

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

MELTON PUBLIC LIBRARY

ORANGE COUNTY, INDIANA

January 1, 2015 to December 31, 2018



**FILED**

09/12/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Susie Owen Trista Rue	01-01-15 to 10-12-18 10-13-18 to 12-31-19
Treasurer	Susan Freeman Cherish Wininger	01-01-15 to 07-30-17 07-31-17 to 12-31-19
President of the Library Board	Brenda Wilson-Fisher Suzanne Emmons	01-01-15 to 12-31-15 01-01-16 to 12-31-19



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE MELTON PUBLIC LIBRARY, ORANGE COUNTY, INDIANA

This report is supplemental to our audit report of the Melton Public Library (Library), for the period from January 1, 2015 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 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 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

September 3, 2019

MELTON PUBLIC LIBRARY  
AUDIT RESULTS AND COMMENTS

**ADOPTION AND CERTIFICATION OF INTERNAL CONTROL STANDARDS**

*Condition and Context*

The Library did not adopt internal control standards and procedures during 2016, 2017, or 2018. The Library trained employees in 2016, but the internal control standards and procedures had not yet been officially adopted. In addition, the Library improperly certified on the Indiana Gateway for Government Units (Gateway) financial reporting system that an internal control policy had been adopted.

*Criteria*

Indiana 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

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](#)."

**INTERNAL CONTROLS**

*Condition and Context*

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

MELTON PUBLIC LIBRARY  
AUDIT RESULTS AND COMMENTS  
(Continued)

The Director, with the assistance of the Bookkeeper, prepared and submitted the financial information into the Annual Financial Report through Gateway, which was the source of the financial statements. There was no evidence of an oversight, review, or approval process that would have ensured that the information was accurate before submission.

*Criteria*

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. . . ."

MELTON PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on September 3, 2019, with Trista Rue, Director; Suzanne Emmons, President of the Library Board; Cherish Wininger, Treasurer; Gerald W. Ritter, Library Board member; and Jan Tellstrom, Library Board member.