

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

BREMEN PUBLIC LIBRARY

MARSHALL COUNTY, INDIANA

January 1, 2014 to December 31, 2017



FILED
08/09/2018

TABLE OF CONTENTS

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

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Marsha L. Patterson Shellie Kauffman Kyle Burkett	01-01-14 to 06-30-14 07-01-14 to 10-22-14 10-23-14 to 12-31-18
Treasurer	Joyce Graybill	01-01-14 to 06-30-18
President of the Library Board	Jill Byrd Carol Somsel Don Harrison Trevor Mikel	01-01-14 to 02-03-14 02-04-14 to 06-30-15 07-01-15 to 06-30-17 07-01-17 to 06-30-18



STATE OF INDIANA
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TO: THE OFFICIALS OF THE BREMEN PUBLIC LIBRARY, MARSHALL COUNTY, INDIANA

This report is supplemental to our audit report of the Bremen 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 opinion 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

June 12, 2018

BREMEN PUBLIC LIBRARY
AUDIT RESULT AND COMMENT

FINANCIAL TRANSACTIONS AND REPORTING

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

Cash and Investments

One employee reconciled the bank account balances with the record balances without an oversight, review, or approval process.

Receipts

One employee collected funds, prepared the deposit, made the deposit, and recorded the receipt without an oversight, review, or approval process.

Payroll Disbursements

One employee entered hours into the payroll system to calculate payroll, processed the payroll for payment, transferred the direct deposit information, and recorded the payroll in the records without an oversight, review, or approval process. In addition, one employee prepared the year-end W-2s without an oversight, review, or approval process.

Financial Reporting

The Director entered the information into the Indiana Gateway for Government Units financial reporting system, which was the source for the Annual Financial Reports and the financial statements. The Director consulted with the Bookkeeper but there was no documentation of a review or other oversight to ensure accuracy of the information submitted.

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. . . ."

BREMEN PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on June 12, 2018, with Kyle Burkett, Director; Trevor Mikel, President of the Library Board; and Terrie Bickel, Bookkeeper.