

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

COMPLIANCE ENGAGEMENT REPORT
OF

NEW HARMONY WORKINGMEN'S
INSTITUTE PUBLIC LIBRARY
POSEY COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED

07/31/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Ryan Rokicki	01-01-20 to 12-31-24
Treasurer	Connie Weinzapfel Tamara Allison	01-01-20 to 12-31-23 01-01-24 to 12-31-24
President of the Library Board	Fred M. Frayser	01-01-20 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE NEW HARMONY WORKINGMEN'S
INSTITUTE PUBLIC LIBRARY, POSEY COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the New Harmony Workingmen's Institute Public Library (Library), for the period of January 1, 2020 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 and Statements of Receipts, Disbursements, and 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 Ryan Rokicki, Director; Fred M. Frayser, President of the Library Board; and Gabriell Knight, Accountant, on July 24, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

July 3, 2024

NEW HARMONY WORKINGMEN'S INSTITUTE PUBLIC LIBRARY
COMMENTS

INTERNAL CONTROLS

Condition and Context

Internal control deficiencies resulted in noncompliance over the bank account reconciliations, condition of records, and prescribed forms, as detailed further in the engagement comments below.

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. . . ."

BANK ACCOUNT RECONCILIATIONS

A similar comment appeared in prior Reports B48386 and B55933, entitled *BANK ACCOUNT RECONCILIATIONS*.

Condition and Context

The Library prepared bank reconciliations to its general ledger for December 31, 2020, 2021, 2022, and 2023; but did not identify, investigate, or make the necessary corrections for any errors that existed.

Errors with the bank reconciliation included checks which were issued after the audit period and backdated for the previous year; however, these checks did not appear in the 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."

NEW HARMONY WORKINGMEN'S INSTITUTE PUBLIC LIBRARY
COMMENTS
(Continued)

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)

CONDITION OF RECORDS

A similar comment also appeared in prior Reports B48386 and B55933, entitled *CONDITION OF RECORDS*.

Condition and Context

The Annual Financial Reports (AFR) filed for 2020, 2021, 2022, and 2023 contained numerous errors and did not match the Library's General Ledger Report (Ledger). The AFRs were used to compile the financial statements; therefore, the financial statements were incomplete and not reflective of the activity of the Library. The amounts for beginning cash and investment balances, receipts, disbursements, and ending cash and investment balances were unable to be determined because the records presented did not provide sufficient information.

The Library's accountant provided adjustments to the AFR which were made to the presented financial statements. The receipt and disbursement activity of each year in the Ledger were inflated by investment activity, and, therefore, was not reflected in the AFR. The ending cash and investment balances were unreconciled by the same difference in 2020, 2021, and 2022. The ending cash and investment bank reconciled balance for 2023 was short by \$112 as compared to the Ledger.

Criteria

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)

PRESCRIBED FORMS

A similar comment appeared in a Management Letter addressed to the Treasurer and Director of the Library for the compliance engagement period ending December 31, 2019.

Condition and Context

The Library began issuing receipts during the engagement period; however, the receipts issued were not assigned an identifying number in the Library's ledger. The Library did not use prescribed General Form No. 352 to record daily receipts.

Criteria

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

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

NEW HARMONY WORKINGMEN'S INSTITUTE PUBLIC LIBRARY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2020 and 2021

Fund	Cash and Investments 01-01-20	Receipts	Disbursements	Cash and Investments 12-31-20	Receipts	Disbursements	Cash and Investments 12-31-21
Operating Funds	\$ 5,896	\$ 214,519	\$ 179,085	\$ 41,330	\$ 238,705	\$ 226,009	\$ 54,026
Roof Fund	-	117,636	5,724	111,912	376,056	-	487,968
Gift Fund - Checking	<u>2,935,085</u>	<u>183,318</u>	<u>253,925</u>	<u>2,864,478</u>	<u>665,102</u>	<u>361,234</u>	<u>3,168,346</u>
Totals	<u>\$ 2,940,981</u>	<u>\$ 515,473</u>	<u>\$ 438,734</u>	<u>\$ 3,017,720</u>	<u>\$ 1,279,863</u>	<u>\$ 587,243</u>	<u>\$ 3,710,340</u>

NEW HARMONY WORKINGMEN'S INSTITUTE PUBLIC LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2022 and 2023

Fund	Cash and Investments 01-01-22	Receipts	Disbursements	Cash and Investments 12-31-22	Receipts	Disbursements	Cash and Investments 12-31-23
Operating Funds	\$ 54,026	\$ 194,596	\$ 224,229	\$ 24,393	\$ 351,851	\$ 264,261	\$ 111,983
Roof Fund	487,968	170,048	654,600	3,416	-	2,618	798
Gift Fund - Checking	<u>3,168,346</u>	<u>125,157</u>	<u>558,369</u>	<u>2,735,134</u>	<u>500,014</u>	<u>290,049</u>	<u>2,945,099</u>
Totals	<u>\$ 3,710,340</u>	<u>\$ 489,801</u>	<u>\$ 1,437,198</u>	<u>\$ 2,762,943</u>	<u>\$ 851,865</u>	<u>\$ 556,928</u>	<u>\$ 3,057,880</u>