

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

NEW CASTLE-HENRY COUNTY PUBLIC LIBRARY

HENRY COUNTY, INDIANA

January 1, 2017 to December 31, 2017



**FILED**  
08/28/2018



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Audit Result and Comment: Internal Controls over Receipts, Cash and Investments, and Financial Reporting.....	4
Exit Conference.....	5

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Winifred Logan	01-01-17 to 12-31-18
Treasurer	Ramona Hacker	01-01-17 to 12-31-18
President of the Library Board	Linda Madison	01-01-17 to 12-31-18



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE NEW CASTLE-HENRY COUNTY  
PUBLIC LIBRARY, HENRY COUNTY, INDIANA

This report is supplemental to our audit report of the New Castle-Henry County 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. This report may be found at [www.in.gov/sboa/](http://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 Result and Comment, incorporated within this report, was not verified for accuracy.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

July 19, 2018

NEW CASTLE-HENRY COUNTY PUBLIC LIBRARY  
AUDIT RESULT AND COMMENT

***INTERNAL CONTROLS OVER RECEIPTS, CASH AND INVESTMENTS, AND FINANCIAL REPORTING***

There were deficiencies in the internal control system for the Library related to financial transactions. The Library had not separated incompatible activities related to cash and investments and receipts.

*Cash and Investments*

There was no evidence that controls had been developed to ensure that all bank accounts were reconciled monthly.

*Receipts*

There was not adequate segregation of duties. The Business Manager received funds, posted them to the ledger, and made the bank deposits. Prenumbered receipts were not issued for all monies received by the Business Manager. Additionally, controls were not in place to ensure that all manual receipts were recorded in the Library's ledger.

*Financial Reporting*

There was no evidence of an effective oversight, review, or approval process to ensure the accuracy of the information submitted for financial reporting. The Treasurer compiled the financial information for submission to the Indiana Gateway for Government Units financial reporting system, which was the source for the Annual Financial Reports and the financial statements; however, there were not any controls in place to ensure that the information submitted was accurate.

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. . . ."

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

NEW CASTLE-HENRY COUNTY PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on July 19, 2018, with Winifred Logan, Director; Linda Madison, President of the Library Board; and Brenda Martinez, Business Manager.