

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

AKRON CARNEGIE PUBLIC LIBRARY

FULTON COUNTY, INDIANA

January 1, 2013 to December 31, 2017



**FILED**  
10/06/2018



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Janet Hawley	01-01-13 to 12-31-18
Treasurer	Janet Hackworth	01-01-13 to 12-31-18
President of the Library Board	Priscilla Burdge Laura Reese	01-01-13 to 07-10-18 07-11-18 to 12-31-18



**STATE OF INDIANA**  
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TO: THE OFFICIALS OF THE AKRON CARNEGIE PUBLIC LIBRARY, FULTON COUNTY, INDIANA

This report is supplemental to our audit report of the Akron Carnegie 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 opinion on the Library's financial statements. 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 Audit Result and Comment, incorporated within this report, was not verified for accuracy.

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

September 4, 2018

AKRON CARNEGIE 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. The Library had not separated incompatible activities related to receipts, disbursements, including vendor and payroll disbursements, and financial reporting. The failure to establish these controls could enable material misstatements to occur and remain undetected.

*Receipts*

One employee collected funds, prepared and verified the receipt, and created the deposit slip that was then reviewed by another employee. However, there was no evidence of the review or approval process prior to the deposit and recording of receipts.

*Payroll Disbursements*

The Director entered pay rates and hours worked, prepared payroll claims, recorded payroll disbursements in the ledger, and disbursed checks prior to an oversight, review, or approval process. The Library Board reviewed and approved payroll claims after the checks were disbursed.

*Vendor Disbursements*

The Director prepared and certified account payable vouchers, disbursed checks, and recorded disbursements prior to an oversight, review, or approval process. The Library Board reviewed and approved vendor claims after the checks were disbursed.

*Financial Reporting*

The Director entered the information into the Indiana Gateway for Government Units financial reporting system without an oversight, review, or approval process to ensure the 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. . . ."

AKRON CARNEGIE PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on September 4, 2018, with Janet Hawley, Director; Laura Reese, President of the Library Board; and Janet Hackworth, Treasurer.