

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

OWEN COUNTY PUBLIC LIBRARY

OWEN COUNTY, INDIANA

January 1, 2017 to December 31, 2018



**FILED**  
11/01/2019



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SCHEDULE OF OFFICIALS

| <u>Office</u>                  | <u>Official</u>                       | <u>Term</u>                                  |
|--------------------------------|---------------------------------------|--|
| Director                       | Ginger Kohr                           | 01-01-17 to 12-31-19                         |
| Treasurer                      | Donald M. Taylor, Jr.<br>Emily Haltom | 01-01-17 to 12-31-17<br>01-01-18 to 12-31-19 |
| President of the Library Board | Frank Coffin                          | 01-01-17 to 12-31-19                         |



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE OWEN COUNTY PUBLIC LIBRARY, OWEN COUNTY, INDIANA

This report is supplemental to our audit report of the Owen County 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/](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, were not verified for accuracy.

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

October 29, 2019

OWEN COUNTY PUBLIC LIBRARY  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS**

*Condition and Context*

The Library had not established an effective internal control system over cash and investments and financial transactions and reporting, which enabled material misstatements to remain undetected.

*Cash and Investments*

Bank reconciliations were performed and reviewed by another individual. However, these reviews did not detect material errors in the reconciliation.

*Financial Transactions and Reporting*

The Library did not have a proper system of internal control in place to prevent, or detect and correct, errors in the Annual Financial Report entered into the Indiana Gateway for Government Units financial reporting system, which was the source for the financial statement. There was no evidence of a control, such as an oversight, review, or approval process, to ensure the accuracy of the information submitted.

The information reported by the Library contained a number of errors and did not properly reflect the financial activity of the Library in 2018:

- The Operating Fund receipts were understated by \$41,689.
- The Operating Fund disbursements were overstated by \$6,471.
- The Payroll Fund disbursements were understated by \$265,379.

Audit adjustments were proposed, accepted by management, and made to the financial statement.

*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.

OWEN COUNTY PUBLIC LIBRARY  
AUDIT RESULTS AND COMMENTS  
(Continued)

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. . . ."

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

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](#)."

## **CAPITAL ASSETS**

### *Condition and Context*

Detailed capital asset records were not maintained. Capital asset records were not updated for 2017 and 2018 with additions and deletions. No physical inventory had been completed.

### *Criteria*

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

OWEN COUNTY PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on October 29, 2019, with Ginger Kohl, Director; Ale Young, Bookkeeper; Emily Haltom, Treasurer; and David Weaver, Library Board member.