

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

PLYMOUTH PUBLIC LIBRARY

MARSHALL COUNTY, INDIANA

January 1, 2014 to December 31, 2017



FILED

06/25/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Carolyn Sue Reinholt Heather Barron	01-01-14 to 02-28-17 03-01-17 to 12-31-18
Treasurer	Linda Rippy Eleanor Kacmar-Danielson Alice Ruiz	07-01-13 to 06-30-14 07-01-14 to 06-30-15 07-01-15 to 06-30-18
President of the Library Board of Trustees	Diane Eveland Linda Rippy Diane Eveland	07-01-13 to 06-30-14 07-01-14 to 06-30-17 07-01-17 to 06-30-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE PLYMOUTH PUBLIC LIBRARY, MARSHALL COUNTY, INDIANA

This report is supplemental to our audit report of the Plymouth 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 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 14, 2018

PLYMOUTH PUBLIC LIBRARY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

The Library had not established an adequate internal control structure related to financial transactions and reporting. The Library 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.

Payroll Disbursements

The Director prepared and approved payroll claims, entered pay rates, and made and approved adjustments. The Library Board of Trustees approved a payroll claim as part of the register of claims each month. This claim showed payroll in total, not by individual.

Cash and Investments

The Bookkeeper prepared the monthly bank reconcilements and the Director reviewed them. However, there was no evidence of the review.

Receipts

The Bookkeeper prepared bank deposits, took the deposits to the bank, posted receipts, and prepared the monthly bank reconcilements. The Director reviewed them; however, there was no evidence of the review.

Financial Reporting

The Director worked with the Treasurer to enter the information from the financial records into the Indiana Gateway for Governmental Units financial reporting system; 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:

PLYMOUTH 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. . . ."

COMPENSATION AND BENEFITS

The salary schedule adopted by the Library Board of Trustees included only the hourly employees that did not exceed fifteen years of service or 29,250 hours worked.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

DEPOSITS

The composition of receipts (i.e., cash, check, money order, etc.) either could not be determined from the receipt or did not agree to the deposit slip in 9 of the 10 receipts tested.

Indiana Code 5-13-6-1(c) states in part: ". . . Public funds deposited . . . shall be deposited in the same form in which they were received."

PLYMOUTH PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on May 14, 2018, with Heather Barron, Director; Diane Eveland, President of the Library Board of Trustees; Barb Brown, Library Board member; Judy Harness, Library Board member; and Lisa Miller, Library Board member. The contents were also electronically mailed to Alice Ruiz, Treasurer, on May 14, 2018.