

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

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

BRAZIL PUBLIC LIBRARY

CLAY COUNTY, INDIANA

January 1, 2021 to December 31, 2024



**FILED**

05/13/2025



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Jill E. Scarbrough Tammy Robison Sarah Trover	01-01-21 to 01-23-24 01-24-24 to 04-16-24 04-17-24 to 12-31-25
Treasurer	Brian Deakins	01-01-21 to 12-31-25
President of the Library Board	Michael Hagemeyer Traci Orman	01-01-21 to 12-31-22 01-01-23 to 12-31-25



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# INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF THE BRAZIL PUBLIC LIBRARY, CLAY COUNTY, INDIANA

This report is supplemental to the audit report of the Brazil Public Library (Library), for the period from January 1, 2021 to December 31, 2024. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Library. It should be read in conjunction with the Financial Statements Audit Report of the Library, which provides our opinions on the Library's financial statements. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE  
Deputy State Examiner

April 30, 2025

BRAZIL PUBLIC LIBRARY  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS**

*Condition and Context*

There were deficiencies in the internal control system of the Library related to financial transactions and reporting. The Library had not separated incompatible activities related to financial close and reporting and receipts.

*Financial Close and Reporting*

Financial information is required to be entered annually into the Indiana Gateway for Government Units financial reporting system, which is the source of the Library's Annual Financial Report (AFR). The AFR information was entered and submitted by the Business Manager without a documented oversight, review, or approval process.

*Receipts*

The Library had not separated incompatible activities related to receipts. One individual issued receipts and another posted receipts, prepared the deposit slip, and remitted the collections to the bank. However, there was no evidence of an oversight, review, or approval process.

*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. . . ."

**ANNUAL FINANCIAL REPORT**

*Condition and Context*

Internal controls were not in place to ensure the Library complied with requirements for the Annual Financial Report (AFR). Financial and other information are required to be entered annually into the AFR via the Indiana Gateway for Government Units (Gateway) financial reporting system. The other information entered into the AFR is the source of the Schedule of Capital Assets and the Schedule of Leases and Debt. The schedules contained the following errors:

BRAZIL PUBLIC LIBRARY  
AUDIT RESULTS AND COMMENTS  
(Continued)

*Schedule of Capital Assets*

- The detailed capital asset listing did not match the information reported in Gateway. The amounts reported were \$1,596,546, \$1,663,803, \$1,615,313, and \$1,675,184 for 2021, 2022, 2023, and 2024, respectively.

*Schedule of Leases and Debt*

- For 2022, the General Obligation Bond ending principal balance was overstated by \$105,000, and the principal due within one year was understated by \$110,000.
- For 2023, the General Obligation Bond ending principal balance was overstated by \$144,075.
- For 2024, the General Obligation Bond ending principal balance was overstated by \$137,390, and the principal due within one year was overstated by \$6,515.

*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 as set forth in the uniform compliance guidelines. 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](#)."

**RECORD OF HOURS WORKED**

*Condition and Context*

Internal controls were not in place to ensure the Library complied with payroll requirements. Employee time records were not approved by the department head or supervisor.

*Criteria*

Indiana Code 5-11-9-2 states: "On and after January 1, 1948, all accounts or vouchers of any political subdivision of the state for personal services of officers and employees shall be made in such form as may be prescribed by the state board of accounts."

Indiana Code 5-11-9-3 states:

"Certification of said vouchers and accounts shall be made by the elected officer, head of the department, division, board, body, bureau, or political subdivision or by such authority or authorities in the office, department, division, board, body, bureau, or political subdivision as shall be designated by the elected officer, head of the department, division, board, body, bureau or political subdivision by rule or written direction filed with the officer authorized by law to audit such accounts and vouchers."

BRAZIL PUBLIC LIBRARY  
AUDIT RESULTS AND COMMENTS  
(Continued)

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

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

(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

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

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)

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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## **CAPITAL ASSETS**

### *Condition and Context*

Internal controls were not in place to ensure the Library complied with capital asset requirements. The Library did not have a complete listing of capital assets.

BRAZIL PUBLIC LIBRARY  
AUDIT RESULTS AND COMMENTS  
(Continued)

*Criteria*

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 detailed 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)

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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BRAZIL PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on April 30, 2025, with Brian Deakins, Treasurer; Traci Orman, President of the Library Board; Sarah Trover, Director; and Jason Hayes, Business Manager.