

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

WEST LAFAYETTE PUBLIC LIBRARY

TIPPECANOE COUNTY, INDIANA

January 1, 2017 to December 31, 2018



FILED
10/22/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	E. Nicholas Schenkel	01-01-17 to 12-31-19
Treasurer	Mark Pugh Anastasia Gensic (Krutulis) Mark Pugh	07-01-16 to 06-30-17 07-01-17 to 06-30-19 07-01-19 to 06-30-20
President of the Library Board	Jeff Schwab Mark Pugh Anastasia Gensic (Krutulis)	07-01-16 to 06-30-18 07-01-18 to 06-30-19 07-01-19 to 06-30-20



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE WEST LAFAYETTE PUBLIC LIBRARY, TIPPECANOE COUNTY, INDIANA

This report is supplemental to our audit report of the West Lafayette 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 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

October 8, 2019

WEST LAFAYETTE PUBLIC LIBRARY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

Condition and Context

There were deficiencies in the internal controls system of the Library related to financial transactions and reporting. The Library had not separated incompatible activities related to cash and investments, receipts, and financial reporting. The failure to establish these controls could have enabled material misstatements to remain undetected. The Library also had not implemented a monitoring system to identify and communicate corrective actions to improve controls. Effective internal controls required the Library to monitor and assess the quality of the system of internal control.

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. . . ."

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators. . . .

WEST LAFAYETTE PUBLIC LIBRARY
AUDIT RESULTS AND COMMENTS
(Continued)

A baseline of the current state of the internal control system is compared against the original design of the internal control system. The baseline consists of issues and deficiencies identified in the internal control system. The results of the monitoring process are evaluated and documented. . . .

Management remediates identified issues. . . ."

ADOPTION AND CERTIFICATION OF INTERNAL CONTROL STANDARDS

Condition and Context

Documentation was not provided to confirm that the Library had adopted the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts.

The Library certified on the Indiana Gateway for Government Units financial reporting system that internal control standards had been adopted; however, there was no documentation that the required standards were adopted.

Criteria

Indiana Code 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](#)."

WEST LAFAYETTE PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on October 8, 2019, with E. Nicholas Schenkel, Director; Anastasia Gensic (Krutulis), President of the Library Board; Mark Pugh, Treasurer; Gale Charlotte, Library Bookkeeper; and Felicia Fillmore, Library Board member.