

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

REVIEW REPORT
OF
ALCOHOL AND TOBACCO COMMISSION
STATE OF INDIANA
March 1, 2010 to June 30, 2012



FILED
10/19/2012

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AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chairman	Paul Thomas Snow	03-23-09 to 11-19-10
	Alex D. Huskey (Interim)	11-20-10 to 12-12-10
	Mark S. Massa	12-13-10 to 05-08-11
	Alex D. Huskey	05-09-11 to 01-13-13



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF ALCOHOL AND TOBACCO COMMISSION

We have reviewed the activities related to the receipts, disbursements, and assets of the Alcohol and Tobacco Commission for the period of March 1, 2010 to June 30, 2012. Alcohol and Tobacco Commission'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 Alcohol and Tobacco Commission are not in all material respects in conformity with the criteria set forth in the Accounting and Uniform Compliance Guidelines Manual for State Agencies, and applicable laws and regulations except as stated in the review comments.

The Alcohol and Tobacco Commission'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 Alcohol and Tobacco Commission's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Alcohol and Tobacco 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 reviewed.

STATE BOARD OF ACCOUNTS

September 12, 2012

ALCOHOL AND TOBACCO COMMISSION
REVIEW COMMENTS
JUNE 30, 2012

DAILY DEPOSITS

As stated in our prior three Reports B25208, B30215, and B37385, the Alcohol and Tobacco Commission did not consistently deposit receipts within the following business day. A backlog of mailed applications and the corresponding payments exists. Checks are not consistently restrictively endorsed upon receipt.

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

Checks should be restrictively endorsed with an endorsement stamp immediately upon receipt. This would occur upon opening the mail or otherwise receiving the instrument (check). Safeguard the collections through locked drawers, cabinets and safes, particularly during breaks, lunchtime, and overnight. Cash receipt books, licenses, etc., should be inaccessible to unauthorized persons. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, 4.3.2)

SDO FUND RECONCILIATIONS

As stated in our prior Report B37385, the Alcohol and Tobacco Commission has not performed bank and advance reconciliations of its Special Disbursing Officer Fund during our review period. Additionally, because reimbursements and other deposits were not entered in the Encompass check register, an accurate book balance was not kept.

At least monthly, the following reconciliations must be performed for the SDO fund:

- Reconciliation of the ENCOMPASS check register to the bank balance.
- Reconciliation of the SDO LPN advance to the ENCOMPASS check register balance.
- If manual SDO checks are used, reconciliation of the SDO manual check register balance to the ENCOMPASS check register balance. (Accounting and Compliance Guidelines Manual - State Agencies, 6.4.10.10.8)

At all times, the un-reimbursed disbursements plus any advances to office cash plus the SDO checking account balance must equal the local purchase advance. If the reconciled SDO advance is less than the amount originally advanced, the SDO officer may be personally responsible for the amount needed to balance the advance. This reconciliation of the SDO advance must be formally documented at least monthly. (Accounting and Compliance Guidelines Manual for State and Quasi Agencies, 6.4.10.10.10)

ALCOHOL AND TOBACCO COMMISSION
EXIT CONFERENCE

The contents of this report were discussed on September 25, 2012, with Todd Stauffer, Controller. The Official Response has been made a part of this report and may be found on page 6.



STATE OF INDIANA
ALCOHOL AND TOBACCO COMMISSION

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To: David Jones, State Examiner
State Board of Accounts

From: Alex Husky, Chairman
Alcohol and Tobacco Commission

Todd Stauffer, Controller
Alcohol and Tobacco Commission

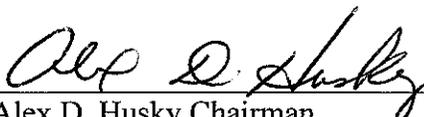
Date 10/5/2012

OFFICIAL RESPONSE

According to an audit recently conducted by your agency for the period ending June 30, 2012, we have reviewed and acknowledge those concerns.

We feel that we are able to address the two issues. Alcohol and Tobacco Commission is implementing a new software programs that will allow for applicants to apply and renew online. With a majority of applications applying online the number of mail-in applicants will decrease. The reduced number of permits received in mail should be processed that day and the money orders deposited within 24 hours. The SDO will be balanced and reconciled on a timely basis going forward.

If you have any questions, please let us know.



Alex D. Husky Chairman



Todd Stauffer Controller

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