

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

REVIEW REPORT  
OF  
INDIANA CRIMINAL JUSTICE INSTITUTE  
June 1, 2006 to January 31, 2009



**FILED**  
05/28/2009



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AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	John von Arx	05-13-06 to 06-27-06
	Michael Cunegin	06-28-06 to 03-16-08
	T. Neil Moore	03-17-08 to 01-13-13
Chairman, Board of Trustees	Jason Barclay	07-01-06 to 09-28-06
	John von Arx	09-29-06 to 06-30-09



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STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE INDIANA CRIMINAL JUSTICE INSTITUTE

We have reviewed the receipts, disbursements, and assets of the Indiana Criminal Justice Institute for the period of June 1, 2006 to January 31, 2009. The Indiana Criminal Justice Institute'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 Indiana Criminal Justice Institute 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

March 12, 2009

INDIANA CRIMINAL JUSTICE INSTITUTE  
REVIEW COMMENTS  
JANUARY 31, 2009

LACK OF TIMELY COMPENSATION TO CLAIMANTS OF VIOLENT CRIMES

As stated in our prior review report (B29033), we found Indiana Criminal Justice Institute (ICJI) claims dating back to 2001 had not yet been approved for payments to claimants of violent crimes and no new claims have been entered into their database since June 2006. Since ICJI is the payer of last resort to claimants of violent crimes, the dollar amount of violent crime claims which would ultimately be approved for payment cannot be established. Eligible claims dating back to June 2005 had not been approved for payments to claimants of sex crimes. As the payer of first resort to claimants of sex related crimes, virtually all of the sex crime claims are considered current ICJI payables. As of September 30, 2006, ICJI had \$3,530,277 in available funds to pay approved claims for both violent and sex related crimes.

In our current review, we noted ICJI violent crime claims filed since January 2006 had not yet been paid due to system limitations. As of February 28, 2009, ICJI had \$1,403,487 in funds available to pay approved claims to victims of violent crimes. ICJI was current with payments to victims of sex crimes for claims filed through August 2008.

IC 5-2-6.1-44 states:

"(a) If the fund would be reduced below two hundred fifty thousand dollars (\$250,000) by payment in full of all awards that become final in a month, the division shall suspend payment of the claims that become final during the month and the following two (2) months and (b) At the end of the suspension period the division shall pay the suspended claims. If the fund would be exhausted by payment in full of the suspended claims, the amount paid to each claimant shall be prorated."

Each agency, department, 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. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 1)

CONTRACT APPROVAL SIGNATURES

We found that 10 of the 23 (43%) ICJI's vendor contracts reviewed did not include all the required approvals from the Indiana Department of Administration (IDOA), State Budget Agency, and Office of Attorney General (OAG) prior to the beginning, and sometimes the completion, of rendered services.

The State's internal Executive Document Summary (EDS) form attached to contracts may allow for services to begin prior to completion of the required approval signatures since an agency is not required to enter a reason for lateness in EDS box #39 unless the contract is received by IDOA more than 30 days after the contract inception date. Nevertheless, ICJI should be cognizant that doing so may expose the State to a potential liability for payment of contractual services performed on a contract that was, subsequently, rejected by one of the approvers.

INDIANA CRIMINAL JUSTICE INSTITUTE  
REVIEW RESULTS AND COMMENTS  
JANUARY 31, 2009  
(Continued)

We found no payments to contractors prior to completion of the approval process. However, ICJI should anticipate contractual services as early as possible and allow adequate time for completion of the contract process to obtain a fully executed contract before vendor services begin.

IC 4-13-2-14.1(a) states in part: "A contract to which a state agency is a party must be approved by the following persons: (1) The commissioner of the Indiana department of administration. (2) The director of the budget agency . . . (3) The attorney general, as required by section 14.3 of this chapter."

The March 2008 Professional Services Contract Manual prepared by the OAG and IDOA states: "Sufficient lead-time should be given when preparing a contract so it can be reviewed and executed by the approving agencies. We suggest allowing 60 days for this process. IDOA tries to review each contract within five (5) working days of receipt, as does Budget. By statute, the Office of Attorney General is allowed forty-five (45) days to review a contract; however, the [OAG] Advisory Section tries to do all reviews within 10 business days of receipts."

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. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 1)

#### DAILY DEPOSITS

We found that ICJI did not consistently deposit receipts within the following business day. When receipts are not deposited timely, the possibility that funds may be misplaced or stolen increases.

IC 5-13-6-1(b) states in part: ". . . all public funds . . . shall be deposited with the treasurer of state, or an approved depository selected by the treasurer of state not later than the business day following the receipt of the funds."

#### ATTENDANCE REPORT APPROVALS

Thirty percent of ICJI employee attendance reports reviewed were not signed or dated timely by the supervisors.

After being completed by the employee, the attendance report should be reviewed, signed, and dated by the immediate supervisor of the employee, or by another designated individual who has knowledge of the employee's attendance. The review should be done prior to submission of payroll to the Auditor's office. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 9)

INDIANA CRIMINAL JUSTICE INSTITUTE  
EXIT CONFERENCE

The contents of this report were discussed on May 7, 2009, with T. Neil Moore, Executive Director.

The contents of this report were emailed on May 7, 2009, to Michael Cunegin and John von Arx, former Executive Directors.