

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

INDIANA COMMISSION FOR CONTINUING LEGAL EDUCATION

July 1, 2008 to June 30, 2011



FILED
10/05/2012

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Julia Orzeske	07-01-08 to 10-19-08
	Joy Tolbert (Interim)	10-20-08 to 12-03-08
	Julia Orzeske	12-04-08 to 06-30-13
Chairperson of the Commission	Gerald Bishop	01-01-08 to 12-31-08
	Michael E. Tolbert	01-01-09 to 12-31-09
	Nancy Boyer	01-01-10 to 12-31-10
	Joseph Yeager	01-01-11 to 12-31-11
	Hon. Charles K. Todd, Jr.	01-01-12 to 12-31-12
Chief Justice of the Supreme Court	Hon. Randall T. Shepard	03-04-07 to 03-04-12
	Hon. Randall T. Shepard (Interim)	03-05-12 to 03-23-12
	Hon. Brent E. Dickson (Interim)	03-24-12 to 05-14-12
	Hon. Brent E. Dickson	05-15-12 to 07-18-16



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE INDIANA COMMISSION FOR CONTINUING LEGAL EDUCATION

We have examined the accompanying financial statement of the Indiana Commission for Continuing Legal Education (Commission), for the years ended June 30, 2009, 2010, and 2011. The Commission's management is responsible for the financial statement. Our responsibility is to express an opinion on the financial statement based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Commission prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Commission for the years ended June 30, 2009, 2010 and 2011, on the basis of accounting described in Note 1.

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

This report is intended solely for the information and use of the Commission'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 examined.

STATE BOARD OF ACCOUNTS

August 6, 2012

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FINANCIAL STATEMENT

The financial statement and accompanying notes were prepared by management of the Indiana Commission for Continuing Legal Education (Commission). The financial statement and notes are presented as intended by the Commission.

INDIANA COMMISSION FOR CONTINUING LEGAL EDUCATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Years Ended June 30, 2009, 2010, And 2011

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Cash and investments, July 1	\$ 355,441	\$ 440,197	\$ 502,808
Receipts:			
Annual fees	477,557	497,129	417,906
Delinquencies	106,690	95,890	124,102
Reinstatements	26,020	18,360	11,500
Mediation	71,755	49,540	14,500
Independent certifying organization	11,470	12,885	12,195
Interest	8,519	6,379	4,475
Miscellaneous	<u>65</u>	<u>115</u>	<u>50</u>
Total receipts	<u>702,076</u>	<u>680,298</u>	<u>584,728</u>
Disbursements:			
Personal services	347,300	352,000	350,000
Commission per diem	5,200	6,100	5,800
Commission and director expenses	28,142	26,448	17,853
Special legal educational programs	11,002	30,338	26,270
Independent certifying organization	2,846	722	2,320
Applied professionalism course	12,550	15,287	22,007
Contract services	17,954	22,922	34,570
Postage and supplies	29,899	28,777	24,307
Utilities and rent	100,390	99,293	98,942
Computer and office equipment	55,653	31,334	60,153
Miscellaneous	<u>6,384</u>	<u>4,466</u>	<u>4,149</u>
Total disbursements	<u>617,320</u>	<u>617,687</u>	<u>646,371</u>
Excess of receipts over disbursements	<u>84,756</u>	<u>62,611</u>	<u>(61,643)</u>
Cash and investments, June 30	<u>\$ 440,197</u>	<u>\$ 502,808</u>	<u>\$ 441,165</u>

The accompanying notes are an integral part of the statement.

INDIANA COMMISSION FOR CONTINUING LEGAL EDUCATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Indiana Commission for Continuing Legal Education (Commission) was established under the Indiana Supreme Court's Rules of Court Admission and Discipline Rule #29. The mission of the Commission is to enhance the quality of legal services and professionalism in Indiana through administering, developing, and regulating continuing legal education requirements, mediation training standards, and attorney specialization programs.

The accompanying financial statement presents the financial information for the Commission.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The regulatory basis differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of investment.

Note 2. Deposits and Investments

1. Deposits - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Commission does not have a deposit policy for custodial credit risk. The Commission's deposits were insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund.
2. Investments – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Commission does not have a formal investment policy for custodial credit risk of investments. The Commission's investment is held in the name of the Commission.

INDIANA COMMISSION FOR CONTINUING LEGAL EDUCATION
EXAMINATION RESULT AND COMMENT

OUTSTANDING CHECKS

During our examination of the bank account reconciliations at the Indiana Commission for Continuing Legal Education, we found that the outstanding checks list contained checks which have been outstanding for more than one year after issued.

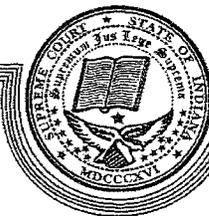
Indiana Code 32-34-1-20, 32-34-1-26 and 32-34-1-27 provide that checks which have been issued and are outstanding for one year after they were written are presumed to be abandoned and are to be remitted to the Attorney General's Office as unclaimed property.

INDIANA COMMISSION FOR CONTINUING LEGAL EDUCATION
EXIT CONFERENCE

The contents of this report were discussed on September 5, 2012, with Julia Orzeske, Executive Director, and Anne Davidson, Office Manager. We also provided a copy of the examination Result and Comment in the report to Joy Tolbert, Gerald Bishop, Michael E. Tolbert, Nancy Boyer, Joseph Yeager, and Hon. Charles K. Todd, Jr. The Official Response has been made a part of this report and may be found on page 10.

STATE OF INDIANA

SUPREME COURT INDIANA COMMISSION FOR CONTINUING LEGAL EDUCATION



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September 5, 2012

State Board of Accounts
302 West Washington Street, Room 418
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Re: OFFICIAL RESPONSE to Exit Conference

To Whom It May Concern:

This is the Indiana Commission for Continuing Legal Education's Official Response to the Examination Result and Comment by the auditor for the period encompassing June 30, 2008 through June 30, 2011. That comment is as follows:

During our examination of the bank account reconciliations at the Indiana Commission for Continuing Legal Education, we found that the outstanding checks list contained checks which have been outstanding for more than one year after issued.

Indiana Code 32-34-1-20, 32-34-1-26 and 32-34-1-27 provide that checks which have been issued and are outstanding for one year after they were written are presumed to be abandoned and are to be remitted to the attorney General's Office as unclaimed property.

Even as the audit was being conducted, the Commission undertook to address this issue and developed a policy and procedures to avoid this situation in the future.

The Commission thanks the State Board of Accounts for bringing this responsibility to its attention and for allowing it to address this comment.

If you have any further questions about this issue or the recent audit, please do not hesitate to contact me at 317-232-1945 or Julia.orzeske@courts.in.gov.

Sincerely,

A handwritten signature in cursive script that reads "Julia L. Orzeske".

Julia L. Orzeske
Executive Director