

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

REVIEW REPORT

OF

INDIANA SUPREME COURT

March 1, 2010 to May 31, 2012



FILED
09/21/2012

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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 06-30-13
Executive Director, Division of State Court Administration	Lilia G. Judson	07-01-07 to 06-30-13
Director and Counsel, Trial Court Technology	Mary L. DePrez	07-01-06 to 06-30-13
Chairperson of the Judicial Technology and Automation Committee	Hon. Frank Sullivan, Jr.	07-01-06 to 06-30-13



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE INDIANA SUPREME COURT

We have reviewed the activities related to the receipts, disbursements, and assets of the Indiana Supreme Court for the period of March 1, 2010 to May 31, 2012. The Indiana 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. 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 Indiana 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 comment.

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

This report is intended solely for the information and use of the Indiana Supreme Court'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

July 3, 2012

INDIANA SUPREME COURT
REVIEW COMMENT

FIXED ASSETS

Our prior report, B37424, noted that the fixed asset inventory of the Supreme Court was incomplete as to additions. Since our prior report, the Supreme Court has added all new assets costing over \$500 to its fixed asset inventory, and has undertaken, but not yet completed, the task of identifying and including all older assets worth \$500 or more in its fixed asset inventory. Additionally, an annual physical inventory of assets owned was not conducted each year 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. 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)

INDIANA SUPREME COURT
EXIT CONFERENCE

The contents of this report were discussed on August 23, 2012, with Kevin Smith, Supreme Court Administrator and Clerk of Appellate Courts and Tax Courts; Lilia G. Judson, Executive Director, Division of State Court Administration; Janice Hood, Financial Officer/Bookkeeper; and Dawn Wheeler, HR/Payroll Supreme Court Administration. 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

September 14, 2012

Bruce A. 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 Indiana Supreme Court to the State Board of Account's *Review Comments* 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:

“Our prior report, B37424, noted that the fixed asset inventory of the Supreme Court was incomplete as to additions. Since our prior report, the Supreme Court has added all new assets costing over \$500 to its fixed asset inventory, and has undertaken, but not yet completed, the task of identifying and including all older assets worth \$500 or more in its fixed asset inventory. Additionally, an annual physical inventory of assets owned was not conducted each year 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. 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. We appreciate SBOA's recognition of the significant strides we have made in implementing the suggestions mentioned in its prior audit report, namely our adding all new assets worth \$500 or more into our fixed asset inventory since that report was issued, and also undertaking the task of tagging and inventorying all assets worth \$500 or more purchased before the 2010 audit. We intend to have the latter effort completed by the end of the current fiscal year. Once it is complete, we will then be in a position to conduct annual physical inventories of all assets worth \$500 or more, rather than physical inventories of only those assets currently listed in our asset inventory.

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 Brent E. Dickson
Lilia Judson, Executive Director, Division of State Court Administration