

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

HAMILTON EAST PUBLIC LIBRARY

HAMILTON COUNTY, INDIANA

January 1, 2017 to December 31, 2018



FILED
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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Edra Waterman	01-01-17 to 12-31-19
Treasurer	Robyn Neal	01-01-17 to 12-31-19
President of the Library Board	John Partlow John Dierdorf	01-01-17 to 08-25-18 08-26-18 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE HAMILTON EAST PUBLIC LIBRARY, HAMILTON COUNTY, INDIANA

This report is supplemental to our audit report of the Hamilton East Public Library (Library), for the period from January 1, 2017 to December 31, 2018. 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/.

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 18, 2019

HAMILTON EAST PUBLIC LIBRARY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

There were deficiencies in the internal control system of the Library related to financial transactions. The Library had not separated incompatible activities related to receipts and the financial close and reporting.

Receipts

The Library has one employee that posts receipts, reconciles daily receipts, and creates the deposit slip. There is no tangible evidence as to which employee deposits the daily receipts. The Library had not implemented a system of oversight, review, or approval process.

Financial Close and Reporting

The Bookkeeper and Treasurer both compiled the Library's Annual Financial Report. The Library had not implemented a system of oversight, review, or approval process.

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. . . ."

HAMILTON EAST PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on July 18, 2019, with Edra Waterman, Director; Robyn Neal, Treasurer; Lynn Ischay, Bookkeeper; and Kristin Patrick, Library Board member.