

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

REVIEW REPORT

OF

DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

STATE OF INDIANA

April 1, 2010 to March 31, 2012



FILED
06/13/2012

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AGENCY OFFICIALS

Office

Official

Term

Commissioner

Thomas W. Easterly

01-10-05 to 01-13-13



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

We have reviewed the activities related to the receipts, disbursements, and assets of the Department of Environmental Management for the period of April 1, 2010 to March 31, 2012. The Department of Environmental Management'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. 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 Environmental Management 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 comment.

The Department of Environmental Management's response to the Review Result and Comment identified in our review is described in the accompanying section of the report entitled Official Response. We did not examine the Department of Environmental Management's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Department of Environmental Management's 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 examined.

STATE BOARD OF ACCOUNTS

May 3 , 2012

DEPARTMENT OF ENVIRONMENTAL MANAGEMENT
REVIEW COMMENTS
March 31, 2012

SPECIAL DISBURSING OFFICER (SDO) ADVANCE

As stated in our prior Report B37505, the Special Disbursing Officer Fund (SDO) advance for the Department of Environmental Management was not turned over, or reimbursed completely, for several months.

Whenever a SDO fund is established, money is removed from a Treasurer of State bank account, thus, not being invested. Therefore, consideration should be given to the size of the SDO fund. 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 Compliance Guidelines Manual for State and Quasi Agencies, 6.4.10.6)

DEPARTMENT OF ENVIRONMENTAL MANAGEMENT
EXIT CONFERENCE

The contents of this report were discussed on May 15, 2012, with Kent Abernathy, Chief of Staff, and Beth McMinn, Chief Financial Officer. The official response has been made a part of this report and may be found on Page 6.



INDIANA DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

We Protect Hoosiers and Our Environment.

Mitchell E. Daniels, Jr.
Governor

Thomas W. Easterly
Commissioner

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May 17, 2012

State Board of Accounts
302 Washington St, Room E418
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Dear State Board of Accounts:

Re: Official Response

In accordance with IC 5-11-5-1, the Indiana Department of Environmental Management would like to submit the following response to the Review Comments noted in the State Board of Accounts closure report for the audit performed by State Board of Accounts of IDEM's accounting process for the period April 1, 2010 to March 31, 2012.

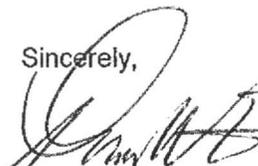
Comment: As stated in our prior report (B37505), the Special Disbursing Offer Fund (SDO) advance for the Indiana Department of Environmental Management was not turned over or reimbursed completely, for several months.

Whenever a SDO fund is established, money is removed from a Treasurer of State bank account, thus, not being invested. Therefore, consideration should be given to the size of the SDO fund. 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 Compliance Guidelines Manual for State and Quasi Agencies, 6.4.10.6)

Response: The Indiana Department of Environmental Management is concerned about its ability to respond to emergency situations requiring an immediate response; for example, an accident involving a tanker truck containing a hazardous substance that overturns near a public water source. Therefore, it has made a conscious decision to maintain a bank balance of \$4000 versus the \$1500 recommended by the SBoA and Auditors based upon normal spending levels. The Indiana Department of Environmental Management will continue evaluating other methods to provide adequate resources to respond to large emergencies.

Thank you for the opportunity to provide a response to the review comment noted during this audit.

Sincerely,



Thomas W. Easterly
Commissioner