

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
BOARD OF LAW EXAMINERS
July 1, 2006 to June 30, 2008



FILED
01/28/2009

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OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|---------------------------------------|---------------------------------------|--|
| Executive Director | Mary Place Godsey Linda L. Loepker | 07-01-06 to 08-31-07 09-01-07 to 06-30-09 |
| President of the Board | Alonzo Weems Steven Heimann | 12-01-05 to 11-30-06 12-01-06 to 11-30-08 |
| Chief Justice of the Supreme Court | Hon. Randall T. Shepard | 03-04-02 to 03-03-12 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF BOARD OF LAW EXAMINERS

We have examined the financial information presented herein of the Board of Law Examiners (Board), for the period of July 1, 2006 to June 30, 2008. The Board's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Board for the years ended June 30, 2007 and 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

September 24, 2008

BOARD OF LAW EXAMINERS
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
As Of And For The Years Ended June 30, 2007 And 2008

| | <u>2007</u> | <u>2008</u> |
|---|-------------------|---------------------|
| Cash and Investments, July 1 | \$ 879,500 | \$ 989,375 |
| Receipts: | | |
| Examination Fees | 238,000 | 229,225 |
| Foreign Licenses Fees | 37,150 | 46,950 |
| Professional Corporation Fees | 45,820 | 44,800 |
| Limited Liability Partnerships/Corporations | 23,540 | 25,130 |
| Business Council | 6,050 | 4,600 |
| Interest | 32,783 | 21,133 |
| Miscellaneous | <u>911</u> | <u>904</u> |
| Total Receipts | <u>384,254</u> | <u>372,742</u> |
| Disbursements: | | |
| Board Compensation | 160,000 | 158,667 |
| Board and Director Travel | 12,621 | 16,570 |
| Bar Exam and Ceremony | 76,723 | 70,425 |
| Monitor Services | 17,778 | 20,273 |
| Professional Services | - | 18,146 |
| Insurance and Maintenance | 2,761 | 16,604 |
| Computer and Office Equipment | 2,904 | 10,955 |
| Miscellaneous | <u>1,592</u> | <u>4,504</u> |
| Total Disbursements | <u>274,379</u> | <u>316,144</u> |
| Excess of Receipts Over (Under) Disbursements | <u>109,875</u> | <u>56,598</u> |
| Cash and Investments, June 30 | <u>\$ 989,375</u> | <u>\$ 1,045,973</u> |

The accompanying notes are an integral part of the financial information.

BOARD OF LAW EXAMINERS
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Board of Law Examiners (Board) was established as a division of the Indiana Supreme Court. The Board provides the following services: oversight and general administrative services for the State Bar Examinations.

Note 2. Basis of Accounting

The Board's Schedules of Receipts, Disbursements, and Cash and Investment Balances are reported using the basis of accounting that demonstrates compliance with the cash and investment basis of budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred.

Note 3. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Board to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds.

Note 4. Examination Fees

Bar examination fees are stated net of refunds.

BOARD OF LAW EXAMINERS
EXAMINATION RESULT AND COMMENT
JUNE 30, 2008

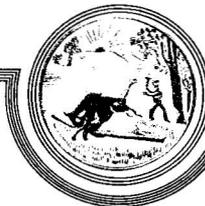
MONTHLY RECONCILIATIONS

As stated in our prior Report B29434, the Board of Law Examiners (Board) did not properly perform monthly reconciliations between their general ledger and the bank statement. As of June 30, 2008, the Board's general ledger was out of balance with the bank by approximately \$200.

Each agency, department, quasi, institution or office should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of managements' objectives, and compliance with laws and regulations. Among other things, . . . safeguarding controls over cash and all other assets, and forms of information processing are part of an internal control system. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 1)

BOARD OF LAW EXAMINERS
EXIT CONFERENCE

The contents of this report were discussed on November 19, 2008, with Linda L. Loepker, Executive Director. The official response has been made a part of this report and may be found on page 8.



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Linda L. Loepker
Executive Director

November 21, 2008

State Board of Accounts
Attn: Mike Hoose
302 West Washington Street, Room E 418
Indianapolis, IN 46204-2765

Official Response

During FY'07-08 there were five deposit error corrections reported by the bank, and two instances of Board-issued checks reported lost by payees, voided then later cashed. The bookkeeper recorded these corrections to bank deposits and checks as occurring on the dates reported by bank notices and monthly statements. By back-dating corrections into previously reconciled periods, the monthly general ledger totals were shifted out of balance with opposing credits and debits moving across month-end and fiscal year-end totals. The practice of back-dating of corrections has been eliminated. Per the recommendations of the SBOA field examiner, corrections are recorded to the ledger on the date bank notices are received, preserving previously reconciled totals as accurate on the dates of reconciliation.

We have reconciled our books for every month during FY'07-08. At the end of each month our general ledger credits and debits reconciled, and at the time of reconciliation were balanced with the bank statements. As of June 30, 2008 no cash or assets were missing.

Sincerely,

A handwritten signature in black ink, appearing to read 'Linda L. Loepker', written over a circular stamp or seal.

Linda L. Loepker