
19 body has no obligation to give notice as prescribed by
20 IC 5-14-1.5-5 when it participates in the exit conference **or any**
21 **conference initiated by the state examiner to discuss an**
22 **examination status**.

23 (4) If the state examiner determines after the exit conference that
24 additional actions must be undertaken by a deputy examiner, field
25 examiner, or private examiner with respect to information
26 discussed or materials presented at the exit conference, the state
27 examiner may call for an additional exit conference to be held.

28 (c) If an examination report shows or discloses the commission of
29 a crime by any person, it is the duty of the state examiner to transmit
30 and present the examination report to the prosecuting attorney of the
31 county in which the crime was committed. The state examiner shall
32 furnish to the prosecuting attorney all evidence at the state examiner's
33 command necessary in the investigation and prosecution of the crime.

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

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

40 (2) The deputy examiner, field examiner, or private examiner
41 acting as an agent of the state examiner has a reasonable belief
42 that the malfeasance or misfeasance that resulted in the



- 1 misappropriation or diversion of the public funds was committed
 2 by the officer or an employee of the office or entity.
- 3 (e) After receiving a preliminary report under subsection (d), the
 4 state examiner may provide a copy of the report to the attorney general.
 5 The attorney general may institute and prosecute civil proceedings
 6 against the persons or entities charged in such report, or upon the
 7 officer's or employee's official bond, or both, and against any other
 8 proper person that will secure to the state or to the proper municipality
 9 the recovery of any funds misappropriated, diverted, or unaccounted
 10 for.
- 11 (f) In an action under subsection (e), the attorney general may attach
 12 the defendant's property under IC 34-25-2.
- 13 (g) Except as permitted in this section, the information and materials
 14 that are part of an exit conference under subsection (b), and the results
 15 of an examination or investigation, including a preliminary report
 16 under subsection (d), are confidential until the occurrence of the
 17 earliest of the following:
- 18 (1) The final report is made public under subsection (a).
 - 19 (2) The attorney general institutes an action under subsection (e)
 20 on the basis of the preliminary report.
 - 21 (3) The results of an examination or investigation are published
 22 by direction of the state examiner or any court.
- 23 (h) Except as permitted in this section, an individual, a public
 24 agency (as defined in IC 5-14-3-2), a public employee, a public official,
 25 or an employee or officer of a contractor or subcontractor of a public
 26 agency that knowingly or intentionally discloses information in
 27 violation of subsection (b) or (g), regardless of whether the information
 28 is received orally or by any other means, is subject to the following:
- 29 (1) A public agency (as defined in IC 5-14-3-2), a public
 30 employee, a public official, or an employee or officer of a
 31 contractor or subcontractor of a public agency commits a Class A
 32 infraction under IC 5-14-3-10.
 - 33 (2) If the disclosure is by a person who is not described in
 34 subdivision (1), the person commits a Class A infraction.
- 35 (i) Unless in accordance with a judicial order or as otherwise
 36 provided in this section, the state board of accounts or its employees,
 37 former employees, counsel, or agents, or any other person may not
 38 divulge the examination workpapers and investigation records of a
 39 deputy examiner, a field examiner, or a private examiner acting as an
 40 agent of the state examiner, except to:
- 41 (1) employees and members of the state board of accounts;
 - 42 (2) the audit committee;



1 (3) law enforcement officers, the attorney general, a prosecuting
 2 attorney, or any other legal representative of the state in any
 3 action with respect to the misappropriation or diversion of public
 4 funds;

5 (4) an authorized representative of the United States;

6 (5) a successor examiner or auditor, in accordance with applicable
 7 professional auditing standards; or

8 (6) another individual for any other factor that constitutes good
 9 cause as set forth in criteria established by the state examiner and
 10 approved by the audit committee.

11 (j) An individual described in subsection (i)(3) or (i)(4) who
 12 receives examination workpapers and investigation records described
 13 in subsection (i) may divulge the workpapers and records in any action
 14 with respect to the misappropriation or diversion of public funds.

15 SECTION 3. IC 5-11-14-2, AS AMENDED BY P.L.58-2023,
 16 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 17 JULY 1, 2024]: Sec. 2. (a) The state board of accounts shall annually
 18 conduct a training institute for clerk-treasurers and may conduct a
 19 training institute for city clerks, either of the entire state or by districts.
 20 The provisions of this chapter are applicable to any such training
 21 institute.

22 (b) The state board of accounts shall keep attendance of
 23 clerk-treasurers at each conference called by the state board of
 24 accounts and publish the attendance on the state board of accounts'
 25 website.

26 (c) Clerk-treasurers ~~and city clerks~~ must attend the annual training
 27 institute a minimum of once every two (2) years.

28 SECTION 4. IC 36-2-9-2.5, AS AMENDED BY P.L.257-2019,
 29 SECTION 104, IS AMENDED TO READ AS FOLLOWS
 30 [EFFECTIVE JULY 1, 2024]: Sec. 2.5. (a) As used in this section,
 31 "training courses" refers to training courses related to the office of
 32 county auditor that are compiled or developed by the Association of
 33 Indiana Counties and approved by the state board of accounts.

34 (b) An individual elected to the office of county auditor shall
 35 complete at least:

36 (1) fifteen (15) hours of training courses within one (1) year; and

37 (2) forty (40) hours of training courses within three (3) years;

38 after the individual is elected to the office of county auditor.

39 (c) An individual first elected to the office of county auditor shall
 40 complete five (5) hours of newly elected official training courses before
 41 the individual first takes the office of county auditor. A training course
 42 that an individual completes under this subsection shall be counted



- 1 toward the requirements under subsection (b).
 2 (d) An individual shall fulfill the training requirements established
 3 by subsection (b) for each term to which the individual is elected as
 4 county auditor.
 5 (e) The failure of an individual to complete the training required by
 6 this section does not prevent the individual from taking an office to
 7 which the individual was elected.
 8 (f) This subsection applies only to an individual appointed to fill a
 9 vacancy in the office of county auditor. An individual described in this
 10 subsection may, but is not required to, take training courses required by
 11 subsection (b). If an individual described in this subsection takes a
 12 training course required by subsection (b) for an elected county auditor,
 13 the county shall pay for the training course as if the individual had been
 14 an elected county auditor.
 15 **(g) An individual elected to the office of county auditor shall**
 16 **annually certify completion of the requirements described in**
 17 **subsection (b). The certification must be in the form and content**
 18 **prescribed by the state examiner and filed electronically in the**
 19 **manner prescribed under IC 5-14-3.8-7.**
 20 SECTION 5. IC 36-4-10-8, AS AMENDED BY P.L.58-2023,
 21 SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 22 UPON PASSAGE]: Sec. 8. (a) As used in this section, "training
 23 courses" refers to training courses, workshops, training institutes
 24 authorized by IC 5-11-14, formal academies, special seminars, and
 25 other in-service training related to an office described in section 2 of
 26 this chapter that are developed or offered under the rubric of a
 27 generally accepted professional association, association of governments
 28 or a state agency or department, or public university or affiliated center.
 29 (b) An individual elected or appointed to an office described in
 30 section 2 of this chapter on or after November 5, 2019, shall complete
 31 at least:
 32 (1) fourteen (14) hours of training courses within one (1) year;
 33 and
 34 (2) thirty-six (36) hours of training courses within three (3) years;
 35 after the individual is elected or appointed to an office described in
 36 section 2 of this chapter.
 37 (c) An individual first elected or appointed to ~~an office described in~~
 38 ~~section 2 of this chapter~~ **the office of clerk-treasurer or city**
 39 **controller** shall complete five (5) hours of approved training courses
 40 before the individual first takes office. A training course that the
 41 individual completes under this subsection shall be counted toward the
 42 requirements under subsection (b).



1 (d) An individual shall fulfill the training requirements established
2 by subsection (b) for each term to which the individual is elected or
3 appointed to an office described in section 2 of this chapter.

4 (e) This subsection applies only to an individual appointed to fill a
5 vacancy in an office described in section 2 of this chapter. An
6 individual described in this subsection may, but is not required to, take
7 training courses required by subsection (b). If an individual described
8 in this subsection takes a training course required by subsection (b) for
9 an office described in section 2 of this chapter, the city shall pay for the
10 training course as if the individual had been elected or appointed to an
11 office described in section 2 of this chapter.

12 (f) The:

13 (1) city executive;

14 (2) city legislative body; and

15 (3) individual who holds the office described in section 2 of this
16 chapter;

17 shall use all reasonable means to ensure that the individual who holds
18 the office described in section 2 of this chapter complies with the
19 training requirements established by this section.

20 (g) The individual who holds the office described in section 2 of this
21 chapter shall maintain written documentation of the training courses
22 that the individual completes toward the requirements of this section.

23 (h) If a city reorganizes under IC 36-1.5, the individual who
24 performs the functions of an office described in section 2 of this
25 chapter for the city shall comply with the training requirements
26 established by this section for the reorganized political subdivision.

27 (i) An individual elected or appointed to an office described in
28 section 2 of this chapter shall certify completion of the requirements
29 described in subsection (b) every year and file the certification with the
30 state board of accounts in the same manner as the report required in
31 IC 5-11-1-4(a).

32 **SECTION 6. An emergency is declared for this act.**



COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 221, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, delete lines 1 through 17.

Page 2, delete lines 1 through 22.

Page 7, between lines 11 and 12, begin a new paragraph and insert:

"SECTION 4. IC 5-11-14-2, AS AMENDED BY P.L.58-2023, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2024]: Sec. 2. (a) The state board of accounts shall annually conduct a training institute for clerk-treasurers and may conduct a training institute for city clerks, either of the entire state or by districts. The provisions of this chapter are applicable to any such training institute.

(b) The state board of accounts shall keep attendance of clerk-treasurers at each conference called by the state board of accounts and publish the attendance on the state board of accounts' website.

(c) Clerk-treasurers ~~and city clerks~~ must attend the annual training institute a minimum of once every two (2) years."

Page 8, after line 3, begin a new paragraph and insert:

"SECTION 6. IC 36-4-10-8, AS AMENDED BY P.L.58-2023, SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) As used in this section, "training courses" refers to training courses, workshops, training institutes authorized by IC 5-11-14, formal academies, special seminars, and other in-service training related to an office described in section 2 of this chapter that are developed or offered under the rubric of a generally accepted professional association, association of governments or a state agency or department, or public university or affiliated center.

(b) An individual elected or appointed to an office described in section 2 of this chapter on or after November 5, 2019, shall complete at least:

(1) fourteen (14) hours of training courses within one (1) year;
and

(2) thirty-six (36) hours of training courses within three (3) years; after the individual is elected or appointed to an office described in section 2 of this chapter.

(c) An individual first elected or appointed to ~~an office described in section 2 of this chapter~~ **the office of clerk-treasurer or city**



controller shall complete five (5) hours of approved training courses before the individual first takes office. A training course that the individual completes under this subsection shall be counted toward the requirements under subsection (b).

(d) An individual shall fulfill the training requirements established by subsection (b) for each term to which the individual is elected or appointed to an office described in section 2 of this chapter.

(e) This subsection applies only to an individual appointed to fill a vacancy in an office described in section 2 of this chapter. An individual described in this subsection may, but is not required to, take training courses required by subsection (b). If an individual described in this subsection takes a training course required by subsection (b) for an office described in section 2 of this chapter, the city shall pay for the training course as if the individual had been elected or appointed to an office described in section 2 of this chapter.

(f) The:

- (1) city executive;
- (2) city legislative body; and
- (3) individual who holds the office described in section 2 of this chapter;

shall use all reasonable means to ensure that the individual who holds the office described in section 2 of this chapter complies with the training requirements established by this section.

(g) The individual who holds the office described in section 2 of this chapter shall maintain written documentation of the training courses that the individual completes toward the requirements of this section.

(h) If a city reorganizes under IC 36-1.5, the individual who performs the functions of an office described in section 2 of this chapter for the city shall comply with the training requirements established by this section for the reorganized political subdivision.

(i) An individual elected or appointed to an office described in section 2 of this chapter shall certify completion of the requirements described in subsection (b) every year and file the certification with the state board of accounts in the same manner as the report required in IC 5-11-1-4(a).

SECTION 7. An emergency is declared for this act."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 221 as introduced.)

ES 221—LS 6397/DI 134



HOLDMAN, Chairperson

Committee Vote: Yeas 14, Nays 0.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Government and Regulatory Reform, to which was referred Senate Bill 221, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

(Reference is to SB 221 as printed January 31, 2024.)

MILLER D

Committee Vote: Yeas 10, Nays 0

