

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

HARRISON COUNTY PUBLIC LIBRARY

HARRISON COUNTY, INDIANA

January 1, 2010 to December 31, 2016



**FILED**  
03/23/2018



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Violet L. Eckart	01-01-10 to 12-31-17
Treasurer	Thomas R. Tucker	01-01-10 to 12-31-17
President of the Board	Dr. Leonard C. Waite	01-01-10 to 12-31-10
	Dr. Sharon S. Uhl	01-01-11 to 12-31-11
	Jon C. Howerton	01-01-12 to 12-31-13
	Roger L. Windell	01-01-14 to 12-31-17



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our examination report of the Harrison County Public 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/](http://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

HARRISON COUNTY PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS

**PENALTIES, INTEREST, AND OTHER CHARGES**

The same comment also appeared in prior Reports B30903 and B37963.

Penalties, interest, and other charges totaling \$19,372.98 were assessed upon and paid by the Library during the examination period as detailed below:

The Library paid penalties and interest totaling \$17,486.08 for failing to properly file Employer's Quarterly Federal Tax Return (Internal Revenue Service (IRS) Form 941) and the late remittance of payroll withholding taxes as follows:

Years	Penalties Assessed and Paid	Interest Assessed and Paid	Totals
2010	\$ 938.16	\$ 458.04	\$ 1,396.20
2011	9,338.58	275.84	9,614.42
2012	950.03	-	950.03
2013	4,978.28	104.29	5,082.57
2014	442.86	-	442.86
Totals	<u>\$ 16,647.91</u>	<u>\$ 838.17</u>	<u>\$ 17,486.08</u>

The Library paid penalties and interest totaling \$1,886.90 for failing to remit credit card payments in a timely manner as follows:

Years	Penalties Paid	Interest Paid	Totals
2010	\$ 142.00	\$ 352.89	\$ 494.89
2011	117.00	58.86	175.86
2012	0.59	21.26	21.85
2013	78.00	83.91	161.91
2014	0.84	-	0.84
2015	117.00	204.82	321.82
2016	274.22	435.51	709.73
Totals	<u>\$ 729.65</u>	<u>\$ 1,157.25</u>	<u>\$ 1,886.90</u>

Violet L. Eckart (Eckart), Director, was responsible for filing remittance reports and for making timely remittances of taxes related to the penalties and interest that were assessed and paid to the IRS. Kelly Powell (Powell), Business Manager, was responsible for the timely payment of vendor claims, including the payments to the various credit card companies.

HARRISON COUNTY PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

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 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 unit. Any penalties, interest or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

We requested that Eckart reimburse the Library \$17,486.08 for penalties and interest paid to the IRS. Eckart entered into a repayment agreement approved by the Library Board, and had made payments totaling \$2,400 as of March 20, 2018. (See Summary of Charges, page 9)

We requested that Powell reimburse the Library \$1,886.90 for penalties and interest paid on late credit card payments. The vendor subsequently refunded \$945.58 to the Library. Powell paid the remaining balance of \$941.32 to the Library. (See Summary of Charges, page 9)

**FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS**

The Library did not comply with directives of the IRS by failing to properly and/or timely remit payroll withholding taxes during 2010, 2011, 2012, 2013, and 2014.

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

**OFFICIAL BOND AND COMMERCIAL CRIME COVERAGE**

The Library obtained Public Officials' Bonds for Thomas R. Tucker, Treasurer, as follows:

Surety Company	Term	Amount
American States Insurance Company	September 4, 2009 to September 4, 2010	\$ 15,000
American States Insurance Company	September 4, 2010 to September 4, 2011	15,000
American States Insurance Company	September 4, 2011 to September 4, 2012	15,000
American States Insurance Company	September 4, 2012 to September 4, 2013	15,000
American States Insurance Company	September 4, 2013 to September 4, 2014	15,000
American States Insurance Company	September 4, 2014 to September 4, 2015	15,000
American States Insurance Company	September 4, 2015 to September 4, 2016	15,000
American States Insurance Company	September 4, 2016 to September 4, 2017	15,000

HARRISON COUNTY PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

The Library obtained Employee Dishonesty Insurance Coverage for employees through their Commercial Crime Insurance Policy as follows:

Insurance Company	Term	Amount
Consolidated Insurance Company	January 14, 2009 to January 14, 2010	\$ 100,000
Consolidated Insurance Company	January 14, 2010 to January 14, 2011	100,000
Consolidated Insurance Company	January 14, 2011 to January 14, 2012	100,000
Consolidated Insurance Company	January 14, 2012 to January 14, 2013	100,000
Consolidated Insurance Company	January 14, 2013 to January 14, 2014	100,000
Consolidated Insurance Company	January 14, 2014 to January 14, 2015	100,000
Consolidated Insurance Company	January 14, 2015 to January 14, 2016	100,000
Consolidated Insurance Company	January 14, 2016 to January 14, 2017	100,000

HARRISON COUNTY PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on December 12, 2017, with Violet L. Eckart, Director; Kelly Powell, Business Manager; Thomas R. Tucker, Treasurer; and Roger L. Windell, President of the Board.

HARRISON COUNTY  
PUBLIC LIBRARY



**RESPONSE TO COMMENTS REGARDING AUDIT REPORT TO THE HARRISON COUNTY PUBLIC LIBRARY FOR THE PERIOD OF January 2010 thru December 2016.**

January 18, 2018

State Board of Accounts  
302 West Washington Street  
Indianapolis, Indiana 46204-2765

While the Audit Report is accurate, it ignores the salient complicating factors of demonstrated proficiencies and the software company, who's Payroll Package we used, going out of business.

The Harrison County Public Library (HCPL) has filed payroll reports very regularly over my 35 years as Director of HCPL. In 2010 and forward, we began experiencing troubles in some of the reports generated by the software. I spent countless hours working with them trying to generate accurate reports. During this extended period of time when reports of filing and paying late were received, I began working with a contact agent at the IRS to try to resolve the issues. At times, the generated reports would over estimate our liability; at other times it would underestimate them. As we worked through many of the errors, liabilities occurred for one reason or another. Sometimes we would receive notices that we had overpaid and would receive a refund. Sometimes we would receive notices that we had underpaid and would receive an invoice for payment of penalty and interest for late payment of tax. It became very complicated. **Being aware of the extenuating circumstances the penalties were approved for payment by the Board. The Board approved the transition to a different Accounting Vendor.**

Additionally, had the State Board of Accounts been able to complete a more timely audit, they may have been able to recommend different policies and procedures which could have precluded many of the ongoing discrepancies.

I am appealing to the IRS to have some of the penalties credited back to the library.

Respectfully Submitted,

Violet L. Eckart, Director  
Harrison County Public Library  
105 North Capitol Avenue  
Corydon, IN 47112  
812-738-4110  
vi\_eckart@hcpl.lib.in.us

HARRISON COUNTY PUBLIC LIBRARY  
SUMMARY OF CHARGES  
(Due to Malfeasance, Misfeasance or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Violet L. Eckart, Director:			
Penalties, Interest, and Other Charges, pages 4 and 5	\$ 17,486.08	\$ 2,400.00	\$ 15,086.08
Kelly Powell, Business Manager:			
Penalties, Interest, and Other Charges, page 4 and 5	<u>1,886.90</u>	<u>1,886.90</u>	<u>-</u>
Totals	<u>\$ 19,372.98</u>	<u>\$ 4,286.90</u>	<u>\$ 15,086.08</u>

This report was forwarded to the Office of the Attorney General.

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AFFIDAVIT

STATE OF INDIANA )  
Washington COUNTY )

We, Brandon L. Brough and Mitchell Fields, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the Harrison County Public Library, Harrison County, Indiana, for the period from January 1, 2010 to December 31, 2016, is true and correct to the best of our knowledge and belief.

[Handwritten Signatures]  
Field Examiners

Subscribed and sworn to before me this 17 day of January 2018

[Handwritten Signature]  
Clerk of the Circuit Court

