

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

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

JENNINGS COUNTY PUBLIC LIBRARY

JENNINGS COUNTY, INDIANA

January 1, 2021 to December 31, 2024



FILED

05/05/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Mary Abplanalp	01-01-21 to 12-31-25
Treasurer	Jeff Green Jessica Floyd Jeff Green	01-01-21 to 02-11-25 02-12-25 to 03-12-25 03-13-25 to 12-31-25
President of the Library Board	Jennifer Ertel Pamela Woodall James Pittman	01-01-21 to 02-07-23 02-08-23 to 06-12-24 06-13-24 to 12-31-25



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INDIANA STATE BOARD OF ACCOUNTS

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

This report is supplemental to the audit report of the Jennings County 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/.

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 22, 2025

JENNINGS COUNTY PUBLIC LIBRARY
AUDIT RESULTS AND 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 Library had not established effective internal controls over the information entered into the AFR. The Bookkeeper compiled the information for the AFR, and the Director reviewed and submitted the information. The internal control was not effective and did not prevent, or detect and allow for the correction of errors prior to submission, which resulted in the following errors:

Financial Data

The Library did not report the CARES Grant Fund, the ARP Grant Fund, or the Payroll Withholdings fund on the AFRs. This caused receipts and disbursements to be understated in each year of the audit period by the following amounts:

- The 2021 Beginning Cash and Investments, Receipts, and Disbursements, were understated by \$487, \$96,434, and \$102,807, respectively, and Ending Cash and Investments was understated by \$5,886.
- The 2022 Beginning Cash and Investments was understated by \$5,886, and Receipts and Disbursements were understated by \$97,603 and \$91,717, respectively.
- The 2023 Receipts and Disbursements were understated by \$97,665 and \$97,778, respectively, and the Ending Cash and Investments were overstated by \$113.
- The 2024 Beginning Cash and Investments was overstated by \$113, and Receipts, Disbursements and Ending Cash and Investments were understated by \$111,094, \$110,903, and \$78, respectively.

Adjustments were proposed, accepted by the Library, and made to the AFRs and to the Financial Statements and Combining Schedules of Receipts, Disbursements and Cash and Investment Balances presented as Other Information in the Financial Statements Audit Report of the Library.

Payables and Receivables

The Library did not report accounts receivable in the AFR during the audit period, when receivables did exist for fees assessed for lost materials. The Library had uncollected fees of \$28,890 as of December 31, 2024.

The Schedule of Payables and Receivables is optional and will not be included as Other Information in the Financial Statements Audit Report of the Library.

Capital Assets

The capital asset information reported in the 2024 AFR contained the following immaterial errors:

- An improvement of \$29,140 was reported in the AFR twice, which overstated the capital asset balance reported at December 31, 2024.

JENNINGS COUNTY PUBLIC LIBRARY
AUDIT RESULTS AND COMMENTS
(Continued)

- The value reported for books did not agree with the capital asset detailed listing, which overstated the capital asset balance reported in the AFR by \$38,356 at December 31, 2024.

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. . . ."

INTERNAL CONTROLS OVER PAYROLL DISBURSEMENTS

Condition and Context

There was a deficiency in the internal control system of the Library related to financial transactions and reporting pertaining to payroll disbursements.

The Library designed a system of internal controls over payroll disbursements, but the system was not properly implemented. The Library Board and the Director approved payroll, in total, without a documented review at the individual employee level to ensure that payroll disbursements were accurate.

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:

JENNINGS COUNTY PUBLIC LIBRARY
AUDIT RESULTS AND COMMENTS
(Continued)

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CONFLICT OF INTEREST

Condition and Context

Due to a lack of effective internal controls, a related-party transaction was noted during the audit period, but appropriate Conflict of Interest Disclosure Statements were not filed. Payments totaling \$790 and \$325 in the years 2022 and 2023, respectively, were made to the spouse of the Director for various maintenance and services performed for the Library during the audit period.

The Library Board approved the above payments, but based upon the circumstances, the Indiana State Board of Accounts would have expected to receive a conflict of interest disclosure for these related-party transactions. There was not one on file during the audit period that covered these matters.

Criteria

Indiana Code 35-44.1-1-4 states in part:

". . . (b) A public servant who knowingly or intentionally:

- (1) has a pecuniary interest in; or
- (2) derives a profit from;

a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Level 6 felony.

(c) It is not an offense under this section if any of the following apply: . . .

- (6) A public servant makes a disclosure that meets the requirements of subsection (d) or (e) and is . . .
 - (B) appointed by an elected public servant;
 - (C) employed by the governing body of a school corporation and the contract or purchase involves the employment of a dependent or the payment of fees to a dependent;
 - (D) elected; or

JENNINGS COUNTY PUBLIC LIBRARY
AUDIT RESULTS AND COMMENTS
(Continued)

(E) a member of, or a person appointed by, the board of trustees of a state supported college or university. . . .

(d) A disclosure must:

- (1) be in writing;
- (2) describe the contract or purchase to be made by the governmental entity;
- (3) describe the pecuniary interest that the public servant has in the contract or purchase;
- (4) be affirmed under penalty of perjury;
- (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity before final action on the contract or purchase;
- (6) be filed within fifteen (15) days after final action on the contract or purchase with:
 - (A) the state board of accounts; and
 - (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase . . ."

Conflict of interest disclosures must be completed on Gateway. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

The attorney for the unit or a private attorney must be consulted in regard to whether a conflict of interest disclosure statement must be filed and whether the format of the disclosure is sufficient. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

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Jennings County
PUBLIC LIBRARY

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OFFICIAL RESPONSE

Date: April, 20, 2025

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

Re: Official Response

We were unaware of the correct reporting requirements for payroll clearing. In 2016 during an audit the auditor manually made changes our beginning and ending balances (we now know this was due to payroll clearing not being reported). At the time it was not presented to us why this was done or how we should proceed. In 2017, we realized our beginning balances in Gateway did not match our reports, and did not know how to correct the issue. We emailed the library state board of accounts representative, asking for guidance on how to proceed. We received no response. During the 2020 audit, we alerted the auditor to the differences, and once again requested a remedy. Again, we received no response. We appreciate Jordan and his team clarifying our situation, and providing solutions so that we can report accurately going forward.

Thank you,

Mary Abplanalp
Library Director

2375 N State Hwy 3
North Vernon, IN 47265
812-346-2091

JENNINGS COUNTY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on April 22, 2025, with Mary Abplanalp, Director; Shae Everage, Bookkeeper; Beverly Martin, Library Board member; James Pittman, President of the Library Board; and Jeff Green, Treasurer.