

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

SHOALS PUBLIC LIBRARY

MARTIN COUNTY, INDIANA

January 1, 2011 to December 31, 2014



FILED
12/18/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Linda G. Jones Bobbi Salmon	01-01-11 to 01-31-12 02-01-12 to 12-31-15
Treasurer	Marilyn Read	01-01-11 to 12-31-15
President of the Board	Wanda Harding Ken Macy	01-01-11 to 12-31-13 01-01-14 to 12-31-15



STATE OF INDIANA
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TO: THE OFFICIALS OF THE SHOALS PUBLIC LIBRARY, MARTIN COUNTY, INDIANA

This report is supplemental to our examination report of the Shoals Public Library (Library), for the period from January 1, 2011 to December 31, 2014. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Library. It should be read in conjunction with our Financial Statements Examination Report of the Library, which provides our 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 performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination 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 Examination Results and Comments, incorporated within this report, was not verified for accuracy.

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

September 24, 2015

SHOALS PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

The Annual Financial Reports for 2011, 2012, 2013, and 2014 contained a number of errors and did not properly reflect the financial activity of the Shoals Public Library.

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."

PENALTIES, INTEREST, AND OTHER CHARGES

The Library paid penalties, interest, and other charges to the Indiana Department of Revenue and the IRS because the Library did not remit payments on a timely basis.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

ERRORS ON CLAIMS

A test of claims identified the following deficiencies with an error rate greater than 10 percent:

1. Of the claims tested, 15 percent did not have adequate supporting documentation. This error resulted in \$434 of expenditures which did not have adequate supporting documentation.
2. Of the claims tested, 25 percent did not have proper approval by the fiscal officer. This error resulted in \$1,341 of expenditures which did not have proper approval by the fiscal officer.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

SHOALS PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

TRAVEL EXPENSES

The Library paid travel expenses without having an adopted travel policy. General Form No. 101 was not used when claiming mileage expense.

Each governmental unit should adopt a written travel policy in conformity with applicable statutes. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 8)

General Form No. 101 should be used for claiming mileage. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 8)

COMPENSATION AND BENEFITS

Approved salary schedules detailing the compensation and benefits to be paid to Library employees were not presented for examination.

Indiana Code 36-12-2-24(b) states:

"The library board shall employ and discharge librarians and other individuals that are necessary in the administration of the affairs of the library. The board shall:

1. fix and pay the compensation
2. classify and adopt schedules of salaries; and
3. determine the number and prescribe the duties; of the librarians and other individuals, with the advice and recommendations of the library director."

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 statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

SHOALS PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on September 24, 2015, with Bobbi Salmon, Director.