

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

REVIEW REPORT

OF

STATE BUDGET AGENCY

STATE OF INDIANA

January 1, 2007 to June 30, 2012



FILED
10/05/2012

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AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Charles E. Schalliol	01-10-05 to 05-31-07
	Christopher Ruhl	06-01-07 to 09-16-10
	Adam Horst	09-17-10 to 01-13-13



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE STATE BUDGET AGENCY

We have reviewed the activities related to the receipts, disbursements, and assets of the State Budget Agency for the period of January 1, 2007 to June 30, 2012. State Budget Agency'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 State Budget Agency 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 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 State Budget Agency's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the State Budget Agency'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

September 12, 2012

STATE BUDGET AGENCY
REVIEW COMMENT
June 30, 2012

LATE PAYMENT PENALTY

Auditor of State accounting records reflect late payment penalties paid to vendors and charged to accounts of the State Budget Agency as a result of untimely payment of claims. Total penalties for fiscal year 2011 and 2012, were \$1,292.72 and \$1,789.40, respectively. These penalties are an unnecessary use of public funds.

Indiana Code 5-17-5 requires a state agency to ". . . pay a late payment penalty at a rate of one percent (1%) per month on amounts due on written contracts for public works, personal services, goods and services, equipment, and travel whenever the state agency fails to make timely payment."

Payment of penalties and interest due to late payments to vendors may be the obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines for State and Quasi Agencies, 6.4.7.4)

Each agency, department, quasi, institution, or office is responsible for compliance with applicable statutes, regulations, contract provisions, state policies, and federal requirements. (Accounting and Uniform Compliance Guidelines for State and Quasi Agencies, Organizational Overview)

STATE BUDGET AGENCY
EXIT CONFERENCE

The contents of this report were discussed on September 24, 2012, with Jon Vanator, Deputy Budget Director. The Official Response has been made a part of this report and may be found on page 6.



STATE OF INDIANA

Mitchell E. Daniels, Jr.
Governor

STATE BUDGET AGENCY
212 State House
Indianapolis, Indiana 46204-2796
317/232-5610

Adam M. Horst
Director

September 25, 2012

Mr. Bruce A. Hartman, State Examiner
Indiana State Board of Accounts
301 West Washington Street, Room E418
Indianapolis, IN 46204-2765

Re: Response to audit of State Budget Agency for the period January 1, 2007, to June 30, 2012

Dear Mr. Hartman:

I wish to thank you and your staff for the diligent work in the recent review of the State Budget Agency. I was pleased to learn that there were no material findings for the Agency for the time period covered in the Review Report.

I would, however, like to offer an official response to the "review comment" that was part of the report. As noted, the State Budget Agency incurred late payment penalties in the amounts of \$1,292.72 and \$1,789.40 for Fiscal Years 2011 and 2012, respectively. While the assessment of any late payment penalties is an inefficient and unnecessary use of taxpayer money, these amounts represent just .00011% and .00017% of the total expenses and disbursements made by the Agency during those state fiscal years.

During the past few years, the State Budget Agency has been proactive in educating state agency leadership and staff in an effort to mitigate unnecessary late payment penalties incurred by state agencies. This effort appears to have paid dividends as evidenced by a 55% reduction in penalties paid by state agencies between FY2011 and FY2012. While noteworthy, this reduction does not mean that further efforts cannot be made to continue this trend, and we will continue to work with state agencies to be the best possible stewards of tax dollars entrusted to them.

Again, thanks to you and your staff for your work in this regard.

Sincerely,

Adam M. Horst