

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

ELKHART PUBLIC LIBRARY

ELKHART COUNTY, INDIANA

January 1, 2022 to December 31, 2022



FILED
12/21/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Elizabeth J. Guedea Carreño	01-01-22 to 12-31-23
Treasurer	Jane A. Garoutte	01-01-22 to 12-31-23
President of the Library Board of Trustees	James W. Rieckhoff	01-01-22 to 12-31-23



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to the audit report of the Elkhart Public Library (Library), for the period from January 1, 2022 to December 31, 2022. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Library. It should be read in conjunction with the Financial Statement Audit Report of the Library, which provides our opinions on the Library'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 Audit 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 Audit Results and Comments, incorporated within this report, was not verified for accuracy.

A handwritten signature in blue ink that reads "Beth Kelley".

Beth Kelley, CPA, CFE
Deputy State Examiner

December 19, 2023

ELKHART PUBLIC LIBRARY
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

Condition and Context

Financial information is required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The Library had not established effective internal controls over the AFR information entered into Gateway, which resulted in the following errors for the 2022 calendar year:

1. The Bond Construction fund beginning cash and investments balance was understated by \$478,429, and disbursements were understated by \$478,492, resulting in an ending cash and investments balance overstatement of \$63.
2. The Operating fund beginning cash and investments balance was overstated by \$275,277, and disbursements were overstated by \$280,134, resulting in an ending cash and investments balance understatement of \$4,857.
3. The Bond Interest and Redemption fund beginning cash and investments balance and disbursements were equally overstated by \$193,643.
4. Several additional funds had individually immaterial errors, or omissions that resulted in a combined immaterial understatement of beginning cash and investments balance totaling \$4,757, understatement of disbursements totaling \$8,113, and overstatement of ending cash and investments balance totaling \$3,356.

Adjustments were proposed, accepted by the Library, and made to the financial statement and to the Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis presented as Required Supplementary Information in the Financial Statement Audit Report for the Library.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

ELKHART PUBLIC LIBRARY
AUDIT RESULTS AND COMMENTS
(Continued)

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

ANNUAL ENGAGEMENT UPLOADS

Condition and Context

The Library did not upload any of the required annual files for the 2022 calendar year on the Indiana Gateway for Government Units financial reporting system, in a timely manner. All the required 2022 annual files were uploaded 223 days after the March 1, 2023 due date.

Criteria

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients. (State Examiner Directive 2018-1, Updated November 5, 2020, and effective with uploads due February 14, 2021)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

ELKHART PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on December 19, 2023, with Jane A. Garoutte, Treasurer; Elizabeth J. Guedea Carreño, Director; James W. Rieckhoff, President of the Library Board of Trustees; Jeri Stahr, Vice President of the Library Board of Trustees; Cynthia Dunlop, Library Board of Trustees member; and Yuliana Rivera Arce, Library Board of Trustees member.