

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
WARSAW COMMUNITY PUBLIC LIBRARY
KOSCIUSKO COUNTY, INDIANA
January 1, 2013 to December 31, 2017



FILED
06/14/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Ann M. Zydek	01-01-13 to 12-31-18
Treasurer	Sherri Dalrymple Ben Rice	01-01-13 to 12-31-17 01-01-18 to 12-31-18
Business Manager	Renee Sweeny	01-01-13 to 12-31-18
President of the Library Board	Richard Paczkowski Christopher Merrill Barbara Beck Christopher Merrill	01-01-13 to 12-31-14 01-01-15 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-18



STATE OF INDIANA
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TO: THE OFFICIALS OF THE WARSAW COMMUNITY PUBLIC
LIBRARY, KOSCIUSKO COUNTY, INDIANA

This report is supplemental to our audit report of the Warsaw Community Public Library (Library), for the period from January 1, 2013 to December 31, 2017. It has been provided as a separate report so that the reader may easily identify the Audit Result and Comment that pertains 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 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

May 9, 2018

WARSAW COMMUNITY PUBLIC LIBRARY
AUDIT RESULT AND COMMENT

INTERNAL CONTROL OVER CASH RECONCILMENTS

The Library has not separated incompatible activities related to cash. Bank reconcilements were performed by the Business Manager without a documented oversight, approval, or review process in place to ensure the accuracy of cash and investments balances.

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. . . ."

State Board of Accounts

302 W. Washington St., Room E418

Indianapolis, IN 46204-2765

May 9, 2018

RE: OFFICIAL RESPONSE—Warsaw Community Public Library-Audit result and comment

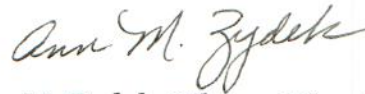
The Warsaw Community Public Library has a plan in process to address internal control over cash reconcilements.

Upon learning from the auditor in April that segregation of duties would help detect, prevent, or reduce risk, the Library immediately implemented a new segregation of duties procedure to the bank reconcilements process. Once the Business Manager prepares the bank reconciliation, the Library Director will provide oversight by reviewing and approving the bank reconciliation. For example, when the Business Manger prepared the March 2018 bank reconciliation in April, the Library Director reviewed the bank reconciliation and initialed the worksheet indicating approval.

Additionally, the Library's Internal Controls policy will reflect this segregation of duties procedural change to improve internal control over cash reconcilements.



Ben Rice, Board Treasurer



Ann M. Zydek, Library Director



WARSAW COMMUNITY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on May 9, 2018, with Ben Rice, Treasurer; Ann M. Zydek, Director; Christopher Merrill, President of the Library Board; Jill Beehler, Library Board member; Cathy Zdenek, Library Board member; and Renee Sweeny, Business Manager.