

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

REVIEW REPORT  
OF  
OFFICE OF THE ATTORNEY GENERAL  
STATE OF INDIANA  
April 1, 2003 to March 31, 2006



**FILED**  
7/25/06



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AGENCY OFFICIALS

Office

Official

Term

Attorney General

Steve Carter

01-08-01 to 01-11-09



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF OFFICE OF THE ATTORNEY GENERAL

We have reviewed the receipts, disbursements, and assets of the Office of the Attorney General for the period of April 1, 2003 to March 31, 2006. The Office of the Attorney General's management is responsible for the receipts, disbursements, and assets.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the receipts, disbursements, and assets. Accordingly, we do not express such an opinion.

Financial transactions of this office are included in the scope of our audits of the State of Indiana as reflected in the Indiana Comprehensive Annual Financial Reports.

Based on our review, nothing came to our attention that caused us to believe that the receipts, disbursements, and assets of the Office of the Attorney General are not in all material respects in conformity with the criteria set forth in the Accounting and Uniform Compliance Guidelines Manual for State Agencies, and applicable laws and regulations except as stated in the review comments.

STATE BOARD OF ACCOUNTS

May 11, 2006

OFFICE OF THE ATTORNEY GENERAL  
REVIEW COMMENTS  
MARCH 31, 2006

INTERNAL CONTROL OVER REVENUE COLLECTIONS

As noted in our prior Audit Report B21314, our review of the revenue collections process for the Consumer Protection Division found that checks are not immediately endorsed upon receipt.

Checks should be restrictively endorsed with an endorsement stamp, immediately upon receipt. This would occur upon opening the mail or otherwise receiving the instrument. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 3)

FIXED ASSET INVENTORY

The annual physical inventory of assets of the Office of the Attorney General has not been conducted.

Once a year, after receiving a Fixed Asset Master Listing, a physical inventory is to be taken and compared to the Master Listing and the agency's listing of assets from its asset control system. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 10)

CONTRACT APPROVALS

As noted in our prior Audit Report B21314, the Office of the Attorney General executed contracts to vendors for professional services. These contracts were in effect prior to approval by the proper officials. Internal controls are weakened when a contract is put into effect before proper approval.

Indiana Code 4-13-2-14.1 and 14.2 require that a contract to which a state agency is a party must be properly approved and in writing.

PUBLIC SALE OF ABANDONED PROPERTY

Our review found that the Office of the Attorney General has not conducted a public sale of abandoned property since September 2002.

Indiana Code 32-34-1-31(a) states that ". . . the attorney general, not later than three (3) years after the receipt of abandoned property, shall sell the property to the highest bidder at a commercially reasonable public sale that, in the judgment of the attorney general, affords the most favorable market for the property."

OFFICE OF THE ATTORNEY GENERAL  
EXIT CONFERENCE

The contents of this report were discussed on June 21, 2006, with Larry Hopkins, Chief Executive Officer. The official response has been made a part of this report and may be found on pages 6 and 7.



STATE OF INDIANA  
**OFFICE OF THE ATTORNEY GENERAL**

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**STEVE CARTER**  
ATTORNEY GENERAL

TELEPHONE (317) 232-6201

July 3, 2006

Mr. Bruce A. Hartman, State Examiner  
Room 418, Indiana Government Center South  
302 W. Washington Street  
Indianapolis, IN 46204

Dear Mr. Hartman:

This letter will serve as our "Official Response" to the Audit Report for the period April 1, 2003 to March 31, 2006.

Internal Control Over Revenue Collections

The Office of the Attorney General, (OAG), previously endorsed checks through the Controllars office and supports the policy of the immediate restrictive endorsement of checks received. The Consumer Division has now received an endorsement stamp and instructions to endorse checks received per policy. The OAG reserves the right to not accept or endorse any partial payments made in an attempt to limit the state's ability to collect a full amount that may be owed.

Fixed Asset Inventory

This agency will conduct an inventory during Fall 2006. At present we are converting our existing asset database to an inventory software that provides inventorying by scanning barcodes of each location and item and other services. We are pleased to note that all other fixed asset tasks were found satisfactory.

Contract Approvals

OAG acknowledges that services for a limited number of contracts were initiated prior to the completion of all state agency sign-offs but notes that in each case those sign-offs were timely received. The decision to proceed with services benefited the state through protection of the public and return of unclaimed properties to Indiana residents. Expedited contract actions involving licensing, not-for-profit regulation, data support and outside legal counsel sometimes are necessary due to unusual circumstances.

Mr. Bruce Hartman

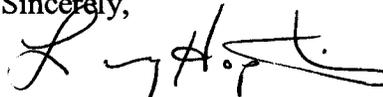
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July 3, 2006

Public Sale Of Abandoned Property

The OAG worked last year to secure legislative changes that would allow for on-line auctions. All property subject to sale through 2004 had been appropriately inventoried and appraised for sale. After in-depth research, OAG has begun actions to conduct the sale of abandoned property through online services as that have a broad clientele base and a secure transaction capability. We expect to fully implement this public sale concept with well-planned internal controls during Fall 2006 after an initial testing period. This approach permits continuous auction of properties as they are received and could reduce costs for a traditional public auction.

Sincerely,

A handwritten signature in black ink, appearing to read "L. Hopkins", written over a horizontal line.

Larry Hopkins  
Chief Administrative Officer

LH/TR:rb318180