

# SENATE BILL No. 221

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 5-2-4-1; IC 5-11; IC 36-2-9-2.5.

**Synopsis:** State board of accounts. Adds the director of the special investigations department of the state board of accounts (state board) to the definition of "criminal justice agency" for purposes of collecting criminal intelligence information. 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 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. 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.

**Effective:** July 1, 2024.

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January 9, 2024, read first time and referred to Committee on Tax and Fiscal Policy.

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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 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 5-2-4-1, AS AMENDED BY P.L.27-2010,  
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2024]: Sec. 1. As used in this chapter, unless the context  
4 otherwise requires:

5 (1) "Criminal history information" means information collected  
6 by criminal justice agencies or individuals consisting of  
7 identifiable descriptions and notations of arrests, detentions,  
8 indictments, informations, or other formal criminal charges, and  
9 any disposition arising therefrom, sentencing, correctional  
10 supervision, and release.

11 (2) "Criminal intelligence information" means information on  
12 identifiable individuals compiled in an effort to anticipate,  
13 prevent, or monitor possible criminal activity, including terrorist  
14 activity. "Criminal intelligence information" does not include  
15 criminal investigative information, which is information on  
16 identifiable individuals compiled in the course of the  
17 investigation of specific criminal acts.



1 (3) "Criminal justice agency" means any agency or department of  
 2 any level of government which performs as its principal function  
 3 the apprehension, prosecution, adjudication, incarceration, or  
 4 rehabilitation of criminal offenders, or location of parents with  
 5 child support obligations under 42 U.S.C. 653. The term includes  
 6 **the following:**

7 (A) A nongovernmental entity that performs as its principal  
 8 function the:

9 (i) apprehension, prosecution, adjudication, incarceration, or  
 10 rehabilitation of criminal offenders; or

11 (ii) location of parents with child support obligations under  
 12 42 U.S.C. 653;

13 under a contract with an agency or department of any level of  
 14 government.

15 (B) The department of homeland security. ~~and~~

16 (C) The Indiana intelligence fusion center established by  
 17 IC 10-11-9-2.

18 **(D) The director of the special investigations department**  
 19 **of the state board of accounts. The authority of the**  
 20 **director as a criminal justice agency under this clause is**  
 21 **limited to investigations involving public monies under**  
 22 **IC 5-11-1-9.**

23 SECTION 2. IC 5-11-1-28, AS AMENDED BY THE TECHNICAL  
 24 CORRECTIONS BILL OF THE 2024 GENERAL ASSEMBLY, IS  
 25 AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2024]:

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

29 (1) have performed by an internal auditor:

30 (A) an internal audit; and

31 (B) a review of internal control systems;

32 of the agency; and

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

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

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

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

41 (A) The governor.

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



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

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

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

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

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

11 (1) **the state;**

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

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

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

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

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

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

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

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

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

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

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

30 SECTION 3. IC 5-11-5-1, AS AMENDED BY P.L.59-2023,  
31 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
32 JULY 1, 2024]: Sec. 1. (a) Whenever an examination is made under  
33 this article, a report of the examination shall be made. The report must  
34 include a list of findings and shall be signed and verified by the  
35 examiner making the examination. A finding that is critical of an  
36 examined entity must be based upon one (1) of the following:

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

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

40 A report that includes a finding that is critical of an examined entity  
41 must designate the uniform compliance guideline or the specific law  
42 upon which the finding is based. Except as provided in subsection (g),



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

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

39 (1) All information discussed and materials presented or delivered  
40 by any person during an exit conference are confidential and may  
41 not be discussed or shared publicly until the earliest of the  
42 occurrences set forth in subsection (g). However, the information



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

9 (2) An individual attending an exit conference may not  
10 electronically record the exit conference.

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

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

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

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

35 (1) A substantial amount of public funds has been  
36 misappropriated or diverted.

37 (2) The deputy examiner, field examiner, or private examiner  
38 acting as an agent of the state examiner has a reasonable belief  
39 that the malfeasance or misfeasance that resulted in the  
40 misappropriation or diversion of the public funds was committed  
41 by the officer or an employee of the office or entity.

42 (e) After receiving a preliminary report under subsection (d), the



1 state examiner may provide a copy of the report to the attorney general.  
2 The attorney general may institute and prosecute civil proceedings  
3 against the persons or entities charged in such report, or upon the  
4 officer's or employee's official bond, or both, and against any other  
5 proper person that will secure to the state or to the proper municipality  
6 the recovery of any funds misappropriated, diverted, or unaccounted  
7 for.

8 (f) In an action under subsection (e), the attorney general may attach  
9 the defendant's property under IC 34-25-2.

10 (g) Except as permitted in this section, the information and materials  
11 that are part of an exit conference under subsection (b), and the results  
12 of an examination or investigation, including a preliminary report  
13 under subsection (d), are confidential until the occurrence of the  
14 earliest of the following:

15 (1) The final report is made public under subsection (a).

16 (2) The attorney general institutes an action under subsection (e)  
17 on the basis of the preliminary report.

18 (3) The results of an examination or investigation are published  
19 by direction of the state examiner or any court.

20 (h) Except as permitted in this section, an individual, a public  
21 agency (as defined in IC 5-14-3-2), a public employee, a public official,  
22 or an employee or officer of a contractor or subcontractor of a public  
23 agency that knowingly or intentionally discloses information in  
24 violation of subsection (b) or (g), regardless of whether the information  
25 is received orally or by any other means, is subject to the following:

26 (1) A public agency (as defined in IC 5-14-3-2), a public  
27 employee, a public official, or an employee or officer of a  
28 contractor or subcontractor of a public agency commits a Class A  
29 infraction under IC 5-14-3-10.

30 (2) If the disclosure is by a person who is not described in  
31 subdivision (1), the person commits a Class A infraction.

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

38 (1) employees and members of the state board of accounts;

39 (2) the audit committee;

40 (3) law enforcement officers, the attorney general, a prosecuting  
41 attorney, or any other legal representative of the state in any  
42 action with respect to the misappropriation or diversion of public



1 funds;

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

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

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

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

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

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

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

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

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

23 (c) An individual first elected to the office of county auditor shall  
24 complete five (5) hours of newly elected official training courses before  
25 the individual first takes the office of county auditor. A training course  
26 that an individual completes under this subsection shall be counted  
27 toward the requirements under subsection (b).

28 (d) An individual shall fulfill the training requirements established  
29 by subsection (b) for each term to which the individual is elected as  
30 county auditor.

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

34 (f) This subsection applies only to an individual appointed to fill a  
35 vacancy in the office of county auditor. An individual described in this  
36 subsection may, but is not required to, take training courses required by  
37 subsection (b). If an individual described in this subsection takes a  
38 training course required by subsection (b) for an elected county auditor,  
39 the county shall pay for the training course as if the individual had been  
40 an elected county auditor.

41 **(g) An individual elected to the office of county auditor shall**  
42 **annually certify completion of the requirements described in**





1 subsection (b). The certification must be in the form and content  
2 prescribed by the state examiner and filed electronically in the  
3 manner prescribed under IC 5-14-3.8-7.

