

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.

## SENATE ENROLLED ACT No. 221

---

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

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

SECTION 1. IC 5-11-1-28, AS AMENDED BY THE TECHNICAL CORRECTIONS BILL OF THE 2024 GENERAL ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2024]:

Sec. 28. (a) The bureau of motor vehicles (IC 9-14-7-1), office of the secretary of family and social services (IC 12-8-1.5-1), and department of state revenue (IC 6-8.1-2-1) shall each annually:

(1) have performed by an internal auditor:

(A) an internal audit; and

(B) a review of internal control systems;

of the agency; and

(2) have the internal auditor report the results of the internal audit and review to an examiner designated by the state examiner to receive the results.

(b) The examiner designated under subsection (a) shall, not later than September 1 of each year:

(1) compile a final report of the results of the internal audits and reviews performed and reported under subsection (a); and

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

(A) The governor.

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

(C) The chairperson of the audit committee, in an electronic

SEA 221



format under IC 5-14-6.

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

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

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

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

- (1) the state;**
- (2) an employee of the state;**
- (3) a former employee of the state;**
- (4) counsel to the state;**
- (5) an agent of the state; or**
- (6) any other person;**

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

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

- (1) the state examiner or the state examiner's designee;**
- (2) the director of the office of management and budget or the director of the office of management and budget's designee;**
- (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.**

SECTION 2. IC 5-11-5-1, AS AMENDED BY P.L.59-2023, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2024]: 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. Except as provided in subsection (g), the state board of accounts may issue confidential management letters,



based on professional auditing standards, to an audited entity (as defined in section 1.5(a) of this chapter) in a situation involving noncompliance that does not result in the establishment of a corrective action plan but that must be brought to the attention of the audited entity's governing body. If issues addressed in the confidential management letter become part of a finding in the subsequent audit period, it shall be noted in the public report. The state examiner shall file one (1) copy of the report with the entity examined, one (1) copy in an electronic format on a public website, 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. 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 persons or entities charged in such report, 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.

(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) If a majority of a governing body (as defined in IC 5-14-1.5-2(b)) 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 under IC 5-14-1.5. However, the governing body has no obligation to give notice as prescribed by IC 5-14-1.5-5 when it participates in the exit conference **or any conference initiated by the state examiner to discuss an examination status**.

(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.

(c) 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 prosecuting attorney of the county in which the crime was committed. The state examiner shall furnish to the 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 or entity.

(e) After receiving a preliminary report under subsection (d), the state examiner may provide a copy of the report to the attorney general.

SEA 221



The attorney general may institute and prosecute civil proceedings against the persons or entities charged in such report, 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 or investigation, including a preliminary report under subsection (d), are confidential until the occurrence of the earliest of the following:

- (1) The final report is made public under subsection (a).
- (2) The attorney general institutes an action under subsection (e) on the basis of the preliminary report.
- (3) The results of an examination or investigation are published by direction of the state examiner or any court.

(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.

(i) Unless in accordance with a judicial order or as otherwise provided in this section, the state board of accounts or its employees, former employees, counsel, or agents, or any other person may not divulge the examination workpapers and investigation records of a deputy examiner, a field examiner, or a private examiner acting as an agent of the state examiner, except to:

- (1) employees and members of the state board of accounts;
- (2) the audit committee;
- (3) law enforcement officers, the attorney general, a prosecuting attorney, or any other legal representative of the state in any action with respect to the misappropriation or diversion of public funds;

**SEA 221**



- (4) an authorized representative of the United States;
- (5) a successor examiner or auditor, in accordance with applicable professional auditing standards; or
- (6) another individual for any other factor that constitutes good cause as set forth in criteria established by the state examiner and approved by the audit committee.

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

SECTION 3. 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.

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

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

- (1) fifteen (15) hours of training courses within one (1) year; and
- (2) forty (40) hours of training courses within three (3) years;

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

(c) An individual first elected to the office of county auditor shall complete five (5) hours of newly elected official training courses before the individual first takes the office of county auditor. A training course that an 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 as county auditor.

**SEA 221**



(e) The failure of an individual to complete the training required by this section does not prevent the individual from taking an office to which the individual was elected.

(f) This subsection applies only to an individual appointed to fill a vacancy in the office of county auditor. 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 elected county auditor, the county shall pay for the training course as if the individual had been an elected county auditor.

**(g) An individual elected to the office of county auditor shall annually certify completion of the requirements described in subsection (b). The certification must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7.**

SECTION 5. 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 6. An emergency is declared for this act.**





---

President of the Senate

---

President Pro Tempore

---

Speaker of the House of Representatives

---

Governor of the State of Indiana

Date: \_\_\_\_\_ Time: \_\_\_\_\_

**SEA 221**

