

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

REVIEW REPORT

OF

SUPREME COURT

STATE OF INDIANA

May 1, 2008 to February 28, 2010



**FILED**  
08/19/2010



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AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Supreme Court Administrator and Clerk of the Appellate Courts and Tax Courts	Kevin S. Smith	07-01-07 to 06-30-11
Executive Director, Division of State Court Administration	Lilia G. Judson	07-01-07 to 06-30-11
Director and Counsel, Trial Court Technology	Mary L. DePrez	07-01-06 to 06-30-11
Chairperson of the Judicial Technology and Automation Committee	Hon. Frank Sullivan, Jr.	07-01-06 to 06-30-11



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE SUPREME COURT

We have reviewed the receipts, disbursements, and assets of the Supreme Court for the period of May 1, 2008 to February 28, 2010. Supreme Court'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 Supreme Court are not in all material respects in conformity with the criteria set forth in the Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, and applicable laws and regulations except as stated in the review comments.

STATE BOARD OF ACCOUNTS

June 24, 2010

SUPREME COURT  
REVIEW COMMENTS  
February 28, 2010

JUDICIAL TECHNOLOGY AND AUTOMATION COMMITTEE - INFORMATIONAL

Indiana Rules of Court Administrative Rule 4(B) established the Judicial Technology and Automation Committee (JTAC) under the Supreme Court's Division of State Court Administration. In 2004, the Judicial Technology and Automation Project Fund was created under Indiana Code 33-24-6-12.

As of January 1, 2007, our review of the receipts, disbursements, and assets of the JTAC, will be included in our report on the Supreme Court.

LACK OF INTERNAL CONTROLS OVER FIXED ASSETS

The fixed asset inventory of the Supreme Court is not complete as to additions and assets have not been consistently tagged upon receipt. Additionally, an annual physical inventory of assets owned was not conducted during the review period.

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. Assets are automatically capitalized upon approval by either the BU approver or AOS approver. 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 and Quasi Agencies, 8.3)

SUPREME COURT  
EXIT CONFERENCE

The contents of this report were discussed on July 12, 2010, with Kevin S. Smith, Supreme Court Administrator and Clerk of the Appellate Courts and Tax Courts; Lilia G. Judson, Executive Director, Division of State Court Administration; Thomas Carusillo, Director of Trial Court Services; and Janice Hood, Supreme Court Accountant. The official response has been made a part of this report and may be found on pages 6 and 7.

SUPREME COURT  
OF INDIANA



DIVISION OF SUPREME COURT ADMINISTRATION

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OFFICIAL RESPONSE TO AUDIT

August 5, 2010

Bruce Hartman  
State Examiner  
State Board of Accounts  
302 West Washington Street, Rm. E418  
Indianapolis, IN 46204-2738

Dear Mr. Hartman:

This letter is the official response of the Supreme Court to the State Board of Account's *Review Comments* dated February 28, 2010, arising from the recent audit performed of the Supreme Court and its Clerk's Office. We thank the State Board of Accounts for the efforts of its field examiner.

The *Review Comments* state in relevant part:

"The fixed asset inventory of the Supreme Court is not complete as to additions and assets have not been consistently tagged upon receipt. Additionally, an annual physical inventory of assets owned was not conducted during the review period.

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. Assets are automatically capitalized upon approval by either the BU approver or the AOS approver. 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 ENCMOPASS listing. Results of inventories should be retained for audit purposes. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, 8.3)"

We concur that controls concerning the tracking of assets that have a value greater than \$500, including use of consistently applied procedures for tagging, logging, and regularly inventorying those assets, are beneficial. While we do keep careful track of technology-related assets that have a value exceeding \$500, we concur that consistently applied controls and procedures for tagging and inventorying the relatively few other assets we have worth more than \$500 should be followed. We intend to implement those suggestions.

Thank you for the efforts of your staff in conducting this year's audit of the Supreme Court and its Clerk's Office. Please do not hesitate to contact me at the number listed above if you have any questions or concerns.

Sincerely,



Kevin S. Smith  
Indiana Supreme Court Administrator &  
Clerk of the Indiana Supreme Court, Court of Appeals, and Tax Court

cc: Chief Justice Randall T. Shepard  
Lilia Judson, Executive Director, Division of State Court Administration