



March 20, 2015

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## ENGROSSED HOUSE BILL No. 1104

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DIGEST OF HB 1104 (Updated March 17, 2015 2:07 pm - DI 73)

**Citations Affected:** IC 4-3; IC 4-12; IC 4-30; IC 4-35; IC 4-37; IC 5-10.5; IC 5-14; IC 5-11; IC 5-20; IC 5-22; IC 5-28; IC 6-3.5; IC 6-8.1; IC 6-9; IC 8-1.5; IC 8-10; IC 9-15; IC 9-16; IC 13-23; IC 14-13; IC 14-14; IC 15-13; IC 16-19; IC 20-39; IC 20-49; IC 21-7; IC 21-16; IC 22-14; IC 28-11; IC 33-44; IC 36-1; IC 36-7; IC 36-8; IC 36-10.

**Synopsis:** Financial examinations and the state board of accounts. Permits the state board of accounts to determine the frequency with which the state board of accounts conducts financial examinations based on risk based criteria approved by the audit and financial reporting subcommittee of the legislative council. Eliminates the requirement that the state examiner must annually furnish forms and instructions to reporting officers. Specifies that certain examinations by the state board of accounts may (rather than must, under current law)  
(Continued next page)

**Effective:** July 1, 2015.

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### Lehman, Klinker, Riecken, Mahan

(SENATE SPONSORS — HEAD, CHARBONNEAU, RANDOLPH)

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January 8, 2015, read first time and referred to Committee on Government and Regulatory Reform.

January 27, 2015, amended, reported — Do Pass.

February 3, 2015, read second time, amended, ordered engrossed.

February 4, 2015, engrossed.

February 5, 2015, read third time, passed. Yeas 79, nays 18.

SENATE ACTION

February 24, 2015, read first time and referred to Committee on Tax & Fiscal Policy.

March 19, 2015, amended, reported favorably — Do Pass.

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EH 1104—LS 6640/DI 51



## Digest Continued

be made without notice. Provides that the state board of accounts may only release examination workpapers and investigation records to certain persons. Provides a procedure for a public entity (other than a school corporation, a university, or a consolidated city) that has an internal control officer and an internal control department to have examinations performed by a certified public accountant instead of the state board of accounts. Adds provisions for allowing a public entity to have an examination: (1) conducted outside the time frame provided for by statute or state board of accounts guidelines, due to federal requirements, continuing disclosure requirements, or as a condition of a public bond issuance; or (2) conducted in accordance with generally accepted accounting principles. Provides that the results of an examination of the state board of accounts are confidential until approved and released for publication by the state examiner. Permits disclosure under certain circumstances. Provides that an executive or a fiscal officer of a unit may establish a fraud hotline telephone number that the public may use to report suspected fraudulent activity concerning officers or employees of the unit. Provides that: (1) the identity of a caller to a fraud hotline; and (2) a report, transcript, audio recording, or other information obtained from a fraud hotline; are exempt from public disclosure. Provides that an audit of an enhanced prepaid wireless seller regarding collection and remittance of enhanced prepaid wireless charges must be conducted either: (1) jointly by the department of state revenue and the statewide 911 board; or (2) by an independent auditor engaged by the statewide 911 board. (Under current law, the audit must be conducted jointly by the department and the statewide 911 board.)



March 20, 2015

First Regular Session of the 119th General Assembly (2015)

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 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

## ENGROSSED HOUSE BILL No. 1104

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

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

1 SECTION 1. IC 4-3-17-4 IS AMENDED TO READ AS FOLLOWS  
2 [EFFECTIVE JULY 1, 2015]: Sec. 4. (a) The articles of incorporation  
3 or bylaws of the corporation, as appropriate, must provide that:  
4 (1) the exclusive purpose of the corporation is to provide grants  
5 and serve as a resource for education programs on drug and  
6 alcohol abuse, by providing assistance to persons or entities  
7 involved with:  
8 (A) coordinating the activities of all parties having a role in  
9 drug and alcohol abuse education and prevention; and  
10 (B) educating and assisting local communities in educating  
11 Indiana citizens on the problems of drug and alcohol abuse;  
12 (2) the board must include:  
13 (A) the governor or the governor's designee;  
14 (B) the state health commissioner or the commissioner's  
15 designee; and

**EH 1104—LS 6640/DI 51**



- 1 (C) additional persons appointed by the governor, who have  
 2 knowledge or experience in drug or alcohol education  
 3 programs;  
 4 (3) the governor shall designate a member of the board to serve  
 5 as chairman of the board;  
 6 (4) the board shall select any other officers it considers necessary,  
 7 such as a vice chairman, treasurer, or secretary;  
 8 (5) the chairman of the board may appoint any subcommittees that  
 9 the chairman considers necessary to carry out the duties of the  
 10 corporation;  
 11 (6) with the approval of the governor, the corporation may appoint  
 12 a president, who shall serve as the chief operating officer of the  
 13 corporation and who may appoint staff or employ consultants to  
 14 carry out the corporation's duties under this chapter, including  
 15 personnel to receive or disseminate information that furthers the  
 16 goals of the corporation;  
 17 (7) the corporation may receive funds from any source (including  
 18 state appropriations), may enter into contracts, and may expend  
 19 funds for any activities necessary, convenient, or expedient to  
 20 carry out its purposes;  
 21 (8) any amendments to the articles of incorporation or bylaws of  
 22 the corporation must be approved by the board;  
 23 (9) the corporation shall submit an annual report to the governor,  
 24 lieutenant governor, and chairman of the legislative council  
 25 before December 31 of each year;  
 26 (10) the corporation shall conduct an annual public hearing to  
 27 receive comments from interested parties regarding the annual  
 28 report, and notice of the hearing shall be given at least fourteen  
 29 (14) days before the hearing in accordance with IC 5-14-1.5-5(b);  
 30 and  
 31 (11) the corporation is subject to ~~an annual~~ audit by the state  
 32 board of accounts, and the corporation shall bear the full costs of  
 33 this audit.  
 34 An annual report described in subdivision (9) that is submitted to the  
 35 chairman of the legislative council must be in an electronic format  
 36 under IC 5-14-6.  
 37 (b) The corporation may perform other acts necessary, convenient,  
 38 or expedient to carry out its purposes under this chapter and has all the  
 39 rights, powers, and privileges granted to corporations by IC 23-17 and  
 40 by common law.  
 41 (c) With the approval of the governor, the corporation may merge  
 42 with an entity with similar purposes. If the corporation merges with



1 another entity under this subsection, the governor shall revoke the  
2 certification under section 7 of this chapter.

3 SECTION 2. IC 4-12-4-15, AS AMENDED BY P.L.229-2011,  
4 SECTION 51, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
5 JULY 1, 2015]: Sec. 15. The funds, accounts, management, and  
6 operations of the state department of health under this chapter are  
7 subject to ~~annual~~ audit by the state board of accounts.

8 SECTION 3. IC 4-12-15-2, AS ADDED BY P.L.187-2013,  
9 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
10 JULY 1, 2015]: Sec. 2. (a) The office may establish a nonprofit  
11 subsidiary corporation that is exempt from federal income taxation  
12 under Section 501(c)(3) of the Internal Revenue Code, to solicit and  
13 accept private funding, gifts, donations, bequests, devises, and  
14 contributions.

15 (b) A subsidiary corporation established under this section:

16 (1) shall use money received under subsection (a) to carry out in  
17 any manner the purposes and programs of the office;

18 (2) shall report to the budget committee each year concerning:

19 (A) the use of money received under subsection (a); and

20 (B) the balances in any accounts or funds established by the  
21 subsidiary corporation; and

22 (3) may deposit money received under subsection (a) in an  
23 account or fund that is:

24 (A) administered by the subsidiary corporation; and

25 (B) not part of the state treasury.

26 (c) A subsidiary corporation established under this section is  
27 governed by a board of directors comprised of members appointed by  
28 the office.

29 (d) Employees of the office shall provide administrative support for  
30 a subsidiary corporation established under this section.

31 (e) The state board of accounts shall ~~annually~~ audit a subsidiary  
32 corporation established under this section.

33 SECTION 4. IC 4-30-17-11 IS AMENDED TO READ AS  
34 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 11. (a) Each eligible  
35 recipient that is approved to receive money from the build Indiana fund  
36 under section 10 of this chapter must, as a condition of receiving  
37 money from the build Indiana fund, enter into a funding agreement  
38 with the budget agency.

39 (b) The agreement required under subsection (a) must obligate the  
40 eligible recipient to do the following:

41 (1) Complete the project in conformity with the information in the  
42 project statement reviewed and approved under section 10 of this



1 chapter and any subsequent agreements reviewed by the budget  
2 committee and approved by the governor, upon recommendation  
3 of the budget agency.

4 (2) Acknowledge, on a form prescribed by the budget agency, the  
5 receipt and deposit of money received from the build Indiana  
6 fund. The written acknowledgment must include proof that the  
7 funds have been deposited in the financial institution listed in the  
8 documents described in subdivision (1) and must be submitted to  
9 the budget agency within ten (10) business days after receipt of  
10 the money.

11 (3) Account for money received from the build Indiana fund in  
12 accordance with generally accepted accounting principles, the  
13 accounting guidelines established by the state board of accounts,  
14 or an alternative method of accounting approved by the state  
15 board of accounts.

16 (4) Be subject to the audit and the reporting requirements under  
17 IC 5-11-1 (state board of accounts), ~~for each year~~ beginning with  
18 the year in which money from the build Indiana fund is received  
19 and ending with the year in which the project is completed.

20 (5) Upon request, provide for the contact person specified in the  
21 project statement or another person who is knowledgeable about  
22 the project to appear and give testimony to the budget committee  
23 concerning the project.

24 (6) Submit to the budget agency, on a form prescribed by the  
25 budget agency, verification of the completion of the project not  
26 later than ten (10) business days after the project is complete.

27 (7) If a project is not completed by the anticipated completion  
28 date specified in the documents described in subdivision (1),  
29 submit to the budget agency, on a form prescribed by the budget  
30 agency, information as to the reason the project is not complete  
31 and the revised completion date of the project. The form must be  
32 submitted before the anticipated completion date specified in the  
33 documents described in subdivision (1).

34 (8) Pay reasonable attorney's fees and other reasonable expenses  
35 incurred to enforce the provisions of the agreement described in  
36 subdivisions (1) through (7), collect reimbursement of project  
37 funds under subsection (d), or prosecute a violation of the  
38 agreement.

39 (c) The budget agency shall monitor compliance with the agreement  
40 required under subsection (a).

41 (d) In addition to any other remedy provided by law, if the eligible  
42 recipient fails to comply with a condition of the agreement required



1 under subsection (a), the budget agency may, under the procedures set  
 2 forth in IC 4-21.5, require the entity to repay all the funds distributed  
 3 to the eligible recipient under this chapter. The budget agency shall  
 4 give notice of the order under IC 4-21.5-3-4. Money repaid under this  
 5 section shall be deposited in the build Indiana fund.

6 SECTION 5. IC 4-30-19-2, AS AMENDED BY P.L.84-2005,  
 7 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 8 JULY 1, 2015]: Sec. 2. The state board of accounts shall ~~conduct an~~  
 9 ~~annual~~ audit of the operations of the lottery and shall receive a copy of  
 10 any independent financial audit and any security report prepared under  
 11 this article. The commission shall pay the full costs of the audit  
 12 required under this section.

13 SECTION 6. IC 4-35-7-12, AS AMENDED BY P.L.210-2013,  
 14 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 15 JULY 1, 2015]: Sec. 12. (a) The Indiana horse racing commission shall  
 16 enforce the requirements of this section.

17 (b) A licensee shall before the fifteenth day of each month distribute  
 18 the following amounts for the support of the Indiana horse racing  
 19 industry:

20 (1) An amount equal to fifteen percent (15%) of the adjusted  
 21 gross receipts of the slot machine wagering from the previous  
 22 month at each casino operated by the licensee with respect to  
 23 adjusted gross receipts received after June 30, 2013, and before  
 24 January 1, 2014.

25 (2) The percentage of the adjusted gross receipts of the slot  
 26 machine wagering from the previous month at each casino  
 27 operated by the licensee that is determined under section 16 or 17  
 28 of this chapter with respect to adjusted gross receipts received  
 29 after December 31, 2013.

30 (c) The Indiana horse racing commission may not use any of the  
 31 money distributed under this section for any administrative purpose or  
 32 other purpose of the Indiana horse racing commission.

33 (d) A licensee shall distribute the money devoted to horse racing  
 34 purses and to horsemen's associations under this subsection as follows:

35 (1) Five-tenths percent (0.5%) shall be transferred to horsemen's  
 36 associations for equine promotion or welfare according to the  
 37 ratios specified in subsection (g).

38 (2) Two and five-tenths percent (2.5%) shall be transferred to  
 39 horsemen's associations for backside benevolence according to  
 40 the ratios specified in subsection (g).

41 (3) Ninety-seven percent (97%) shall be distributed to promote  
 42 horses and horse racing as provided in subsection (f).



1 (e) A horsemen's association shall expend the amounts distributed  
 2 to the horsemen's association under subsection (d)(1) through (d)(2) for  
 3 a purpose promoting the equine industry or equine welfare or for a  
 4 benevolent purpose that the horsemen's association determines is in the  
 5 best interests of horse racing in Indiana for the breed represented by the  
 6 horsemen's association. Expenditures under this subsection are subject  
 7 to the regulatory requirements of subsection (h).

8 (f) A licensee shall distribute the amounts described in subsection  
 9 (d)(3) as follows:

10 (1) Forty-six percent (46%) for thoroughbred purposes as follows:

11 (A) Sixty percent (60%) for the following purposes:

12 (i) Ninety-seven percent (97%) for thoroughbred purses.

13 (ii) Two and four-tenths percent (2.4%) to the horsemen's  
 14 association representing thoroughbred owners and trainers.

15 (iii) Six-tenths percent (0.6%) to the horsemen's association  
 16 representing thoroughbred owners and breeders.

17 (B) Forty percent (40%) to the breed development fund  
 18 established for thoroughbreds under IC 4-31-11-10.

19 (2) Forty-six percent (46%) for standardbred purposes as follows:

20 (A) Three hundred seventy-five thousand dollars (\$375,000)  
 21 to the state fair commission to be used by the state fair  
 22 commission to support standardbred racing and facilities at the  
 23 state fairgrounds.

24 (B) One hundred twenty-five thousand dollars (\$125,000) to  
 25 the state fair commission to be used by the state fair  
 26 commission to make grants to county fairs to support  
 27 standardbred racing and facilities at county fair tracks. The  
 28 state fair commission shall establish a review committee to  
 29 include the standardbred association board, the Indiana horse  
 30 racing commission, and the Indiana county fair association to  
 31 make recommendations to the state fair commission on grants  
 32 under this clause.

33 (C) Fifty percent (50%) of the amount remaining after the  
 34 distributions under clauses (A) and (B) for the following  
 35 purposes:

36 (i) Ninety-six and five-tenths percent (96.5%) for  
 37 standardbred purses.

38 (ii) Three and five-tenths percent (3.5%) to the horsemen's  
 39 association representing standardbred owners and trainers.

40 (D) Fifty percent (50%) of the amount remaining after the  
 41 distributions under clauses (A) and (B) to the breed  
 42 development fund established for standardbreds under





- 1 IC 4-31-11-10.
- 2 (3) Eight percent (8%) for quarter horse purposes as follows:
- 3 (A) Seventy percent (70%) for the following purposes:
- 4 (i) Ninety-five percent (95%) for quarter horse purses.
- 5 (ii) Five percent (5%) to the horsemen's association
- 6 representing quarter horse owners and trainers.
- 7 (B) Thirty percent (30%) to the breed development fund
- 8 established for quarter horses under IC 4-31-11-10.
- 9 Expenditures under this subsection are subject to the regulatory
- 10 requirements of subsection (h).
- 11 (g) Money distributed under subsection (d)(1) and (d)(2) shall be
- 12 allocated as follows:
- 13 (1) Forty-six percent (46%) to the horsemen's association
- 14 representing thoroughbred owners and trainers.
- 15 (2) Forty-six percent (46%) to the horsemen's association
- 16 representing standardbred owners and trainers.
- 17 (3) Eight percent (8%) to the horsemen's association representing
- 18 quarter horse owners and trainers.
- 19 (h) Money distributed under this section may not be expended
- 20 unless the expenditure is for a purpose authorized in this section and is
- 21 either for a purpose promoting the equine industry or equine welfare or
- 22 is for a benevolent purpose that is in the best interests of horse racing
- 23 in Indiana or the necessary expenditures for the operations of the
- 24 horsemen's association required to implement and fulfill the purposes
- 25 of this section. The Indiana horse racing commission may review any
- 26 expenditure of money distributed under this section to ensure that the
- 27 requirements of this section are satisfied. The Indiana horse racing
- 28 commission shall adopt rules concerning the review and oversight of
- 29 money distributed under this section and shall adopt rules concerning
- 30 the enforcement of this section. The following apply to a horsemen's
- 31 association receiving a distribution of money under this section:
- 32 (1) The horsemen's association must annually file a report with
- 33 the Indiana horse racing commission concerning the use of the
- 34 money by the horsemen's association. The report must include
- 35 information as required by the commission.
- 36 (2) The horsemen's association must register with the Indiana
- 37 horse racing commission.
- 38 The state board of accounts shall ~~annually~~ audit the accounts, books,
- 39 and records of the Indiana horse racing commission, each horsemen's
- 40 association, a licensee, and any association for backside benevolence
- 41 containing any information relating to the distribution of money under
- 42 this section.



1 (i) The commission shall provide the Indiana horse racing  
2 commission with the information necessary to enforce this section.

3 (j) The Indiana horse racing commission shall investigate any  
4 complaint that a licensee has failed to comply with the horse racing  
5 purse requirements set forth in this section. If, after notice and a  
6 hearing, the Indiana horse racing commission finds that a licensee has  
7 failed to comply with the purse requirements set forth in this section,  
8 the Indiana horse racing commission may:

9 (1) issue a warning to the licensee;

10 (2) impose a civil penalty that may not exceed one million dollars  
11 (\$1,000,000); or

12 (3) suspend a meeting permit issued under IC 4-31-5 to conduct  
13 a pari-mutuel wagering horse racing meeting in Indiana.

14 (k) A civil penalty collected under this section must be deposited in  
15 the state general fund.

16 SECTION 7. IC 4-37-2-4, AS AMENDED BY P.L.166-2013,  
17 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
18 JULY 1, 2015]: Sec. 4. The corporation is subject to ~~an annual~~  
19 compliance ~~audit~~ **audits** by the state board of accounts.

20 SECTION 8. IC 4-37-8-5, AS AMENDED BY P.L.166-2013,  
21 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
22 JULY 1, 2015]: Sec. 5. The foundation is subject to ~~an annual~~  
23 compliance ~~audit~~ **audits** by the state board of accounts.

24 SECTION 9. IC 5-10.5-4-1, AS AMENDED BY P.L.53-2014,  
25 SECTION 64, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
26 JULY 1, 2015]: Sec. 1. The board shall do all of the following:

27 (1) Appoint and fix the salary of a director.

28 (2) Employ or contract with employees, auditors, technical  
29 experts, legal counsel, and other service providers as the board  
30 considers necessary to transact the business of the fund without  
31 the approval of any state officer, and fix the compensation of  
32 those persons.

33 (3) Establish a general office in Indianapolis for board meetings  
34 and for administrative personnel.

35 (4) Provide for the installation in the general office of a complete  
36 system of:

37 (A) books;

38 (B) accounts, including reserve accounts; and

39 (C) records;

40 to give effect to all the requirements of this article and to ensure  
41 the proper operation of the fund.

42 (5) Provide for a report at least annually to each member of the



- 1 amount credited to the member in the annuity savings account in  
 2 each investment program under IC 5-10.2-2.
- 3 (6) With the advice of the actuary, adopt actuarial tables and  
 4 compile data needed for actuarial studies that are necessary for  
 5 the fund's operation.
- 6 (7) Act on applications for benefits and claims of error filed by  
 7 members.
- 8 (8) Have the accounts of the fund audited ~~annually~~ by the state  
 9 board of accounts and if the board determines that it is advisable,  
 10 have the operation of a public pension or retirement fund of the  
 11 system audited by a certified public accountant.
- 12 (9) Publish for the members a synopsis of the fund's condition.
- 13 (10) Adopt a budget on a calendar year or fiscal year basis that is  
 14 sufficient, as determined by the board, to perform the board's  
 15 duties and, as appropriate and reasonable, draw upon fund assets  
 16 to fund the budget.
- 17 (11) Expend money, including income from the fund's  
 18 investments, for effectuating the fund's purposes.
- 19 (12) Establish personnel programs and policies for the employees  
 20 of the system.
- 21 (13) Submit a financial report before November 1 each year to the  
 22 governor, the interim study committee on pension management  
 23 oversight established by IC 2-5-1.3-4 in an electronic format  
 24 under IC 5-14-6, and the budget committee. The report under this  
 25 subdivision must set forth a complete operating and financial  
 26 statement covering its operations during the most recent fiscal  
 27 year, and include any other information requested by the chair of  
 28 the interim study committee on pension management oversight  
 29 established by IC 2-5-1.3-4 in an electronic format under  
 30 IC 5-14-6.
- 31 (14) Provide the necessary forms for administering the fund.
- 32 (15) Submit to the auditor of state or the treasurer of state  
 33 vouchers or reports necessary to claim an amount due from the  
 34 state to the system.
- 35 SECTION 10. IC 5-11-1-6 IS AMENDED TO READ AS  
 36 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 6. The state board of  
 37 accounts shall formulate, prescribe, and approve the forms for reports  
 38 required to be made by this chapter. ~~The state examiner shall annually~~  
 39 ~~furnish to the officers required to make reports by this chapter such~~  
 40 ~~printed blanks and forms, on which shall be indicated the information~~  
 41 ~~required, together with suitable printed instructions for filling out the~~  
 42 ~~same.~~



1 SECTION 11. IC 5-11-1-7 IS AMENDED TO READ AS  
 2 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 7. (a) The state  
 3 examiner shall appoint assistants not exceeding the number required to  
 4 administer this article. The assistants are to be known as "field  
 5 examiners" and are at all times subject to the order and direction of the  
 6 state examiner. Field examiners shall inspect and examine accounts of  
 7 all state agencies, municipalities, and other governmental units,  
 8 entities, or instrumentalities.

9 (b) The state examiner may engage or, **in accordance with section**  
 10 **24 of this chapter**, allow the engagement of private examiners to the  
 11 extent the state examiner determines necessary to satisfy the  
 12 requirements of this article. These examiners are subject to the  
 13 direction of the state examiner while performing examinations under  
 14 this article.

15 (c) The state examiner may engage experts to assist the state board  
 16 of accounts in carrying out its responsibilities under this article.

17 SECTION 12. IC 5-11-1-9, AS AMENDED BY P.L.280-2013,  
 18 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 19 JULY 1, 2015]: Sec. 9. (a) The state examiner, personally or through  
 20 the deputy examiners, field examiners, or private examiners, shall  
 21 examine all accounts and all financial affairs of every public office and  
 22 officer, state office, state institution, and entity.

23 (b) An examination of an entity deriving:

24 (1) less than fifty percent (50%); or

25 (2) subject to subsection (h), at least fifty percent (50%) but less  
 26 than two hundred thousand dollars (\$200,000) if the entity is  
 27 organized as a not-for-profit corporation;

28 of its disbursements during the period subject to an examination from  
 29 appropriations, public funds, taxes, and other sources of public expense  
 30 shall be limited to matters relevant to the use of the public money  
 31 received by the entity.

32 (c) The examination of an entity described in subsection (b) may be  
 33 waived ~~or deferred~~ by the state examiner if the state examiner  
 34 determines in writing that all disbursements of public money during the  
 35 period subject to examination were made for the purposes for which the  
 36 money was received. However, the:

37 (1) Indiana economic development corporation created by  
 38 IC 5-28-3 and the corporation's funds, accounts, and financial  
 39 affairs; and

40 (2) department of financial institutions established by  
 41 IC 28-11-1-1 and the department's funds, accounts, and financial  
 42 affairs;



1 shall be examined ~~biennially~~ by the state board of accounts.

2 (d) On every examination under this section, inquiry shall be made  
3 as to the following:

4 (1) The financial condition and resources of each municipality,  
5 office, institution, or entity.

6 (2) Whether the laws of the state and the uniform compliance  
7 guidelines of the state board of accounts established under section  
8 24 of this chapter have been complied with.

9 (3) The methods and accuracy of the accounts and reports of the  
10 person examined.

11 The examinations ~~shall~~ **may** be made without notice.

12 (e) If during an examination of a state office under this chapter the  
13 examiner encounters an inefficiency in the operation of the state office,  
14 the examiner may comment on the inefficiency in the examiner's report.

15 (f) The state examiner, deputy examiners, any field examiner, or any  
16 private examiner, when engaged in making any examination or when  
17 engaged in any official duty devolved upon them by the state examiner,  
18 is entitled to do the following:

19 (1) Enter into any state, county, city, township, or other public  
20 office in this state, or any entity, agency, or instrumentality, and  
21 examine any books, papers, documents, or electronically stored  
22 information for the purpose of making an examination.

23 (2) Have access, in the presence of the custodian or the  
24 custodian's deputy, to the cash drawers and cash in the custody of  
25 the officer.

26 (3) During business hours, examine the public accounts in any  
27 depository that has public funds in its custody pursuant to the  
28 laws of this state.

29 (g) The state examiner, deputy examiner, or any field examiner,  
30 when engaged in making any examination authorized by law, may issue  
31 subpoenas for witnesses to appear before the examiner in person or to  
32 produce books, papers, or other records (including records stored in  
33 electronic data processing systems) for inspection and examination.  
34 The state examiner, deputy examiner, and any field examiner may  
35 administer oaths and examine witnesses under oath orally or by  
36 interrogatories concerning the matters under investigation and  
37 examination. Under the authority of the state examiner, the oral  
38 examinations may be transcribed with the reasonable expense paid by  
39 the examined person in the same manner as the compensation of the  
40 field examiner is paid. The subpoenas shall be served by any person  
41 authorized to serve civil process from any court in this state. If a  
42 witness duly subpoenaed refuses to attend, refuses to produce



1 information required in the subpoena, or attends and refuses to be  
 2 sworn or affirmed, or to testify when called upon to do so, the examiner  
 3 may apply to the circuit court having jurisdiction of the witness for the  
 4 enforcement of attendance and answers to questions as provided by the  
 5 law governing the taking of depositions.

6 (h) ~~This subsection applies to audited years beginning after June 30,~~  
 7 ~~2009.~~ The definitions in IC 20-24-1 apply throughout this subsection.  
 8 Appropriations, public funds, taxes, and other sources of public money  
 9 received by a nonprofit corporation as a charter school or organizer of  
 10 a charter school for the purposes of a charter school may not be  
 11 counted for the purpose of applying subsection (b)(2). Unless the  
 12 nonprofit corporation receives other public money that would qualify  
 13 the nonprofit corporation for a full examination of all accounts and  
 14 financial affairs of the entity under subsection (b)(2), an examination  
 15 of a charter school or organizer of a charter school must be limited to  
 16 matters relevant to the use of the public money received for the charter  
 17 school. This subsection does not prohibit the state examiner, personally  
 18 or through the deputy examiners, field examiners, or private examiners,  
 19 from examining the accounts in which appropriations, public funds,  
 20 taxes, or other sources of public money are applied that are received by  
 21 a nonprofit corporation as a charter school or organizer of a charter  
 22 school relating to the operation of the charter school.

23 SECTION 13. IC 5-11-1-16, AS AMENDED BY P.L.104-2014,  
 24 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 25 JULY 1, 2015]: Sec. 16. (a) As used in this article, "municipality"  
 26 means any county, township, city, town, school corporation, special  
 27 taxing district, or other political subdivision of Indiana.

28 (b) As used in this article, "state" means any board, commission,  
 29 department, division, bureau, committee, agency, governmental  
 30 subdivision, military body, authority, or other instrumentality of the  
 31 state, but does not include a municipality.

32 (c) As used in this article, "public office" means the office of any  
 33 and every individual who for or on behalf of the state or any  
 34 municipality or any public hospital holds, receives, disburses, or keeps  
 35 the accounts of the receipts and disbursements of any public funds.

36 (d) As used in this article, "public officer" means any individual  
 37 who holds, receives, disburses, or is required by law to keep any  
 38 account of public funds or other funds for which the individual is  
 39 accountable by virtue of the individual's public office.

40 (e) As used in this article, "entity" means any provider of goods,  
 41 services, or other benefits that is:

42 (1) maintained in whole or in part at public expense; or



1 (2) supported in whole or in part by appropriations or public funds  
 2 or by taxation.

3 The term does not include the state or a municipality (as defined in this  
 4 section).

5 (f) As used in this article, a "public hospital" means either of the  
 6 following:

7 (1) An institution licensed under IC 16-21 and which is owned by  
 8 the state or an agency of the state or one which is a municipal  
 9 corporation. A hospital is a municipal corporation if its governing  
 10 board members are appointed by elected officials of a  
 11 municipality.

12 (2) A state institution (as defined in IC 12-7-2-184).

13 (g) As used in this article, "audit committee" refers to the audit and  
 14 financial reporting subcommittee of the legislative council established  
 15 by IC 2-5-1.1-6.3.

16 **(h) As used in this article, "audited entity" has the meaning set  
 17 forth in IC 2-5-1.1-6.3.**

18 SECTION 14. IC 5-11-1-18 IS AMENDED TO READ AS  
 19 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 18. All examinations  
 20 under this chapter ~~shall~~ **may** be made without notice to the officers  
 21 whose accounts are to be examined, and without notice to any clerk,  
 22 deputy, employee, or other person employed in or connected with the  
 23 office or the business of such an officer. A person who recklessly  
 24 communicates knowledge of any proposed examination of any public  
 25 account:

26 **(1) that the board has determined to make without notice  
 27 under this section; and**

28 **(2) to the officer in charge of the account or to any other  
 29 unauthorized person;**

30 commits a Class B misdemeanor.

31 SECTION 15. IC 5-11-1-24 IS AMENDED TO READ AS  
 32 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 24. (a) The state board  
 33 of accounts shall establish in writing uniform compliance guidelines  
 34 for the examinations and reports required by this chapter. The uniform  
 35 compliance guidelines must include the standards that an entity must  
 36 observe to avoid a finding that is critical of the **audited** entity for a  
 37 reason other than the **audited** entity's failure to comply with a specific  
 38 law.

39 (b) The state board of accounts may not establish guidelines for the  
 40 auditing of an **audited** entity that are inconsistent with any federal  
 41 audit guidelines that govern the **audited** entity.



1 (c) The state board of accounts must distribute the uniform  
2 compliance guidelines to each **audited** entity that the state board of  
3 accounts may audit.

4 (d) If the state board of accounts engages or authorizes the  
5 engagement of a private examiner to perform an examination under this  
6 chapter, the examination and report must comply with the uniform  
7 compliance guidelines established under subsection (a). If a person  
8 subject to examination under this chapter engages a private examiner,  
9 the contract with the private examiner must require the examination  
10 and report to comply with the uniform compliance guidelines  
11 established under subsection (a).

12 (e) ~~The state or a municipality~~ **An audited entity** may not request  
13 proposals for performing examinations of an **audited** entity ~~that is~~  
14 ~~subject to examination under this chapter~~ unless the request for  
15 proposals has been submitted to and approved by the state board of  
16 accounts.

17 (f) ~~The state or a municipality, may not enter into a contract with an~~  
18 ~~entity subject to examination under this chapter if the contract does not~~  
19 ~~permit the examinations and require the reports prescribed by this~~  
20 ~~chapter.~~

21 SECTION 16. IC 5-11-1-24.4 IS ADDED TO THE INDIANA  
22 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
23 [EFFECTIVE JULY 1, 2015]: **Sec. 24.4. (a) This section applies only**  
24 **to an audited entity (excluding a school corporation or a college or**  
25 **university (as defined in IC 21-7-13-10)) that has:**

26 (1) **an internal control officer; and**

27 (2) **an internal control department;**

28 **established by the legislative body of the audited entity. However,**  
29 **the requirements of this section do not apply to a consolidated city**  
30 **that hires an internal auditor or an independent certified public**  
31 **accountant, or both, as authorized under IC 36-3-4-24 to examine**  
32 **the books and records of the consolidated city.**

33 (b) **An audited entity may request in writing that the state board**  
34 **of accounts authorize the audited entity to:**

35 (1) **opt out of examinations by the state board of accounts;**  
36 **and**

37 (2) **engage a certified public accountant to conduct the**  
38 **examinations.**

39 **The request must be approved by resolution adopted by the**  
40 **legislative body for the audited entity.**

41 (c) **The state board of accounts shall, not more than sixty (60)**  
42 **days after receiving a written request under subsection (b):**





- 1           **(1) acknowledge receipt of the request; and**  
 2           **(2) notify the requesting audited entity that the request is:**  
 3               **(A) approved; or**  
 4               **(B) disapproved.**  
 5           **(d) The state board of accounts shall approve a request under**  
 6 **subsection (b) by an audited entity if the state examiner determines**  
 7 **that:**  
 8               **(1) the audited entity filed the written request under**  
 9 **subsection (b) with the state board of accounts more than one**  
 10 **hundred eighty (180) days before the beginning of the audited**  
 11 **entity's fiscal year;**  
 12               **(2) the audited entity selects the certified public accountant in**  
 13 **accordance with the selection procedure under this section;**  
 14               **(3) the certified public accountant selected by the audited**  
 15 **entity is:**  
 16                   **(A) licensed in Indiana; and**  
 17                   **(B) qualified to conduct examinations in accordance with**  
 18 **the government auditing standards adopted by the state**  
 19 **board of accounts;**  
 20               **(4) the certified public accountant's examination shall:**  
 21                   **(A) be conducted in accordance with the guidelines**  
 22 **established by the state board of accounts; and**  
 23                   **(B) make findings regarding the audited entity's**  
 24 **compliance with the uniform compliance guidelines**  
 25 **established by the state board of accounts;**  
 26               **(5) the certified public accountant's examination is paid for by**  
 27 **the audited entity; and**  
 28               **(6) the certified public accountant's examination of the**  
 29 **audited entity includes:**  
 30                   **(A) all associated component units;**  
 31                   **(B) audits required or necessary for federal financial**  
 32 **assistance;**  
 33                   **(C) findings of noncompliance with state law and uniform**  
 34 **compliance guidelines as required by IC 5-11-5-1; and**  
 35                   **(D) a separate report in accordance with the guidelines**  
 36 **established by the state board of accounts for any items of**  
 37 **noncompliance identified.**  
 38           **(e) The audited entity must use the following selection**  
 39 **procedures:**  
 40               **(1) The legislative body of the audited entity shall establish an**  
 41 **audit committee to facilitate the selection of a certified public**



1 accountant. The audit committee shall be composed of the  
2 following three (3) members:

3 (A) One (1) member of the legislative body appointed by  
4 the legislative body.

5 (B) One (1) certified public accountant appointed by the  
6 legislative body who is not the fiscal officer or an employee  
7 of the audited entity.

8 (C) One (1) person appointed by the executive of the  
9 audited entity who is qualified due to an involvement with  
10 financial matters, and who is not the fiscal officer or an  
11 employee of the audited entity.

12 Each member shall be appointed for a three (3) year term and  
13 shall serve without compensation. However, a member  
14 appointed under subdivision (1)(A) who ceases to hold the  
15 office of legislative body member ceases to be a member of the  
16 audit committee. A member may not have a contractual  
17 relationship, financial interest, or political affiliation with the  
18 certified public accountant selected.

19 (2) The audit committee established under subdivision (1)  
20 shall do the following:

21 (A) Establish factors to evaluate the audit services  
22 provided by a certified public accountant, including:

23 (i) experience;

24 (ii) ability to perform the required services;

25 (iii) capability to follow the guidelines and standards  
26 adopted by the state board of accounts;

27 (iv) ability to timely complete all necessary components  
28 of the examination; and

29 (v) any other factors considered necessary by the audit  
30 committee.

31 (B) Publish notice of a request for proposals under  
32 IC 5-3-1 that includes:

33 (i) a brief description of the audit requirements;

34 (ii) a time frame;

35 (iii) application procedures;

36 (iv) evaluation criteria; and

37 (v) any other items considered necessary by the audit  
38 committee.

39 (C) Evaluate the proposals submitted by qualified certified  
40 public accountants. If compensation is a factor established  
41 under clause (A), it may not be the sole factor used to  
42 evaluate proposals.



- 1                   **(D) Rank and recommend in order of preference not fewer**  
 2                   **than three (3) certified public accountants considered most**  
 3                   **highly qualified on the factors established under clause (A).**  
 4                   **If fewer than three (3) certified public accountants respond**  
 5                   **to the request for proposals, the audit committee shall**  
 6                   **recommend the remaining qualified certified public**  
 7                   **accountants in order of preference.**
- 8                   **(3) The legislative body of the audited entity shall select a**  
 9                   **qualified certified public accountant from the list**  
 10                   **recommended by the audit committee and shall negotiate a**  
 11                   **contract with the certified public accountant using one (1) of**  
 12                   **the following methods:**
- 13                   **(A) If compensation is a factor established under**  
 14                   **subdivision (2)(A), the legislative body shall:**
- 15                   **(i) select; or**  
 16                   **(ii) document the reason for not selecting;**  
 17                   **the highest-ranked certified public accountant.**
- 18                   **(B) If compensation is not a factor established under**  
 19                   **subdivision (2)(A), the legislative body shall negotiate a**  
 20                   **contract with the highest-ranked qualified certified public**  
 21                   **accountant. If unable to negotiate a satisfactory contract**  
 22                   **with the highest-ranked qualified certified public**  
 23                   **accountant, the legislative body shall:**
- 24                   **(i) formally terminate negotiations; and**  
 25                   **(ii) negotiate with the second highest-ranked certified**  
 26                   **public accountant.**
- 27                   **Negotiations with the other ranked certified public**  
 28                   **accountants shall be undertaken in the same manner. The**  
 29                   **legislative body may reopen formal negotiations with any**  
 30                   **of the top three (3) ranked certified public accountants but**  
 31                   **may not negotiate with more than one (1) certified public**  
 32                   **accountant at a time.**
- 33                   **(C) The legislative body may select a certified public**  
 34                   **accountant recommended by the audit committee and**  
 35                   **negotiate a contract using an appropriate alternative**  
 36                   **negotiation method for which compensation is not the sole**  
 37                   **or predominant factor.**
- 38                   **(D) In negotiations with a certified public accountant, the**  
 39                   **legislative body may allow a designee, who is not the fiscal**  
 40                   **officer of the audited entity, to conduct negotiations on its**  
 41                   **behalf.**



1 (4) If the legislative body is unable to negotiate a satisfactory  
 2 contract with any of the recommended certified public  
 3 accountants, the audit committee shall recommend additional  
 4 certified public accountants, and negotiations shall continue  
 5 in accordance with this section until an agreement is reached.

6 (5) The procurement of audit services shall be evidenced by a  
 7 written contract embodying all provisions and conditions. For  
 8 purposes of this section, an engagement letter signed and  
 9 executed by both parties shall constitute a written contract.

10 The written contract shall include the following provisions:

11 (A) Specification of services to be provided and fees or  
 12 other compensation for the services.

13 (B) Invoices for fees or other compensation shall be  
 14 submitted in sufficient detail to demonstrate compliance  
 15 with the terms of the contract.

16 (C) Specification of the contract period and conditions  
 17 under which the contract may be terminated or renewed.

18 (D) The certified public accountant shall perform the  
 19 examination in accordance with:

20 (i) the guidelines and standards adopted by the state  
 21 board of accounts;

22 (ii) auditing standards generally accepted in the United  
 23 States; and

24 (iii) if applicable, government auditing standards, Office  
 25 of Management and Budget Circular A-133, and any  
 26 other guidelines required by the industry.

27 (E) If the certified public accountant discovers or suspects  
 28 instances of fraud, abuse of public funds, or the  
 29 commission of a crime, the certified public accountant  
 30 shall notify the state board of accounts:

31 (i) immediately; and

32 (ii) before disclosing the discovery or suspicion to the  
 33 audited entity.

34 (F) The certified public accountant shall deliver the  
 35 completed examination report to the state board of  
 36 accounts:

37 (i) at the same time as the audited entity; and

38 (ii) not later than thirty (30) days after completion of the  
 39 examination.

40 The report shall be in a readable format prescribed by the  
 41 state board of accounts.



- 1           **(G) All work papers supporting the examination report**  
 2           **shall be available for review by the state board of accounts.**  
 3           **(6) If a legislative body of an audited entity renews a written**  
 4           **contract with a certified public accountant that was entered**  
 5           **into in accordance with this section, the legislative body may**  
 6           **renew the contract without complying with the selection**  
 7           **procedures in this subsection.**  
 8           **(f) The certified public accountant must deliver the completed**  
 9           **examination report to the state board of accounts not later than**  
 10          **thirty (30) days after completion of the examination. The state**  
 11          **board of accounts shall review the examination report and may:**  
 12               **(1) ask questions of the certified public accountant;**  
 13               **(2) review the examination work papers; and**  
 14               **(3) take any other actions necessary to verify that the**  
 15               **guidelines and standards adopted by the state board of**  
 16               **accounts have been satisfied.**  
 17          **(g) If the certified public accountant's examination:**  
 18               **(1) satisfies the guidelines and standards adopted by the state**  
 19               **board of accounts, the state examiner shall publicly file the**  
 20               **examination report under IC 5-11-5-1; or**  
 21               **(2) fails to satisfy the guidelines and standards adopted by the**  
 22               **state board of accounts:**  
 23                       **(A) the state board of accounts shall perform the audit;**  
 24                       **and**  
 25                       **(B) the audited entity shall reimburse the state board of**  
 26                       **accounts for the actual and direct cost of performing the**  
 27                       **examination.**  
 28          **(h) An audited entity that engages a certified public accountant**  
 29          **under this section shall reimburse the state board of accounts for**  
 30          **all direct and indirect costs incurred by the state board of accounts**  
 31          **for any technical assistance and support requested by the audited**  
 32          **entity.**  
 33          **(i) An audited entity may terminate the use of a certified public**  
 34          **accountant engaged under this section if:**  
 35               **(1) the termination is approved by resolution adopted by the**  
 36               **legislative body of the audited entity; and**  
 37               **(2) written notice of the termination is provided to the state**  
 38               **board of accounts more than one hundred eighty (180) days**  
 39               **before the beginning of the audited entity's fiscal year.**  
 40          **(j) Conducting an examination of an audited entity by a certified**  
 41          **public accountant does not prohibit the state board of accounts**  
 42          **from conducting a compliance review of the audited entity or an**



1 examination under section 9.5 of this chapter on the schedule  
2 determined by the state board of accounts.

3 SECTION 17. IC 5-11-1-25 IS AMENDED TO READ AS  
4 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 25. (a) **This section  
5 and section 24.4 of this chapter do not limit the application of any  
6 law that requires a municipality, a public hospital, another public  
7 office or public officer, an entity, or another person or organization  
8 to be audited or otherwise examined on an annual or other basis  
9 by:**

10 (1) a certified public accountant; or

11 (2) a person other than the state examiner or the state board  
12 of accounts.

13 (b) Subject to section 9 of this chapter and subsections (c) and  
14 (d), the state board of accounts shall conduct examinations of  
15 audited entities at the times determined by the state board of  
16 accounts, but not less than once every four (4) years, using risk  
17 based examination criteria that are established by the state board  
18 of accounts and approved by the audit committee. The risk based  
19 examination criteria must include the following risk factors:

20 (1) An audited entity has a newly elected or appointed fiscal  
21 officer.

22 (2) An audited entity:

23 (A) has not timely filed; or

24 (B) has filed a materially incorrect or incomplete;

25 annual financial report required by section 4 of this chapter.

26 (3) Any other factor determined by the state examiner and  
27 approved by the audit committee.

28 (c) Examinations ~~under this chapter shall~~ **must** be conducted  
29 annually for the following:

30 (1) The state.

31 (2) ~~Cities.~~

32 (3) ~~Counties.~~

33 (4) ~~Towns with a population greater than five thousand (5,000).~~

34 (5) ~~Public hospitals.~~

35 (2) An audited entity (other than a school corporation) that  
36 requires an annual audit:

37 (A) because of the receipt of federal financial assistance in  
38 an amount that subjects the audited entity to an annual  
39 federal audit;

40 (B) due to continuing disclosure requirements; or

41 (C) as a condition of a public bond issuance.



1       **An audited entity shall, under the guidelines established by the**  
 2       **state board of accounts, provide notice to the state examiner not**  
 3       **later than sixty (60) days after the close of the audited entity's**  
 4       **fiscal year that the audited entity is required to have an annual**  
 5       **audit under subdivision (2).**

6       (b) Subject to section 9 of this chapter, examinations under this  
 7       chapter shall be conducted biennially for:

8           (1) municipalities; and

9           (2) entities;

10       that are not listed in subsection (a).

11       (d) As permitted under this section since September 1, 1986 (the  
 12       effective date of P.L.3-1986, SECTION 16), examinations of school  
 13       corporations shall be conducted biennially.

14       SECTION 18. IC 5-11-1-28 IS ADDED TO THE INDIANA CODE  
 15       AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 16       1, 2015]: Sec. 28. (a) An audited entity may request that an  
 17       examination conducted by the state board of accounts be  
 18       conducted in accordance with generally accepted accounting  
 19       principles. A request by a public officer must be approved by  
 20       resolution adopted by the legislative body for the audited entity.

21       (b) The state board of accounts shall, not more than sixty (60)  
 22       days after receiving a request under subsection (a):

23           (1) acknowledge receipt of the request; and

24           (2) notify the requesting public officer or legislative body that  
 25           the request is:

26               (A) approved; or

27               (B) disapproved.

28       (c) The state board of accounts shall approve a request under  
 29       subsection (a) unless the state examiner determines that:

30           (1) the audited entity, under the guidelines established by the  
 31           state board of accounts, did not request the audit within sixty  
 32           (60) days after the close of the audited entity's fiscal year;

33           (2) the audited entity does not conduct its accounting  
 34           according to generally accepted accounting principles;

35           (3) the audited entity did not maintain the audited entity's  
 36           financial records during the preceding year on a generally  
 37           accepted accounting principles basis;

38           (4) the annual financial statements and notes to the financial  
 39           statements are not presented or will not be presented to the  
 40           state board of accounts for audit on the schedule agreed to by  
 41           the state examiner; or



1           **(5) the audited entity does not follow the other guidelines**  
 2           **established by the state board of accounts.**

3           SECTION 19. IC 5-11-5-1, AS AMENDED BY P.L.104-2014,  
 4           SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 5           JULY 1, 2015]: Sec. 1. (a) Whenever an examination is made under  
 6           this article, a report of the examination shall be made. The report must  
 7           include a list of findings and shall be signed and verified by the  
 8           examiner making the examination. A finding that is critical of an  
 9           examined entity must be based upon one (1) of the following:

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

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

13           A report that includes a finding that is critical of an examined entity  
 14           must designate the uniform compliance guideline or the specific law  
 15           upon which the finding is based. The reports shall immediately be filed  
 16           with the state examiner, and, after inspection of the report, the state  
 17           examiner shall immediately file one (1) copy with the officer or person  
 18           examined, one (1) copy with the auditing department of the  
 19           municipality examined and reported upon (if the subject of the report  
 20           is a municipality), and one (1) copy in an electronic format under  
 21           IC 5-14-6 with the legislative services agency, as staff to the audit  
 22           committee and the general assembly. Upon filing, the report becomes  
 23           a part of the public records of the office of the state examiner, of the  
 24           office or the person examined, of the auditing department of the  
 25           municipality examined and reported upon, and of the legislative  
 26           services agency, as staff to the audit committee and the general  
 27           assembly. A report is open to public inspection at all reasonable times  
 28           after it is filed. If an examination discloses malfeasance, misfeasance,  
 29           or nonfeasance in office or of any officer or employee, a copy of the  
 30           report, signed and verified, shall be placed by the state examiner with  
 31           the attorney general and the inspector general. The attorney general  
 32           shall diligently institute and prosecute civil proceedings against the  
 33           delinquent officer, or upon the officer's official bond, or both, and  
 34           against any other proper person that will secure to the state or to the  
 35           proper municipality the recovery of any funds misappropriated,  
 36           diverted, or unaccounted for.

37           (b) Before an examination report is signed, verified, and filed as  
 38           required by subsection (a), the officer or the chief executive officer of  
 39           the state office, municipality, or entity examined must have an  
 40           opportunity to review the report and to file with the state examiner a  
 41           written response to that report. If a written response is filed, it becomes  
 42           a part of the examination report that is signed, verified, and filed as





1 required by subsection (a). As part of the review of the examination  
2 report, the state examiner shall hold a gathering of the officer or  
3 chief executive officer of the state office, municipality, or entity  
4 examined, any employees or agents of the state office, municipality,  
5 or entity examined who are requested to attend by the officer or  
6 chief executive officer of the state office, municipality, or entity  
7 examined, and the members of the legislative and fiscal bodies of  
8 the municipality or entity examined. Such a gathering is referred  
9 to as an "exit conference" for purposes of this subsection. The  
10 following apply to an exit conference:

11 (1) All information discussed and materials presented or  
12 delivered by any person during an exit conference are  
13 confidential and may not be discussed or shared publicly until  
14 the earliest of the occurrences set forth in subsection (g).  
15 However, the information discussed and materials presented  
16 or delivered during an exit conference may be shared with an  
17 officer, employee, consultant, adviser, or attorney of the  
18 officer or chief executive officer of the state office,  
19 municipality, or entity examined who was not present at the  
20 exit conference. An individual with whom information and  
21 materials are shared must maintain the confidentiality of the  
22 information and materials as provided in this subdivision  
23 until the earliest of the occurrences set forth in subsection (g).

24 (2) An individual attending an exit conference may not  
25 electronically record the exit conference.

26 (3) An exit conference is not a meeting (as defined in  
27 IC 5-14-1.5-2(c)) for purposes of IC 5-14-1.5 or any other law.

28 (4) If the state examiner determines after the exit conference  
29 that additional actions must be undertaken by a deputy  
30 examiner, field examiner, or private examiner with respect to  
31 information discussed or materials presented at the exit  
32 conference, the state examiner may call for an additional exit  
33 conference to be held.

34 (5) Not more than thirty (30) days after the initial exit  
35 conference is held under this subsection, the legislative body  
36 of the municipality or entity examined and reported upon may  
37 adopt a resolution, approved by at least a two-thirds (2/3) vote  
38 of the legislative body, requesting that an additional exit  
39 conference be held. The legislative body shall notify the state  
40 board of accounts if the legislative body adopts a resolution  
41 under this subdivision. If a legislative body adopts a  
42 resolution under this subdivision, the state board of accounts



1 shall conduct an additional exit conference not more than  
 2 sixty (60) days after the state board of accounts receives  
 3 notice of the adoption of the resolution. The municipality or  
 4 entity examined must pay the travel and staff costs incurred  
 5 by the state board of accounts in conducting an additional exit  
 6 conference under this subdivision.

7 (6) A final report under subsection (a) may not be issued  
 8 earlier than forty-five (45) days after the initial exit  
 9 conference is held under this subsection.

10 (c) Except as ~~required~~ **provided** by subsections (b), ~~and (d), and (e),~~  
 11 it is unlawful for any ~~deputy examiner, field examiner, or private~~  
 12 ~~examiner, person,~~ before an examination report is made public as  
 13 provided by this section, to make any disclosure of the result of any  
 14 examination of any public account, except:

15 (1) to the state examiner; ~~or~~

16 (2) if directed to give publicity to the examination report by the  
 17 state examiner or by any court;

18 (3) to another **deputy examiner, field examiner, or private**  
 19 **examiner engaged in conducting the examination; or**

20 (4) **if directed by the state examiner, to the chair of the audit**  
 21 **committee or the members of the audit committee acting in**  
 22 **executive session, or both.**

23 If an examination report shows or discloses the commission of a crime  
 24 by any person, it is the duty of the state examiner to transmit and  
 25 present the examination report to the ~~grand jury prosecuting attorney~~  
 26 of the county in which the crime was committed. ~~at its first session~~  
 27 ~~after the making of the examination report and at any subsequent~~  
 28 ~~sessions that may be required.~~ The state examiner shall furnish to the  
 29 ~~grand jury 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.



1 (e) After receiving a preliminary report under subsection (d), the  
 2 state examiner may provide a copy of the report to the attorney general.  
 3 The attorney general may institute and prosecute civil proceedings  
 4 against the delinquent officer or employee, or upon the officer's or  
 5 employee's official bond, or both, and against any other proper person  
 6 that will secure to the state or to the proper municipality the recovery  
 7 of any funds misappropriated, diverted, or unaccounted 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**  
 11 **materials that are part of an exit conference under subsection (b)**  
 12 **and the results of an examination, including a preliminary report**  
 13 **under subsection (d), is are confidential until the occurrence of the**  
 14 **earliest of the following:**

15 (1) The final report **is made public** under subsection (a). ~~is~~  
 16 ~~issued;~~

17 (2) **The results of the examination are publicized under**  
 18 **subsection (c)(2).** ~~unless~~

19 (3) The attorney general institutes an action under subsection (e)  
 20 on the basis of the preliminary report.

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

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

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

34 (i) **Unless in accordance with a judicial order or as otherwise**  
 35 **provided in this section, the state board of accounts or its**  
 36 **employees, former employees, counsel, or agents, or any other**  
 37 **person may not divulge the examination workpapers and**  
 38 **investigation records of a deputy examiner, a field examiner, or a**  
 39 **private examiner acting as an agent of the state examiner, except**  
 40 **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**  
 2           **prosecuting attorney, or any other legal representative of the**  
 3           **state in any action with respect to the misappropriation or**  
 4           **diversion of public funds; or**

5           **(4) an authorized representative of the United States.**

6           SECTION 20. IC 5-14-3-4, AS AMENDED BY P.L.168-2014,  
 7           SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 8           JULY 1, 2015]: Sec. 4. (a) The following public records are excepted  
 9           from section 3 of this chapter and may not be disclosed by a public  
 10          agency, unless access to the records is specifically required by a state  
 11          or federal statute or is ordered by a court under the rules of discovery:

12          (1) Those declared confidential by state statute.

13          (2) Those declared confidential by rule adopted by a public  
 14          agency under specific authority to classify public records as  
 15          confidential granted to the public agency by statute.

16          (3) Those required to be kept confidential by federal law.

17          (4) Records containing trade secrets.

18          (5) Confidential financial information obtained, upon request,  
 19          from a person. However, this does not include information that is  
 20          filed with or received by a public agency pursuant to state statute.

21          (6) Information concerning research, including actual research  
 22          documents, conducted under the auspices of a state educational  
 23          institution, including information:

24                  (A) concerning any negotiations made with respect to the  
 25                  research; and

26                  (B) received from another party involved in the research.

27          (7) Grade transcripts and license examination scores obtained as  
 28          part of a licensure process.

29          (8) Those declared confidential by or under rules adopted by the  
 30          supreme court of Indiana.

31          (9) Patient medical records and charts created by a provider,  
 32          unless the patient gives written consent under IC 16-39 or as  
 33          provided under IC 16-41-8.

34          (10) Application information declared confidential by the board  
 35          of the Indiana economic development corporation under  
 36          IC 5-28-16.

37          (11) A photograph, a video recording, or an audio recording of an  
 38          autopsy, except as provided in IC 36-2-14-10.

39          (12) A Social Security number contained in the records of a  
 40          public agency.

41          (13) The following information that is part of a foreclosure action  
 42          subject to IC 32-30-10.5:



- 1 (A) Contact information for a debtor, as described in  
 2 IC 32-30-10.5-8(d)(1)(B).  
 3 (B) Any document submitted to the court as part of the debtor's  
 4 loss mitigation package under IC 32-30-10.5-10(a)(3).  
 5 **(14) The following information obtained from a call made to**  
 6 **a fraud hotline established under IC 36-1-8-8.5:**  
 7 **(A) The identity of any individual who makes a call to the**  
 8 **fraud hotline.**  
 9 **(B) A report, transcript, audio recording, or other**  
 10 **information concerning a call to the fraud hotline.**  
 11 **However, records described in this subdivision may be**  
 12 **disclosed to a law enforcement agency, the attorney general,**  
 13 **the inspector general, the state examiner, or a prosecuting**  
 14 **attorney.**  
 15 (b) Except as otherwise provided by subsection (a), the following  
 16 public records shall be excepted from section 3 of this chapter at the  
 17 discretion of a public agency:  
 18 (1) Investigatory records of law enforcement agencies. However,  
 19 certain law enforcement records must be made available for  
 20 inspection and copying as provided in section 5 of this chapter.  
 21 (2) The work product of an attorney representing, pursuant to  
 22 state employment or an appointment by a public agency:  
 23 (A) a public agency;  
 24 (B) the state; or  
 25 (C) an individual.  
 26 (3) Test questions, scoring keys, and other examination data used  
 27 in administering a licensing examination, examination for  
 28 employment, or academic examination before the examination is  
 29 given or if it is to be given again.  
 30 (4) Scores of tests if the person is identified by name and has not  
 31 consented to the release of the person's scores.  
 32 (5) The following:  
 33 (A) Records relating to negotiations between the Indiana  
 34 economic development corporation, the ports of Indiana, the  
 35 Indiana state department of agriculture, the Indiana finance  
 36 authority, an economic development commission, a local  
 37 economic development organization (as defined in  
 38 IC 5-28-11-2(3)), or a governing body of a political  
 39 subdivision with industrial, research, or commercial prospects,  
 40 if the records are created while negotiations are in progress.  
 41 (B) Notwithstanding clause (A), the terms of the final offer of  
 42 public financial resources communicated by the Indiana



- 1 economic development corporation, the ports of Indiana, the  
 2 Indiana finance authority, an economic development  
 3 commission, or a governing body of a political subdivision to  
 4 an industrial, a research, or a commercial prospect shall be  
 5 available for inspection and copying under section 3 of this  
 6 chapter after negotiations with that prospect have terminated.  
 7 (C) When disclosing a final offer under clause (B), the Indiana  
 8 economic development corporation shall certify that the  
 9 information being disclosed accurately and completely  
 10 represents the terms of the final offer.  
 11 (D) Notwithstanding clause (A), an incentive agreement with  
 12 an incentive recipient shall be available for inspection and  
 13 copying under section 3 of this chapter after the date the  
 14 incentive recipient and the Indiana economic development  
 15 corporation execute the incentive agreement regardless of  
 16 whether negotiations are in progress with the recipient after  
 17 that date regarding a modification or extension of the incentive  
 18 agreement.
- 19 (6) Records that are intra-agency or interagency advisory or  
 20 deliberative material, including material developed by a private  
 21 contractor under a contract with a public agency, that are  
 22 expressions of opinion or are of a speculative nature, and that are  
 23 communicated for the purpose of decision making.
- 24 (7) Diaries, journals, or other personal notes serving as the  
 25 functional equivalent of a diary or journal.
- 26 (8) Personnel files of public employees and files of applicants for  
 27 public employment, except for:
- 28 (A) the name, compensation, job title, business address,  
 29 business telephone number, job description, education and  
 30 training background, previous work experience, or dates of  
 31 first and last employment of present or former officers or  
 32 employees of the agency;
- 33 (B) information relating to the status of any formal charges  
 34 against the employee; and
- 35 (C) the factual basis for a disciplinary action in which final  
 36 action has been taken and that resulted in the employee being  
 37 suspended, demoted, or discharged.
- 38 However, all personnel file information shall be made available  
 39 to the affected employee or the employee's representative. This  
 40 subdivision does not apply to disclosure of personnel information  
 41 generally on all employees or for groups of employees without the  
 42 request being particularized by employee name.



- 1 (9) Minutes or records of hospital medical staff meetings.
- 2 (10) Administrative or technical information that would
- 3 jeopardize a record keeping or security system.
- 4 (11) Computer programs, computer codes, computer filing
- 5 systems, and other software that are owned by the public agency
- 6 or entrusted to it and portions of electronic maps entrusted to a
- 7 public agency by a utility.
- 8 (12) Records specifically prepared for discussion or developed
- 9 during discussion in an executive session under IC 5-14-1.5-6.1.
- 10 However, this subdivision does not apply to that information
- 11 required to be available for inspection and copying under
- 12 subdivision (8).
- 13 (13) The work product of the legislative services agency under
- 14 personnel rules approved by the legislative council.
- 15 (14) The work product of individual members and the partisan
- 16 staffs of the general assembly.
- 17 (15) The identity of a donor of a gift made to a public agency if:
- 18 (A) the donor requires nondisclosure of the donor's identity as
- 19 a condition of making the gift; or
- 20 (B) after the gift is made, the donor or a member of the donor's
- 21 family requests nondisclosure.
- 22 (16) Library or archival records:
- 23 (A) which can be used to identify any library patron; or
- 24 (B) deposited with or acquired by a library upon a condition
- 25 that the records be disclosed only:
- 26 (i) to qualified researchers;
- 27 (ii) after the passing of a period of years that is specified in
- 28 the documents under which the deposit or acquisition is
- 29 made; or
- 30 (iii) after the death of persons specified at the time of the
- 31 acquisition or deposit.
- 32 However, nothing in this subdivision shall limit or affect contracts
- 33 entered into by the Indiana state library pursuant to IC 4-1-6-8.
- 34 (17) The identity of any person who contacts the bureau of motor
- 35 vehicles concerning the ability of a driver to operate a motor
- 36 vehicle safely and the medical records and evaluations made by
- 37 the bureau of motor vehicles staff or members of the driver
- 38 licensing medical advisory board regarding the ability of a driver
- 39 to operate a motor vehicle safely. However, upon written request
- 40 to the commissioner of the bureau of motor vehicles, the driver
- 41 must be given copies of the driver's medical records and
- 42 evaluations.



- 1 (18) School safety and security measures, plans, and systems,  
 2 including emergency preparedness plans developed under 511  
 3 IAC 6.1-2-2.5.
- 4 (19) A record or a part of a record, the public disclosure of which  
 5 would have a reasonable likelihood of threatening public safety  
 6 by exposing a vulnerability to terrorist attack. A record described  
 7 under this subdivision includes:
- 8 (A) a record assembled, prepared, or maintained to prevent,  
 9 mitigate, or respond to an act of terrorism under IC 35-47-12-1  
 10 or an act of agricultural terrorism under IC 35-47-12-2;
  - 11 (B) vulnerability assessments;
  - 12 (C) risk planning documents;
  - 13 (D) needs assessments;
  - 14 (E) threat assessments;
  - 15 (F) intelligence assessments;
  - 16 (G) domestic preparedness strategies;
  - 17 (H) the location of community drinking water wells and  
 18 surface water intakes;
  - 19 (I) the emergency contact information of emergency  
 20 responders and volunteers;
  - 21 (J) infrastructure records that disclose the configuration of  
 22 critical systems such as communication, electrical, ventilation,  
 23 water, and wastewater systems;
  - 24 (K) detailed drawings or specifications of structural elements,  
 25 floor plans, and operating, utility, or security systems, whether  
 26 in paper or electronic form, of any building or facility located  
 27 on an airport (as defined in IC 8-21-1-1) that is owned,  
 28 occupied, leased, or maintained by a public agency. A record  
 29 described in this clause may not be released for public  
 30 inspection by any public agency without the prior approval of  
 31 the public agency that owns, occupies, leases, or maintains the  
 32 airport. The public agency that owns, occupies, leases, or  
 33 maintains the airport:
  - 34 (i) is responsible for determining whether the public  
 35 disclosure of a record or a part of a record has a reasonable  
 36 likelihood of threatening public safety by exposing a  
 37 vulnerability to terrorist attack; and
  - 38 (ii) must identify a record described under item (i) and  
 39 clearly mark the record as "confidential and not subject to  
 40 public disclosure under IC 5-14-3-4(b)(19)(J) without  
 41 approval of (insert name of submitting public agency)"; and





- 1 (L) the home address, home telephone number, and emergency  
 2 contact information for any:
- 3 (i) emergency management worker (as defined in  
 4 IC 10-14-3-3);
  - 5 (ii) public safety officer (as defined in IC 35-47-4.5-3);
  - 6 (iii) emergency medical responder (as defined in  
 7 IC 16-18-2-109.8); or
  - 8 (iv) advanced emergency medical technician (as defined in  
 9 IC 16-18-2-6.5).
- 10 This subdivision does not apply to a record or portion of a record  
 11 pertaining to a location or structure owned or protected by a  
 12 public agency in the event that an act of terrorism under  
 13 IC 35-47-12-1 or an act of agricultural terrorism under  
 14 IC 35-47-12-2 has occurred at that location or structure, unless  
 15 release of the record or portion of the record would have a  
 16 reasonable likelihood of threatening public safety by exposing a  
 17 vulnerability of other locations or structures to terrorist attack.
- 18 (20) The following personal information concerning a customer  
 19 of a municipally owned utility (as defined in IC 8-1-2-1):
- 20 (A) Telephone number.
  - 21 (B) Address.
  - 22 (C) Social Security number.
- 23 (21) The following personal information about a complainant  
 24 contained in records of a law enforcement agency:
- 25 (A) Telephone number.
  - 26 (B) The complainant's address. However, if the complainant's  
 27 address is the location of the suspected crime, infraction,  
 28 accident, or complaint reported, the address shall be made  
 29 available for public inspection and copying.
- 30 (22) Notwithstanding subdivision (8)(A), the name,  
 31 compensation, job title, business address, business telephone  
 32 number, job description, education and training background,  
 33 previous work experience, or dates of first employment of a law  
 34 enforcement officer who is operating in an undercover capacity.
- 35 (23) Records requested by an offender that:
- 36 (A) contain personal information relating to:
    - 37 (i) a correctional officer (as defined in IC 5-10-10-1.5);
    - 38 (ii) a law enforcement officer (as defined in  
 39 IC 35-31.5-2-185);
    - 40 (iii) a judge (as defined in IC 33-38-12-3);
    - 41 (iv) the victim of a crime; or



- 1 (v) a family member of a correctional officer, law  
 2 enforcement officer (as defined in IC 35-31.5-2-185), judge  
 3 (as defined in IC 33-38-12-3), or victim of a crime; or  
 4 (B) concern or could affect the security of a jail or correctional  
 5 facility.
- 6 (24) Information concerning an individual less than eighteen (18)  
 7 years of age who participates in a conference, meeting, program,  
 8 or activity conducted or supervised by a state educational  
 9 institution, including the following information regarding the  
 10 individual or the individual's parent or guardian:
- 11 (A) Name.  
 12 (B) Address.  
 13 (C) Telephone number.  
 14 (D) Electronic mail account address.
- 15 (25) Criminal intelligence information.
- 16 (26) The following information contained in a report of unclaimed  
 17 property under IC 32-34-1-26 or in a claim for unclaimed  
 18 property under IC 32-34-1-36:
- 19 (A) date of birth;  
 20 (B) driver's license number;  
 21 (C) taxpayer identification number;  
 22 (D) employer identification number; or  
 23 (E) account number.
- 24 (c) Nothing contained in subsection (b) shall limit or affect the right  
 25 of a person to inspect and copy a public record required or directed to  
 26 be made by any statute or by any rule of a public agency.
- 27 (d) Notwithstanding any other law, a public record that is classified  
 28 as confidential, other than a record concerning an adoption or patient  
 29 medical records, shall be made available for inspection and copying  
 30 seventy-five (75) years after the creation of that record.
- 31 (e) Only the content of a public record may form the basis for the  
 32 adoption by any public agency of a rule or procedure creating an  
 33 exception from disclosure under this section.
- 34 (f) Except as provided by law, a public agency may not adopt a rule  
 35 or procedure that creates an exception from disclosure under this  
 36 section based upon whether a public record is stored or accessed using  
 37 paper, electronic media, magnetic media, optical media, or other  
 38 information storage technology.
- 39 (g) Except as provided by law, a public agency may not adopt a rule  
 40 or procedure nor impose any costs or liabilities that impede or restrict  
 41 the reproduction or dissemination of any public record.
- 42 (h) Notwithstanding subsection (d) and section 7 of this chapter:



- 1 (1) public records subject to IC 5-15 may be destroyed only in  
 2 accordance with record retention schedules under IC 5-15; or  
 3 (2) public records not subject to IC 5-15 may be destroyed in the  
 4 ordinary course of business.

5 SECTION 21. IC 5-20-7-8, AS ADDED BY P.L.87-2011,  
 6 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 7 JULY 1, 2015]: Sec. 8. The fund is subject to an ~~annual~~ audit by the  
 8 state board of accounts. The full costs of the audit shall be paid from  
 9 money in the fund.

10 SECTION 22. IC 5-22-10-3 IS AMENDED TO READ AS  
 11 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 3. (a) A purchasing  
 12 agent shall maintain the contract records for a special purchase in a  
 13 separate file.

14 (b) A purchasing agent shall include in the contract file a written  
 15 determination of the basis for:

- 16 (1) the special purchase; and  
 17 (2) the selection of a particular contractor.

18 (c) Notwithstanding any other law, a governmental body shall  
 19 maintain a record listing all contracts made under this chapter for a  
 20 minimum of five (5) years. The record must contain the following  
 21 information:

- 22 (1) Each contractor's name.  
 23 (2) The amount and type of each contract.  
 24 (3) A description of the supplies purchased under each contract.

25 (d) The contract records for a special purchase are subject to ~~annual~~  
 26 audit by the state board of accounts.

27 SECTION 23. IC 5-28-3-2, AS ADDED BY P.L.4-2005, SECTION  
 28 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,  
 29 2015]: Sec. 2. (a) The corporation is a body politic and corporate, not  
 30 a state agency but an independent instrumentality exercising essential  
 31 public functions.

32 (b) The corporation and the corporation's funds, accounts, and  
 33 financial affairs shall be examined ~~biennially~~ by the state board of  
 34 accounts ~~under IC 5-11~~: **as required by IC 5-11-1-9.**

35 SECTION 24. IC 5-28-5-13, AS ADDED BY P.L.4-2005,  
 36 SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 37 JULY 1, 2015]: Sec. 13. (a) Notwithstanding section 12 of this chapter,  
 38 the board may establish a nonprofit subsidiary corporation to solicit  
 39 and accept private sector funding, gifts, donations, bequests, devises,  
 40 and contributions.

41 (b) A subsidiary corporation established under this section:



- 1 (1) must use money received under subsection (a) to carry out in  
 2 any manner the purposes and programs under this article;  
 3 (2) must report to the budget committee each year concerning:  
 4 (A) the use of money received under subsection (a); and  
 5 (B) the balances in any accounts or funds established by the  
 6 subsidiary corporation; and  
 7 (3) may deposit money received under subsection (a) in an  
 8 account or fund that is:  
 9 (A) administered by the subsidiary corporation; and  
 10 (B) not part of the state treasury.  
 11 (c) The state board of accounts shall ~~annually~~ audit a subsidiary  
 12 corporation established under this section.  
 13 SECTION 25. IC 5-28-18-7, AS AMENDED BY P.L.87-2011,  
 14 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 15 JULY 1, 2015]: Sec. 7. (a) The small business development fund is  
 16 established within the state treasury. The fund is a revolving fund to:  
 17 (1) provide loans approved by the corporation under this chapter  
 18 and IC 5-28-17; and  
 19 (2) provide loans or loan guarantees under the small and minority  
 20 business financial assistance program established by  
 21 IC 5-28-20-9.  
 22 (b) The fund consists of appropriations from the general assembly  
 23 and loan repayments.  
 24 (c) The corporation shall administer the fund. The following may be  
 25 paid from money in the fund:  
 26 (1) Expenses of administering the fund.  
 27 (2) Nonrecurring administrative expenses incurred to carry out the  
 28 purposes of this chapter and IC 5-28-20.  
 29 (d) Earnings from loans made under this chapter shall be deposited  
 30 in the fund.  
 31 (e) The treasurer of state shall invest the money in the fund not  
 32 currently needed to meet the obligations of the fund in the same  
 33 manner as other public funds may be invested. Interest that accrues  
 34 from these investments shall be deposited in the state general fund.  
 35 (f) Money in the fund at the end of a state fiscal year does not revert  
 36 to the state general fund.  
 37 (g) The fund is subject to ~~an annual~~ audit by the state board of  
 38 accounts. The fund shall bear the full costs of the audit.  
 39 (h) With respect to loans or loan guarantees made from the fund  
 40 before July 1, 2011, references in law or loan documents made to the  
 41 microenterprise partnership program fund before July 1, 2011, shall be



1 construed after June 30, 2011, as references to the small business  
2 development fund.

3 SECTION 26. IC 6-3.5-7-13.5, AS ADDED BY P.L.137-2006,  
4 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
5 JULY 1, 2015]: Sec. 13.5. (a) The general assembly finds that counties  
6 and municipalities in Indiana have a need to foster economic  
7 development, the development of new technology, and industrial and  
8 commercial growth. The general assembly finds that it is necessary and  
9 proper to provide an alternative method for counties and municipalities  
10 to foster the following:

- 11 (1) Economic development.
- 12 (2) The development of new technology.
- 13 (3) Industrial and commercial growth.
- 14 (4) Employment opportunities.
- 15 (5) The diversification of industry and commerce.

16 The fostering of economic development and the development of new  
17 technology under this section or section 13.6 of this chapter for the  
18 benefit of the general public, including industrial and commercial  
19 enterprises, is a public purpose.

20 (b) The fiscal bodies of two (2) or more counties or municipalities  
21 may, by resolution, do the following:

- 22 (1) Determine that part or all the taxes received by the units under  
23 this chapter should be combined to foster:
  - 24 (A) economic development;
  - 25 (B) the development of new technology; and
  - 26 (C) industrial and commercial growth.
- 27 (2) Establish a regional venture capital fund.

28 (c) Each unit participating in a regional venture capital fund  
29 established under subsection (b) may deposit the following in the fund:

- 30 (1) Taxes distributed to the unit under this chapter.
- 31 (2) The proceeds of public or private grants.

32 (d) A regional venture capital fund shall be administered by a  
33 governing board. The expenses of administering the fund shall be paid  
34 from money in the fund. The governing board shall invest the money  
35 in the fund not currently needed to meet the obligations of the fund in  
36 the same manner as other public money may be invested. Interest that  
37 accrues from these investments shall be deposited into the fund. The  
38 fund is subject to ~~an annual~~ audit by the state board of accounts. The  
39 fund shall bear the full costs of the audit.

40 (e) The fiscal body of each participating unit shall approve an  
41 interlocal agreement created under IC 36-1-7 establishing the terms for



1 the administration of the regional venture capital fund. The terms must  
2 include the following:

- 3 (1) The membership of the governing board.  
4 (2) The amount of each unit's contribution to the fund.  
5 (3) The procedures and criteria under which the governing board  
6 may loan or grant money from the fund.  
7 (4) The procedures for the dissolution of the fund and for the  
8 distribution of money remaining in the fund at the time of the  
9 dissolution.

10 (f) An interlocal agreement made by the participating units under  
11 subsection (e) must provide that:

- 12 (1) each of the participating units is represented by at least one (1)  
13 member of the governing board; and  
14 (2) the membership of the governing board is established on a  
15 bipartisan basis so that the number of the members of the  
16 governing board who are members of one (1) political party may  
17 not exceed the number of members of the governing board  
18 required to establish a quorum.

19 (g) A majority of the governing board constitutes a quorum, and the  
20 concurrence of a majority of the governing board is necessary to  
21 authorize any action.

22 (h) An interlocal agreement made by the participating units under  
23 subsection (e) must be submitted to the Indiana economic development  
24 corporation for approval before the participating units may contribute  
25 to the fund.

26 (i) A majority of members of a governing board of a regional  
27 venture capital fund established under this section must have at least  
28 five (5) years of experience in business, finance, or venture capital.

29 (j) The governing board of the fund may loan or grant money from  
30 the fund to a private or public entity if the governing board finds that  
31 the loan or grant will be used by the borrower or grantee for at least one  
32 (1) of the following economic development purposes:

- 33 (1) To promote significant employment opportunities for the  
34 residents of the units participating in the regional venture capital  
35 fund.  
36 (2) To attract a major new business enterprise to a participating  
37 unit.  
38 (3) To develop, retain, or expand a significant business enterprise  
39 in a participating unit.

40 (k) The expenditures of a borrower or grantee of money from a  
41 regional venture capital fund that are considered to be for an economic  
42 development purpose include expenditures for any of the following:



- 1 (1) Research and development of technology.  
 2 (2) Job training and education.  
 3 (3) Acquisition of property interests.  
 4 (4) Infrastructure improvements.  
 5 (5) New buildings or structures.  
 6 (6) Rehabilitation, renovation, or enlargement of buildings or  
 7 structures.  
 8 (7) Machinery, equipment, and furnishings.  
 9 (8) Funding small business development with respect to:  
 10 (A) prototype products or processes;  
 11 (B) marketing studies to determine the feasibility of new  
 12 products or processes; or  
 13 (C) business plans for the development and production of new  
 14 products or processes.
- 15 SECTION 27. IC 6-3.5-7-13.6, AS ADDED BY P.L.137-2006,  
 16 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 17 JULY 1, 2015]: Sec. 13.6. (a) The fiscal body of a county or  
 18 municipality may, by resolution, establish a local venture capital fund.  
 19 (b) A unit establishing a local venture capital fund under subsection  
 20 (a) may deposit the following in the fund:  
 21 (1) Taxes distributed to the unit under this chapter.  
 22 (2) The proceeds of public or private grants.  
 23 (c) A local venture capital fund shall be administered by a  
 24 governing board. The expenses of administering the fund shall be paid  
 25 from money in the fund. The governing board shall invest the money  
 26 in the fund not currently needed to meet the obligations of the fund in  
 27 the same manner as other public money may be invested. Interest that  
 28 accrues from these investments shall be deposited into the fund. The  
 29 fund is subject to ~~an annual~~ audit by the state board of accounts. The  
 30 fund shall bear the full costs of the audit.  
 31 (d) The fiscal body of a unit establishing a local venture capital fund  
 32 under subsection (a) shall establish the terms for the administration of  
 33 the local venture capital fund. The terms must include the following:  
 34 (1) The membership of the governing board.  
 35 (2) The amount of the unit's contribution to the fund.  
 36 (3) The procedures and criteria under which the governing board  
 37 may loan or grant money from the fund.  
 38 (4) The procedures for the dissolution of the fund and for the  
 39 distribution of money remaining in the fund at the time of the  
 40 dissolution.



1 (e) A unit establishing a local venture capital fund under subsection  
2 (a) must be represented by at least one (1) member of the governing  
3 board.

4 (f) The membership of the governing board must be established on  
5 a bipartisan basis so that the number of the members of the governing  
6 board who are members of one (1) political party may not exceed the  
7 number of members of the governing board required to establish a  
8 quorum.

9 (g) A majority of the governing board constitutes a quorum, and the  
10 concurrence of a majority of the governing board is necessary to  
11 authorize any action.

12 (h) The terms established under subsection (d) for the  
13 administration of the local venture capital fund must be submitted to  
14 the Indiana economic development corporation for approval before a  
15 unit may contribute to the fund.

16 (i) A majority of members of a governing board of a local venture  
17 capital fund established under this section must have at least five (5)  
18 years of experience in business, finance, or venture capital.

19 (j) The governing board of the fund may loan or grant money from  
20 the fund to a private or public entity if the governing board finds that  
21 the loan or grant will be used by the borrower or grantee for at least one  
22 (1) of the following economic development purposes:

23 (1) To promote significant employment opportunities for the  
24 residents of the unit establishing the local venture capital fund.

25 (2) To attract a major new business enterprise to the unit.

26 (3) To develop, retain, or expand a significant business enterprise  
27 in the unit.

28 (k) The expenditures of a borrower or grantee of money from a local  
29 venture capital fund that are considered to be for an economic  
30 development purpose include expenditures for any of the following:

31 (1) Research and development of technology.

32 (2) Job training and education.

33 (3) Acquisition of property interests.

34 (4) Infrastructure improvements.

35 (5) New buildings or structures.

36 (6) Rehabilitation, renovation, or enlargement of buildings or  
37 structures.

38 (7) Machinery, equipment, and furnishings.

39 (8) Funding small business development with respect to:

40 (A) prototype products or processes;

41 (B) marketing studies to determine the feasibility of new  
42 products or processes; or





1 (C) business plans for the development and production of new  
2 products or processes.

3 SECTION 28. IC 6-8.1-3-6 IS AMENDED TO READ AS  
4 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 6. (a) The department  
5 shall maintain, for a period of at least three (3) years, a record of all  
6 monies received and disbursed, and copies of all returns filed with the  
7 department.

8 (b) ~~At the end of each fiscal year,~~ The state board of accounts shall  
9 audit the department's record of receipts and disbursements.

10 SECTION 29. IC 6-9-42-9, AS ADDED BY P.L.182-2009(ss),  
11 SECTION 262, IS AMENDED TO READ AS FOLLOWS  
12 [EFFECTIVE JULY 1, 2015]: Sec. 9. The accounts, books, and records  
13 of the complex are subject to ~~an annual~~ financial and compliance audit  
14 by the state board of accounts.

15 SECTION 30. IC 8-1.5-3-14 IS AMENDED TO READ AS  
16 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 14. (a) A municipally  
17 owned utility under the jurisdiction of the commission for approval of  
18 rates and charges and of the issuance of stocks, bonds, notes, or other  
19 evidence of indebtedness shall file with the commission an annual  
20 report of the operation of the plant on forms prescribed by the  
21 commission. The annual reports shall be kept in the office of the  
22 commission as a public record. A municipally owned utility that has  
23 withdrawn from commission jurisdiction under IC 8-1-2-100 (before  
24 its repeal on January 1, 1983) or section 9 or 9.1 of this chapter is not  
25 required to file the annual report required by this section.

26 (b) The state board of accounts shall examine all accounts of every  
27 municipally owned utility. ~~at regular intervals~~ In the examination,  
28 inquiry shall be made as to:

- 29 (1) the financial condition and resources of the utility;  
30 (2) whether the laws of the state have been complied with; and  
31 (3) the methods and accuracy of the accounts and reports of the  
32 utilities examined.

33 The examination shall be made without notice, and its cost shall be  
34 paid out of the funds of the utility.

35 SECTION 31. IC 8-10-1-22, AS AMENDED BY P.L.98-2008,  
36 SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
37 JULY 1, 2015]: Sec. 22. (a) The ports of Indiana shall cause an audit  
38 of its books and accounts to be made at least once each year by  
39 certified public accountants, and the cost thereof may be treated as a  
40 part of the cost of construction or of operations of the ports and projects  
41 of the ports of Indiana. The accounts, books, and records of the ports  
42 of Indiana shall be audited ~~annually~~ by the state board of accounts, and



1 the cost of such audit may be treated as a part of the cost of  
 2 construction or of operations of the ports and projects of the ports of  
 3 Indiana.

4 (b) The ports of Indiana shall, following the close of each fiscal  
 5 year, submit an annual report of its activities for the preceding year to  
 6 the governor, the budget committee, and the general assembly. An  
 7 annual report submitted under this section to the general assembly must  
 8 be in an electronic format under IC 5-14-6. Each report shall set forth  
 9 a complete operating and financial statement for the ports of Indiana  
 10 during the fiscal year it covers.

11 SECTION 32. IC 9-15-3-1 IS AMENDED TO READ AS  
 12 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 1. The state board of  
 13 accounts shall audit all accounts of the commission. ~~annually.~~

14 SECTION 33. IC 9-16-5-1 IS AMENDED TO READ AS  
 15 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 1. The state board of  
 16 accounts shall ~~conduct an annual~~ audit of each account of each license  
 17 branch operated under this article. An audit prepared under this section  
 18 is a public record.

19 SECTION 34. IC 13-23-7-7 IS AMENDED TO READ AS  
 20 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 7. ~~Not later than~~  
 21 ~~December 31, 1996, and every two (2) years thereafter,~~ The state board  
 22 of accounts shall ~~conduct an~~ audit of the excess liability trust fund.

23 SECTION 35. IC 14-13-1-41, AS AMENDED BY P.L.13-2013,  
 24 SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 25 JULY 1, 2015]: Sec. 41. (a) The commission may establish a nonprofit  
 26 subsidiary corporation that is exempt from federal income taxation  
 27 under Section 501(c)(3) of the Internal Revenue Code, to solicit and  
 28 accept private funding, gifts, donations, bequests, devises, and  
 29 contributions.

30 (b) A subsidiary corporation established under this section:

31 (1) shall use money received under subsection (a) to carry out in  
 32 any manner the purposes of and programs under this chapter;

33 (2) shall report to the budget committee each year concerning:

34 (A) the use of money received under subsection (a); and

35 (B) the balances in any accounts or funds established by the  
 36 subsidiary corporation; and

37 (3) may deposit money received under subsection (a) in an  
 38 account or fund that is:

39 (A) administered by the subsidiary corporation; and

40 (B) not part of the state treasury.

41 (c) A subsidiary corporation established under this section shall be  
 42 governed by a board of directors comprised of:



- 1 (1) the members of the commission appointed under section 6 of  
 2 this chapter; and  
 3 (2) any other directors that the members of the commission  
 4 appoint.
- 5 (d) Employees of the commission shall provide administrative  
 6 support for a subsidiary corporation established under this section.
- 7 (e) The state board of accounts shall ~~annually~~ audit a subsidiary  
 8 corporation established under this section.
- 9 SECTION 36. IC 14-13-2-30, AS ADDED BY P.L.181-2009,  
 10 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 11 JULY 1, 2015]: Sec. 30. The commission is responsible for the  
 12 safekeeping and deposit of money the commission receives under this  
 13 chapter. The state board of accounts shall:  
 14 (1) prescribe the methods and forms for the keeping of; and  
 15 (2) ~~annually~~ audit;  
 16 the accounts, records, and books of the commission and fund.
- 17 SECTION 37. IC 14-14-1-44 IS AMENDED TO READ AS  
 18 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 44. (a) The:  
 19 (1) commission shall have an audit of the commission's books and  
 20 accounts to be made at least one (1) time each year by certified  
 21 public accountants; and  
 22 (2) state board of accounts shall audit ~~annually~~ the accounts,  
 23 books, and records of the commission.
- 24 (b) The cost of the audits may be treated as a part of the  
 25 administrative expense of the commission.
- 26 SECTION 38. IC 15-13-3-11, AS AMENDED BY P.L.6-2012,  
 27 SECTION 108, IS AMENDED TO READ AS FOLLOWS  
 28 [EFFECTIVE JULY 1, 2015]: Sec. 11. (a) The commission may  
 29 establish a nonprofit subsidiary corporation that is exempt from federal  
 30 income taxation under Section 501(c)(3) of the Internal Revenue Code,  
 31 to solicit and accept private funding, gifts, donations, bequests, devises,  
 32 and contributions.
- 33 (b) A subsidiary corporation established under this section:  
 34 (1) shall use money received under subsection (a) to carry out in  
 35 any manner the purposes and programs under this article;  
 36 (2) shall report to the budget committee each year concerning:  
 37 (A) the use of money received under subsection (a); and  
 38 (B) the balances in any accounts or funds established by the  
 39 subsidiary corporation; and  
 40 (3) may deposit money received under subsection (a) in an  
 41 account or fund that is:  
 42 (A) administered by the subsidiary corporation; and



- 1 (B) not part of the state treasury.
- 2 (c) A subsidiary corporation established under this section is  
3 governed by a board of directors comprised of the members of the  
4 commission.
- 5 (d) Employees of the commission shall provide administrative  
6 support for a subsidiary corporation established under this section.
- 7 (e) The state board of accounts shall ~~annually~~ audit a subsidiary  
8 corporation established under this section.
- 9 SECTION 39. IC 16-19-3-30, AS ADDED BY P.L.191-2013,  
10 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
11 JULY 1, 2015]: Sec. 30. (a) The state department may establish a  
12 nonprofit subsidiary corporation that is exempt from federal income  
13 taxation under Section 501(c)(3) of the Internal Revenue Code, to  
14 solicit and accept private funding, gifts, donations, bequests, devises,  
15 and contributions.
- 16 (b) A subsidiary corporation established under this section:  
17 (1) shall use money received under subsection (a) to carry out in  
18 any manner the purposes and programs of the state department,  
19 which may include programs intended to reduce infant mortality,  
20 increase childhood immunizations, reduce obesity, and reduce  
21 smoking rates;  
22 (2) shall report to the budget committee each year concerning:  
23 (A) the use of money received under subsection (a); and  
24 (B) the balances in any accounts or funds established by the  
25 subsidiary corporation; and  
26 (3) may deposit money received under subsection (a) in an  
27 account or fund that is:  
28 (A) administered by the subsidiary corporation; and  
29 (B) not part of the state treasury.
- 30 (c) A subsidiary corporation established under this section is  
31 governed by a board of directors comprised of members appointed by  
32 the governor. Employees of the state department may serve on the  
33 board of directors.
- 34 (d) Employees of the state department shall provide administrative  
35 support for a subsidiary corporation established under this section.  
36 Employees of the state department directly involved in the subsidiary  
37 corporation established under this section may engage in fundraising  
38 activities on behalf of the subsidiary corporation.
- 39 (e) The state board of accounts shall ~~annually~~ audit a subsidiary  
40 corporation established under this section.
- 41 SECTION 40. IC 20-39-3-4, AS ADDED BY P.L.2-2006,  
42 SECTION 162, IS AMENDED TO READ AS FOLLOWS



1 [EFFECTIVE JULY 1, 2015]: Sec. 4. The state board of accounts shall  
 2 prescribe accounting forms to be used by the county committees (as  
 3 defined in IC 20-23-4-4) and shall audit the financial records of each  
 4 county committee (as defined in IC 20-23-4-4). ~~at least once every~~  
 5 ~~three (3) years.~~

6 SECTION 41. IC 20-49-3-14, AS ADDED BY P.L.2-2006,  
 7 SECTION 172, IS AMENDED TO READ AS FOLLOWS  
 8 [EFFECTIVE JULY 1, 2015]: Sec. 14. ~~A field examiner assigned by~~  
 9 The state **examiner board of accounts** shall ~~annually~~ examine the  
 10 status of the fund. Upon completion of the examination, the examiner  
 11 performing the duty shall prepare a report of the examination. The  
 12 report must show:

- 13 (1) all necessary pertinent information;
- 14 (2) the balance of the fund's principal at the close of the previous  
 15 examination;
- 16 (3) the amount of interest and principal paid by each county to the  
 17 state board of finance since the close of the previous examination;
- 18 (4) the balance of principal due at the date of the closing of the  
 19 report;
- 20 (5) a statement of receipts and disbursements by the state board  
 21 of finance;
- 22 (6) a list of the securities found to be in the possession of the state  
 23 board of finance;
- 24 (7) the amount of each security; and
- 25 (8) the total amount of all the securities held in custody.

26 The appropriate officer of the state board of finance shall sign the list  
 27 described in subdivision (6) in duplicate. The original signed list shall  
 28 be deposited with the state board of accounts, and the duplicate of the  
 29 signed list shall be kept in the files of the treasurer of state.

30 SECTION 42. IC 21-7-14-7, AS ADDED BY P.L.2-2007,  
 31 SECTION 244, IS AMENDED TO READ AS FOLLOWS  
 32 [EFFECTIVE JULY 1, 2015]: Sec. 7. The state board of accounts shall  
 33 ~~annually~~ examine the status of the fund. ~~by a field examiner or field~~  
 34 ~~examiners assigned by the state examiner.~~ Upon the completion of the  
 35 examination, the examiners performing the duty shall prepare a report  
 36 of the examination. The report must show:

- 37 (1) all necessary, pertinent information;
- 38 (2) the balance of the fund's principal at the close of the previous  
 39 examination;
- 40 (3) the amount of interest and principal paid by each county to the  
 41 state board of finance since the close of the previous examination;



- 1 (4) the balance of principal due at the date of closing of the  
 2 report;  
 3 (5) a statement of receipts and disbursements by the state board  
 4 of finance;  
 5 (6) a list of the securities found to be possessed by the state board  
 6 of finance;  
 7 (7) the amount of each security; and  
 8 (8) the total amount of all the securities held in custody.
- 9 The appropriate officer of the state board of finance shall sign the list  
 10 described in subdivision (6) in duplicate. The original signed list shall  
 11 be deposited with the state board of accounts, and the duplicate of the  
 12 signed list shall be kept in the files of the treasurer of state.
- 13 SECTION 43. IC 21-16-5-6, AS ADDED BY P.L.2-2007,  
 14 SECTION 257, IS AMENDED TO READ AS FOLLOWS  
 15 [EFFECTIVE JULY 1, 2015]: Sec. 6. The corporation is subject to ~~an~~  
 16 ~~annual~~ audit by the state board of accounts. The corporation shall bear  
 17 the full costs of this audit.
- 18 SECTION 44. IC 22-14-6-7, AS ADDED BY P.L.107-2007,  
 19 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 20 JULY 1, 2015]: Sec. 7. The fund is subject to ~~an annual~~ audit by the  
 21 state board of accounts. The fund shall pay all costs of the audit.
- 22 SECTION 45. IC 28-11-1-1, AS AMENDED BY P.L.6-2012,  
 23 SECTION 200, IS AMENDED TO READ AS FOLLOWS  
 24 [EFFECTIVE JULY 1, 2015]: Sec. 1. (a) The department of financial  
 25 institutions is established.
- 26 (b) The department:  
 27 (1) is an independent agency in the executive branch of state  
 28 government; and  
 29 (2) exercises essential public functions.
- 30 (c) The expenses of the department in administering the financial  
 31 institutions subject to the department's oversight are paid by financial  
 32 institutions through fees established by the department under  
 33 IC 28-11-3-5.
- 34 (d) Subject to subsection (e), the department's regulatory and  
 35 budgetary functions are not subject to oversight by the following:  
 36 (1) The office of management and budget (notwithstanding  
 37 IC 4-3-22-14).  
 38 (2) The budget agency (notwithstanding IC 4-12-1).  
 39 (3) The state personnel department (notwithstanding IC 4-15-2.2).  
 40 (4) The Indiana department of administration (notwithstanding  
 41 IC 4-13-1).  
 42 (5) The office of technology (notwithstanding IC 4-13.1).



1 (e) The department's funds, accounts, and financial affairs shall be  
 2 examined ~~biennially~~ by the state board of accounts. ~~under~~  
 3 ~~IC 5-11-1-9(c)~~.

4 SECTION 46. IC 33-44-7-15 IS AMENDED TO READ AS  
 5 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 15. The state board of  
 6 accounts shall ~~conduct an audit of the fund at least one (1) time during~~  
 7 ~~each year~~ to ensure that the fund is administered as required by this  
 8 chapter. The state board of accounts may conduct audits of qualified  
 9 legal services providers, law school clinics, and programs or projects  
 10 in the public interest that assist in the improvement of the  
 11 administration of justice as the state board of accounts considers  
 12 necessary to ensure that the money distributed to qualified legal  
 13 services providers, law school clinics, and programs or projects in the  
 14 public interest that assist in the improvement of the administration of  
 15 justice is being used as required by this article.

16 SECTION 47. IC 36-1-8-8.5 IS ADDED TO THE INDIANA CODE  
 17 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 18 1, 2015]: **Sec. 8.5. An executive or a fiscal officer of a unit may**  
 19 **establish a fraud hotline telephone number maintained by the unit**  
 20 **that the public may use to report suspected fraudulent activity**  
 21 **concerning officers or employees of the unit, including misuse of**  
 22 **public funds.**

23 SECTION 48. IC 36-7-23-47 IS AMENDED TO READ AS  
 24 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 47. The funds and  
 25 accounts of the authority are subject to ~~an annual~~ audit by the state  
 26 board of accounts.

27 SECTION 49. IC 36-8-16.6-16, AS ADDED BY P.L.113-2010,  
 28 SECTION 151, IS AMENDED TO READ AS FOLLOWS  
 29 [EFFECTIVE JULY 1, 2015]: Sec. 16. (a) A seller is subject to the  
 30 same audit and appeal procedures with respect to the collection and  
 31 remittance of enhanced prepaid wireless charges as with collection and  
 32 remittance of the state gross retail tax under IC 6-2.5.

33 (b) An audit under subsection (a) must be conducted **either:**

- 34 (1) jointly by the department of state revenue and the board; or  
 35 (2) by an independent auditor engaged by the board to  
 36 conduct a cost effective flat rate audit.

37 (c) **If an independent auditor is engaged by the board under**  
 38 **subsection (b)(2), the terms of the engagement may not:**

- 39 (1) be of an indefinite term;  
 40 (2) include hourly or per diem fees; or  
 41 (3) include payment based on contingency.



1 SECTION 50. IC 36-8-16.7-30, AS ADDED BY P.L.132-2012,  
 2 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 3 JULY 1, 2015]: Sec. 30. (a) The state board of accounts shall audit the  
 4 fund ~~on an annual basis~~ to determine whether the fund is being  
 5 managed in accordance with this chapter. ~~For each of the two (2) state~~  
 6 ~~fiscal years ending:~~

7 (A) ~~June 30, 2013;~~ and

8 (B) ~~June 30, 2014;~~

9 the state board of accounts shall submit, not later than November 1 of  
 10 each year during which the particular state fiscal year ends, a report of  
 11 the audit required by this subsection to the budget committee for the  
 12 budget committee's review. ~~A report submitted under this subsection~~  
 13 ~~must be in an electronic format under IC 5-14-6.~~

14 (b) ~~On an annual basis;~~ and In conjunction with the board's review  
 15 under section 38(d) of this chapter of the state board of accounts'  
 16 ~~annual~~ audit of PSAPs, the board shall review 911 service in Indiana,  
 17 including the collection, disbursement, and use of the statewide 911 fee  
 18 assessed under section 32 of this chapter. The purpose of the review is  
 19 to ensure that the statewide 911 fee:

20 (1) does not exceed the amount reasonably necessary to provide  
 21 adequate and efficient 911 service; and

22 (2) is used only for the purposes set forth in this chapter.

23 (c) ~~For each of the two (2) calendar years ending:~~

24 (A) ~~December 31, 2013;~~ and

25 (B) ~~December 31, 2014;~~

26 the board shall submit, not later than March 1 of the year immediately  
 27 following the particular calendar year, a summary report of the board's  
 28 findings under the review required by subsection (b) to the budget  
 29 committee for the budget committee's review. ~~A report submitted under~~  
 30 ~~this subsection must be in an electronic format under IC 5-14-6.~~

31 SECTION 51. IC 36-8-16.7-38, AS ADDED BY P.L.132-2012,  
 32 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 33 JULY 1, 2015]: Sec. 38. (a) A PSAP may use a distribution from a  
 34 county under this chapter only for the following:

35 (1) The lease, purchase, or maintenance of communications  
 36 service equipment.

37 (2) Necessary system hardware and software and data base  
 38 equipment.

39 (3) Personnel expenses, including wages, benefits, training, and  
 40 continuing education, only to the extent reasonable and necessary  
 41 for the provision and maintenance of:

42 (A) the statewide 911 system; or





- 1 (B) a wireline enhanced emergency telephone system funded  
 2 under IC 36-8-16 (before its repeal on July 1, 2012).
- 3 (4) Operational costs, including costs associated with:  
 4 (A) utilities;  
 5 (B) maintenance;  
 6 (C) equipment designed to provide backup power or system  
 7 redundancy, including generators; and  
 8 (D) call logging equipment.
- 9 (5) An emergency notification system that is approved by the  
 10 board under section 40 of this chapter.
- 11 (6) Connectivity to the Indiana data and communications system  
 12 (IDACS).
- 13 (7) Rates associated with communications service providers'  
 14 enhanced emergency communications system network services.
- 15 (8) Mobile radio equipment used by first responders, other than  
 16 radio equipment purchased under subdivision (9) as a result of the  
 17 narrow banding requirements specified by the Federal  
 18 Communications Commission.
- 19 (9) Up to fifty percent (50%) of the costs associated with the  
 20 narrow banding or replacement of radios or other equipment as a  
 21 result of the narrow banding requirements specified by the  
 22 Federal Communications Commission.
- 23 (b) A PSAP may not use a distribution from a county under this  
 24 chapter for the following:  
 25 (1) The construction, purchase, renovation, or furnishing of PSAP  
 26 buildings.  
 27 (2) Vehicles.
- 28 (c) Not later than January 31 of each year, each PSAP shall submit  
 29 to the board a report of the following:  
 30 (1) All expenditures made during the immediately preceding  
 31 calendar year from distributions under this chapter.  
 32 (2) Call data and statistics for the immediately preceding calendar  
 33 year, as specified by the board and collected in accordance with  
 34 any reporting method established or required by the board.
- 35 (d) ~~Beginning in 2013~~, The state board of accounts ~~annually~~ shall  
 36 audit the expenditures of distributions under this chapter ~~made during~~  
 37 ~~the immediately preceding calendar year~~ by each PSAP that receives  
 38 distributions under this chapter. In conducting an audit under this  
 39 subsection, the state board of accounts shall determine, in conjunction  
 40 with the board, whether the expenditures made by each PSAP are in  
 41 compliance with subsections (a) and (b). The board shall review and  
 42 further audit any ineligible expenditure identified by the state board of



1 accounts under this subsection or through any other report. If the board  
 2 verifies that the expenditure did not comply with this section, the board  
 3 shall ensure that the fund is reimbursed in the dollar amount of the  
 4 noncomplying expenditure from any source of funding, other than a  
 5 fund described in subsection (f); (e), that is available to the PSAP or to  
 6 a unit in which the PSAP is located.

7 (e) For each of the two (2) calendar years ending:

8 (A) December 31, 2013; and

9 (B) December 31, 2014;

10 the state board of accounts shall submit, not later than March 1 of the  
 11 year immediately following the particular calendar year, a summary  
 12 report of the audits required by subsection (d) for the particular  
 13 calendar year to the budget committee for the budget committee's  
 14 review. A report submitted under this subsection must be in an  
 15 electronic format under IC 5-14-6.

16 (f) (e) A distribution under section 37(a)(2) of this chapter must be  
 17 deposited by the treasurer of the county in a separate fund set aside for  
 18 the purposes allowed by subsections (a) and (b). The fund must be  
 19 known as the \_\_\_\_\_ (insert name of county) 911 fund. The county  
 20 treasurer may invest money in the fund in the same manner that other  
 21 money of the county may be invested, but income earned from the  
 22 investment must be deposited in the fund set aside under this  
 23 subsection.

24 SECTION 52. IC 36-10-9-9, AS AMENDED BY P.L.182-2009(ss),  
 25 SECTION 457, IS AMENDED TO READ AS FOLLOWS  
 26 [EFFECTIVE JULY 1, 2015]: Sec. 9. (a) The treasurer of the board is  
 27 the official custodian of all funds and assets of the board and is  
 28 responsible for their safeguarding and accounting. The treasurer shall  
 29 give bond for the faithful performance and discharge of all duties  
 30 required of the treasurer by law in the amount and with surety and other  
 31 conditions that may be prescribed and approved by the board. All funds  
 32 and assets in the capital improvement fund and the capital  
 33 improvement bond fund created by this chapter and all other funds,  
 34 assets, and tax revenues held, collected, or received by the treasurer of  
 35 the county for the use of the board shall be promptly remitted and paid  
 36 over by the county treasurer to the treasurer of the board, who shall  
 37 issue receipts for them.

38 (b) The treasurer of the board shall deposit all funds coming into the  
 39 treasurer's hands as required by this chapter and by IC 6-7-1-30.1, and  
 40 in accordance with IC 5-13. Money so deposited may be invested and  
 41 reinvested by the treasurer in accordance with general statutes relating  
 42 to the investment of public funds and in securities that the board



1 specifically directs. All interest and other income earned on  
2 investments becomes a part of the particular fund from which the  
3 money was invested, except as provided in a resolution, ordinance, or  
4 trust agreement providing for the issuance of bonds or notes. All funds  
5 invested in deposit accounts as provided in IC 5-13-9 must be insured  
6 under IC 5-13-12.

7 (c) The board shall appoint a controller to act as the auditor and  
8 assistant treasurer of the board. The controller shall serve as the official  
9 custodian of all books of account and other financial records of the  
10 board and has the same powers and duties as the treasurer of the board  
11 or the lesser powers and duties that the board prescribes. The controller  
12 and any other employee or member of the board authorized to receive,  
13 collect, or expend money, shall give bond for the faithful performance  
14 and discharge of all duties required of the controller in the amount and  
15 with surety and other conditions that may be prescribed and approved  
16 by the board. The controller shall keep an accurate account of all  
17 money due the board and of all money received, invested, and  
18 disbursed in accordance with generally recognized governmental  
19 accounting principles and procedure. All accounting forms and records  
20 shall be prescribed or approved by the state board of accounts.

21 (d) The controller shall issue all warrants for the payment of money  
22 from the funds of the board in accordance with procedures prescribed  
23 by the board but a warrant may not be issued for the payment of a claim  
24 until an itemized and verified statement of the claim has been filed with  
25 the controller, who may require evidence that all amounts claimed are  
26 justly due. All warrants shall be countersigned by the treasurer of the  
27 board or by the executive manager. Warrants may be executed with  
28 facsimile signatures.

29 (e) If there are bonds or notes outstanding issued under this chapter,  
30 the controller shall deposit with the paying agent or other paying officer  
31 within a reasonable period before the date that any principal or interest  
32 becomes due sufficient money for the payment of the principal and  
33 interest on the due dates. The controller shall make the deposit with  
34 money from the sources provided in this chapter, and he shall make the  
35 deposit in an amount that, together with other money available for the  
36 payment of the principal and interest, is sufficient to make the payment.  
37 In addition, the controller shall make other deposits for the bonds and  
38 notes as is required by this chapter or by the resolutions, ordinances, or  
39 trust agreements under which the bonds or notes are issued.

40 (f) The controller shall submit to the board at least annually a report  
41 of the board's accounts exhibiting the revenues, receipts, and  
42 disbursements and the sources from which the revenues and receipts



1 were derived and the purpose and manner in which they were  
2 disbursed. The board may require that the report be prepared by an  
3 independent certified public accountant designated by the board. The  
4 state board of accounts shall audit ~~annually~~ the accounts, books, and  
5 records of the board and prepare a financial report and a compliance  
6 audit report. The board shall submit to the city-county legislative body  
7 financial and compliance reports of the state board of accounts. The  
8 board shall post the reports of the state board of accounts on the board's  
9 Internet web site. The city-county legislative body shall discuss the  
10 financial and compliance reports of the state board of accounts in a  
11 public hearing. The handling and expenditure of funds is subject to  
12 supervision by the state board of accounts.



## COMMITTEE REPORT

Mr. Speaker: Your Committee on Government and Regulatory Reform, to which was referred House Bill 1104, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 12, delete lines 30 through 42, begin a new paragraph and insert:

"SECTION 12. IC 5-11-5-1, AS AMENDED BY P.L.104-2014, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: 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. The reports shall immediately be filed with the state examiner, and, after inspection of the report, the state examiner shall immediately file one (1) copy with the officer or person examined, one (1) copy with the auditing department of the municipality examined and reported upon (if the subject of the report is a municipality), 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. Upon filing, the report becomes a part of the public records of the office of the state examiner, of the office or the person examined, of the auditing department of the municipality examined and reported upon, and of 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 delinquent officer, or upon the officer'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.

**EH 1104—LS 6640/DI 51**



(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) An exit conference is not a meeting (as defined in IC 5-14-1.5-2(c)) for purposes of IC 5-14-1.5 or any other law.
- (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.
- (5) Not more than thirty (30) days after the initial exit conference is held under this subsection, the legislative body of the municipality or entity examined and reported upon may



adopt a resolution, approved by at least a two-thirds (2/3) vote of the legislative body, requesting that an additional exit conference be held. The legislative body shall notify the state board of accounts if the legislative body adopts a resolution under this subdivision. If a legislative body adopts a resolution under this subdivision, the state board of accounts shall conduct an additional exit conference not more than sixty (60) days after the state board of accounts receives notice of the adoption of the resolution. The municipality or entity examined must pay the travel and staff costs incurred by the state board of accounts in conducting an additional exit conference under this subdivision.

**(6) A final report under subsection (a) may not be issued earlier than forty-five (45) days after the initial exit conference is held under this subsection.**

(c) Except as ~~required~~ **provided** by subsections (b), ~~and~~ (d), **and** (e), it is unlawful for any ~~deputy examiner, field examiner, or private examiner, person,~~ before an examination report is made public as provided by this section, to make any disclosure of the result of any examination of any public account, except:

- (1) to the state examiner; ~~or~~
- (2) if directed to give publicity to the examination report by the state examiner or by any court;
- (3) **to another deputy examiner, field examiner, or private examiner engaged in conducting the examination; or**
- (4) **if directed by the state examiner, to the chair of the audit committee or the members of the audit committee acting in executive session, or both.**

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 ~~grand jury~~ **prosecuting attorney** of the county in which the crime was committed. ~~at its first session after the making of the examination report and at any subsequent sessions that may be required.~~ The state examiner shall furnish to the ~~grand jury~~ **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.

(e) After receiving a preliminary report under subsection (d), the state examiner may provide a copy of the report to the attorney general. The attorney general may institute and prosecute civil proceedings against the delinquent officer or employee, 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, including a preliminary report under subsection (d), is confidential until the occurrence of the earliest of the following:**

- (1) The final report is made public under subsection (a). ~~is issued,~~
- (2) The results of the examination are publicized under subsection (c)(2). ~~unless~~
- (3) The attorney general institutes an action under subsection (e) on the basis of the preliminary report.

(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."

Delete pages 13 through 14.

Page 15, delete lines 1 through 7.

Page 27, between lines 16 and 17, begin a new paragraph and insert:  
"SECTION 40. IC 36-8-10-3 IS AMENDED TO READ AS





FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 3. (a) The fiscal body of each county shall, by ordinance, establish a sheriff's merit board to be known as the \_\_\_\_\_ county sheriff's merit board (inserting the name of the county).

(b) The board consists of five (5) members. Three (3) members shall be appointed by the sheriff, and two (2) members shall be elected by a majority vote of the members of the county police force under procedures established by the sheriff's merit board. However:

**(1) ~~no~~ an active county police officer;**

**(2) a relative (as defined in IC 36-1-20.2-8) of an active county police officer; or**

**(3) a relative (as defined in IC 36-1-20.2-8) of the sheriff;**

may **not** serve on the board, **either as a member appointed by the sheriff or elected by the county police force.** Appointments are for terms of four (4) years or for the remainder of an unexpired term. Not more than two (2) of the members appointed by the sheriff nor more than one (1) of the members elected by the officers may belong to the same political party. All members must reside in the county. All members serve during their respective terms and until their successors have been appointed and qualified. A member may be removed for cause duly adjudicated by declaratory judgment of the circuit court of the county.

(c) As compensation for service, each member of the board is entitled to receive from the county a minimum of fifteen dollars (\$15) per day for each day, or fraction of a day, that the member is engaged in transacting the business of the board.

(d) As soon as practicable after the members of the board have been appointed, they shall meet upon the call of the sheriff and organize by electing a president and a secretary from among their membership. Three (3) members of the board constitute a quorum for the transaction of business. The board shall hold regular monthly meetings throughout the year as is necessary to transact the business of the sheriff's department."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1104 as introduced.)

MAHAN

Committee Vote: yeas 12, nays 0.

EH 1104—LS 6640/DI 51



## HOUSE MOTION

Mr. Speaker: I move that House Bill 1104 be amended to read as follows:

Page 9, between lines 34 and 35, begin a new paragraph and insert:

"SECTION 10. IC 5-11-1-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 7. (a) The state examiner shall appoint assistants not exceeding the number required to administer this article. The assistants are to be known as "field examiners" and are at all times subject to the order and direction of the state examiner. Field examiners shall inspect and examine accounts of all state agencies, municipalities, and other governmental units, entities, or instrumentalities.

(b) The state examiner may engage or, **in accordance with section 24 of this chapter**, allow the engagement of private examiners to the extent the state examiner determines necessary to satisfy the requirements of this article. These examiners are subject to the direction of the state examiner while performing examinations under this article.

(c) The state examiner may engage experts to assist the state board of accounts in carrying out its responsibilities under this article."

Page 11, between lines 40 and 41, begin a new paragraph and insert:

"SECTION 11. IC 5-11-1-16, AS AMENDED BY P.L.104-2014, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 16. (a) As used in this article, "municipality" means any county, township, city, town, school corporation, special taxing district, or other political subdivision of Indiana.

(b) As used in this article, "state" means any board, commission, department, division, bureau, committee, agency, governmental subdivision, military body, authority, or other instrumentality of the state, but does not include a municipality.

(c) As used in this article, "public office" means the office of any and every individual who for or on behalf of the state or any municipality or any public hospital holds, receives, disburses, or keeps the accounts of the receipts and disbursements of any public funds.

(d) As used in this article, "public officer" means any individual who holds, receives, disburses, or is required by law to keep any account of public funds or other funds for which the individual is accountable by virtue of the individual's public office.

(e) As used in this article, "entity" means any provider of goods, services, or other benefits that is:

(1) maintained in whole or in part at public expense; or

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(2) supported in whole or in part by appropriations or public funds or by taxation.

The term does not include the state or a municipality (as defined in this section).

(f) As used in this article, a "public hospital" means either of the following:

(1) An institution licensed under IC 16-21 and which is owned by the state or an agency of the state or one which is a municipal corporation. A hospital is a municipal corporation if its governing board members are appointed by elected officials of a municipality.

(2) A state institution (as defined in IC 12-7-2-184).

(g) As used in this article, "audit committee" refers to the audit and financial reporting subcommittee of the legislative council established by IC 2-5-1.1-6.3.

**(h) As used in this article, "audited entity" has the meaning set forth in IC 2-5-1.1-6.3.**

SECTION 12. IC 5-11-1-24 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 24. (a) The state board of accounts shall establish in writing uniform compliance guidelines for the examinations and reports required by this chapter. The uniform compliance guidelines must include the standards that an entity must observe to avoid a finding that is critical of the **audited** entity for a reason other than the **audited** entity's failure to comply with a specific law.

(b) The state board of accounts may not establish guidelines for the auditing of an **audited** entity that are inconsistent with any federal audit guidelines that govern the **audited** entity.

(c) The state board of accounts must distribute the uniform compliance guidelines to each **audited** entity that the state board of accounts may audit.

(d) If the state board of accounts engages or authorizes the engagement of a private examiner to perform an examination under this chapter, the examination and report must comply with the uniform compliance guidelines established under subsection (a). If a person subject to examination under this chapter engages a private examiner, the contract with the private examiner must require the examination and report to comply with the uniform compliance guidelines established under subsection (a).

(e) ~~The state or a municipality~~ **An audited entity** may not request proposals for performing examinations of an **audited** entity ~~that is subject to examination under this chapter~~ unless the request for



proposals has been submitted to and approved by the state board of accounts.

(f) The state or a municipality, may not enter into a contract with an entity subject to examination under this chapter if the contract does not permit the examinations and require the reports prescribed by this chapter.

SECTION 13. IC 5-11-1-24.4 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: **Sec. 24.4. (a) This section applies only to an audited entity (excluding a school corporation) that has:**

- (1) an internal control officer; and
- (2) an internal control department;

established by the legislative body of the audited entity.

(b) An audited entity may request in writing that the state board of accounts authorize the audited entity to:

- (1) opt out of examinations by the state board of accounts; and
- (2) engage a certified public accountant to conduct the examinations.

The request must be approved by resolution adopted by the legislative body for the audited entity.

(c) The state board of accounts shall, not more than sixty (60) days after receiving a written request under subsection (b):

- (1) acknowledge receipt of the request; and
- (2) notify the requesting audited entity that the request is:
  - (A) approved; or
  - (B) disapproved.

(d) The state board of accounts shall approve a request under subsection (b) by an audited entity if the state examiner determines that:

- (1) the audited entity filed the written request under subsection (b) with the state board of accounts more than one hundred eighty (180) days before the beginning of the audited entity's fiscal year;
- (2) the audited entity selects the certified public accountant in accordance with the selection procedure under this section;
- (3) the certified public accountant selected by the audited entity is:
  - (A) licensed in Indiana; and
  - (B) qualified to conduct examinations in accordance with the government auditing standards adopted by the state board of accounts;



- (4) the certified public accountant's examination shall:
- (A) be conducted in accordance with the guidelines established by the state board of accounts; and
  - (B) make findings regarding the audited entity's compliance with the uniform compliance guidelines established by the state board of accounts;
- (5) the certified public accountant's examination is paid for by the audited entity; and
- (6) the certified public accountant's examination of the audited entity includes:
- (A) all associated component units;
  - (B) audits required or necessary for federal financial assistance;
  - (C) findings of noncompliance with state law and uniform compliance guidelines as required by IC 5-11-5-1; and
  - (D) a separate report in accordance with the guidelines established by the state board of accounts for any items of noncompliance identified.
- (e) The audited entity must use the following selection procedures:
- (1) The legislative body of the audited entity shall establish an audit committee to facilitate the selection of a certified public accountant. The audit committee shall be composed of the following three (3) members appointed by the legislative body:
    - (A) One (1) member of the legislative body.
    - (B) One (1) certified public accountant who is not the fiscal officer or an employee of the audited entity.
    - (C) One (1) person who is qualified due to an involvement with financial matters who is not the fiscal officer or an employee of the audited entity.

Each member shall be appointed for a three (3) year term and shall serve without compensation. However, a member appointed under subdivision (1)(A) who ceases to hold the office of legislative body member ceases to be a member of the audit committee. A member may not have a contractual relationship, financial interest, or political affiliation with the certified public accountant selected.
  - (2) The audit committee established under subdivision (1) shall do the following:
    - (A) Establish factors to evaluate the audit services provided by a certified public accountant, including:



- (i) experience;
- (ii) ability to perform the required services;
- (iii) capability to follow the guidelines and standards adopted by the state board of accounts;
- (iv) ability to timely complete all necessary components of the examination; and
- (v) any other factors considered necessary by the audit committee.

**(B) Publish notice of a request for proposals under IC 5-3-1 that includes:**

- (i) a brief description of the audit requirements;
- (ii) a time frame;
- (iii) application procedures;
- (iv) evaluation criteria; and
- (v) any other items considered necessary by the audit committee.

**(C) Evaluate the proposals submitted by qualified certified public accountants. If compensation is a factor established under clause (A), it may not be the sole factor used to evaluate proposals.**

**(D) Rank and recommend in order of preference not fewer than three (3) certified public accountants considered most highly qualified on the factors established under clause (A). If fewer than three (3) certified public accountants respond to the request for proposals, the audit committee shall recommend the remaining qualified certified public accountants in order of preference.**

**(3) The legislative body of the audited entity shall select a qualified certified public accountant from the list recommended by the audit committee and shall negotiate a contract with the certified public accountant using one (1) of the following methods:**

**(A) If compensation is a factor established under subdivision (2)(A), the legislative body shall:**

- (i) select; or
- (ii) document the reason for not selecting;

**the highest-ranked certified public accountant.**

**(B) If compensation is not a factor established under subdivision (2)(A), the legislative body shall negotiate a contract with the highest-ranked qualified certified public accountant. If unable to negotiate a satisfactory contract with the highest-ranked qualified certified public**



accountant, the legislative body shall:

- (i) formally terminate negotiations; and
- (ii) negotiate with the second highest-ranked certified public accountant.

Negotiations with the other ranked certified public accountants shall be undertaken in the same manner. The legislative body may reopen formal negotiations with any of the top three (3) ranked certified public accountants but may not negotiate with more than one (1) certified public accountant at a time.

(C) The legislative body may select a certified public accountant recommended by the audit committee and negotiate a contract using an appropriate alternative negotiation method for which compensation is not the sole or predominant factor.

(D) In negotiations with a certified public accountant, the legislative body may allow a designee, who is not the fiscal officer of the audited entity, to conduct negotiations on its behalf.

(4) If the legislative body is unable to negotiate a satisfactory contract with any of the recommended certified public accountants, the audit committee shall recommend additional certified public accountants, and negotiations shall continue in accordance with this section until an agreement is reached.

(5) The procurement of audit services shall be evidenced by a written contract embodying all provisions and conditions. For purposes of this section, an engagement letter signed and executed by both parties shall constitute a written contract. The written contract shall include the following provisions:

(A) Specification of services to be provided and fees or other compensation for the services.

(B) Invoices for fees or other compensation shall be submitted in sufficient detail to demonstrate compliance with the terms of the contract.

(C) Specification of the contract period and conditions under which the contract may be terminated or renewed.

(D) The certified public accountant shall perform the examination in accordance with:

- (i) the guidelines and standards adopted by the state board of accounts;
- (ii) auditing standards generally accepted in the United States; and



(iii) if applicable, government auditing standards, Office of Management and Budget Circular A-133, and any other guidelines required by the industry.

(E) If the certified public accountant discovers or suspects instances of fraud, abuse of public funds, or the commission of a crime, the certified public accountant shall notify the state board of accounts:

- (i) immediately; and
- (ii) before disclosing the discovery or suspicion to the audited entity.

(F) The certified public accountant shall deliver the completed examination report to the state board of accounts:

- (i) at the same time as the audited entity; and
- (ii) not later than thirty (30) days after completion of the examination.

The report shall be in a readable format prescribed by the state board of accounts.

(G) All work papers supporting the examination report shall be available for review by the state board of accounts.

(6) If a legislative body of an audited entity renews a written contract with a certified public accountant that was entered into in accordance with this section, the legislative body may renew the contract without complying with the selection procedures in this subsection.

(f) The certified public accountant must deliver the completed examination report to the state board of accounts not later than thirty (30) days after completion of the examination. The state board of accounts shall review the examination report and may:

- (1) ask questions of the certified public accountant;
- (2) review the examination work papers; and
- (3) take any other actions necessary to verify that the guidelines and standards adopted by the state board of accounts have been satisfied.

(g) If the certified public accountant's examination:

- (1) satisfies the guidelines and standards adopted by the state board of accounts, the state examiner shall publicly file the examination report under IC 5-11-5-1; or
- (2) fails to satisfy the guidelines and standards adopted by the state board of accounts:

(A) the state board of accounts shall perform the audit; and





**(B) the audited entity shall reimburse the state board of accounts for the actual and direct cost of performing the examination.**

**(h) An audited entity that engages a certified public accountant under this section shall reimburse the state board of accounts for all direct and indirect costs incurred by the state board of accounts for any technical assistance and support requested by the audited entity.**

**(i) An audited entity may terminate the use of a certified public accountant engaged under this section if:**

- (1) the termination is approved by resolution adopted by the legislative body of the audited entity; and**
- (2) written notice of the termination is provided to the state board of accounts more than one hundred eighty (180) days before the beginning of the audited entity's fiscal year.**

**(j) Conducting an examination of an audited entity by a certified public accountant does not prohibit the state board of accounts from conducting a compliance review of the audited entity or an examination under section 9.5 of this chapter on the schedule determined by the state board of accounts."**

Page 11, delete lines 41 through 42, begin a new paragraph and insert:

"SECTION 11. IC 5-11-1-25 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 25. (a) **This section and section 24.4 of this chapter do not limit the application of any law that requires a municipality, a public hospital, another public office or public officer, an entity, or another person or organization to be audited or otherwise examined on an annual or other basis by:**

- (1) a certified public accountant; or**
- (2) a person other than the state examiner or the state board of accounts.**

**(b) Subject to section 9 of this chapter and subsections (c) and (d), the state board of accounts shall conduct examinations of audited entities at the times determined by the state board of accounts, but not less than once every four (4) years, using risk based examination criteria that are established by the state board of accounts and approved by the audit committee. The risk based examination criteria must include the following risk factors:**

- (1) An audited entity has a newly elected or appointed fiscal officer.**
- (2) An audited entity:**



- (A) has not timely filed; or**
- (B) has filed a materially incorrect or incomplete; annual financial report required by section 4 of this chapter.**
- (3) Any other factor determined by the state examiner and approved by the audit committee.**

**(c) Examinations under this chapter shall must be conducted annually for the following:**

- (1) The state.
- ~~(2) Cities.~~
- ~~(3) Counties.~~
- ~~(4) Towns with a population greater than five thousand (5,000).~~
- ~~(5) Public hospitals.~~

**(2) An audited entity (other than a school corporation) that requires an annual audit:**

- (A) because of the receipt of federal financial assistance in an amount that subjects the audited entity to an annual federal audit;**
- (B) due to continuing disclosure requirements; or**
- (C) as a condition of a public bond issuance.**

**An audited entity shall, under the guidelines established by the state board of accounts, provide notice to the state examiner not later than sixty (60) days after the close of the audited entity's fiscal year that the audited entity is required to have an annual audit under subdivision (2).**

**(b) Subject to section 9 of this chapter, examinations under this chapter shall be conducted biennially for:**

- ~~(1) municipalities; and~~
- ~~(2) entities;~~

~~that are not listed in subsection (a).~~

**(d) As permitted under this section since September 1, 1986 (the effective date of P.L.3-1986, SECTION 16), examinations of school corporations shall be conducted biennially."**

Page 12, delete lines 1 through 29, begin a new paragraph and insert:

"SECTION 15. IC 5-11-1-28 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: **Sec. 28. (a) An audited entity may request that an examination conducted by the state board of accounts be conducted in accordance with generally accepted accounting principles. A request by a public officer must be approved by resolution adopted by the legislative body for the audited entity.**

**(b) The state board of accounts shall, not more than sixty (60)**



days after receiving a request under subsection (a):

- (1) acknowledge receipt of the request; and
- (2) notify the requesting public officer or legislative body that the request is:
  - (A) approved; or
  - (B) disapproved.

(c) The state board of accounts shall approve a request under subsection (a) unless the state examiner determines that:

- (1) the audited entity, under the guidelines established by the state board of accounts, did not request the audit within sixty (60) days after the close of the audited entity's fiscal year;
- (2) the audited entity does not conduct its accounting according to generally accepted accounting principles;
- (3) the audited entity did not maintain the audited entity's financial records during the preceding year on a generally accepted accounting principles basis;
- (4) the annual financial statements and notes to the financial statements are not presented or will not be presented to the state board of accounts for audit on the schedule agreed to by the state examiner; or
- (5) the audited entity does not follow the other guidelines established by the state board of accounts."

Renumber all SECTIONS consecutively.

(Reference is to HB 1104 as printed January 27, 2015.)

LEHMAN

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#### COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred House Bill No. 1104, 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 9, between lines 34 and 35, begin a new paragraph and insert:

"SECTION 10. IC 5-11-1-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 6. The state board of accounts shall formulate, prescribe, and approve the forms for reports required to be made by this chapter. ~~The state examiner shall annually furnish to the officers required to make reports by this chapter such printed blanks and forms, on which shall be indicated the information~~

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required, together with suitable printed instructions for filling out the same."

Page 10, line 35, strike "biennially".

Page 11, line 3, strike "shall" and insert "**may**".

Page 13, between lines 9 and 10, begin a new paragraph and insert:  
 "SECTION 14. IC 5-11-1-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 18. All examinations under this chapter ~~shall~~ **may** be made without notice to the officers whose accounts are to be examined, and without notice to any clerk, deputy, employee, or other person employed in or connected with the office or the business of such an officer. A person who recklessly communicates knowledge of any proposed examination of any public account:

**(1) that the board has determined to make without notice under this section; and**

**(2) to the officer in charge of the account or to any other unauthorized person;**

commits a Class B misdemeanor."

Page 14, line 2, delete ")" and insert "**or a college or university (as defined in IC 21-7-13-10))**".

Page 14, line 5, after "entity." insert "**However, the requirements of this section do not apply to a consolidated city that hires an internal auditor or an independent certified public accountant, or both, as authorized under IC 36-3-4-24 to examine the books and records of the consolidated city.**".

Page 15, line 16, delete "appointed by the legislative" and insert ":".

Page 15, delete line 17.

Page 15, line 18, delete "." and insert "**appointed by the legislative body.**".

Page 15, line 19, after "accountant" insert "**appointed by the legislative body**".

Page 15, line 21, after "person" insert "**appointed by the executive of the audited entity**".

Page 15, line 22, after "matters" insert ", **and**".

Page 24, between lines 40 and 41, begin a new paragraph and insert:

**"(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; or**
- (4) an authorized representative of the United States.**

SECTION 20. IC 5-14-3-4, AS AMENDED BY P.L.168-2014, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 4. (a) The following public records are excepted from section 3 of this chapter and may not be disclosed by a public agency, unless access to the records is specifically required by a state or federal statute or is ordered by a court under the rules of discovery:

- (1) Those declared confidential by state statute.
- (2) Those declared confidential by rule adopted by a public agency under specific authority to classify public records as confidential granted to the public agency by statute.
- (3) Those required to be kept confidential by federal law.
- (4) Records containing trade secrets.
- (5) Confidential financial information obtained, upon request, from a person. However, this does not include information that is filed with or received by a public agency pursuant to state statute.
- (6) Information concerning research, including actual research documents, conducted under the auspices of a state educational institution, including information:
  - (A) concerning any negotiations made with respect to the research; and
  - (B) received from another party involved in the research.
- (7) Grade transcripts and license examination scores obtained as part of a licensure process.
- (8) Those declared confidential by or under rules adopted by the supreme court of Indiana.
- (9) Patient medical records and charts created by a provider, unless the patient gives written consent under IC 16-39 or as provided under IC 16-41-8.
- (10) Application information declared confidential by the board of the Indiana economic development corporation under IC 5-28-16.
- (11) A photograph, a video recording, or an audio recording of an autopsy, except as provided in IC 36-2-14-10.
- (12) A Social Security number contained in the records of a public agency.



(13) The following information that is part of a foreclosure action subject to IC 32-30-10.5:

(A) Contact information for a debtor, as described in IC 32-30-10.5-8(d)(1)(B).

(B) Any document submitted to the court as part of the debtor's loss mitigation package under IC 32-30-10.5-10(a)(3).

**(14) The following information obtained from a call made to a fraud hotline established under IC 36-1-8-8.5:**

**(A) The identity of any individual who makes a call to the fraud hotline.**

**(B) A report, transcript, audio recording, or other information concerning a call to the fraud hotline.**

**However, records described in this subdivision may be disclosed to a law enforcement agency, the attorney general, the inspector general, the state examiner, or a prosecuting attorney.**

(b) Except as otherwise provided by subsection (a), the following public records shall be excepted from section 3 of this chapter at the discretion of a public agency:

(1) Investigatory records of law enforcement agencies. However, certain law enforcement records must be made available for inspection and copying as provided in section 5 of this chapter.

(2) The work product of an attorney representing, pursuant to state employment or an appointment by a public agency:

(A) a public agency;

(B) the state; or

(C) an individual.

(3) Test questions, scoring keys, and other examination data used in administering a licensing examination, examination for employment, or academic examination before the examination is given or if it is to be given again.

(4) Scores of tests if the person is identified by name and has not consented to the release of the person's scores.

(5) The following:

(A) Records relating to negotiations between the Indiana economic development corporation, the ports of Indiana, the Indiana state department of agriculture, the Indiana finance authority, an economic development commission, a local economic development organization (as defined in IC 5-28-11-2(3)), or a governing body of a political subdivision with industrial, research, or commercial prospects, if the records are created while negotiations are in progress.



(B) Notwithstanding clause (A), the terms of the final offer of public financial resources communicated by the Indiana economic development corporation, the ports of Indiana, the Indiana finance authority, an economic development commission, or a governing body of a political subdivision to an industrial, a research, or a commercial prospect shall be available for inspection and copying under section 3 of this chapter after negotiations with that prospect have terminated.

(C) When disclosing a final offer under clause (B), the Indiana economic development corporation shall certify that the information being disclosed accurately and completely represents the terms of the final offer.

(D) Notwithstanding clause (A), an incentive agreement with an incentive recipient shall be available for inspection and copying under section 3 of this chapter after the date the incentive recipient and the Indiana economic development corporation execute the incentive agreement regardless of whether negotiations are in progress with the recipient after that date regarding a modification or extension of the incentive agreement.

(6) Records that are intra-agency or interagency advisory or deliberative material, including material developed by a private contractor under a contract with a public agency, that are expressions of opinion or are of a speculative nature, and that are communicated for the purpose of decision making.

(7) Diaries, journals, or other personal notes serving as the functional equivalent of a diary or journal.

(8) Personnel files of public employees and files of applicants for public employment, except for:

(A) the name, compensation, job title, business address, business telephone number, job description, education and training background, previous work experience, or dates of first and last employment of present or former officers or employees of the agency;

(B) information relating to the status of any formal charges against the employee; and

(C) the factual basis for a disciplinary action in which final action has been taken and that resulted in the employee being suspended, demoted, or discharged.

However, all personnel file information shall be made available to the affected employee or the employee's representative. This subdivision does not apply to disclosure of personnel information



generally on all employees or for groups of employees without the request being particularized by employee name.

- (9) Minutes or records of hospital medical staff meetings.
- (10) Administrative or technical information that would jeopardize a record keeping or security system.
- (11) Computer programs, computer codes, computer filing systems, and other software that are owned by the public agency or entrusted to it and portions of electronic maps entrusted to a public agency by a utility.
- (12) Records specifically prepared for discussion or developed during discussion in an executive session under IC 5-14-1.5-6.1. However, this subdivision does not apply to that information required to be available for inspection and copying under subdivision (8).
- (13) The work product of the legislative services agency under personnel rules approved by the legislative council.
- (14) The work product of individual members and the partisan staffs of the general assembly.
- (15) The identity of a donor of a gift made to a public agency if:
  - (A) the donor requires nondisclosure of the donor's identity as a condition of making the gift; or
  - (B) after the gift is made, the donor or a member of the donor's family requests nondisclosure.
- (16) Library or archival records:
  - (A) which can be used to identify any library patron; or
  - (B) deposited with or acquired by a library upon a condition that the records be disclosed only:
    - (i) to qualified researchers;
    - (ii) after the passing of a period of years that is specified in the documents under which the deposit or acquisition is made; or
    - (iii) after the death of persons specified at the time of the acquisition or deposit.

However, nothing in this subdivision shall limit or affect contracts entered into by the Indiana state library pursuant to IC 4-1-6-8.
- (17) The identity of any person who contacts the bureau of motor vehicles concerning the ability of a driver to operate a motor vehicle safely and the medical records and evaluations made by the bureau of motor vehicles staff or members of the driver licensing medical advisory board regarding the ability of a driver to operate a motor vehicle safely. However, upon written request to the commissioner of the bureau of motor vehicles, the driver





must be given copies of the driver's medical records and evaluations.

(18) School safety and security measures, plans, and systems, including emergency preparedness plans developed under 511 IAC 6.1-2-2.5.

(19) A record or a part of a record, the public disclosure of which would have a reasonable likelihood of threatening public safety by exposing a vulnerability to terrorist attack. A record described under this subdivision includes:

(A) a record assembled, prepared, or maintained to prevent, mitigate, or respond to an act of terrorism under IC 35-47-12-1 or an act of agricultural terrorism under IC 35-47-12-2;

(B) vulnerability assessments;

(C) risk planning documents;

(D) needs assessments;

(E) threat assessments;

(F) intelligence assessments;

(G) domestic preparedness strategies;

(H) the location of community drinking water wells and surface water intakes;

(I) the emergency contact information of emergency responders and volunteers;

(J) infrastructure records that disclose the configuration of critical systems such as communication, electrical, ventilation, water, and wastewater systems;

(K) detailed drawings or specifications of structural elements, floor plans, and operating, utility, or security systems, whether in paper or electronic form, of any building or facility located on an airport (as defined in IC 8-21-1-1) that is owned, occupied, leased, or maintained by a public agency. A record described in this clause may not be released for public inspection by any public agency without the prior approval of the public agency that owns, occupies, leases, or maintains the airport. The public agency that owns, occupies, leases, or maintains the airport:

(i) is responsible for determining whether the public disclosure of a record or a part of a record has a reasonable likelihood of threatening public safety by exposing a vulnerability to terrorist attack; and

(ii) must identify a record described under item (i) and clearly mark the record as "confidential and not subject to



public disclosure under IC 5-14-3-4(b)(19)(J) without approval of (insert name of submitting public agency)"; and (L) the home address, home telephone number, and emergency contact information for any:

- (i) emergency management worker (as defined in IC 10-14-3-3);
- (ii) public safety officer (as defined in IC 35-47-4.5-3);
- (iii) emergency medical responder (as defined in IC 16-18-2-109.8); or
- (iv) advanced emergency medical technician (as defined in IC 16-18-2-6.5).

This subdivision does not apply to a record or portion of a record pertaining to a location or structure owned or protected by a public agency in the event that an act of terrorism under IC 35-47-12-1 or an act of agricultural terrorism under IC 35-47-12-2 has occurred at that location or structure, unless release of the record or portion of the record would have a reasonable likelihood of threatening public safety by exposing a vulnerability of other locations or structures to terrorist attack.

(20) The following personal information concerning a customer of a municipally owned utility (as defined in IC 8-1-2-1):

- (A) Telephone number.
- (B) Address.
- (C) Social Security number.

(21) The following personal information about a complainant contained in records of a law enforcement agency:

- (A) Telephone number.
- (B) The complainant's address. However, if the complainant's address is the location of the suspected crime, infraction, accident, or complaint reported, the address shall be made available for public inspection and copying.

(22) Notwithstanding subdivision (8)(A), the name, compensation, job title, business address, business telephone number, job description, education and training background, previous work experience, or dates of first employment of a law enforcement officer who is operating in an undercover capacity.

(23) Records requested by an offender that:

- (A) contain personal information relating to:
  - (i) a correctional officer (as defined in IC 5-10-10-1.5);
  - (ii) a law enforcement officer (as defined in IC 35-31.5-2-185);
  - (iii) a judge (as defined in IC 33-38-12-3);



- (iv) the victim of a crime; or
- (v) a family member of a correctional officer, law enforcement officer (as defined in IC 35-31.5-2-185), judge (as defined in IC 33-38-12-3), or victim of a crime; or
- (B) concern or could affect the security of a jail or correctional facility.

(24) Information concerning an individual less than eighteen (18) years of age who participates in a conference, meeting, program, or activity conducted or supervised by a state educational institution, including the following information regarding the individual or the individual's parent or guardian:

- (A) Name.
- (B) Address.
- (C) Telephone number.
- (D) Electronic mail account address.

(25) Criminal intelligence information.

(26) The following information contained in a report of unclaimed property under IC 32-34-1-26 or in a claim for unclaimed property under IC 32-34-1-36:

- (A) date of birth;
- (B) driver's license number;
- (C) taxpayer identification number;
- (D) employer identification number; or
- (E) account number.

(c) Nothing contained in subsection (b) shall limit or affect the right of a person to inspect and copy a public record required or directed to be made by any statute or by any rule of a public agency.

(d) Notwithstanding any other law, a public record that is classified as confidential, other than a record concerning an adoption or patient medical records, shall be made available for inspection and copying seventy-five (75) years after the creation of that record.

(e) Only the content of a public record may form the basis for the adoption by any public agency of a rule or procedure creating an exception from disclosure under this section.

(f) Except as provided by law, a public agency may not adopt a rule or procedure that creates an exception from disclosure under this section based upon whether a public record is stored or accessed using paper, electronic media, magnetic media, optical media, or other information storage technology.

(g) Except as provided by law, a public agency may not adopt a rule or procedure nor impose any costs or liabilities that impede or restrict the reproduction or dissemination of any public record.



- (h) Notwithstanding subsection (d) and section 7 of this chapter:
- (1) public records subject to IC 5-15 may be destroyed only in accordance with record retention schedules under IC 5-15; or
  - (2) public records not subject to IC 5-15 may be destroyed in the ordinary course of business."

Page 37, between lines 3 and 4, begin a new paragraph and insert:

"SECTION 49. IC 36-1-8-8.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY 1, 2015]: **Sec. 8.5. An executive or a fiscal officer of a unit may establish a fraud hotline telephone number maintained by the unit that the public may use to report suspected fraudulent activity concerning officers or employees of the unit, including misuse of public funds.**"

Page 37, delete lines 8 through 41, begin a new paragraph and insert:

"SECTION 51. IC 36-8-16.6-16, AS ADDED BY P.L.113-2010, SECTION 151, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 16. (a) A seller is subject to the same audit and appeal procedures with respect to the collection and remittance of enhanced prepaid wireless charges as with collection and remittance of the state gross retail tax under IC 6-2.5.

(b) An audit under subsection (a) must be conducted **either:**

- (1) jointly by the department of state revenue and the board; or
- (2) by an independent auditor engaged by the board to conduct a cost effective flat rate audit.

(c) If an independent auditor is engaged by the board under subsection (b)(2), the terms of the engagement may not:

- (1) be of an indefinite term;



- (2) include hourly or per diem fees; or**
- (3) include payment based on contingency."**

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1104 as reprinted February 4, 2015.)

HERSHMAN, Chairperson

Committee Vote: Yeas 10, Nays 0.

