

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

BLOOMFIELD-EASTERN GREENE COUNTY PUBLIC LIBRARY

GREENE COUNTY, INDIANA

January 1, 2013 to December 31, 2017



FILED
08/21/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Cassandra Thompson	01-01-13 to 05-15-14
	(Vacant)	05-16-14 to 04-06-14
	Austin Stroud	04-07-14 to 12-31-18
Treasurer	JoAnn Grove	01-01-13 to 01-22-13
	(Vacant)	01-23-13 to 02-28-13
	Therese Hazel	03-01-13 to 12-09-14
	Dinah Fuller (interim)	12-10-14 to 01-19-15
	Amy Myers	01-20-15 to 08-03-16
	(Vacant)	08-04-16 to 08-16-16
Don Henitzman (interim)	08-17-16 to 01-15-17	
Wade Wallace	01-16-17 to 12-31-18	
President of the Library Board	Kristie Blanden	01-01-13 to 12-31-14
	Jim Medina	01-01-15 to 08-17-16
	Luke Rudisill	08-18-16 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE BLOOMFIELD-EASTERN GREENE
COUNTY PUBLIC LIBRARY, GREENE COUNTY, INDIANA

This report is supplemental to our audit report of the Bloomfield-Eastern Greene County 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 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

June 4, 2018

BLOOMFIELD-EASTERN GREENE COUNTY PUBLIC LIBRARY
AUDIT RESULTS AND COMMENTS

APPROVAL OF CLAIMS

All claims for payment tested were paid prior to approval by the Library Board. The Library Board approved the disbursements at a subsequent public meeting.

Indiana Code 5-11-10-2(a) states in part: "Claims against a political subdivision of the state must be . . . allowed by the governing body having jurisdiction over allowance of such claims before they are paid. . . ."

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$153 were paid to the Indiana Department of Revenue for tax periods dated December 2012 through December 2016.

Penalties and interest totaling \$2,147 were paid to the Internal Revenue Service for tax periods dated September 2013 through March 2014.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

INTERNAL CONTROLS

Internal Controls over receipting, recording, and accounting for financial activities were insufficient:

Internal controls over disbursements were not properly implemented, permitting payments to be made to vendors before prior approval by the Library Board. The lack of oversight by the Library Board could allow unauthorized payments to be made without being detected in a timely manner.

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.

BLOOMFIELD-EASTERN GREENE COUNTY PUBLIC LIBRARY
AUDIT RESULTS AND COMMENTS
(Continued)

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. . . ."

OVERDRAWN CASH BALANCE

The cash balance in the payroll fund was overdrawn by \$724 at December 31, 2017.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

BANK ACCOUNT RECONCILIATIONS

The Library's bank reconciliation at December 31, 2017, did not agree to the fund report. The reconciled bank balance was less than the fund report balance by \$5,747.

The bank reconciliations for December 31, 2013, 2014, 2015, and 2016, also did not agree with the fund report. In these cases, the reconciled bank balance was less than the fund report balance by \$375, \$1,118, \$3,986, and \$6,535, respectively.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

ANNUAL FINANCIAL REPORT

The Library did not include the Hunter Trust fund on the Annual Financial Reports for 2013, 2014, 2015, 2016, and 2017, which resulted in an understatement of receipts, disbursements, and overall cash balance for each respective year.

Audit adjustments were proposed, accepted by the Library officials, and made to the financial statements.

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."

BLOOMFIELD-EASTERN GREENE COUNTY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on June 4, 2018, with Austin Stroud, Director, and Wade Wallace, Treasurer.