

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CARMEL CLAY PUBLIC LIBRARY

HAMILTON COUNTY, INDIANA

January 1, 2015 to December 31, 2017



FILED
05/29/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Nancy Newport (interim)	07-01-15 to 08-15-15
	Carolyn Goolsby	08-16-15 to 05-02-16
	Nancy Newport (interim)	05-03-16 to 11-07-16
	Bob Swanay	11-08-16 to 06-30-18
Treasurer	Ranjit Puthran	07-01-12 to 06-30-15
	Dan Kramer	07-01-15 to 06-30-18
President of the Board	Jack Stafford	07-01-12 to 06-30-15
	Ranjit Puthran	07-01-15 to 06-30-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CARMEL CLAY PUBLIC LIBRARY, HAMILTON COUNTY, INDIANA

This report is supplemental to our audit report of the Carmel Clay Public Library (Library), for the period from January 1, 2015 to December 31, 2017. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Library. It should be read in conjunction with our Financial Statements Audit Report of the Library, which provides our opinions 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 Audit 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 Audit Results and Comments, incorporated within this report, was not verified for accuracy.

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

May 1, 2018

CARMEL CLAY PUBLIC LIBRARY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

The Library did not properly design a system of internal controls related to Cash and Investments, Receipts, Disbursements, and Payroll.

Cash and Investments

One individual received the bank statements and prepared the monthly bank reconciliations without a proper system of oversight, review, or approval.

Receipts

Daily collections were tracked by a spreadsheet and maintained by the Treasurer. Receipts were posted to multiple line items on the ledger at the end of each month based on the daily spreadsheet. There was not a proper system of oversight, review, or approval to ensure that receipts were properly recorded.

Disbursements

One individual authorized purchases and was the sole employee responsible for writing checks, recording transactions, and reconciling bank statements. There was not a proper system of oversight, review, or approval.

Payroll

Employees entered their hours worked into ADP (an electronic software system that processed payroll), which were reviewed by the Human Resource Manager; however, no documentation to support this review was presented for audit.

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:

CARMEL CLAY PUBLIC LIBRARY
AUDIT RESULTS AND COMMENTS
(Continued)

"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. . . ."

CONDITION OF RECORDS

Daily collections were compiled and tracked by a spreadsheet and maintained by the Treasurer. Receipts were posted to multiple line items on the ledger at the end of each month based on the daily spreadsheet. However, supporting documentation was insufficient to verify the monthly receipt amounts posted to the ledger with the totals shown on the daily receipt spreadsheet. For eight of the ten receipts tested, the monthly totals posted to the general ledger could not be verified.

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)

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

CARMEL CLAY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on May 1, 2018, with Dan Kramer, Treasurer; Bob Swanay, Director; and Ranjit Puthran, President of the Board.