

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

JENNINGS COUNTY PUBLIC LIBRARY

JENNINGS COUNTY, INDIANA

January 1, 2011 to December 31, 2016



FILED
03/15/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Mary Hougland	01-01-11 to 12-31-18
Treasurer	Nancy Eastman (deceased) Carolyn Frey Mary Driver	01-01-11 to 05-24-16 05-25-16 to 09-30-17 10-01-17 to 12-31-18
President of the Board of Trustees	Gayle Hughes Steve Massey Rita Hurley	01-01-11 to 06-30-11 07-01-11 to 01-31-17 02-01-17 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE JENNINGS COUNTY PUBLIC LIBRARY, JENNINGS COUNTY, INDIANA

This report is supplemental to our examination report of the Jennings County 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 Result and Comment contained herein describes the identified reportable instance 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 Result and Comment, incorporated within this report, was not verified for accuracy.

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

January 29, 2018

JENNINGS COUNTY PUBLIC LIBRARY
EXAMINATION RESULT AND COMMENT

INTERNAL CONTROLS

We identified the following deficiencies in the internal control system of the Library related to financial transactions and reporting.

Lack of Segregation of Duties: The Library had not separated incompatible activities related to receipts, disbursements, and cash and investment balances. One person was primarily responsible for preparing monthly bank reconciliations; however, there was no control in place, such as a review or approval process, to ensure the financial records were properly reconciled. The Library had attempted to separate incompatible activities related to receipts and disbursements; however, user names and passwords were shared by multiple employees.

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. . . ."

JENNINGS COUNTY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on January 29, 2018, with Rita Hurley, President of the Board of Trustees; Mary Hougland, Director; and Kristina Hendren, Administrative Assistant.