

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

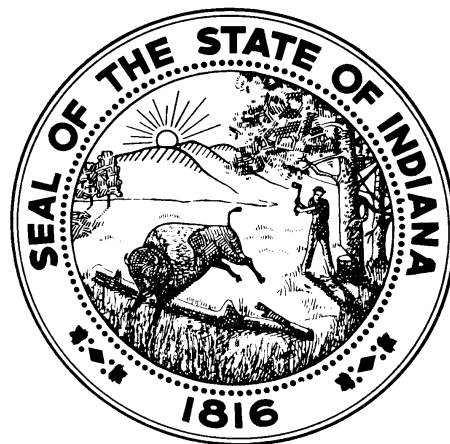
REVIEW REPORT

OF

SUPREME COURT

STATE OF INDIANA

October 1, 2006 to April 30, 2008



**FILED**  
11/17/2008



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AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Supreme Court Administrator	Kevin S. Smith	07-01-06 to 06-30-09
Executive Director, Division of State Court Administration	Lilia G. Judson	07-01-06 to 06-30-09



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF SUPREME COURT

We have reviewed the receipts, disbursements, and assets of the Supreme Court for the period of October 1, 2006 to April 30, 2008. The Supreme Court'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 Supreme Court 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

July 10, 2008

SUPREME COURT  
REVIEW COMMENTS  
April 30, 2008

CLERK OF THE SUPREME COURT, COURT OF APPEALS AND TAX COURT RESTRUCTURED

Public Law 14-2004, Section 190, established the Clerk of the Supreme Court, Court of Appeals, and Tax Court as an appointed position rather than an elected position. As of July 1, 2004, the Clerk of the Supreme Court is appointed by and serves at the pleasure of the Chief Justice of the Supreme Court. Per Public Law 234-2007, the Clerk of the Supreme Court no longer received a separated budget appropriation effective July 1, 2007. Therefore, our review of the receipts, disbursements, and assets of the Clerk's office will now be included in our report on the Supreme Court.

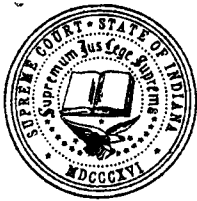
RECONCILIATION OF ANNUAL ATTORNEY FEES

The Clerk of the Indiana Supreme Court, Court of Appeals, and Tax Court's accounting records for collections of annual attorney fees did not reconcile with the bank statement. As of June 27, 2008, the bank was over by an unidentified \$2,587.48. Obtaining timely deposit detail of internet credit card payments from the Information Office of Technology is needed to reconcile the accounting records to the bank statement.

Each agency is responsible for maintaining an effective and accurate accounting system for subsidiary and supplementary records. At all times, the agency's manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank should agree. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 1)

SUPREME COURT  
EXIT CONFERENCE

The contents of this report were discussed on September 3, 2008, with Lilia G. Judson, Executive Director, Division of State Court Administration; and Kevin S. Smith, Supreme Court Administrator. The official response has been made a part of this report and may be found on pages 6 and 7.



# CLERK

## SUPREME COURT, COURT OF APPEALS, AND TAX COURT STATE OF INDIANA

Kevin S. Smith  
Clerk

### OFFICIAL RESPONSE TO AUDIT

September 29, 2008

Bruce A. Hartman  
State Examiner  
State Board of Accounts  
302 West Washington Street, Rm. E418  
Indianapolis, IN 46204-2738

Dear Mr. Hartman:

This letter is the official response of the Supreme Court to the State Board of Account's *Review Comments* dated April 30, 2008, arising from the recent audit performed of the Supreme Court and its Clerk's Office. We thank the State Board of Accounts for the efforts of its field examiners and the extension of time that has allowed us to provide this response.

The *Review Comments* state in relevant part:

"The Clerk of the Indiana Supreme Court, Court of Appeals and Tax Court's accounting records for collections of annual attorney fees did not reconcile with the bank statement. As of June 27, 2008, the bank was over by an unidentified \$2,587.48. Obtaining timely deposit detail of internet credit card payments from the Information Office of Technology is needed to reconcile the accounting records to the bank statement."

We concur that a comparison of our internal ledger for the Annual Attorney Fees account with the bank statements for that account indicated there being more funds in the bank account at the close of fiscal year 2008 than our internal ledgers indicated, by approximately \$2,587.48. We have now discovered the source of the difference and have completely reconciled our internal ledger with the bank's statements.

By way of background, annual attorney license fees in Indiana are paid to Clerk of the Supreme Court, Court of Appeals, and Tax Court and maintained in a bank account held at National Bank of Indianapolis ("NBI"). Attorneys pay these fees either by check delivered to my office or mailed to NBI, or by credit card via an Internet site hosted by Indiana's Information Office of Technology ("IOT"). IOT directly deposits the credit card payments into the NBI account and sends my office regular reports (namely "Daily Activity" reports and "Cash Receipts Edit

Listing” reports) of the deposits. Until recently, we have, at the advice of IOT, been using the “Cash Receipts Edit Listing” reports to record the credit card deposits on our internal ledger.

Following our receipt of the field examiner’s *Review Comments*, we conducted our own internal audit to determine the source of the year-end difference between the NBI statements and our internal ledger. This internal audit revealed that the “Cash Receipts Edit Listing” report contained incomplete information concerning the credit card deposits. Using instead the “Daily Activity” reports from IOT, we were able to reconcile completely our internal ledger to the bank statements. From this point forward, we will use the Daily Activity reports to record our credit card deposits on our internal ledger; therefore, the issue giving rise to the year-end difference between the bank statements and our internal ledger has been resolved and will not occur in the future. Over the next few months, we plan to work with IOT to determine why the “Cash Receipts Edit Listing” report contains incomplete information as compared to the Daily Activity report. However, the answer to that issue will not affect our ability, going forward, to reconcile our internal ledger with our monthly NBI account statements using the “Daily Activity” reports.

Thank you for the efforts of your staff in conducting this year’s audit of the Supreme Court and its Clerk’s Office. Please do not hesitate to contact me at the number listed above if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin S. Smith", with a long horizontal flourish extending to the right.

Kevin S. Smith  
Clerk of the Indiana Supreme Court, Court of Appeals, and Tax Court