

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

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

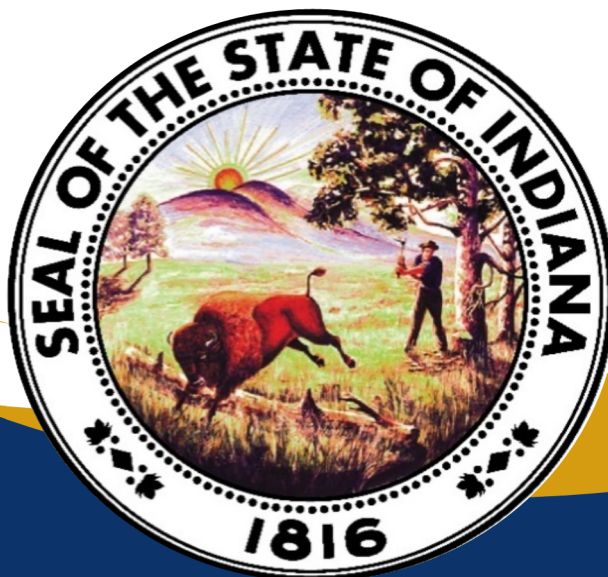
COMPLIANCE EXAMINATION REPORT

OF

MORGAN COUNTY PUBLIC LIBRARY

MORGAN COUNTY, INDIANA

January 1, 2022 to December 31, 2023



FILED

12/03/2024



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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December 3, 2024

Board of Directors
Morgan County Public Library
Morgan County, Indiana

This report is supplemental to the audit report of Morgan County Public Library (Library), for the period from January 1, 2022 to December 31, 2023. It has been provided as a separate report so that the reader may easily identify any findings that pertain to the Library. It should be read in conjunction with the financial statement audit report of the Library, which provides an opinion on the Library's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the Library and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The findings contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the supplemental report of Morgan County Public Library prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2022 to December 31, 2023. In our opinion, the supplemental report was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

We call your attention to the findings in the report on page 3.

The report is filed with this letter in our office as a matter of public record.

Tammy R. White, CPA
Deputy State Examiner

MORGAN COUNTY PUBLIC LIBRARY

Morgan County, Indiana
January 1, 2022 through December 31, 2023

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MORGAN COUNTY PUBLIC LIBRARY
SCHEDULE OF OFFICIALS
January 1, 2022 through December 31, 2023

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the Board	Sharon Goins	01/01/22 to 12/31/23
Director	Krista Ledbetter	01/01/22 to 12/31/23
Treasurer	Brenda Zody John Phillips	01/01/22 to 12/31/22 01/01/23 to 12/31/23

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of the Morgan County Public Library

We have examined the Morgan County Public Library's ("Library") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Libraries* during the period January 1, 2022 through December 31, 2023. Management of the Library is responsible for the Library's compliance with the specified requirements. Our responsibility is to express an opinion on the Library's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Library complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Library complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Library's compliance with specified requirements.

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual for Libraries* applicable to the Library during the period January 1, 2022 through December 31, 2023, as described in findings 2023-001 and 2023-002 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the Library complied, in all material respects, with the aforementioned requirements during the period January 1, 2022 through December 31, 2023.


Crowe LLP

Indianapolis, Indiana
November 1, 2024

MORGAN COUNTY PUBLIC LIBRARY
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
January 1, 2022 through December 31, 2023

FINDING 2023-001: INTERNAL CONTROLS

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. . . ."

Condition: We noted that the 2022 and 2023 Annual Financial Reports (AFR) did not have sufficient review signoff to note proper review and approval to verify internal controls were operating effectively. As a result, an audit adjustment was posted to the Operating Fund to reduce receipts and disbursements by \$1,876,000. Management had incorrectly included interbank transfers of this amount in the AFR for the year ended December 31, 2023. This is also considered a material weakness in financial reporting controls.

FINDING 2023-002: CAPITAL ASSETS

Criteria: Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual for Libraries states in part, "*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.*"

Condition: It was noted through discussions with management that there were no records of the physical inventory counts being completed within the last two years.

MORGAN COUNTY PUBLIC LIBRARY
EXIT CONFERENCE
January 1, 2022 through December 31, 2023

The contents of this report were discussed on November 1, 2024, with Board President Sharon Goins, Director Krista Ledbetter, and Accountant Jennifer McKinley.