

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

SUPPLEMENTAL COMPLIANCE REPORT
OF

INDIANA SUPREME COURT
DISCIPLINARY COMMISSION

July 1, 2011 to June 30, 2014



FILED
03/14/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Secretary	G. Michael Witte	07-01-11 to 06-30-15
Chairperson of the Commission	R. Anthony Prather	07-01-11 to 06-30-12
	Maureen Grinsfelder	07-01-12 to 06-30-13
	Catherine A. Nestruck	07-01-13 to 06-30-14
	William A. Walker	07-01-14 to 06-30-15
	Nancy L. Cross	07-01-15 to 06-30-16
Chief Justice of the Supreme Court	Honorable Randall T. Shepard	03-04-07 to 03-04-12
	Honorable Randall T. Shepard (interim)	03-05-12 to 03-23-12
	Honorable Brent E. Dickson (interim)	03-24-12 to 05-14-12
	Honorable Brent E. Dickson	05-15-12 to 08-17-14
	Honorable Loretta H. Rush	08-18-14 to 12-31-15



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE INDIANA SUPREME COURT
DISCIPLINARY COMMISSION, STATE OF INDIANA

This report is supplemental to our examination report of the Indiana Supreme Court Disciplinary Commission (Commission), for the period from July 1, 2011 to December 31, 2014. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Commission. It should be read in conjunction with our Financial Statement Examination Report of the Commission, which provides our opinion on the Commission's financial statement. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Result and Comment contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Examination Result and Comment, incorporated within this report, was not verified for accuracy.

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

July 15, 2015

INDIANA SUPREME COURT DISCIPLINARY COMMISSION
EXAMINATION RESULT AND COMMENT

CONDITION OF RECORDS

Deficiencies were identified in the financial records presented for examination. The deficiencies included:

- Inconsistencies existed between reports generated by the accounting system. Instances were identified in which transactions recorded in the General Ledger report did not agree with the Check Register report.
- The Check Register contained the following errors:
 - Gaps between check numbers.
 - Checks listed out of sequence.
 - Deposits listed in amongst checks.
 - Duplication of check numbers.
 - Vendors listed in the check register for some checks do not agree with vendors on the cancelled checks.
 - Cleared checks listed on the bank statements are not listed on the Check Register.
- Some transactions in the accounting system were voided or deleted after the original transaction date in the following manners:
 - Transactions which were voided were reduced to zero in the General Ledger and Check Register.
 - Transactions which were issued, voided, and then deleted were reduced to zero in the General Ledger and eliminated from the Check Register altogether.
 - Transactions which were just issued and then deleted were unaffected in the General Ledger, but were eliminated from the Check Register.

INDIANA SUPREME COURT DISCIPLINARY COMMISSION
EXAMINATION RESULT AND COMMENT
(Continued)

- Discrepancies existed in the classification of transactions recorded in the General Ledger. A consistent Chart of Accounts was not utilized during each fiscal year in the examination period.
- Insufficient documentation was retained for monthly reconciliations of cash and investment balances. A proper reconciliation was not performed between the Commission's bank statements and ledgers. Detailed lists of outstanding checks, which provide the reconciling items between the ledger and depository balances, were not available for examination.

Each agency, department, quasi, institution or office should have internal controls in effect to 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. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and forms of information processing are part of an internal control system.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements, and incorrect decision making. An Agency's control environment consists of the overall attitude, awareness and actions of management and the governing board or commission. This would include establishing and monitoring policies for developing and modifying accounting systems and control procedures.

Each quasi-governmental unit with funds outside the state system also has the responsibility to maintain appropriate accounting records, including monthly bank statement reconciliations, and internal controls as described above. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Organizational Overview - General Guidelines & Policy)

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www.courts.IN.gov/discipline

G. MICHAEL WITTE
EXECUTIVE SECRETARY

CHARLES M. KIDD
DEPUTY EXECUTIVE SECRETARY

January 22, 2016

State Board of Accounts
302 Washington St., Room E418
Indianapolis, IN 46204-2765

Re: Audit of Indiana Supreme Court Disciplinary Commission

Thank you for conducting the audit of the Indiana Supreme Court Disciplinary Commission for the period covering July 1, 2011 to June 30, 2014. We are pleased that there are no major discrepancies in our accounting or any signs of major concerns. With respect to the examination comments we acknowledge the following and have taken corrective action.

- Check Register recording errors require better attention to detail even though the errors did not impact the balance of the account. We discovered that there were voided checks that were not entered into Quickbooks. Voided checks and the voiding of the corresponding voucher are being itemized in the Check Register.
- Along the same path as the previous bullet, Quickbooks errors are no longer being corrected by deletion. We have adopted the standard of identifying a Check Register error as an adjustment and make notation of the reason for the adjustment. Proper entries for debit or credit are now utilized rather than a deletion as the method of correction.
- There might have been too much reliance on technology in conducting the monthly reconciliation of the account balance. Manual review of reconciliation occurs regularly in addition to the electronic reconciliation of Quickbooks.
- Lastly, a review of identifying which budget line item is dedicated to which types of expenses has occurred. A list of expenses assigned to specific line items now exists.

Correction of these deficiencies was simple. Thank you for bringing them to our attention.

Sincerely,

A handwritten signature in blue ink, appearing to read "G. Michael Witte".

G. Michael Witte
Executive Secretary

INDIANA SUPREME COURT DISCIPLINARY COMMISSION
EXIT CONFERENCE

The contents of this report were discussed on July 15, 2015, with G. Michael Witte, Executive Secretary, and Jeanmarie Brown, Office Manager.