

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

REVIEW REPORT
OF

INDIANA MUSEUM AND HISTORIC SITES CORPORATION
AND INDIANA STATE MUSEUM AND HISTORIC
SITES FOUNDATIONS, INC.
STATE OF INDIANA

July 1, 2012 to June 30, 2014



FILED
12/18/2015

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AGENCY OFFICIALS

Office

Official

Term

President and Chief Executive Officer

Thomas King

07-01-12 to 06-30-16



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AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE INDIANA STATE MUSEUM And HISTORIC SITES CORPORATION AND THE INDIANA STATE MUSEUM AND HISTORIC SITES FOUNDATION, INC.

We performed procedures on the records of the Indiana State Museum and Historic Sites Corporation and the Indiana State Museum and Historic Sites Foundation, Inc., for the period July 1, 2012 to June 30, 2014, in accordance with Indiana Code 4-37-2-4 and 4-37-8-5. We performed procedures to identify areas of noncompliance with the State's Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, and applicable state laws and policies. We also performed procedures to identify internal control deficiencies in processing financial transactions. The financial statements for the Indiana State Museum and Historic Sites Corporation and the Indiana State Museum Foundation are audited by an outside CPA firm, and can be provided by the Museum.

Compliance procedures to ensure compliance with the Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies and applicable state laws and policies, were not designed to opine on compliance or financial activity of the Agency. Additionally, since these procedures are not being utilized to support a financial opinion, the procedures performed to identify internal control deficiencies also were not conducted to opine on the financial activity of the agency. Therefore, we did not follow Generally Accepted Auditing Standards, Government Auditing Standards, or OMB Circular A-133 when completing these procedures.

Our procedures are conducted on a test basis and do not provide absolute assurance that no additional issues exist in these areas. Our procedures are evaluated each year and conducted based on risks that we identify at the agencies. During this current review period, procedures were conducted on receipts, vendor disbursements, payroll disbursements, capital asset activity, and SDO (Special Disbursing Officer) activity. The procedures and findings are summarized in the *Procedures and Findings* Section. Some issues are identified during the course of the review that do not rise to the level of a written comment but are discussed with agency officials as possible areas for improvement. Those issues are not communicated in this report.

This communication is intended solely for the information and use of Agency's management and others within the agency, and is not intended to be, and should not be, used by anyone other than these specified parties.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

September 29, 2015

PROCEDURES AND FINDINGS

RECEIPTS

Receipt Procedures

We gained an understanding of the process from collection of receipt to posting in the financial records, identified key controls, and tested a sample of receipts for those key controls. Additionally, we reviewed a sample of receipts, for compliance with key compliance areas for receipts, from the State Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies.

Receipt Findings

Internal Control Over Receipts

The Indiana State Museum and Historic Sites Corporation processes checks for both the Museum Corporation and the Museum Foundation. Not all checks received by the Museum were logged into a Cash Book (check log). Checks received for membership, considered Foundation revenue, are accounted for through the Gateway point of sale system, which functions as a Cash Book for this receipt type. Checks received for Museum sponsorships and donations are entered on a Foundation check log, which functions as a Cash Book for this receipt type. A check log or other form of Cash Book is not kept for checks received for payment of Museum generated invoices or other miscellaneous checks received by the Museum Corporation.

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. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are part of an internal control system. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Organizational Overview--General Guidelines and Policy, Section IV)

Each agency, department, quasi, institution or office also has the responsibility to comply with its own internal policies and guidelines. These internal policies and guidelines cannot conflict with state or federal laws, state policies or procedures (including those in the various chapters of this manual) or other policies established by the Department of Administration, State Personnel, or through the Financial Management Circulars. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Organizational Overview--General Guidelines and Policy, Section IV)

VENDOR DISBURSEMENTS

Vendor Disbursement Procedures

We performed sample testing on credit card disbursements, travel card disbursements, contract disbursements, and general disbursements for compliance with key compliance areas for disbursements from the State Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, as well as compliance with the agency's policies. Additionally, we reviewed late penalty charges paid by the quasi agency.

PROCEDURES AND FINDINGS

(Continued)

Vendor Disbursement Findings

Our procedures did not identify issues that warrant written comment at this time.

PAYROLL DISBURSEMENTS

Payroll Procedures

We determined the process and controls in place for payroll disbursements. We performed sample testing on payroll disbursements, ensuring that payroll disbursements had proper approval. We additionally reviewed for any payroll activity that was not being appropriately reported as income to an employee. Lastly, we conducted a review of overtime and comp time.

Payroll Findings

Our procedures did not identify issues that warrant written comment at this time.

SDO (SPECIAL DISBURSING OFFICER)

SDO (Special Disbursing Officer) Procedures

We conducted procedures to determine if an SDO was still in use. If SDO was still in use, we determined if the transactions were proper and that the account is being properly reconciled to the financial system and to the bank account.

SDO (Special Disbursing Officer) Findings

The Indiana State Museum and Historic Sites Corporation does not have an SDO Account. No further procedures are necessary.

CAPITAL ASSETS

Capital Asset Procedures

We conducted procedures to gain an understanding of the capital asset activity. We verified that there was a capital asset inventory in place and up to date. Additionally, we tested a sample of capital asset additions and deletions to ensure proper accounting and compliance with key compliance areas for capital assets from the State Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, as well as compliance with the agencies' own policies.

Capital Asset Findings

Our procedures did not identify issues that warrant written comment at this time.



October 7, 2015

State Board of Accounts
302 West Washington Street
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Indianapolis, IN 46204

RE: Procedures on the records of the Indiana State Museum and Historic Sites Corporation and the Indiana State Museum and Historic Sites Foundation, Inc. for the period July 1, 2012 to June 30, 2014 in accordance with IC 4-37 2-4 and 4-37-8-5

PROCEDURES AND FINDINGS

INTERNAL CONTROL OVER RECEIPTS

The Indiana State Museum and Historic Sites Corporation processes checks for both the Museum Corporation and the Museum Foundation. Not all checks received by the Museum were logged into a cash book (check log). Checks received for membership, considered Foundation revenue, are accounted for through the Gateway point of sale system, which functions as a cash book for this receipt type. Checks received for Museum sponsorships and donations are entered on a Foundation check log, which functions as a cash book for this receipt type. A check log or other form of cash book is not kept for checks received for payment of Museum generated invoices or other miscellaneous checks received by the Museum Corporation.

RESPONSE

The Indiana State Museum and Historic Sites Corporation will maintain a check log for checks received for internal generated invoices and other miscellaneous checks received.