

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

COMPLIANCE ENGAGEMENT REPORT

OF

PIERCETON WASHINGTON TOWNSHIP PUBLIC LIBRARY

KOSCIUSKO COUNTY, INDIANA

January 1, 2019 to December 31, 2022



FILED

02/23/2024

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Compliance Report	3-4
Comments:	
Annual Financial Report and General Ledger	5-6
Bank Account Reconciliations	6
Adoption of, and Training on, Internal Control Standards	7

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Pamela Myers Connie Anderson	01-01-19 to 12-31-19 01-01-20 to 12-31-24
Treasurer	Connie Anderson Courtney Fields Ryenne Ousley	01-01-19 to 12-31-19 01-01-20 to 05-31-22 06-01-22 to 12-31-24
President of the Library Board	Calvin Carlin Cindy Kreger	01-01-19 to 03-30-19 04-05-19 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE PIERCETON WASHINGTON TOWNSHIP
PUBLIC LIBRARY KOSCIUSKO COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Pierceton Washington Township Public Library (Library), for the period of January 1, 2019 to December 31, 2022. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the Library as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials is informational only. The Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis has not been included in this report due to the issues detailed in the Comments below.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the Library's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Connie Anderson, Director; Ryanne Ousley, Treasurer; Cindy Kreger, President of the Library Board; and Janet Castle, Library Board member, on February 15, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

January 17, 2024

PIERCETON WASHINGTON TOWNSHIP PUBLIC LIBRARY
COMMENTS

ANNUAL FINANCIAL REPORT AND GENERAL LEDGER

Condition and Context

The Library's general ledger did not support the Annual Financial Report (AFR) filed by the Library in the Indiana Gateway for Government Units (Gateway) financial reporting system for 2019, 2020, 2021, and 2022. The Library was unable to provide documentation supporting the numbers entered into Gateway. Additionally, a formula error in the general ledger for 2020 was noted. This formula error was corrected for our comparison of the AFR and general ledger.

The Library lacked effective internal controls over the submission of the AFR and the general ledger, allowing errors to remain undetected.

Due to the nature and significance of the errors found with the general ledger, we were unable to provide the Library corrections to it, and the corresponding financial statements which would allow those to be included in this report. The following is a comparison of the Library's reported AFR cash and investment balances and the Library's general ledger cash and investment balances.

	2019	2020	2021	2022
AFR	\$ 518,012	\$ 531,264	\$ 560,713	\$ 649,570
General Ledger	518,739	510,794	602,871	627,967
Difference	\$ (727)	\$ 20,470	\$ (42,158)	\$ 21,603

Criteria

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

"The state examiner shall require from every audited 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](#)."

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. . . .

PIERCETON WASHINGTON TOWNSHIP PUBLIC LIBRARY
 COMMENTS
 (Continued)

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. . . ."

BANK ACCOUNT RECONCILIATIONS

Condition and Context

The Library prepared bank reconciliations to its general ledger for December 31, 2019, 2020, 2021, and 2022 but did not identify, investigate, or make the necessary corrections for any errors that existed. The Library lacked effective internal controls over the bank reconciliations, allowing errors to remain undetected and uncorrected. The following is a comparison of the reconciled bank balances to the Library's general ledger balances.

	2019	2020	2021	2022
Bank Balance	\$ 519,022	\$ 528,261	\$ 574,706	\$ 579,936
General Ledger	518,739	510,794	602,871	627,967
Difference	<u>\$ 283</u>	<u>\$ 17,467</u>	<u>\$ (28,165)</u>	<u>\$ (48,031)</u>

Criteria

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."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

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PIERCETON WASHINGTON TOWNSHIP PUBLIC LIBRARY
COMMENTS
(Continued)

ADOPTION OF, AND TRAINING ON, INTERNAL CONTROL STANDARDS

Condition and Context

The Library had not adopted the acceptable minimum level of internal control standards nor completed the required training on internal control standards for appropriate personnel.

Criteria

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."