

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
HUSSEY-MAYFIELD MEMORIAL PUBLIC LIBRARY
BOONE COUNTY, INDIANA
January 1, 2017 to December 31, 2017



FILED
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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Kelley Fann Mary Rueff (interim) Sarah Moore	01-01-17 to 09-22-17 09-23-17 to 02-18-18 02-19-18 to 12-31-18
Treasurer	Monty Korte	01-01-17 to 12-31-18
President of the Library Board	Sandra Cha Sifferlen	01-01-17 to 12-31-18



STATE OF INDIANA
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TO: THE OFFICIALS OF THE HUSSEY-MAYFIELD MEMORIAL
PUBLIC LIBRARY, BOONE COUNTY, INDIANA

This report is supplemental to our audit report of the Hussey-Mayfield Memorial Public Library (Library), for the period from January 1, 2017 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 Statement Audit Report of the Library, which provides our opinions on the Library's financial statement and federal program compliance. 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

July 5, 2018

HUSSEY-MAYFIELD MEMORIAL PUBLIC LIBRARY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS - BANK RECONCILIATIONS

A deficiency in the internal control system of the Library related to financial transactions was identified during the audit period. The Library had not designed or implemented a proper internal control system related to the cash and investments account balance. The Financial Records Manager prepared the monthly bank reconciliations and the Executive Director reviewed and approved the reconciliations. However, documentation of the Executive Director's review was not retained for audit. For the period including September 2017 through December 2017, a review of the monthly bank reconciliations did not take place.

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. . . ."

HUSSEY-MAYFIELD MEMORIAL PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on July 5, 2018, with Monty Korte, Treasurer; Sandra Cha Sifferlen, President of the Library Board; Mary Rueff, Assistant Director; Jean Patterson, Bookkeeper; Kimberly Olivares, Administrative Assistant; and Sarah Moore, Director.