

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

REVIEW REPORT
OF
THE SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED
STATE OF INDIANA
January 1, 2010 to April 30, 2012



FILED
06/20/2012

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AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Superintendent	James Durst	07-01-09 to 06-30-12
Chair of the Board	Kathy Botkin	07-01-09 to 06-30-11
	Michael Dalrymple	07-01-11 to 06-30-12



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED

We have reviewed the activities related to the receipts, disbursements, and assets of the School for the Blind and Visually Impaired for the period of January 1, 2010 to April 30, 2012. The School for the Blind and Visually Impaired'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 School for the Blind and Visually Impaired 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.

The School for the Blind and Visually Impaired's 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 School for the Blind and Visually Impaired's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School for the Blind and Visually Impaired's management and others within the entity, 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

May 14, 2012

SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED
REVIEW COMMENTS
APRIL 30, 2012

CAPITAL ASSET INVENTORY

The Indiana School for the Blind and Visually Impaired (ISBVI) does not properly report its capital assets within the State's ENCOMPASS financial system. Our testing determined that capital asset additions and deletions were incorrectly reported within the asset module of ENCOMPASS. Specifically, only seven of the 21 vehicles owned by ISBVI are included in ENCOMPASS. Several assets transferred to State Surplus were not reclassified as disposed. Additionally, results from the most recent physical inventory were not retained for audit.

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)

SDO ADVANCE

The Special Disbursing Officer (SDO) advances for the School for the Blind and Visually Impaired from Funds 13280 and 19280 were 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 Uniform Compliance Guidelines Manual for State and Quasi Agencies, 6.4.10.6)

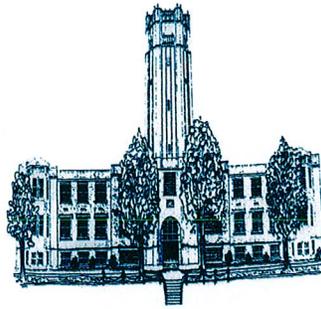
DAILY DEPOSITS

We found that the Indiana School for the Blind and Visually Impaired 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.

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

SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED
EXIT CONFERENCE

The contents of this report were discussed on June 12, 2012, with James Durst, Superintendent, and Hal Owens, Assistant Superintendent. The Official Response has been made a part of this report and may be found on pages 6 through 8.



Indiana School for the Blind and Visually Impaired

7725 North College Avenue
Indianapolis, IN 46240-2504

To: State Board of Accounts
c/o Teresa Moody, Office Manager
302 West Washington Street
Room E418
Indianapolis, Indiana 46204-2765

From: James R. Durst, Superintendent 
Hal D. Owens, Assistant Superintendent of Business and Operations 

Date: June 18, 2012

Re: Official Response to Audit Review

Pursuant to the recent audit review conducted in June of 2012, please find the official response to the audit review from the Indiana School for the Blind and Visually Impaired below.

Capital Asset Inventory

The Indiana School for the Blind and Visually Impaired (ISBVI) does not properly report its capital assets within the State's ENCOMPASS financial system. Our testing determined that capital asset additions and deletions were incorrectly reported within the asset module of ENCOMPASS. Specifically, only seven of the 21 vehicles owned by ISBVI are included in ENCOMPASS. Several assets transferred to State Surplus were not reclassified as disposed. Additionally, results from the most recent physical inventory were not retained for audit.

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)

Response:

The Indiana School for the Blind and Visually Impaired realizes the critical need to ensure the assets of the State of Indiana are accurately inventoried, recorded and transferred. During this most recent audit period ISBVI experienced several vacancies, two of which were significant to the fixed asset inventory. The Stores Clerk 3 and the Maintenance Supervisor 2 who are critical to inventorying, tagging and entering fixed assets into People Soft have been vacant or in transition for a period of time. Additionally, PeopleSoft's ENCOMPASS module for Asset Management has not always functioned as designed. On multiple occasions items that were entered into PeopleSoft would be lost in the system or not "show up". This situation creates difficulty in maintaining an accurate inventory.

ISBVI is in the process of hiring a Stores Clerk 3 and a Maintenance Supervisor 2 who have experience in dealing with fixed assets or related experience. Upon hiring, controls will be placed in effect that will assure that additions, disposals, and transfers of assets to other departments or agencies are recorded timely in both an ISBVI spreadsheet and in PeopleSoft. All assets with a cost/value greater than \$500 will be inventoried annually in each department and compared to the ENCOMPASS listing from PeopleSoft. Results of inventories will be retained for audit purposes.

Special Disbursing Officer (SDO) ADVANCE

The Special Disbursing Officer (SDO) advances for the School for the Blind and Visually Impaired from Funds 13280 and 19280 were 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 Uniform Compliance Guidelines Manual for State and Quasi Agencies, 6.4.10.6)

Response:

The ISBVI Special Disbursing Officer accounts have been maintained at the current level for many years and through several audits. The Operating (SDO) account has been maintained at the level of \$15,000, and the Preventive Maintenance SDO account maintained at \$10,000. These levels have been in effect through four audits without being questioned or cited.

A request has been sent to the Auditor's office to reduce the SDO Operating Account beginning balance to \$4,000.00 and the SDO Preventive Maintenance Account beginning balance to \$2,000.00 effective as of July 1, 2012. The State Board of Accounts has suggested that these amounts would be more feasible than current levels.

As of July 1, 2012, the Special Disbursing Officer (SDO) advance will be turned over or reimbursed completely on a monthly basis.

Daily Deposits

We found that the Indiana School for the Blind and Visually Impaired 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 in an approved depository selected by the treasurer of state not later than the business day following the receipt of the funds.."

Response:

ISBVI, on occasion, has been in receipt of checks and has not delivered the checks to the Treasurer's Office, within the required twenty-four hour time period. This in part has been due to a lack of available personnel to make the delivery or receiving the check prior to a holiday or weekend. All checks that were not delivered within the required time frame were safely deposited into the school's vault, accounted for, logged and delivered at the earliest possible time to the Treasurer's Office.

Beginning immediately, ISBVI will deposit all receipts with the Treasurer of State, or into the ISBVI Recreation Fund bank account at Chase Bank, no later than the business day following the receipt of the funds.

We appreciate the information received as a result of this audit review and will take the necessary steps to remedy the situations brought to our attention in a timely manner.

cc: Dr. James Mervilde
ISBVI Board Chair