



INSPECTOR GENERAL REPORT

2010-11-0291

December 20, 2010

INDOT AUDIT REVIEW

Inspector General David O. Thomas reports as follows:

This report addresses the compliance by the Indiana Department of Transportation (INDOT) with a previous review of it by the State Board of Accounts (SBOA) in Report Number B35420.

The SBOA periodically reviews state agencies for compliance with the SBOA Accounting and Uniform Compliance Guidelines Manuals (“Manuals”). IC 5-11-1-24. The SBOA may also review agencies for compliance with “any” law. IC 5-11-5-1(a).

The OIG is responsible for addressing fraud, waste, abuse, and wrongdoing in agencies. IC 4-2-7-2. The OIG is also charged to initiate, supervise, and coordinate investigations, recommend policies and carry out other activities designed to deter, detect, and eradicate fraud, waste, abuse, mismanagement, and misconduct in state government, and to provide advice to an

agency on developing, implementing, and enforcing policies and procedures to prevent or reduce the risk of fraudulent or wrongful acts within the agency. IC 4-2-7-3.

In this case, two previous SBOA finding were chosen, namely the issues regarding SDO fund reconciliations and the completion of certain written policies. Requirements addressing these two areas are addressed in the SBOA Manuals.¹

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SDO Fund Reconciliation

The previous SBOA review noted that SDO reconciliations for two subsidiary accounts were incorrect because they did not show the reconciliation to the advanced amount.

To measure compliance, the OIG reviewed reconciliations in the past three months (September through November of 2010) for the Land Acquisition Subsidiary account.

We found that the reconciliations had been completed by INDOT, both to the bank as well as to the advanced amount. The reconciliations were further initialed by INDOT employees.

We also found that the Travel Card Subsidiary Account was closed in March of 2010.

¹ See: *Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Organizational Overview, Summary of Agency Accounting Responsibilities, online at <http://www.in.gov/sboa/2401.htm>.*

Internal Controls over Policies and Procedures

The previous SBOA audit also pointed out that the Policy and Procedure Manual had not been written since the implementation of the new accounting system.

We reviewed this issue for compliance and found that INDOT's Finance Manual was finalized in September of 2010. It appears this was done with the full collaboration from the entire staff of the Finance Section.

INDOT also provided us copies of the manual and we reviewed the Table of Contents and the first four chapters as a representative sample of the total manual.

Supporting documentations supplied by INDOT to the OIG will be kept on file.

With our finding compliance with Audit Report B35420 and the SBOA Manuals in these areas, this investigation is closed.

Dated this 20th day of December, 2010.



David O. Thomas, Inspector General