

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

AUDIT REPORT

OF

ALLEN COUNTY PUBLIC LIBRARY

ALLEN COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
08/06/2012

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LIBRARY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Jeffrey R. Krull	01-01-11 to 12-31-12
Treasurer	David K. Sedestrom	01-01-11 to 12-31-12
President of the Board of Trustees	John P. Gerni Gene G. Hoemig	01-01-11 to 12-31-11 01-01-12 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF ALLEN COUNTY PUBLIC LIBRARY, ALLEN COUNTY

We have audited the records of the Allen County Public Library for the period from January 1, 2011 to December 31, 2011, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments. The financial transactions of this office are reflected in the Comprehensive Annual Financial Report of Allen County Public Library for the year 2011.

STATE BOARD OF ACCOUNTS

June 21, 2012

ALLEN COUNTY PUBLIC LIBRARY
AUDIT RESULTS AND COMMENTS

UTILITY PENALTIES PAID

Utility penalties paid for payments past due were made to the below vendors in 2011.

<u>Utility Vendor</u>	<u>Total Penalties Paid</u>
Indiana Michigan Power	\$ 2,429
New Haven Utilities	26
NIPSCO	5
Northern Indiana Fuel & Light	55
REMC	<u>179</u>
 Grand Total	 <u>\$ 2,694</u>

Library officials should establish internal control procedures to prevent late payments in the future.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

DEPOSITS

During the examination of two months transmittal/deposit of user fees for the library branches it was noted that there were several instances that the receipts of some of the branches were not transmitted/deposited in a timely manner. The branches of Dupont, Grabill, Hessen Cassel, Monroeville, New Haven, Pontiac, Shawnee, Tecumseh, Waynedale, and Woodburn had times of 8 to 13 days between deposits.

Library officials should establish internal control procedures to ensure timely deposits of user fees in the future.

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

". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the several local boards of finance that have jurisdiction of the funds. Public funds deposited under this subsection shall be deposited in the same form in which they were received."

ALLEN COUNTY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on June 18, 2012, with Jeffrey R. Krull, Director.

The contents of this report were discussed on June 21, 2012, with David K. Sedestrom, Treasurer.
The Official Response has been made a part of this report and may be found on page 6.



ALLEN COUNTY PUBLIC LIBRARY

900 Library Plaza • Fort Wayne, IN • 46802 • Jeffrey R. Krull, Director

June 18, 2012

State Board of Accounts
Attention: State Examiner
302 West Washington Street
Room E418
Indianapolis, IN 46204-2765

RE: Allen County Public Library Audit Comment Response

Dear State Examiner,

This letter is in response to the Audit Results and Comments presented during the exit conference on June 18, 2012 for the recently completed audit of the Allen County Public Library. There two comments listed, one relating to "Utility Penalties Paid" and another relating to "Deposits". In regards to the utility penalty payments, during the first check run of the month, the Library was incorrectly waiting for authorization signatures from a sufficient number of Board members before releasing the checks. During the audit, it was pointed out that, per Indiana code, these type of payments were allowed to be made prior to formal approval by the board. In response, the Library has implemented a system where additional vendor payment check production runs will be executed as needed in order to avoid all penalty payments which might result from late payments. These additional check runs will be included in the next check register presented to the Board for approval, whether by fax or in person.

Regarding the comment on Deposits, it was noted that an examination of two months of deposit transmittals produced several instances where receipts of some of the Library branches were not deposited in a timely manner. It was explained that collected public funds are to be deposited no later than the next business day. The Financial Services department has had prior discussions with various managers about the requirement of making timely deposits. While there are discussions in place regarding changing the way branches handle their receipts in the future so as to ensure timely deposits, until that time the Associate Director and the Chief Financial Officer will work with the branch managers to ensure that they comply with the laws.

The Library agrees with these audit comments and, as noted above, will make all necessary changes in our procedures to avoid future problems.

Thank you, as always, for your guidance and assistance to our institution and please do not hesitate to contact me at 260-421-1270 with any further questions.

Sincerely,

David K. Sedestrom
Chief Financial Officer/Treasurer