

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
CLAYTON-LIBERTY TOWNSHIP PUBLIC LIBRARY
HENDRICKS COUNTY, INDIANA
January 1, 2012 to December 31, 2016



FILED
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TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Examination Results and Comments:	
Adoption of Internal Control Standards	4
Internal Controls over the Financial Statements	4
Exit Conference.....	5

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Jonnie Wallis	01-01-12 to 12-31-18
Treasurer	Ann Garceau Judy Gregory	01-01-12 to 12-31-14 01-01-15 to 12-31-18
President of the Board	Bryan Catlin Joseph Younge Daniel Burger	01-01-12 to 12-31-12 01-01-13 to 12-31-14 01-01-15 to 12-31-18



STATE OF INDIANA
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TO: THE OFFICIALS OF THE CLAYTON-LIBERTY TOWNSHIP
PUBLIC LIBRARY, HENDRICKS COUNTY, INDIANA

This report is supplemental to our examination report of the Clayton-Liberty Township Public Library (Library), for the period from January 1, 2012 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

January 16, 2018

CLAYTON-LIBERTY TOWNSHIP PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

ADOPTION OF INTERNAL CONTROL STANDARDS

The Library Board did not adopt internal control standards and procedures or provide training on those standards and procedures as provided by law.

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

INTERNAL CONTROLS OVER THE FINANCIAL STATEMENTS

The Library Board received and reviewed the annual financial statements; however, the financial statements did not match the records of the Library. The internal controls were not effective in detecting or correcting these errors.

Examination adjustments were proposed, accepted by the Library, and made to the financial statement presented in the examination report.

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. . . ."

CLAYTON-LIBERTY TOWNSHIP PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on January 16, 2018, with Jonnie Wallis, Director, and Judy Gregory, Treasurer.