

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

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

COMPLIANCE EXAMINATION REPORT

OF

CENTERVILLE-CENTER TOWNSHIP PUBLIC LIBRARY

WAYNE COUNTY, INDIANA

January 1, 2022 to December 31, 2023



FILED
12/30/2024



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769
Telephone: (317) 232-2513
Fax: (317) 232-4711
www.in.gov/sboa

December 30, 2024

Board of Directors
Centerville-Center Township Public Library
Wayne County, Indiana

This report is supplemental to the audit report of the Centerville-Center Township 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 the Centerville-Center Township 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 pages 3 through 4.

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

Tammy R. White, CPA
Deputy State Examiner

COMPLIANCE EXAMINATION OF
CENTERVILLE-CENTER TOWNSHIP PUBLIC LIBRARY
Wayne County, Indiana
January 1, 2022 through December 31, 2023

CENTERVILLE-CENTER TOWNSHIP PUBLIC LIBRARY

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

CONTENTS

SCHEDULE OF OFFICIALS	1
INDEPENDENT ACCOUNTANT'S REPORT	2
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS:	
2023-001: INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS	3
2023-002: AUDIT ADJUSTMENTS	4
EXIT CONFERENCE	5

CENTERVILLE-CENTER TOWNSHIP PUBLIC LIBRARY
SCHEDULE OF OFFICIALS
January 1, 2022 through December 31, 2023

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Susan Dillman	01-01-22 to 12-31-23
Director	Curran Koehler	01-01-22 to 12-31-23
President of the Board	Kevin Smith	01-01-22 to 12-31-23

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of the Centerville-Center Township Public Library

We have examined the Centerville-Center Township 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 disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Libraries* applicable to the Library during the period of January 1, 2022 through December 31, 2023, as described in items 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 of January 1, 2022 through December 31, 2023.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
November 6, 2024

CENTERVILLE-CENTER TOWNSHIP PUBLIC LIBRARY
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
January 1, 2022 through December 31, 2023

FINDING 2023-001: INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS

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: During testing, we noted 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 cash and investments, receipts, and financial close and reporting.

Cash and Investments

One individual was responsible for preparing the bank reconciliation without a sufficient oversight, review, or approval process.

Receipts

The posting and depositing functions were not properly segregated between employees. One individual was responsible for reconciling, posting, and depositing all collections without an oversight, review, or approval process.

Financial Close and Reporting

The Library had not established a system of internal control over the financial information entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the Annual Financial Reports and the financial statement. There was no documented evidence of an internal control such as an oversight, review, or approval process.

A similar comment appeared in the prior year report, B60102.

(Continued)

CENTERVILLE-CENTER TOWNSHIP PUBLIC LIBRARY
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
January 1, 2022 through December 31, 2023

FINDING 2023-002: AUDIT ADJUSTMENTS

Criteria: Indiana Code 5-11-1-4(a) states, *"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. 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."*

Condition: For the period of January 1, 2023 through December 31, 2023, receipt and disbursement amounts were overstated by \$438,000. The overstatement resulted from the Library improperly reporting transfers between bank accounts as receipts and disbursements. Additionally, we noted the opening January 1, 2022 cash balance on the AFR was overstated by \$4,000.

CENTERVILLE-CENTER TOWNSHIP PUBLIC LIBRARY
EXIT CONFERENCE
January 1, 2022 through December 31, 2023

The contents of this report were discussed on November 6, 2024 with Carrie Watson, Interim Director, Susan Dillman, Treasurer, and Kevin Smith, Board President.