

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

LIGONIER PUBLIC LIBRARY

NOBLE COUNTY, INDIANA

January 1, 2014 to December 31, 2017



FILED
06/15/2018

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Audit Result and Comment: Internal Controls	4
Exit Conference.....	5

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Jerry L. Nesbitt	01-01-14 to 12-31-18
Treasurer	Nancy J. Cripe (deceased) (Vacant) Diane S. Groff Anne M. Ringler	01-01-14 to 08-17-14 08-18-14 to 08-25-14 08-26-14 to 01-13-15 01-14-15 to 12-31-18
President of the Library Board	Dennis G. Butler	01-01-14 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF THE LIGONIER PUBLIC LIBRARY, NOBLE COUNTY, INDIANA

This report is supplemental to our audit report of the Ligonier Public Library (Library), for the period from January 1, 2014 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 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 10, 2018

LIGONIER PUBLIC LIBRARY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

There were several deficiencies in the internal control system of the Library related to financial transactions and reporting.

Receipts

The Director collected cash, wrote receipts, posted the receipts to the ledger, prepared the deposit, and took the deposit to the bank without an oversight, approval, or review process in place to ensure the accuracy of the receipts.

Financial Close and Reporting

The Director input the year-end information into the Indiana Gateway for Government Units financial reporting system, which was the source of the Annual Financial Report, without any oversight, approval, or review process in place to ensure the accuracy of the information submitted. The 2014 financial statement did not include the Bond and Interest Redemption Fund, causing receipts, disbursements, and ending balance to be understated by \$168,459, \$108,799, and \$59,660, respectively.

An audit adjustment was proposed, accepted by the Library, and made to the Library's financial statements.

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27 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. . . ."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

LIGONIER PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on May 10, 2018, with Jerry L. Nesbitt, Director; Anne M. Ringler, Treasurer; and Dennis G. Butler, President of the Library Board.