

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TIPPECANOE COUNTY CONTRACTUAL LIBRARY

TIPPECANOE COUNTY, INDIANA

January 1, 2010 to December 31, 2016



FILED
12/13/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Jos N. Holman	01-01-10 to 12-31-18
Treasurer	Dinah McClure	01-01-10 to 12-31-11
	Van Phillips	01-01-12 to 12-31-12
	Dinah McClure	01-01-13 to 12-31-13
	Ed Perez	01-01-14 to 09-30-14
	Stephen Bultinck	10-01-14 to 12-31-17
President of the Library Board	Sarah Hicks	01-01-10 to 12-31-11
	Brandon Hawkins	01-01-12 to 12-31-13
	Dinah McClure	01-01-14 to 12-31-15
	Mida Grover	01-01-16 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF THE TIPPECANOE COUNTY CONTRACTUAL
LIBRARY, TIPPECANOE COUNTY, INDIANA

This report is supplemental to our examination report of the Tippecanoe County Contractual Library (Library), for the period from January 1, 2010 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

December 12, 2017

TIPPECANOE COUNTY CONTRACTUAL LIBRARY
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The financial statements included the following funds with the same overdrawn cash balances for the entire audit period:

Construction 2006 (\$132,790) and Books for Keeps (\$22)

A similar comment also appeared in prior Reports B34080 and B38010, entitled *OVERDRAWN CASH BALANCES*.

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)

BANK ACCOUNT RECONCILIATIONS

The Library did not have adequate internal controls concerning data back-ups. The Library suffered a data loss during the examination period and was unable to present supporting documentation for adjustments to the bank reconciliation. The Library recreated the outstanding check list for 2010 during the examination, but the data loss prevented the timely reconstruction of outstanding check lists for 2011, 2012, 2013, 2014, 2015, and 2016.

Bank reconciliations were not prepared as of the last day of the year. The amounts reported as cash and investments balances on the bank reconciliations did not match the amounts reported in the Annual Financial Reports and financial statements.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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)

TIPPECANOE COUNTY CONTRACTUAL LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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. . . .

Control activities are designed to support the completeness, accuracy, and validity of information processing by technology including the design of security management. . . .

- Back-Up Processing provides for accounting information to be backed up on a periodic basis sufficient to allow restoration of the information in a timely manner. . . ."

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

1. The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

TIPPECANOE COUNTY CONTRACTUAL LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on December 12, 2017, with Stephen Bultinck, Treasurer; Mort Imamura, Controller; Jos N. Holman, Director; Dinah McClure, Board member/former Treasurer; Ed Perez, former Treasurer; and Van Phillips, former Treasurer.