

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

HANCOCK COUNTY PUBLIC LIBRARY

HANCOCK COUNTY, INDIANA

January 1, 2013 to December 31, 2015



FILED
10/07/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Dianne Osborne	01-01-13 to 04-30-13
	David Gray	05-01-13 to 12-31-16
Treasurer	Deborah R. Barnhart	01-01-13 to 02-28-13
	Robert Varner	03-01-13 to 08-10-15
	Catherine Mroz (interim)	08-11-15 to 10-05-15
	Cynthia Holloway	10-06-15 to 12-31-16
President of the Board	Beverly Gard	01-01-13 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE HANCOCK COUNTY PUBLIC LIBRARY, HANCOCK COUNTY, INDIANA

This report is supplemental to our examination report of the Hancock County Public Library (Library), for the period from January 1, 2013 to December 31, 2015. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Library. It should be read in conjunction with our Financial Statements Examination Report of the Library, which provides our opinion on the Library's financial statements. 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 Results and Comments 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 Results and Comments, incorporated within this report, was not verified for accuracy.

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

June 23, 2016

HANCOCK COUNTY PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were performed; however, the reconciliations prepared for December 2013 and December 2014 did not balance to cash and investment balances reported in the Annual Financial Report. The cut-off dates for the month-end reconciliations were not always determinable for 2013 and 2014 and did not always occur on the last day of the month. In addition, the outstanding checklist supporting the amount of outstanding checks on the December 2013 reconciliation was not retained by the Library.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

OVERDRAWN FUND BALANCES

The PLAC fund had overdrawn cash balances of \$4,750 and \$2,990 at December 31, 2014, and December 31, 2015, respectively.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

PRESCRIBED FORMS

The State Board of Accounts is responsible for prescribing and/or approving the accounting forms/records for all governmental units. The Library used a payroll service provider for processing payroll for the period January 1, 2013 to April 1, 2015. General Form 99B, Employee's Earnings Record or an approved alternative form in lieu of the prescribed form was not maintained during this time period. The reports available for examination did not provide a record of employee's earnings for the entire year by pay period.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

PUBLIC RECORDS RETENTION

Time worked/attendance records for employees were not available for the period from January 1, 2013 to April 1, 2015.

Indiana Code 5-15-6-3, concerning destruction of public records, states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

June 28, 2016

State Board of Accounts
302 Washington Street, Room E 418
Indianapolis, IN 46204-2765

OFFICIAL RESPONSE

The Hancock County Public Library wishes to file an OFFICIAL RESPONSE to the Examination Results and Comments from our Exit Conference dated June 23, 2016.

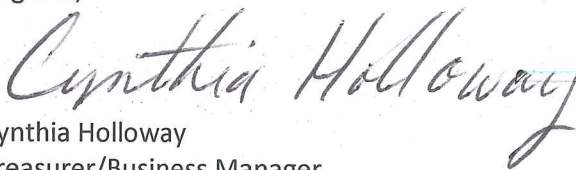
BANK ACCOUNT RECONCILIATIONS – In 2013, 2014 and 2015 cutoff dates for month end financial reports were determined by the date of the monthly Board meeting, which were generally the 2nd Tuesday of the month, and the bank reconciliations were conducted on the month end date. This would create a difference in balancing the bank reconciliations to the financial reports. As of 2016, the month end cutoff dates were changed to occur on the last day of the month, so that the bank reconciliations and the month end financial reporting followed the same time frame. Year-end for 2014 and 2015 were conducted at the actual year-end and the bank reconciliations balanced to the cash and investment balances reported in the Gateway Annual Financial Report.

OVERDRAWN CASH BALANCES – In 2014 and 2015 PLAC receipts were posted to the Daily Receipts Fund and PLAC disbursements were made from the PLAC Fund. These two separate funds reside in separate bank accounts. In 2016, this was corrected as the PLAC receipts are received and disbursed from the PLAC Fund, which eliminated the negative balance.

PRESCRIBED FORMS – The Library changed payroll providers as of March 25, 2015, from ADP to Beyond Payroll. ADP only provided a summary of employee pay records when the relationship ended. Our current payroll system provides reporting of the Form 99B, Employee's Earnings Record which can be processed on demand.

PUBLIC RECORDS RETENTION – The previous payroll provider did not provide us with detail time worked/attendance records. Our current system provides this detail and the library has retained the time/attendance records as of March 25, 2015.

Regards,



Cynthia Holloway
Treasurer/Business Manager
Hancock County Public Library
cholloway@hcplibrary.org
317-462-5141 ext. 222

HANCOCK COUNTY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on June 23, 2016, with Cynthia Holloway, Treasurer; David Gray, Director; Catherine Mroz, Bookkeeper; and Harlan Smith, Board member.