

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

REVIEW REPORT

OF

INDIANA STATE POLICE

March 1, 2007 to February 29, 2012



**FILED**  
06/20/2012



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AGENCY OFFICIALS

Office

Official

Term

Superintendent

Paul E. Whitesell, Ph.D.

01-10-05 to 01-13-13



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE INDIANA STATE POLICE

We have reviewed the activities related to the receipts, disbursements, and assets of the Indiana State Police for the period of March 1, 2007, to February 29, 2012. Indiana State Police'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 Indiana State Police 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 Indiana State Police's response to the Review Comment identified in our review is described in the accompanying section of the report entitled Official Response. We did not review the Indiana State Police's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Indiana State Police'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

May 24, 2012

INDIANA STATE POLICE  
REVIEW COMMENT  
February 29, 2012

***LATE PAYMENT PENALTY***

Auditor of State accounting records reflect late payment penalties paid to vendors and charged to accounts of the Indiana State Police as a result of untimely payment of claims. Total penalties for the fiscal year 2011 were \$3,559.22 and for the current fiscal year through April 30 penalties were \$428.44. These penalties are an unnecessary use of public funds.

Indiana Code 5-17-5 requires a state agency to ". . . pay a late payment penalty at a rate of one percent (1%) per month on amounts due on written contracts for public works, personal services, goods and services, equipment, and travel whenever the state agency . . . fails to make timely payment."

Payment of penalties and interest due to late payments to vendors may be the obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines for State and Quasi Agencies, 6.4.7.4)

Each agency, department, quasi, institution, or office is responsible for compliance with applicable statutes, regulations, contract provisions, state policies, and federal requirements. (Accounting and Uniform Compliance Guidelines for State and Quasi Agencies, Organizational Overview – Summary of Agency Accounting Responsibilities)

INDIANA STATE POLICE  
EXIT CONFERENCE

The contents of this report were discussed on June 7, 2012, with Mickey James, Director, Fiscal Division, and Debbie Miller, Assistant Director, Fiscal Division. The official response has been made a part of this report and may be found on pages 6 and 7.

# INDIANA STATE POLICE

INDIANA GOVERNMENT CENTER NORTH  
100 NORTH SENATE AVENUE

INDIANAPOLIS, INDIANA 46204-2259

[www.IN.gov/isp](http://www.IN.gov/isp)

June 11, 2012

To: Bruce A. Hartman, State Examiner  
State Board of Accounts

From: Paul E. Whitesell, Ph.D.  
Superintendent

Subject: **OFFICIAL RESPONSE**

The following is the Indiana State Police (ISP) official response to our most recent audit review for the period of March 01, 2007 through February 29, 2012.

### **Late Payment Penalty**

**ISP Response:** Concur

**Action Taken:** The ISP Finance Division is responsible for the accounts payable processing duties of the agency. As noted in the audit finding, only payments set up in the State Auditor's system coded with terms to be paid 35 days in arrears are subject to late payment fees. The Finance Division performed a query of those payments processed through the State's accounting system to determine the percentage of late payments associated with the volume of payments processed by ISP annually. According to the FY2011 accounting records, ISP paid \$3,559.22 in late payment charges while processing \$29,263,744.00 in payments to vendors with payment terms set to 35 days in arrears and subject to a late payment fee. This equates to a percentage of .0121 of the payments processed late and 99.9879 percent processed on time. The same query performed on FY2012 data through April 30, 2012 resulted in payments of \$30,193,761.00 with late payment fees of \$428.44. This equates to a percentage of .0014 of the payments processed late and 99.9986 percent of the payments processed on time.

The ISP Finance Division has made significant improvement during the past few years processing accounts payable payments. We will continue to monitor payment processing

in an effort to improve the efficiency of the agency's process. However, a zero tolerance program of late payment processing may be an unattainable objective for agencies responsible for processing at a multi million-dollar volume on an annual basis.

Sincerely,

A handwritten signature in black ink that reads "Paul Whitesell". The signature is written in a cursive style with a large, stylized initial "P".

Paul E. Whitesell, Ph.D.  
Superintendent

PEW/mjj