

SENATE BILL No. 159

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-11-5-1.5; IC 6-1.1-17-16.3.

Synopsis: State examiner findings. Specifies requirements for corrective action when audited entities fail to comply with certain guidelines or laws. Requires the department of local government finance to deny the budget or supplemental appropriation of an audited entity under certain circumstances.

Effective: July 1, 2017.

Niemeyer

January 4, 2017, read first time and referred to Committee on Tax and Fiscal Policy.



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.

SENATE BILL _____

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 5-11-5-1.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2017]: **Sec. 1.5. (a) As used in this section, "audited entity"**
4 **includes only the following:**
5 (1) A state agency (as defined in IC 4-13-1-1).
6 (2) A public hospital.
7 (3) A municipality.
8 (4) A body corporate and politic.
9 (5) A state educational institution.
10 (6) An entity to the extent that the entity is required to be
11 examined under IC 5-11-1-9 or another law.
12 (b) If an examination report contains a finding that an audited
13 entity failed to observe a uniform compliance guideline established
14 under IC 5-11-1-24(a) or to comply with a specific law, the audited
15 entity shall take action to address the audit finding.
16 (c) If a subsequent examination report of the audited entity
17 contains a finding that is the same as or substantially similar to the



1 finding contained in the previous examination report described in
2 subsection (b), the public officer of the audited entity shall file a
3 corrective action plan as a written response to the report under
4 section 1(b) of this chapter.

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

11 (e) The state board of accounts shall review all corrective action
12 plans filed under subsection (c). If a corrective action plan is not
13 implemented or the issue that is the subject of the finding is not
14 corrected within six (6) months, the state board of accounts shall
15 prepare a memorandum summarizing:

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

21 (f) The state board of accounts shall present to the audit
22 committee established by IC 2-5-1.1-6.3 a memorandum described
23 in subsection (e). If the audit committee determines that further
24 action should be taken, the audit committee shall do at least one (1)
25 of the following:

- 26 (1) Request a written statement from the public officer of the
27 audited entity.
- 28 (2) Require the personal attendance of the public officer of the
29 audited entity at the next audit committee meeting.
- 30 (3) Order the public officer of the audited entity to take
31 corrective action.
- 32 (4) Notify the department of local government finance that the
33 audited entity refused to:

34 (A) correct the audited entity's failure to observe a
35 uniform compliance guideline established under
36 IC 5-11-1-24(a); or

37 (B) comply with a specific law;

38 with notice of the recommendation published on the general
39 assembly's Internet web site.

40 (5) Refer the facts drawn from the examination and the
41 actions taken under this section to the prosecuting attorney of
42 the county in which a crime may have been committed, with



1 **notice of the referral published on the general assembly's**
2 **Internet web site.**

3 SECTION 2. IC 6-1.1-17-16.3 IS ADDED TO THE INDIANA
4 CODE AS A **NEW SECTION TO READ AS FOLLOWS**
5 [EFFECTIVE JULY 1, 2017]: **Sec. 16.3. After June 30, 2018, the**
6 **department of local government finance may not approve the**
7 **budget of a taxing unit or a supplemental appropriation for a**
8 **taxing unit if the department of local government finance receives**
9 **information from the audit committee established by IC 2-5-1.1-6.3**
10 **that the taxing unit has refused to:**

11 **(1) correct the taxing unit's failure to observe a uniform**
12 **compliance guideline established under IC 5-11-1-24(a); or**
13 **(2) comply with a specific law.**

