

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

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

COMPLIANCE ENGAGEMENT REPORT

OF

WASHINGTON TOWNSHIP PUBLIC LIBRARY

RANDOLPH COUNTY, INDIANA

January 1, 2019 to December 31, 2022



FILED

12/20/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Suzanne Robinson	01-01-19 to 12-31-24
Treasurer	Sharon Abshear Jenna Marquis	01-01-19 to 12-31-19 01-01-20 to 12-31-24
President of the Library Board	Kayleen Straley Bruce Author Kim Slick Kayleen Straley	01-01-19 to 09-30-19 10-01-19 to 10-28-19 10-29-19 to 12-31-22 01-01-23 to 12-31-24



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INDIANA STATE BOARD OF ACCOUNTS

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the 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.

The Comments contained herein 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 and Statements of Receipts, Disbursements, and Schedule of Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

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 Suzanne Robinson, Director; Sharon Abshear, Library Board member; and Beverly Edwards, Library Board member, on October 16, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

July 23, 2024

WASHINGTON TOWNSHIP PUBLIC LIBRARY
COMMENTS

ANNUAL FINANCIAL REPORT

Condition and Context

Internal controls were not in place to ensure the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system was submitted accurately.

The AFR for 2019, 2020, 2021, and 2022 included the following errors:

2019

- The General fund beginning balance was overstated by \$16,464, and receipts were understated by \$4,447.
- The Levy Excess fund beginning balance was overstated by \$161.
- The PLAC fund beginning balance and receipts were understated by \$65, and disbursements were understated by \$130.

2020

- The General fund beginning balance was overstated by \$52,015, and receipts were understated by \$8,227.
- The Levy Excess fund beginning balance was overstated by \$161, and disbursements were understated by \$161.
- The LIRF fund beginning balance was understated by \$8, and receipts were understated by \$7.

2021

- The General fund beginning balance was overstated by \$43,787, and disbursements were understated by \$7,030.
- The LIRF fund beginning balance was overstated by \$4,746.
- The Rainy Day fund beginning balance was overstated by \$129.
- The GIFT fund beginning balance was overstated by \$24,969, and receipts were understated by \$2.

2022

- The General fund beginning balance was overstated by \$68,935, receipts were understated by \$11,465, and disbursements were understated by \$2,437.
- The LIRF fund beginning balance was overstated by \$4,746.
- The Rainy Day fund beginning balance was overstated by \$129.
- The GIFT fund beginning balance was overstated by \$24,969.

WASHINGTON TOWNSHIP PUBLIC LIBRARY
COMMENTS
(Continued)

Adjustments were proposed, accepted by the Library, and made to the AFR and are reflected in the Statements of Receipts, Disbursements and Cash and Investment Balances - Regulatory Basis included in this report.

The Library reported \$331,732 in capital assets as of December 31 for each year of the engagement period in its AFR filed in Gateway; however, no documentation was presented to support the amount reported.

Criteria

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. . . ."

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](#)."

CAPITAL ASSETS

Condition and Context

The Library did not have a proper system of internal controls in place to ensure compliance with laws and regulations related to capital assets.

Prescribed Form 369, Capital Asset Ledger, a detailed list of capital assets reflecting the acquisition value was not maintained. There was no evidence that a physical inventory of assets had been taken every two years as required.

WASHINGTON TOWNSHIP PUBLIC LIBRARY
COMMENTS
(Continued)

Criteria

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:

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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. . . ."

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

RECORD OF HOURS WORKED

Condition and Context

The Library did not have a proper system of internal controls in place to ensure compliance with laws and regulations related to payroll.

No employee time records were presented for review for any year of the engagement period.

Criteria

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:

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WASHINGTON TOWNSHIP PUBLIC LIBRARY
COMMENTS
(Continued)

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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. . . ."

Indiana Code 5-11-9-4(b) states:

"The state board of accounts shall require that records be maintained showing which hours were worked each day by officers and employees:

- (1) covered by section 1 or 2 of this chapter; and
- (2) employed by more than one (1) public agency or in more than one (1) position by the same public agency described in section 1 or 2 of this chapter."

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

General Form 99A, Employee's Service Record
General Form 99B, Employee's Earnings Record
General Form 99C, Employee's Weekly Earnings Record

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor.

(Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

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

WASHINGTON TOWNSHIP PUBLIC LIBRARY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2019 and 2020

Fund	Cash and Investments 01-01-19	Receipts	Disbursements	Cash and Investments 12-31-19	Receipts	Disbursements	Cash and Investments 12-31-20
General	\$ 34,163	\$ 95,414	\$ 89,578	\$ 39,999	\$ 101,185	\$ 84,904	\$ 56,280
RAINY DAY	6,326	-	-	6,326	-	6,197	129
LEVY EXCESS	65	65	130	-	-	-	-
LIRF	4,738	7	-	4,745	-	-	4,745
GIFT	25,410	-	500	24,910	-	-	24,910
Totals	<u>\$ 70,702</u>	<u>\$ 95,486</u>	<u>\$ 90,208</u>	<u>\$ 75,980</u>	<u>\$ 101,185</u>	<u>\$ 91,101</u>	<u>\$ 86,064</u>

WASHINGTON TOWNSHIP PUBLIC LIBRARY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2021 and 2022

Fund	Cash and Investments 01-01-21	Receipts	Disbursements	Cash and Investments 12-31-21	Receipts	Disbursements	Cash and Investments 12-31-22
General	\$ 56,280	\$ 112,964	\$ 111,128	\$ 58,116	\$ 138,535	\$ 111,613	\$ 85,038
RAINY DAY	128	-	-	128	-	-	128
LIRF	4,746	-	-	4,746	-	-	4,746
GIFT	24,910	202	141	24,971	13,538	17,010	21,499
Totals	<u>\$ 86,064</u>	<u>\$ 113,166</u>	<u>\$ 111,269</u>	<u>\$ 87,961</u>	<u>\$ 152,073</u>	<u>\$ 128,623</u>	<u>\$ 111,411</u>