

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

REVIEW REPORT
OF
INDIANA ADJUTANT GENERAL'S OFFICE
STATE OF INDIANA
May 1, 2004 to August 31, 2006



FILED
10/27/2006

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AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Adjutant General	Major General R. Martin Umbarger	03-11-04 to 01-11-09



STATE OF INDIANA

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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE INDIANA ADJUTANT GENERAL'S OFFICE

We have reviewed the receipts, disbursements, and assets of the Indiana Adjutant General's Office for the period of May 1, 2004 to August 31, 2006. Indiana Adjutant General's Office'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 receipts, disbursements, and assets of the Indiana Adjutant General's Office 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.

STATE BOARD OF ACCOUNTS

September 25, 2006

INDIANA ADJUTANT GENERAL'S OFFICE
REVIEW COMMENTS
AUGUST 31, 2006

PENALTIES, FEES AND OTHER CHARGES

During our review, we noted that the Adjutant General's Office has been paying late fees on utilities bills. In some cases, amounts payable to utility companies for services delivered are not being paid until 20 days after the invoice dates.

Late fees totaling \$ 18,500 were paid to Vectren Energy Delivery Company within the review period.

Officials and employees have the duty to pay claims timely. Any penalties, interest or other charges paid by the governmental unit may be the obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 5)

PUBLIC OFFICIAL BOND

An official bond was never obtained for the Adjutant General upon his taking office in March of 2004. An application was filed for his official bond; however, the bond was never received. Subsequent to the review period, the application for the bond was resubmitted. The bond will be retroactive to the beginning of his term when it is issued.

Indiana Code 10-16-2-8 states in part: "The adjutant general shall do the following: . . . (2) Give bond with surety to the state, to the approval of the governor, in the sum of ten thousand dollars (\$10,000) for the faithful discharge of the duties of the office of adjutant general."

INDIANA ADJUTANT GENERAL'S OFFICE
EXIT CONFERENCE

The contents of this report were discussed on October 11, 2006, with Major General R. Martin Umbarger, Adjutant General; and Colonel (Retired) David Shorter, Controller. The official response has been made a part of this report and may be found on pages 6 and 7.



INDIANA
JOINT FORCES HEADQUARTERS
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INDIANAPOLIS, INDIANA 46241-4839



October 23, 2006

State Controller's Office

SUBJECT: Official Response, Audit, State Armory Board, October 11, 2006

State Board of Accounts
ATTN: Mr. Bruce Hartman
302 West Washington Street, Room E-418
Indianapolis, Indiana 46204-2738

Dear Sir:

Reference State Indiana Adjutant General's Office audit results and comments out-briefed to Major General R. Martin Umbarger and staff on October 11, 2006 by Mr. Mark Amponsah.

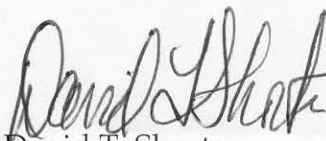
The following comment and action is hereby forwarded.

a. Penalties, fees and other charges. The Agency acknowledges this finding. This finding was discovered by the Agency at least 12 months prior to the Audit. Several steps were taken to correct this deficiency. These steps included the removal of an employee who was neglecting duties and a meeting with Vectren Energy. A meeting with Vectren was conducted on October 12th. The meeting centered on Vectren's short billing cycle and the need for a consolidated billing. Camp Atterbury alone generates 172 separate bills. The Agency is encouraging one bill with separate listing for each meter to speed up the prompt payment process. The Agency has requested relief of late fees due to the short billing cycle and volume of bills received. Discussions will continue and may need resolution at a higher level.

b. An official bond was never obtained for the current Adjutant General, Major General R. Martin Umbarger, upon taking office. Upon discovery, the Agency researched this issue to determine the facts. An oversight between the Controller's office and the Bonding Company occurred in Accounting. The Bonding Company acknowledged the problem and is issuing the bond retroactive to March 2004. This oversight has been corrected.

Point of contact for additional information concerning this issue is the undersigned at telephone number 317.247.3254.

Sincerely,



David T. Shorter
Colonel, AUS Retired
State Controller

Copy Furnished:

Major General R. Martin Umbarger, The Adjutant General

Colonel Wayne C. Hill, Chief of Staff, Joint Forces Headquarters - Indiana