



Paul D. Joyce, CPA  
State Examiner

# INDIANA STATE BOARD OF ACCOUNTS

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August 28, 2025

To: Chad Raney, State Budget Director

From: Paul Joyce, State Examiner, State Board of Accounts

Re: Fiscal Year 2026 Strategic Spending Reduction Plan

As a result of a 5% budget cut from its FY25 appropriation and a 5% reserve on its FY26 general fund appropriation, the State Board of Accounts (SBOA) seeks to reduce its expenditures with minimal impact to essential audit services.

Please note: examination fees are deposited into a separate dedicated fund pursuant to IC 5-11-4-3(h). This fund is non-reverting, experienced no budget cut, and no reserve should be imposed.

## 1. Cost Savings Measures

Reduced funding will directly lead to a reduction in the number of examinations that the SBOA can complete. SBOA has identified two primary cost savings measures to help minimize the impact of the reduction in funding:

- A. SBOA is performing a holistic review of all operations, functions, and processes. The primary target of such review is to identify audit efficiencies. We are evaluating each process in every step of every function to identify inefficiency, redundancy, and/or waste. We are reviewing our core statutory responsibilities and reimagining how we perform certain audits and issue examination reports. At the same time, we are enhancing our data storage and analytics capabilities. We believe investing in technology can drive savings in audit planning and procedures, and examination time.
- B. SBOA's workload increased by approximately 30% during and after the COVID-19 pandemic, which will continue through the end of 2027. There was a vast increase in federal spending, which (1) created new federal audit requirements, and (2) caused many units of local government to exceed the \$750,000 federal spending threshold; thus necessitating new federal audits. Because of this additional workload, SBOA utilized its authority under IC 5-11-1-7(b) to contract with private examiners to perform audits under the State Examiner's direction. SBOA is carefully considering the reduction of private examiners; however, there is a delicate balance between reducing costs while not significantly reducing the total number of audits that the SBOA can perform while still meeting statutory obligations.

## 2. Staffing Plan

SBOA currently employs 276 full-time staff members, including 241 field examiners at all levels and 35 supporting roles (executive, legal, special investigations, IT, finance, processing, administrative). To complete all statutorily required audits without private examiners, SBOA would need approximately 30 additional field examiners.

However, to simply maintain current field examiner count, SBOA needs to recruit approximately 30 new employees per year. This remains a continued challenge for the SBOA, and all accounting and auditing firms, due to a significant reduction in college accounting majors, the lowest number of CPA candidates in over a decade, and experienced accountants leaving the field of accounting altogether. The challenge is magnified by the increase in starting salaries for accountants and auditors in the private sector, and the targeted recruitment of our most experienced auditors by private firms and other governmental units.

SBOA intends to continue its recruiting efforts to increase field examiner count. As such, no involuntary layoffs are planned, and any reduction in staff will be based on attrition.

## 3. Procurement

SBOA has eight open contracts. We recently renewed one contract with the governmental entity that operates Gateway, and, within the next year, will need to renew four contracts, including one with its audit software company and three with private examiners.

## 4. Federal spending and federal grants

SBOA does not have any federal spending nor any federal grant opportunities.

## 5. Capital plans

SBOA does not have any capital plans.

## 6. Financial Management Circular

SBOA complies with the policies in the FMC and does not have any anticipated exceptions thereto.

## 7. Conclusion

SBOA is optimistic that focusing on operational improvements and more effective use of existing resources can minimize the budgetary impact to core functions while maintaining high quality audit services.



## State of Indiana

State Budget Agency  
State House #212  
Indianapolis, IN 46204  
317-232-5610

Mike Braun, Governor

Chad Ranney, Director

### **Approved Fiscal Year 2026 Strategic Spending Reduction Plan**

**Agency Name:** State Board of Accounts

Pursuant to applicable state budgeting and financial management guidelines, the undersigned hereby affirm that the Fiscal Year 2026 Strategic Spending Reduction Plan submitted for the above-named agency has been reviewed and is approved for implementation. This approval signifies the plan submitted is in alignment with agency priorities, applicable legal requirements, and available funding levels.

*Chad E. Ranney*

Chad E. Ranney  
State Budget Director  
Date: 8/29/25

Lisa Hershman

Lisa Hershman  
Secretary of OMB  
Date: 8/29/25

*Paul D. Joyce*

Paul Joyce  
State Examiner  
Date: 8/28/2025

**Ensuring that Indiana's priorities are funded today and tomorrow.**