

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

REVIEW REPORT
OF
PUBLIC DEFENDER COUNCIL
STATE OF INDIANA
March 1, 2012 to December 31, 2013



FILED
10/17/2014

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AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Larry Landis	07-01-11 to 06-30-15
Chairman	David Cook	06-06-10 to 09-29-12
	Michelle Kraus	09-30-12 to 06-13-14
	Lorinda Youngcourt	06-14-14 to 09-28-14



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE PUBLIC DEFENDER COUNCIL

We have reviewed the activities related to the receipts, disbursements, and assets of the Public Defender Council (Council) for the period of March 1, 2012 to December 31, 2013. The Council'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 Council 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.

This report is intended solely for the information and use of the Council'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 Indiana State Board of Accounts and of the office reviewed.

STATE BOARD OF ACCOUNTS

August 25, 2014

PUBLIC DEFENDER COUNCIL
REVIEW RESULT AND COMMENT

SDO FUND

The review noted the following issues with the Special Disbursing Officer (SDO) account for the review period.

- The SDO account was not being maintained on a timely basis as receipts from August 2013 were identified and were not recorded in the SDO ledger as of the time of the review.
- The Council requested and received reimbursement for one voided check and five outstanding checks in June 2013 by the Auditor of State.
- The ledger and bank balance as of December 2013 was \$7,016, which is \$1,016 greater than the authorized SDO amount.
- All checks listed as outstanding were for dates in excess of two years old as of December 31, 2013.
- No disbursements have been made since July 2012.
- The June and July 2013 bank statements were not presented for review.

The SDO Account for the Council was closed in July 2014.

This reconciliation of the SDO advance must be formally documented at least monthly. All reconciliations should be retained for audit; this will help to easily identify a month when a variance first occurred. A sample reconciliation is included in the Appendices of this chapter. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 6.4)

Verification (or reconciliation) is the determination of the completeness, accuracy, authenticity and/or validity of transactions, events, or information. It is a control activity that enables management to ensure activities are being performed in accordance with directives.

PUBLIC DEFENDER COUNCIL
REVIEW RESULT AND COMMENT
(Continued)

The list below offers some examples of verification and reconciliation.

- -Reviewing vendor invoices for accuracy by comparing to purchase orders and contracts.
- -Comparing cash receipts transactions to a cash receipts log and tracing to bank deposit records.
- -Reviewing and verifying a participant's eligibility for State program services.
- -Reconciling a department's cash records to bank statements or other required records.

(Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 2.3)

Public officials or agencies may not dispose of government records except under an approved Records Retention Schedule or with the written consent of ICPR via the OCPR. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 11.2)

Reimbursements to the SDO account for a check written should NOT be requested until the check in question has cleared the bank account. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 6.4)

IC 32-34-1 applies to checks issued by a governmental unit and notes that such items are considered abandoned in Section 20(7) as follows: "For property held by a state or other government, governmental subdivision or agency, or public corporation or other public authority, one (1) year after the property becomes distributable." Such property is to be conveyed to the Attorney General at such time that it can be considered abandoned. The process for recording this for SDO checks is described below. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 6.4)

PUBLIC DEFENDER COUNCIL
EXIT CONFERENCE

The contents of this report were discussed on August 25, 2014, with Larry Landis, Director, and Toni Schaney, Financial Manager.