

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

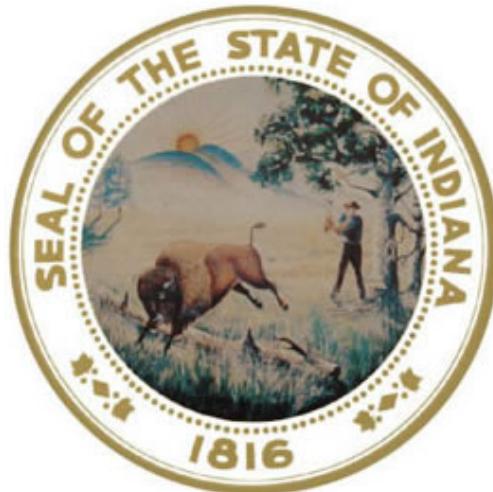
SUPPLEMENTAL COMPLIANCE REPORT

OF

HAMILTON NORTH PUBLIC LIBRARY

HAMILTON COUNTY, INDIANA

January 1, 2017 to December 31, 2018



FILED
10/18/2019

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|--------------------------------|---------------------------------|--|
| Director | Ann Hoehn | 01-01-17 to 12-31-19 |
| Treasurer | Emily Beechler Emily Pearson | 01-01-17 to 12-20-17 12-21-17 to 12-31-19 |
| President of the Library Board | Steve Griffith | 01-01-17 to 12-31-19 |



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our audit report of the Hamilton North 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

September 12, 2019

HAMILTON NORTH PUBLIC LIBRARY AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER RECEIPTS

The Library did not have a proper system of internal controls in place related to receipts. One employee was responsible for preparing cash register reports and comparing it to the money collected in the register, preparing the bank deposit slip, and taking the money to the bank. The failure to establish these controls could have enabled material misstatements to occur and remain undetected.

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. . . ."



September 17, 2019

Official Response to Audit of Hamilton North Public Library for the period January 1, 2017 to December 31, 2018

Effective August 16, 2019, the person who prepares a daily deposit on any given day is no longer the person who takes the deposit to the bank on that same day. Library Managers have been given clear instruction on this matter by the Library Director, and the change is being enforced and routinely monitored. This change in procedure is to improve internal controls, as discussed with the SBOA.

Ann Hoehn, Library Director

A handwritten signature in black ink that reads "Ann Hoehn".

HAMILTON NORTH PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on September 12, 2019, with Emily Beechler, former Treasurer; Steve Griffith, President of the Library Board; Ann Hoehn, Director; and Mike Jenkins, Library Board Secretary.