

First Regular Session of the 120th General Assembly (2017)

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 2016 Regular Session of the General Assembly.

## HOUSE ENROLLED ACT No. 1031

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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 5-11-5-1.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY 1, 2017]: **Sec. 1.5. (a) As used in this section, "audited entity" includes only the following:**

- (1) A state agency (as defined in IC 4-13-1-1).**
- (2) A public hospital.**
- (3) A municipality.**
- (4) A body corporate and politic.**
- (5) A state educational institution.**
- (6) An entity to the extent that the entity is required to be examined under IC 5-11-1-9 or another law.**

**(b) If an examination report contains a finding that an audited entity failed to observe a uniform compliance guideline established under IC 5-11-1-24(a) or to comply with a specific law, the audited entity shall take action to address the audit finding.**

**(c) If a subsequent examination report of the audited entity contains a finding that is the same as or substantially similar to the finding contained in the previous examination report described in subsection (b), the public officer of the audited entity shall file a corrective action plan as a written response to the report under section 1(b) of this chapter.**

HEA 1031 — CC 1



(d) The state board of accounts shall create guidelines for use by an audited entity to establish a corrective action plan described in subsection (c). The guidelines must include a requirement that the issue that is the subject of a finding described in subsection (c) must be corrected not later than six (6) months after the date on which the corrective action plan is filed.

(e) After the successful completion of a corrective action plan by an audited entity that was required to file a corrective action plan under subsection (c), the audited entity shall notify the state board of accounts. The state board of accounts shall review each corrective action plan. If a corrective action plan is not implemented or the issue that is the subject of the finding is not corrected within six (6) months, the state board of accounts shall prepare a memorandum summarizing:

- (1) the examination report finding;
- (2) the corrective action plan;
- (3) the manner by which the examination report finding was or was not addressed; and
- (4) a recommended course of action.

(f) The state board of accounts shall present to the audit committee established by IC 2-5-1.1-6.3 a memorandum described in subsection (e). If the audit committee determines that further action should be taken, the audit committee may do any of the following:

- (1) Request a written statement from the public officer of the audited entity.
- (2) Request the personal attendance of the public officer of the audited entity at the next audit committee meeting.
- (3) Request that the public officer of the audited entity take corrective action.
- (4) Notify the:
  - (A) office of management and budget (in the case of an audited entity that is a state agency, a body corporate and politic, or a state educational institution); or
  - (B) officer or chief executive officer, legislative body, and fiscal body of the audited entity and the department of local government finance (in the case of any other audited entity);

that the audited entity refused to correct the audited entity's failure to observe a uniform compliance guideline established under IC 5-11-1-24(a), or refused to comply with a specific law, with notice of the recommendation described in



subsection (e)(4) published on the general assembly's Internet web site.

**(5) Refer the facts drawn from the examination and the actions taken under this section for investigation and prosecution of a violation of IC 5-11-1-10 or IC 5-11-1-21 to the:**

**(A) inspector general, in the case of an audited entity that is a state agency, a body corporate and politic, or a state educational institution; or**

**(B) prosecuting attorney of the county in which a violation of IC 5-11-1-10 or IC 5-11-1-21 may have been committed, in the case of any other audited entity;**

**with notice of the referral published on the general assembly's Internet web site. Notice of a referral described in clause (B) must be sent to the officer or chief executive officer, legislative body, and fiscal body of the audited entity.**

**(6) Recommend that legislation be introduced in the general assembly to amend any statute under which the audited entity is found to be noncompliant.**

**(7) Recommend that the state board of accounts examine the audited entity within the calendar year following the year in which the audited entity was required to file a corrective action plan under subsection (c).**



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Speaker of the House of Representatives

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President of the Senate

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President Pro Tempore

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Governor of the State of Indiana

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

HEA 1031 — CC 1

