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

SUPPLEMENTAL COMPLIANCE REPORT

OF

LEBANON PUBLIC LIBRARY

BOONE COUNTY, INDIANA

January 1, 2011 to December 31, 2016

FILED
10/27/2017

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SCHEDULE OF OFFICIALS

| Office | Official | Term |
|---|---|---|
| Director | Kay Martin | 01-01-11 to 08-30-14 |
| | Yvonne Welty | 08-31-14 to 04-30-15 |
| | Beau Cunnyngham | 05-01-15 to 12-31-17 |
| Treasurer | Karen Richards | 01-01-11 to 12-31-13 |
| | Aaron Wilhoite | 01-01-14 to 12-31-17 |
| President of the Board | Jane Myers | 01-01-11 to 12-31-12 |
| | Richard K. Milam | 01-01-13 to 12-31-17 |

**STATE OF INDIANA**
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE LEBANON PUBLIC LIBRARY, BOONE COUNTY, INDIANA

This report is supplemental to our examination report of the Lebanon Public Library (Library), for the period from January 1, 2011 to December 31, 2016. 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 12, 2017

LEBANON PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

***BOARD MINUTES***

The minutes of the meetings of the governing body were not presented for all meetings. There were five meetings held in which minutes were not presented for examination. The meetings for which the minutes were missing were for the months of October 2013, April 2014, November 2014, December 2014, and May 2016.

Indiana Code 5-14-1.5-4(b) states:

"As the meeting progresses, the following memoranda shall be kept:

(1) The date, time, and place of the meeting.

(2) The members of the governing body recorded as either present or absent.

(3) The general substance of all matters proposed, discussed, or decided.

(4) A record of all votes taken, by individual members if there is a roll call.

(5) Any additional information required under IC 5-1.5-2-2.5."

***INTERNAL CONTROLS***

Internal controls over the financial close and reporting and the notes to the financial statements were insufficient. The Director entered the Library's financial information into the Indiana Gateway for Government Units (Gateway), which is a financial reporting system and used to compile the Library's financial statements. The Director also approved the financial information submitted on Gateway and the financial statements as presented. There was no control procedure in place to ensure the accuracy of the financial information entered into Gateway.

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. . . ."

***OVERDRAWN CASH BALANCES***

The following funds had overdrawn cash balances at December 31, 2011, December 31, 2012, and December 31, 2015, respectively:

| Fund | Amount Overdrawn |
|---|---|
| Library Capital Projects - 2011 | $ 15,628 |
| Payroll - 2012 | 14,395 |
| Payroll - 2015 | 621 |

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

LEBANON PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on September 12, 2017, with Richard K. Milam, President of the Board; Beau Cunnyngham, Director; Anthony Robbins, Accountant; and Christine Johnson, Business Manager.