

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

COMPLIANCE ENGAGEMENT REPORT

OF

OHIO COUNTY PUBLIC LIBRARY

OHIO COUNTY, INDIANA

January 1, 2019 to December 31, 2023



FILED
10/02/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Amy M. King	01-01-19 to 12-31-24
Treasurer	Karen Jackson	01-01-19 to 12-31-19
	Angel Howlett	01-01-20 to 12-31-20
	Missy Wallace	01-01-21 to 12-31-24
President of the Library Board	Jennifer Mossburger	01-01-19 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDIANAPOLIS, INDIANA 46204-2769

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Ohio County Public Library (Library) for the period of January 1, 2019 to December 31, 2023. 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.

The 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 Statements of Receipts, Disbursements, and Schedule of Cash and Investment Balances - Regulatory Basis for 2019, 2020, 2021, and 2022 have not been included in this report due to the issues detailed in the Comments below. The Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statement) for 2023 is informational only. The Statement has not been subjected to any procedures designed to express an opinion or provide any assurance on it, and, accordingly, we do not express an opinion or provide any assurance on it.

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 Amy M. King, Director, and Connie Smith, Library Board member, on August 28, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

August 1, 2024

OHIO COUNTY PUBLIC LIBRARY
COMMENTS

BANK ACCOUNT RECONCILIATIONS

Condition and Context

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the December 31, 2019, 2020, 2021, and 2022 reconciliations did not balance to both the reported Annual Financial Reports (AFR) in the Indiana Gateway for Government Units (Gateway) financial reporting system and to the Library's recorded ledger balance. The following table illustrates the variances to the reported Gateway balance and the recorded balance per the Library's ledger.

	As of December 31, 2019	As of December 31, 2020	As of December 31, 2021	As of December 31, 2022
Adjusted Bank Balance	\$ 891,391	\$ 964,174	\$ 1,005,835	\$ 1,086,424
Reported Gateway Balance	888,489	949,962	1,025,037	1,064,306
Recorded Ledger Balance	888,489	952,989	1,025,037	2,038,582
Variance to Gateway Balance	2,902	14,212	(19,202)	22,118
Variance to Recorded Balance per Library's Ledger	2,902	11,185	(19,202)	(952,158)

*The variance to recorded balance per the Library's ledger as of December 31, 2022, is mostly due to the improper recording of investments in the ledger.

The adjusted bank balance as of December 31, 2023, agrees to the 2023 AFR reported in Gateway and to the recorded balance per the Library's ledger.

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)

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. . . .

OHIO COUNTY 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. . . ."

ANNUAL FINANCIAL REPORTS

Condition and Context

The Annual Financial Reports (AFR) reported in the Indiana Gateway for Government Units financial reporting system for 2020 and 2022 did not agree to the Library's recorded ledger balance. The following table illustrates the variances noted between the AFR and the ledger in 2020 and 2022:

	As of December 31, 2020	As of December 31, 2022
	<u> </u>	<u> </u>
Reported Gateway Balance	\$ 949,962	\$ 1,064,306
Recorded Ledger Balance	<u>952,989</u>	<u>2,038,582</u>
Variance	<u>\$ (3,027)</u>	<u>\$ (974,276)</u>

*The variance to recorded balance per Library's ledger as of December 31, 2022, is mostly due to the improper recording of investments in the ledger.

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](#)."

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)

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OHIO COUNTY PUBLIC LIBRARY
COMMENTS
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"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 FINANCIAL REPORT - BEGINNING AND ENDING BALANCES

Condition and Context

The Annual Financial Report for 2023 included the Rainy Day, LIRF, Gift, and Poellman Memorial funds with beginning balances that did not agree to the prior period's ending balances. The table below illustrates the differences. Beginning and ending balances should agree.

Fund	December 31, 2022, Reported Ending Balance	January 1, 2023, Reported Beginning Balance	Difference
Rainy Day	\$ 31,631	\$ 106,557	\$ (74,926)
LIRF	70,831	12,202	58,629
Gift	10,571	28,854	(18,283)
Poellman Memorial	518,876	506,411	12,465

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](#)."

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OHIO COUNTY PUBLIC LIBRARY
COMMENTS
(Continued)

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STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS

OHIO COUNTY PUBLIC LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2023

Fund	Cash and Investments 01-01-23	Receipts	Disbursements	Cash and Investments 12-31-23
Operating	\$ 361,748	\$ 243,354	\$ 222,968	\$ 382,134
Rainy Day	106,557	29,797	-	136,354
LIRF	12,202	2,500	-	14,702
Dental	-	801	409	392
PERF	-	1,681	1,611	70
State Technology Fund - Internet Reimbursement	799	6,071	-	6,870
American Heart Assoc Grid	-	750	749	1
OCCF junior grant	-	500	500	-
REMC Round up grant for AED	-	2,035	2,035	-
RSRF public computer grant	-	3,402	3,402	-
IAC art class grant	-	3,188	1,217	1,971
OCCF conference grant	-	150	150	-
Health Insurance	-	8,154	8,556	(402)
Gift	28,854	20	627	28,247
Riverboat Revenue Sharing	38,537	7,381	1,225	44,693
Plac	144	-	-	144
Local Foundations (OCCF RSRF IN Hum)	31,172	-	6,095	25,077
Poellman Memorial	506,411	22,352	-	528,763
Totals	<u>\$ 1,086,424</u>	<u>\$ 332,136</u>	<u>\$ 249,544</u>	<u>\$ 1,169,016</u>