

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

SUPPLEMENTAL COMPLIANCE REPORT  
OF  
TIPPECANOE COUNTY CONTRACTUAL LIBRARY  
TIPPECANOE COUNTY, INDIANA  
January 1, 2017 to December 31, 2018



**FILED**  
11/14/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Librarian	Jos N. Holman	01-01-17 to 12-31-19
Treasurer	Stephen Bultinck David Lahr	01-01-17 to 12-31-17 01-01-18 to 12-31-19
President of the Library Board	Mida Grover Lora Goonewardene	01-01-17 to 12-31-17 01-01-18 to 12-31-19



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TIPPECANOE COUNTY CONTRACTUAL  
LIBRARY, TIPPECANOE COUNTY, INDIANA

This report is supplemental to our audit report of the Tippecanoe County Contractual 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, was not verified for accuracy.

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

October 30, 2019

TIPPECANOE COUNTY CONTRACTUAL LIBRARY  
AUDIT RESULTS AND COMMENTS

**BANK ACCOUNT RECONCILIATIONS**

*Condition and Context*

Bank account reconciliations for 2017 were not presented for audit. Bank account reconciliations for 2018 were presented for audit; however, they were not properly reconciled to the financial records. The reconciliation included a variance of \$812,055 at December 31, 2018.

*Criteria*

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."

**CONDITION OF RECORDS**

*Condition and Context*

The cash balance reports presented for audit were not reliable. The beginning balance shown for 2017 did not agree to the ending balance for 2016. The beginning balance shown for 2018 did not agree to the ending balance for 2017.

The cash balance report included in the bank reconciliation for January 2018 showed a different 2018 beginning balance than the cash balance report included in the bank reconciliation for December 2018.

Cash Receipts and Cash Disbursements reports did not agree to the total receipts and total disbursements on the cash balance report for the same year.

Amounts reported on the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the financial statement, were not supported by the Library's financial reports.

*Criteria*

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)

**INTERNAL CONTROLS**

*Condition and Context*

There were several deficiencies in the internal control system of the Library related to financial transactions and reporting.

*Cash and Investments*

One employee performed the reconciliation of the depository account balance with the record balance. There were no controls in place, such as an oversight, review, or approval process to ensure the preparation of or the accuracy of the bank reconciliations.

TIPPECANOE COUNTY CONTRACTUAL LIBRARY  
AUDIT RESULTS AND COMMENTS  
(Continued)

*Receipts*

One employee issued the receipts for funds received and prepared the daily deposits for the bank accounts. There were no controls in place, such as an oversight, review, or approval of the daily deposits or receipt postings.

*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. . . ."

**LATE SUBMISSION OF ANNUAL FINANCIAL REPORT**

*Condition and Context*

The Library's Annual Financial Reports for 2017 and 2018 were not filed electronically until June 21, 2018, and March 26, 2019, respectively, which was 112 and 25 days past the due date.

*Criteria*

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](#)."

**TRAINING AND CERTIFICATION ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

The Library failed to ensure that all personnel as defined by Indiana code 5-11-1-27(c) received the training over the internal control standards adopted as required by Indiana code 5-11-1-27(g).

TIPPECANOE COUNTY CONTRACTUAL LIBRARY  
AUDIT RESULTS AND COMMENTS  
(Continued)

The Finance Controller certified on Gateway on June 21, 2018, and March 26, 2019, that personnel had been trained on internal control standards; however, no documentation was available to verify this.

*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](#)."

TIPPECANOE COUNTY CONTRACTUAL LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on October 30, 2019, with David Lahr, Treasurer; Loretta Carter, Financial Controller; and Jos N. Holman, County Librarian.