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September 16, 2026

The Honorable Scott Baldwin
Chairman
Legislative Council Audit and Financial Reporting Subcommittee
Indiana General Assembly
200 West Washington Street
Indianapolis, Indiana 46204

Dear Chairman Baldwin:

In light of the upcoming September 29, 2026 meeting of the Legislative Council Audit and Financial Reporting Subcommittee, I write regarding serious concerns about the adequacy of state audit and legislative oversight of the Indiana Economic Development Corporation (IEDC), including the rapidly expanding LEAP Research and Innovation District.

Indiana Code § 2-5-1.1-6.3 gives the Subcommittee significant responsibilities for independent review and oversight of the State Board of Accounts (SBOA) and Indiana's examination process. These responsibilities include monitoring the independence, objectivity, and effectiveness of the examination process; reviewing examination reports to monitor the integrity of financial reporting and internal accounting controls; monitoring corrective action on examination findings; and providing guidance to SBOA on significant examination and financial-reporting matters.

These responsibilities are particularly important in the case of IEDC. Beginning in 2022, the General Assembly significantly expanded IEDC's authority and provided hundreds of millions of dollars in additional public resources while IEDC undertook major land acquisitions, infrastructure commitments, and other development activities associated with LEAP and other projects. IEDC also administers significant federal funds and is subject to federal audit and compliance requirements.

Yet, based on the Subcommittee's annual materials and other publicly available records I have reviewed, I have been unable to identify meaningful Subcommittee oversight of IEDC, IEDF, LEAP, or the effectiveness of the examination process being used for these entities during this extraordinary expansion.

This is particularly difficult to understand because risk-based examination was specifically before the Subcommittee during this period. At its October 12, 2023 meeting, the Subcommittee received an exhibit entitled "SBOA Risk Based Examination Criteria (Fall 2023)." During this same period, IEDC was experiencing an extraordinary increase in public funding, authority, land acquisitions, contractual commitments, and development activities associated with LEAP.

Indiana law subjects IEDC and its funds, accounts, and financial affairs to examination and permits an independent CPA firm to conduct the examination under specified conditions, subject to SBOA review. SBOA also retains authority to examine IEDC notwithstanding the use of a private examiner.

It is therefore unclear how IEDC's rapidly changing risk profile was evaluated under the State's risk-based examination process, what additional examination procedures resulted, and why the extraordinary expansion of IEDC and LEAP did not result in greater scrutiny by SBOA and this Subcommittee.

There were also significant warning signs before the October 2025 forensic review. IEDC's FY2024 audit identified a significant deficiency in financial reporting after management discovered that $550,000 of prior-period federal expenditures had been omitted from IEDC's FY2023 Schedule of Expenditures of Federal Awards, understating reported federal expenditures.

The same audit identified a separate material weakness in internal control over federal-program compliance, including inaccurate federal financial reporting and untimely required performance reports. These findings are particularly significant given IEDC's administration and expenditure of substantial federal resources.

The concerns became substantially more serious following the October 2, 2025 forensic review by FTI Consulting, which identified 45 findings and observations involving governance, internal controls, contracting, conflicts, compliance, and financial oversight.

Importantly, however, the FTI review itself was limited and was not an audit or a comprehensive investigation of potential wrongdoing. FTI expressly stated that its procedures did not constitute an audit under generally accepted auditing standards or an attestation engagement, that information provided to it was not independently verified, and that it did not conduct a detailed transaction review. FTI further cautioned that its procedures should not be expected to identify all errors, irregularities, or potential fraud.

FTI therefore identified serious concerns despite conducting a review that was not designed to comprehensively trace transactions, independently verify underlying information, or determine whether wrongdoing occurred. The FTI report should have been the beginning of a more comprehensive independent examination and investigation—not the end of the State's response.

Yet, nearly a year later, I have been unable to identify any comprehensive independent investigation undertaken to determine what actually occurred; whether contracts, land transactions, and expenditures were reasonable and properly awarded; whether conflicts or improper relationships affected decisions; whether public funds were misused; whether state or federal laws or ethics requirements were violated; and who, if anyone, should be held accountable.

Certain administrative and statutory changes have occurred since the FTI report, but the statutory reforms do not appear material to the fundamental audit, internal-control, governance, and oversight failures identified. Changes in policies and procedures going forward also do not answer the fundamental questions of what occurred, why Indiana's existing audit and oversight mechanisms failed to identify these problems, and whether any wrongdoing occurred.

The Subcommittee's last publicly identified meeting appears to have been held on October 1, 2025—just one day before the FTI forensic report was publicly released on October 2, 2025. Based on the public meeting records I have reviewed, it appears that the Subcommittee has not held another meeting for nearly a year to publicly address the FTI findings, the adequacy of the prior IEDC examination process, or whether further examination or investigation was warranted.

Given the Subcommittee's significant statutory responsibilities for oversight of SBOA and the examination process, please provide the following information:

1) What oversight did the Subcommittee conduct of IEDC, IEDF, and LEAP from 2022 to the present, including oversight of private examinations performed for IEDC and SBOA's review of those examinations?

2) Given that SBOA's Risk Based Examination Criteria were specifically presented to the Subcommittee at its October 12, 2023 meeting, how was IEDC evaluated under those criteria as its funding, authority, land holdings, contractual commitments, and LEAP activities expanded significantly? What risk factors were identified, and what enhanced examination procedures, if any, resulted?

3) What actions were taken after IEDC's FY2024 audit identified the $550,000 federal-expenditure reporting omission, significant deficiency in financial reporting, and material weakness in internal control over federal-program compliance?

4) Why did the existing examination and oversight process fail to identify the significant governance, contracting, conflict, internal-control, and compliance concerns subsequently identified by FTI?

5) What additional examination or investigation was undertaken following FTI's 45 findings and observations, particularly given the express limitations of FTI's work?

6) Were any FTI findings, prior audit findings, or related matters referred to the Indiana Inspector General, law enforcement, federal authorities, or another investigative body and, to the extent permitted by law, what was the status or disposition of those referrals?

7) Were IEDC, IEDF, LEAP, private-auditor, or related examination matters discussed in executive sessions of the Subcommittee from 2022 to the present and, to the extent permitted by law, what actions resulted from those discussions?

8) What material statutory, audit, or oversight reforms are now necessary to ensure that these failures do not recur?

Indiana has committed extraordinary public resources and governmental authority to IEDC and LEAP. Taxpayers deserve to know not simply whether policies have now been changed, but what happened, why Indiana's existing audit and oversight structure failed to identify these problems, whether wrongdoing occurred, and whether anyone was held accountable.

Given the significant federal nexus of IEDC's activities and the material effects of LEAP on Indiana's Fifth Congressional District, please provide my office with a written response addressing these questions or advise us whether you plan to include these matters on the Subcommittee's September 29 agenda. If these matters are included on the agenda, I would be available to participate in the discussion.

I look forward to your response.

Sincerely,

Victoria Spartz

Victoria Spartz
Member of Congress

cc:
Indiana State Board of Accounts
Office of the Indiana Inspector General