

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CENTERVILLE-CENTER TOWNSHIP PUBLIC LIBRARY

WAYNE COUNTY, INDIANA

January 1, 2016 to December 31, 2017



**FILED**  
01/18/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Beth Treaster	01-01-16 to 12-31-19
Treasurer	Kathryn Stephen Susan Dillman	01-01-16 to 06-30-18 07-01-18 to 12-31-19
President of the Library Board	Chuck McGill Kevin Smith	01-01-16 to 12-31-16 01-01-17 to 12-31-19



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TO: THE OFFICIALS OF THE CENTERVILLE-CENTER TOWNSHIP  
PUBLIC LIBRARY, WAYNE COUNTY, INDIANA

This report is supplemental to our audit report of the Centerville-Center Township Public Library (Library), for the period from January 1, 2016 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 opinion 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 Audit Result and Comment, incorporated within this report, was not verified for accuracy.

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

January 8, 2019

CENTERVILLE-CENTER TOWNSHIP PUBLIC LIBRARY  
AUDIT RESULT AND COMMENT

**INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS**

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

Cash and Investments - One individual was responsible for preparing bank reconcilements without an oversight, review, or approval process.

Receipts - The posting and depositing functions were not properly segregated between employees. One individual was responsible for reconciling, posting, and depositing all collections without an oversight, review, or approval process.

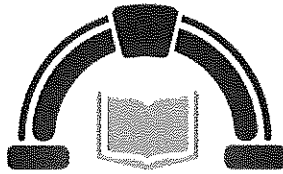
Vendor Disbursements - One employee was responsible for preparing claims for payment; and writing, posting, signing, and distributing checks without an oversight, review, or approval process prior to disbursement.

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. . . ."



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CENTER TOWNSHIP  
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January 8, 2019

Dear Representatives of the Indiana State Board of Accounts:

We received the findings of the audit of Centerville Library from the State Board of Accounts. We take our fiduciary responsibilities very seriously as guardians of the public trust. With that in mind we will immediately take steps to remediate practices in cash and investments, receipts, vendor disbursements, and financial reporting to move us into compliance with evolving operating practice. As agents responding to changing practices, we will begin with a review of all 2018 records and continue with all due speed in creating additional checks on the internal controls over financial transactions including cash and investments, receipts, vendor disbursements, and financial reporting.

We appreciate your advice as we work to insure transparency as we improve our stewardship of the commonweal.

Sincerely,

Kevin Smith  
President, Library Board

James Girdley  
Secretary, Library Board

Beth Treaster  
Director

CENTERVILLE-CENTER TOWNSHIP PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on January 8, 2019, with Beth Treaster, Director; Susan Dillman, Treasurer; Kathryn Stephen, former Treasurer; and Ronald Morris, Library Board member.