

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

REVIEW REPORT
OF
TOBACCO PREVENTION AND CESSATION
STATE OF INDIANA
April 1, 2006 to February 29, 2008



FILED
06/10/2008

TABLE OF CONTENTS

| <u>Description</u> | <u>Page</u> |
|---|-------------|
| Agency Officials | 2 |
| Independent Accountant's Report..... | 3 |
| Review Comment: Refunds of Expenditure | 4 |
| Exit Conference..... | 5 |
| Official Response | 6 |

AGENCY OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|--------------------|-------------------|----------------------|
| Executive Director | Karla S. Sneegas | 07-01-05 to 06-30-08 |
| Chairman | Dr. Judith Monroe | 06-20-05 to 01-11-09 |



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOBACCO PREVENTION AND CESSATION

We have reviewed the receipts, disbursements, and assets of the Tobacco Prevention and Cessation for the period of April 1, 2006 to February 29, 2008. The Tobacco Prevention and Cessation'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 Tobacco Prevention and Cessation 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

April 30, 2008

TOBACCO PREVENTION AND CESSATION
REVIEW COMMENT
February 29, 2008

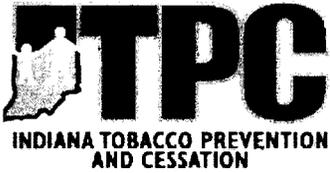
REFUNDS OF EXPENDITURE

As stated in our prior report, B27446, the Tobacco Prevention and Cessation agency deposited two refunds for previous fiscal year expenditures as current year refunds totaling \$8,422.11. By recording these as refunds of current year expenditures, the Tobacco Prevention and Cessation agency is supplementing its State appropriations by the amount deposited.

A refund of expenditure can only be used if the original disbursement and the refund or collection are within the same fiscal year. If the collection is not received within the same fiscal year as the related expenditure, then the collection must be recorded as miscellaneous revenue. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 3)

TOBACCO PREVENTION AND CESSATION
EXIT CONFERENCE

The contents of this report were discussed on May 22, 2008, with Karla Sneegas, Executive Director; and Celesta Bates, Chief Financial Officer. The official response has been made a part of this report and may be found on page 6.



May 22, 2008

Mr. Bruce A. Hartman, CPA
State Examiner
State Board of Accounts
302 West Washington Street
4th Floor, Room E418
Indianapolis, IN 46204-2765

RE: OFFICIAL RESPONSE

Dear Mr. Hartman:

I would like to enter into the record our response to your comments detailed in the Audit Report for the Indiana Tobacco Prevention and Cessation Agency (ITPC) for the period ending February 29, 2008.

The report states "the Tobacco Prevention and Cessation agency deposited two refunds for previous fiscal year expenditures as current year refunds totaling \$8,422.11." Upon identification of the errors, the agency made the necessary corrections to reclassify the funds into the correct revenue classification.

The policy in place now requires two individuals within the Finance Division to review and verify receipts for the appropriate accounting treatment of funds coming into the agency. We are happy to report that although these procedures did not eliminate all errors, they significantly reduced the errors to an immaterial amount, and demonstrated a 94% accuracy rate for revenue recognition for our agency for this audit period.

I appreciate the opportunity to provide our corrective actions to the report.

Respectfully,

Karla S. Sneegas, MPH
Executive Director
Indiana Tobacco Prevention and Cessation