

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

REVIEW REPORT
OF
STATE STUDENT ASSISTANCE COMMISSION
STATE OF INDIANA
July 1, 2007 to January 31, 2010



FILED
05/20/2010

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Agency Officials	2
Independent Accountant's Report.....	3
Review Comments:	
Fixed Asset Inventory	4
SDO Advance Turnover	4
Daily Deposit.....	4
Improper Classification of Accounting Transactions	4
Exit Conference.....	5
Official Response	6-7

AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Dennis Obergfell (Interim)	07-01-07 to 08-26-07
	David Reynolds	08-27-07 to 01-11-08
	Dennis Obergfell (Interim)	01-12-08 to 06-15-08
	Claudia Braman	06-16-08 to 01-13-13
Chairman	Thomas K. Borne	07-01-07 to 06-30-10



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE STATE STUDENT ASSISTANCE COMMISSION

We have reviewed the receipts, disbursements, and assets of the State Student Assistance Commission for the period of July 1, 2007 to January 31, 2010. The State Student Assistance Commission'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 Student Assistance Commission of Indiana 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 9, 2010

STATE STUDENT ASSISTANCE COMMISSION
REVIEW COMMENTS
January 31, 2010

FIXED ASSET INVENTORY

The fixed asset inventory of the State Student Assistance Commission is not complete as to additions and retirements. Since June 2008, the agency fixed asset inventory list has not been updated.

Agency personnel are responsible for accountability for all assets under their control, including capital assets. Adequate asset management staff should be assigned to recording and maintaining, on the ENCOMPASS financial system, all capital assets with a cost greater than \$500. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 8)

Controls should be in effect to assure that additions, disposals, and transfers to other departments or agencies are recorded timely. Inventories of these assets should be performed each year in each department and compared to the ENCOMPASS listing. Results of inventories should be retained for audit purposes. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 8)

SDO ADVANCE TURNOVER

The Special Disbursing Officer Fund (SDO) advance for the State Student Assistance Commission was not turned over, or reimbursed completely, for several months.

If a SDO advance is not used within one or two months then the SDO advance is too large and should be reduced. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 7)

DAILY DEPOSIT

The State Student Assistance Commission did not consistently deposit receipts for revenues within the following business day. Of the fifteen deposits tested, four (twenty-five percent) were not deposited within the next business day.

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."

IMPROPER CLASSIFICATION OF ACCOUNTING TRANSACTIONS

The State Student Assistance Commission improperly classified refunds for the current fiscal year expenditure as miscellaneous revenue instead of as refunds of expenditure. By recording these refunds as miscellaneous revenue, the State Student Assistance Commission is overstating both revenues and expenditures for the current fiscal year.

The agency has the responsibility for recording and submitting documents prepared as input to the Auditor of State's accounting system. The proper utilization of the state system includes the objectives of timely submission of documents; proper classification of the transaction; recording of accurate amounts; and verification of correct posting to reports. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 1)

STATE STUDENT ASSISTANCE COMMISSION
EXIT CONFERENCE

The contents of this report were discussed on April 13, 2010, with Claudia Braman, Executive Director; Seana Murphy, Director for 21st Century Scholars Program; Bonnie Davis, Assistant Controller; and Beth Woods, Accountant. The official response has been made a part of this report and may be found on pages 6 and 7.

OFFICIAL RESPONSE

State Board of Accounts
Attn: Bruce Hartman, State Examiner
302 West Washington Street, Room E 418
Indianapolis, IN
46204

Mr. Hartman,

The purpose of this correspondence is to articulate responses to findings detailed in the Review of the State Student Assistance Commission Indiana conducted by the Indiana State Board of Accounts reflecting the period beginning July 1, 2007 through January 31, 2010.

FIXED ASSET INVENTORY

In response to the finding on the fixed asset inventory of the State Student Assistance Commission, we recognize that the current assets are not recorded correctly in PeopleSoft Financial to date but we are in the process rectifying this.

Due to complications in PeopleSoft, we have been unable to correct or modify any entry that currently exists. GMIS and the Auditor's office are both working together to correct the errors within the system which, when corrected, will allow us to update all assets under our control. To ensure we can update the entries correctly when the system will allow, we have conducted a physical accounting of all assets in our office. We have compared the finding with what is listed in PeopleSoft and our IT inventory listing. All information that will be needed to update the assets including, but not limited to, tag numbers, custodian, and unit value have been gathered for each asset.

Going forward we will correctly input assets into the PeopleSoft Financial system, modify and update all existing assets, dispose or transfer assets no longer servicing our agency, and complete a yearly physical inventory. Findings of the inventories completed will be retained for audit purposes.

SDO ADVANCE TURNOVER

In response to the finding regarding the SDO account, we recognize that the account is not utilized with the degree of frequency outlined in the accounting and uniform compliance guidelines manual for state agencies reason being: the account is used to assist with mandatory out of state employee travel in instances where purchase orders are not accepted. Mandatory conference participation is required three times a year resulting in large withdrawals and large reimbursements.

Prior to the review, the agency made the decision to replace the SDO account with an agency travel card. This change will resolve this finding.

DAILY DEPOSITS

In response to the finding regarding daily deposits, the agency recognizes that prior to PeopleSoft, several deposits were not completed by the next business day. The elimination of the need to manually process checks coupled with the assignment of this task to the office manager will resolve this finding.

IMPROPER CLASSIFICATION OF ACCOUNTING TRANSACTIONS

In response to the finding on improper classification of accounting transactions, we recognize that prior to the audit by the State Board of Accounts, we had been classifying some refunds received as revenue when they should have been recorded as a reduction of expense.

The account staff has put into place the new procedure for recording refunds that are returned to the State Student Assistance Commission within the same fiscal year as the expenses were paid. This procedure has been used since the finding was brought to our attention during the audit. This change will resolve this finding.