

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

REVIEW REPORT

OF

INDIANA ECONOMIC DEVELOPMENT CORPORATION

March 1, 2011 to June 30, 2012



FILED

11/14/2013

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AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chairman	Governor Mitchell E. Daniels, Jr. Governor Michael R. Pence	01-12-09 to 01-13-13 01-14-13 to 01-08-17
Secretary of Commerce/ Chief Executive Officer	E. Mitchell Roob, Jr. Daniel J. Hasler Victor P. Smith	01-03-09 to 09-15-11 09-16-11 to 01-13-13 01-14-13 to 01-08-17
President	Eric Doden	01-14-13 to 01-08-17



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF INDIANA ECONOMIC DEVELOPMENT CORPORATION

We have reviewed the activities related to the receipts, disbursements, and assets of the Indiana Economic Development Corporation (Corporation) for the period of March 1, 2011 to June 30, 2012. The Corporation'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.

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 Corporation 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 Corporation'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 Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Corporation'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 30, 2013

INDIANA ECONOMIC DEVELOPMENT CORPORATION
REVIEW COMMENTS
June 30, 2012

SDO ADVANCE

The two Special Disbursing Officer Fund (SDO) advances (Local Purchase Number 4694 and 5438) for the Indiana Economic Development Corporation 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 and thus is not being invested. Therefore, consideration should be given to the purpose and 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)

SDO FUND RECONCILIATIONS

The Indiana Economic Development Corporation has not performed reconciliations of its Special Disbursing Officer (SDO) advances (Local Purchase Number 4694 and 5438) in a timely manner.

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 Uniform Compliance Guidelines Manual for State and Quasi Agencies, 6.4.10.10.8)

FIXED ASSET INVENTORY

The fixed asset inventory of the Indiana Economic Development Corporation is not complete as to additions and retirements and assets have not been consistently tagged upon receipt. Additionally, an annual physical inventory of assets owned has not been conducted.

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.

Capital assets with a cost \$500 or less may be included in ENCOMPASS Asset Management at the agency's option. All assets in the system should be capitalized. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, 8.3)

INDIANA ECONOMIC DEVELOPMENT CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on October 16, 2013, with Stephen Akard, Vice President and General Counsel, and Mark Pishon, Chief Financial Officer. The Official Response has been made a part of this report and may be found on page 6. A copy of the review comments were sent by email on October 17, 2013, to Mitchell E. Daniels, Jr., former Chairman; E. Mitchell Roob, Jr., former Secretary of Commerce/Chief Executive Officer; and Daniel J. Hasler former Secretary of Commerce/Chief Executive Officer.

October 31, 2013



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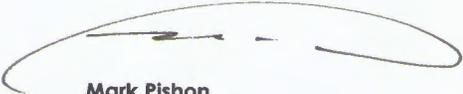
Reply to Comments on SBOA Review for the Corporation

SDO Advance

The amount of the SDO accounts will be reduced to an amount that is turned over every 2 months. The IEDC has the same current SDO balances since its inception in 2005.

Fixed Asset Inventory

As of 6/30/2013 the IEDC had (6) six capitalized assets for financial reporting purposes. Five of them are used on a daily basis. The asset not in daily use is a trade show exhibition booth in storage except when it travels. Other fixed assets (109 items) are recorded in the state asset management system. The IEDC will perform a fixed asset inventory on the 109 items (mostly cubicle workstations and audio/video/computer gear). As a whole the IEDC believes there is minimal risk and financial materiality is marginal.



Mark Pishon

Chief Financial Officer

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