

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

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

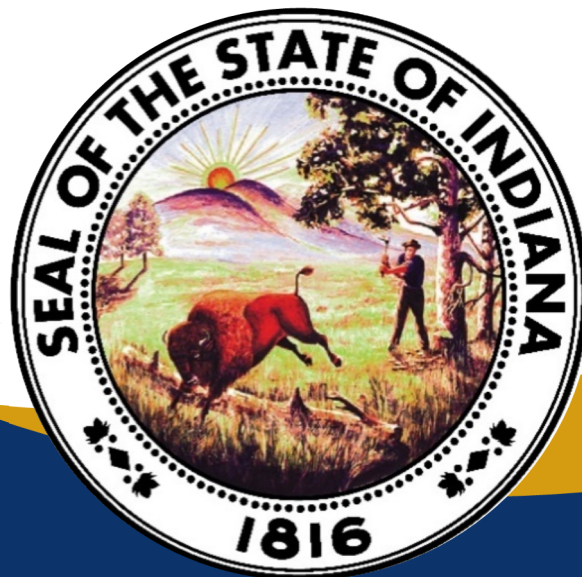
COMPLIANCE ENGAGEMENT REPORT

OF

PARKE COUNTY PUBLIC LIBRARY

PARKE COUNTY, INDIANA

January 1, 2021 to December 31, 2024



FILED

05/16/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Lindsey Bishop	01-01-21 to 12-31-22
	(Vacant)	01-01-23 to 03-14-23
	Andrew Akers	03-15-23 to 12-31-25
Treasurer	Sharon Harmon	01-01-21 to 12-31-23
	Andrew Akers (interim)	01-01-24 to 08-13-24
	Delanie Marshall	08-14-24 to 12-31-25
President of the Library Board	Randy Kneeland	01-01-21 to 06-07-23
	Roberta Hobbs	06-08-23 to 12-31-25



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INDIANA STATE BOARD OF ACCOUNTS

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Parke County Public Library (Library), for the period of January 1, 2021 to December 31, 2024. 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 Andrew Akers, Director; Delanie Marshall, Treasurer; and Roberta Hobbs, President of the Library Board, on May 12, 2025.



Beth Kelley, CPA, CFE
Deputy State Examiner

April 29, 2025

PARKE COUNTY PUBLIC LIBRARY
COMMENTS

ANNUAL FINANCIAL REPORT

Condition and Context

The Annual Financial Report (AFR) is required to be submitted annually via the Indiana Gateway for Government Units financial reporting system. The AFR is the source of the Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) included in this report. The Library had not established effective internal controls over the information submitted in the AFR to ensure all fund activity, including its Payroll Clearing fund receipts and disbursements, were included in the annual reports. Omissions of the following Payroll Clearing fund activity were noted:

<u>Year</u>	<u>Beginning Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance</u>
2021	\$ 820	\$ 60,512	\$ 60,780	\$ 552
2022	552	56,073	56,625	-
2023	-	54,870	54,870	-
2024	-	64,412	61,597	2,815

Adjustments were proposed to and made by the Library to include the Payroll Clearing fund activity in the Statements included in this report.

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](#)."

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. . . ."

PARKE COUNTY PUBLIC LIBRARY
COMMENTS
(Continued)

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

Internal controls were not in place over the "Unit Questions" section of the Library's Annual Financial Reports (AFRs). The Library certified in its AFRs that it had adopted the minimum internal control standards as required by Indiana Code 5-11-1-27(e) for each year of the engagement period; however, the Director indicated that the Library had not adopted the minimum internal control standards during the engagement period.

Criteria

Indiana Code 5-11-1-4(a) states:

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PAYROLL

Condition and Context

Internal controls were not in place over payroll related disbursements. There were 20 payroll checks (5 per calendar year) that were selected for testing; 4 of the 20 checks (20%) did not have adequate timecards and/or attendance records to support the payments made. The positions noted in which time/attendance was not being kept were for the salaried Treasurer and cleaning/janitorial staff.

PARKE COUNTY PUBLIC LIBRARY
 COMMENTS
 (Continued)

Additionally, Library employees were paid monthly additional compensation (stipends). In 2023, \$1,500 per year per employee was included in the Library Board approved salary schedule. However, no such stipend was included in the Library Board approved salary schedule for 2021, 2022, or 2024. The number of employees, stipend amounts paid, and calculated overpayments are as follows:

Year	Number of Employees	Annual Amount per Employee		Overpayment per Employee	Total of Overpayments
		Per Salary Schedule	Not Established by Salary Schedule		
2021	6	\$ -	\$ 504	\$ 504	\$ 3,024
2022	6	-	504	504	3,024
2023	5	1,500	2,004	504	2,520
2024	3	-	2,004	2,004	6,012

Criteria

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)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (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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PARKE COUNTY PUBLIC LIBRARY
COMMENTS
(Continued)

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CONDITION OF RECORDS

Condition and Context

Internal controls were not in place to ensure the accurate reconciliation of the Library's bank accounts. Depository reconciliations of the fund balances to the bank account balances were conducted; however, the December 31, 2023 and December 31, 2024 reconciliations did not balance. As a result, the ending fund balances were \$390 less than the adjusted bank balances (cash longs).

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)

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

PARKE COUNTY 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
Operating (General) Fund	\$ 557,390	\$ 560,911	\$ 443,894	\$ 674,407	\$ 580,517	\$ 469,014	\$ 785,910
Rainy Day	163,833	-	-	163,833	-	-	163,833
Parke County Community Foundation	-	5,000	5,000	-	-	-	-
Library Improvement Reserve	358,251	608	-	358,859	18,636	-	377,495
Gift Fund	33,976	2,247	5,386	30,837	1,296	4,309	27,824
Littick Genealogy Fund	16,821	18	-	16,839	18	-	16,857
Payroll Clearing	820	60,512	60,780	552	56,073	56,625	-
Totals	<u>\$ 1,131,091</u>	<u>\$ 629,296</u>	<u>\$ 515,060</u>	<u>\$ 1,245,327</u>	<u>\$ 656,540</u>	<u>\$ 529,948</u>	<u>\$ 1,371,919</u>

PARKE COUNTY PUBLIC LIBRARY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2023 and 2024

Fund	Cash and Investments 01-01-23	Receipts	Disbursements	Cash and Investments 12-31-23	Receipts	Disbursements	Cash and Investments 12-31-24
Operating (General) Fund	\$ 785,910	\$ 591,569	\$ 521,699	\$ 855,780	\$ 655,502	\$ 564,535	\$ 946,747
Rainy Day	163,833	-	-	163,833	-	-	163,833
Library Improvement Reserve	377,495	641	-	378,136	160	-	378,296
Parke County Community Foundation Grant	-	1,650	725	925	-	-	925
Gift Fund	27,824	1,078	4,767	24,135	-	2,747	21,388
Littick Geneology Fund	16,857	19	-	16,876	6	-	16,882
Payroll Clearing	-	54,870	54,870	-	64,412	61,597	2,815
Totals	<u>\$ 1,371,919</u>	<u>\$ 649,827</u>	<u>\$ 582,061</u>	<u>\$ 1,439,685</u>	<u>\$ 720,080</u>	<u>\$ 628,879</u>	<u>\$ 1,530,886</u>