

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

H.F. SCHRICKER-STARKE COUNTY PUBLIC LIBRARY

STARKE COUNTY, INDIANA

January 1, 2015 to December 31, 2017



**FILED**  
05/30/2018



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Kellie Marshall (interim)	01-01-15 to 03-31-15
	Rose Frost	04-01-15 to 07-14-17
	(Vacant)	07-15-17 to 07-23-17
	Amy Paget (interim)	07-24-17 to 12-26-17
	Kathleen Bowman	12-27-17 to 12-31-18
Treasurer	Dave Bullock	01-01-15 to 12-31-16
	Judy Troike	01-01-17 to 12-31-18
President of the Library Board	Beth Lawrence	01-01-15 to 12-31-17
	Jennifer Borman	01-01-18 to 12-31-18



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE H.F. SCHRICKER-STARKE COUNTY  
PUBLIC LIBRARY, STARKE COUNTY, INDIANA

This report is supplemental to our audit report of the H.F. Schricker-Starke County 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/](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 Audit 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 Audit Result and Comment, incorporated within this report, was not verified for accuracy.

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

April 27, 2018

H.F. SCHRICKER-STARKE COUNTY PUBLIC LIBRARY  
AUDIT RESULT AND COMMENT

**INTERNAL CONTROLS**

There were deficiencies in the internal control system of the Library, as they had not separated incompatible activities related to all areas of the financial statements. The failure to establish these controls could have enabled material misstatements to be undetected.

*Cash and Investments*

The Business office Manager prepared the bank reconciliation without evidence of an oversight, review, or approval process.

*Receipts*

The Business office Manager prepared the receipts and bank deposit, deposited the collections, and posted the receipts without oversight, review, or approval.

*Vendor Disbursements*

The Business office Manager prepared the checks, signed them with the Treasurer's signature stamp, mailed or distributed the checks, and posted the disbursements to the ledger without oversight, review, or approval.

*Payroll Disbursements*

The Business office Manager entered pay rates and hours worked into the payroll system, generated the pay checks, and posted the payroll disbursements to the ledger without oversight, review, or approval.

*Financial Reporting*

The Director worked with the Treasurer to enter the information from the financial records into the Indiana Gateway for Government Units financial reporting system to complete the Annual Financial Report. However, the process and subsequent review was not documented.

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. . . ."

H.F. SCHRICKER-STARKE COUNTY PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on April 27, 2018, with Kathleen Bowman, Director; Judy Troike, Treasurer; Jennifer Borman, President of the Library Board; Kimberly Gingher, Board member; and Ruth Bailey, Board member.