

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

REVIEW REPORT  
OF

DEPARTMENT OF VETERANS' AFFAIRS

STATE OF INDIANA

November 1, 2008 to February 29, 2012



**FILED**  
05/04/2012



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Agency Officials .....	2
Independent Accountant's Report.....	3
Review Comments:	
SDO Advance .....	4
Fixed Asset Inventory .....	4
Exit Conference.....	5
Official Response .....	6

AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Charles T. Applegate	02-14-05 to 01-13-13
Chairperson	Cal Cree	03-02-07 to 07-02-09
	Dave Havely	07-03-09 to 06-08-10
	Joe Carroll	06-09-10 to 07-01-10
	Stephen Wise	07-02-10 to 01-13-13



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE DEPARTMENT OF VETERANS' AFFAIRS

We have reviewed the activities related to the receipts, disbursements, and assets of the Department of Veterans' Affairs for the period of November 1, 2008 to February 29, 2012. The Department of Veterans' Affairs 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. Federal programs are included in the scope of our statewide single audits as reflected in the Statewide Single Audit Reports.

Based on our review, nothing came to our attention that caused us to believe that the activities related to the receipts, disbursements, and assets of the Department of Veterans' Affairs 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.

The Department of Veterans' Affairs' response to the Review Comments identified in our review is described in the accompanying section of the report entitled Official Response. We did not review the Department of Veterans' Affairs' response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Department of Veterans' Affairs' management, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office reviewed.

STATE BOARD OF ACCOUNTS

March 26, 2012

DEPARTMENT OF VETERANS' AFFAIRS  
REVIEW COMMENTS  
February 29, 2012

***SDO ADVANCE***

As stated in our prior Report B34098, the Special Disbursing Officer Fund (SDO) advance for the Department of Veterans' Affairs was not turned over for several months.

If an agency is not using the total SDO advance within one or two months, the SDO advance is too large and should be reduced. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies. 6.4.10.6)

***FIXED ASSET INVENTORY***

As stated in the prior Report B34098, the fixed asset inventory for assets costing more than \$500 has not been maintained by the Department of Veterans' Affairs. Additionally, an annual physical inventory of assets owned has not been conducted.

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 and Quasi Agencies. 8.3)

Each year a physical inventory is to be taken and compared to the master listing from the ENCOMPASS Asset Management system. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies. 8.4.6)

DEPARTMENT OF VETERANS' AFFAIRS  
EXIT CONFERENCE

The contents of this report were discussed on April 19, 2012, with Charles T. Applegate, Executive Director. The Official Response has been made a part of this report and may be found on page 6.

# STATE OF INDIANA

DEPARTMENT OF VETERANS AFFAIRS  
302 WEST WASHINGTON STREET ROOM E120  
INDIANAPOLIS, INDIANA 46204-2738



Mitchell E. Daniels, Jr., Governor  
Charles T. "Tom" Applegate, Director

April 19, 2012

State Examiner  
State Board of Accounts  
302 Washington St., Room E-418  
Indianapolis, Indiana 46204-2765

After review of the audit findings for the Department of Veterans' Affairs on February 29, 2012, we understand and agree with the findings.

We will implement the following corrective actions to the SDO-ADVANCE and the FIXED ASSET INVENTORY:

Close/retire the SDO--We have discontinued the practice of disbursements from the SDO. We will surrender the SDO accounts as soon as possible.

Fixed Asset Inventory--We will conduct a department wide inventory by the end of the current fiscal year (2012). Said inventory will be reconciled to the fixed asset Master Listing.

The field examiner, John Jacob, has been most helpful to our department in the identification of practices that needed to be changed. He was thorough, fair, and professional. My staff and I appreciate his efforts and cooperation.

Sincerely,

A handwritten signature in blue ink that reads 'Charles T. Applegate'. The signature is fluid and cursive, written over a light blue horizontal line.

Charles T. Applegate  
Director  
Indiana Dept. of Veteran Affairs