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

REVIEW REPORT

OF

INDIANA WAR MEMORIAL COMMISSION

STATE OF INDIANA

October 1, 2006 to June 30, 2008

FILED

12/30/2008

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AGENCY OFFICIALS

Office	Official	Term
Executive Director	J. Stewart Goodwin	03-07-05 to 01-11-09
President of the Commission	Brian Regan	01-10-05 to 01-11-09

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE INDIANA WAR MEMORIAL COMMISSION

We have reviewed the receipts, disbursements, and assets of the Indiana War Memorial Commission for the period of October 1, 2006 to June 30, 2008. The Indiana War Memorial 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.

Based on our review, nothing came to our attention that caused us to believe that the receipts, disbursements, and assets of the Indiana War Memorial 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.

STATE BOARD OF ACCOUNTS

July 28, 2008

SDO FUND RECONCILIATIONS

The Indiana War Memorial Commission did not perform monthly the required two reconciliations of its Special Disbursing Officer (SDO) advances during the review period. Monthly bank reconciliations were performed on two of the three SDO funds. No monthly reconciliations of the SDO advances were performed.

In addition, we found that all three advances were out of balance. One operating advance had a shortage of $81.85, another operating advance had an overage of $154.92, and the preventive maintenance advance contained an overage of $681.72

Two reconciliations must be performed for the SDO fund each month. The bank statement for the checking account must be reconciled to the check register and the check register must also be balanced to the total SDO advance. These reconciliations must be formally documented. At all times, the unreimbursed disbursements plus any advances to office cash or subsidiary checking accounts plus the SDO checking account balance must equal the local purchase advance. The Special Disbursing Officer is accountable at all times for all sums advanced. The SDO officer may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 7)

INTERNAL CONTROLS OVER SDO FUNDS

We found that there was not adequate segregation of duties for the Special Disbursing Officer (SDO) funds at the Indiana War Memorial Commission. The same person prepares and signs the SDO checks, records the transactions in the ledger, and performs the monthly reconciliations. The reconciliations are not reviewed by another person.

At all times, the unreimbursed disbursements plus any advances to office cash or subsidiary checking accounts plus the SDO checking account balance, must equal the local purchase advance. This reconciliation of the SDO advance must be formally documented at least monthly. The best control is provided when the reconciliation is prepared or reviewed by staff independent of the functions of preparing checks or maintaining the check register.

Each agency, department, quasi, institution or office should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of managements' objectives, and compliance with laws and regulations. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 1)

SDO ADVANCE

The three Special Disbursing Officer (SDO) advances for the Indiana War Memorial Commission were not turned over or reimbursed completely for several months. One $5,000 advance incurred only a single $300 expenditure in the last 21 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 a SDO advance is not used within one or two months then the SDO advance is too large and should be reduced. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 7)

CASH BOOK

The Indiana War Memorial Commission did not maintain a cash book or issue receipts for revenue received by mail for event reservations and battle flag prints.

Indiana Code 5-13-5-1(a) states:

"Every public official who receives or distributes public funds shall:

(1) keep a cash book into which the public officer shall enter daily, by item, all receipts of public funds; and

(2) balance the cash book daily to show funds on hand at the close of the day."

Each agency, department, institution or office should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 1)

DAILY DEPOSITS

The Indiana War Memorial Commission did not consistently deposit museum tower and gift shop revenue within the following business day.

Indiana Code 5-13-6-1(b) states in part:

". . . all public funds . . . 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."

ATTENDANCE REPORTS

We observed that Indiana War Memorial Commission employee attendance reports were frequently signed and dated prior to the last day worked. Some were signed but not dated by the employee. We also found that attendance reports were frequently not signed and/or dated by the supervisor.

The attendance report is to be completed accurately, and be signed and dated by the employee. It should not be signed or dated before the last day worked in the pay period. After being completed by the employee, the attendance report should be reviewed, signed, and dated by the immediate supervisor of the employee, or by another designated individual who has knowledge of the employee's attendance. The review should be done prior to submission of payroll to the Auditor's Office. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 9)

FIXED ASSET INVENTORY

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

Each state agency is required to report to the Auditor of State all additions and retirement of assets with a cost of $20,000 or more. Assets costing more than $500 but less than $20,000 must be maintained on an asset control system at the agency. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 10)

Assets at the minimum level of $500 must be tagged. Assets should be tagged upon receipt. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 10)

Once a year, after receiving a Fixed Asset Master Listing, a physical inventory is to be taken and compared to the Master Listing and the agency's listing of assets from its asset control system. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 10)

INDIANA WAR MEMORIAL COMMISSION
EXIT CONFERENCE

The contents of this report were discussed on September 15, 2008, with J. Stewart Goodwin, Executive Director; and Danyetta Powers, Director of Administration.