



“Finding Resolutions”

HEA 1031

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IC 5-11-5-1.5

- Authored by Representative Slager
- House Bill 1031 signed by Gov. Holcomb April 25, 2017
- Law goes into effect July 1, 2017

Definitions

- Findings – Federal Findings & Results and Comments
- Examination Report – any engagement type report
(i.e. Audit, Examination, Review, Compliance Engagement)
- Public Officer – Defined in 5-11-1-16(d)
 - Controller/Clerk-Treasurer
- Audit Committee – established by IC 2-5-1.1-6.3
 - Review and oversight of SBOA
 - Monitor actions of examined entity and to follow up on reported findings

IC 5-11-5-1.5(a)

- “As used in this section, “audited entity” includes only the following:
 - (1) A state agency (as defined by IC 4-13-1-1).
 - (2) A public hospital.
 - (3) **A municipality.**
 - (4) A body corporate and politic.
 - (5) A state educational institution.
 - (6) An entity to the extent that the entity is required to be examined under IC 5-11-1-9 or another law.”

IC 5-11-5-1.5(b)

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

IC 5-11-5-1.5(c)

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

IC 5-11-5-1.5(d)

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

IC 5-11-5-1.5(e)

- “After the successful completion of a corrective action plan by an audited entity that was required to file a corrective action plan under subsection (c), the audited entity shall notify the state board of accounts. The state board of accounts shall review each corrective action plan. If a corrective action plan is not implemented or the issue that is subject of the finding is not corrective within six (6) months, the state board of accounts shall prepare a memorandum summarizing:
 - (1) the examination report finding;
 - (2) the corrective action plan;
 - (3) the manner by which the examination report finding was or was not addressed; and
 - (4) a recommended course of action.”

IC 5-11-5-1.5(f)

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

IC 5-11-5-1.5(f) (continued)

- (1) Request a written statement from the public officer of the audited entity.
- (2) Request the personal attendance of the public officer of the audited entity at the next audit committee meeting.
- (3) Request that the public officer of the audited entity take corrective action.

IC 5-11-5-1.5(f) (continued)

(4) Notify the:

- (A) office of management and budget (in the case of an audited entity that is a state agency, a body corporate and public, or a state educational institution); or
- (B) officer or chief executive officer, legislative body, and fiscal body of the audited entity and the department of local government finance (in the case of an other audited entity);

That the audited entity refused to correct the audited entity's failure to observe a uniform compliance guideline established under IC 5-11-1-24(a), or refused to comply with a specific law, with notice of the recommendation described in subsection (e)(4) published on the general assembly's Internet web site.

Continued...

IC 5-11-5-1.5(f) (continued)

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

- (A) Inspector general, in the case of an audited entity that is a state agency, a body corporate and politic, or a state educational institution; or
- (B) prosecuting attorney of the county in which a violation of IC 5-11-1-10 or IC 5-11-1-21 may have been committed in the case of any other audited entity

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

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IC 5-11-5-1.5(f) (continued)

- (6) Recommend that legislation be introduced in the general assembly to amend any statute under which the audited entity is found to be noncompliant
- (7) Recommend that the state board of accounts examine the audited entity within the calendar year following the year in which the audited entity was required to file a correction action plan under subsection (c).



Findings

- Federal Findings
- Results and Comments
 - Public report –vs– ‘verbal’ comments
- Subsequent Findings
 - Report baseline

Corrective Action Plan (CAP)

- SBOA needs to set guidelines for (IC 5-11-5-1.5(d))
 - Will be detailed
 - Will include a timeline of compliance
 - When/how to submit still needs to be decided
- SBOA will require after 1/1/18

Corrective Action Plan (continued)

- When CAP completed, entity will contact SBOA
 - How TBD
- SBOA will review and will need to verify completion of CAP

“Finding Resolutions”

- Representative Slager:
 - “I remember saying, ‘Rather than spending time writing letters trying to justify why we do things differently, why not just fix the problem?’”
- Recommendations from SBOA
- De Facto appeals process