

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

FULTON COUNTY PUBLIC LIBRARY

FULTON COUNTY, INDIANA

January 1, 2017 to December 31, 2018



FILED
11/15/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Andrea Stineback	01-01-17 to 12-31-19
Treasurer	Glenda Sayger Linda Wentzel	01-01-17 to 12-31-17 01-01-18 to 12-31-19
President of the Library Board	Keith McGrew	01-01-17 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our audit report of the Fulton 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/.

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 21, 2019

FULTON COUNTY PUBLIC LIBRARY
AUDIT RESULTS AND COMMENTS

PENALTIES, INTEREST, AND OTHER CHARGES

The Library did not have adequate controls in place to ensure that business continued as usual when key employees were not able to perform their duties or were no longer employed. The Library failed to file their 2015 W-2s with the Social Security Administration office. The Library also submitted several of their monthly federal withholding payments or credit card payments late during the audit period. These issues resulted in penalties, interest, and other charges of \$8,142 paid by the Library.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

INTERNAL CONTROLS

There were deficiencies in the internal control system of the Library related to several areas of their financial transactions and reporting process. The Library did not have adequate segregation of duties as it had not implemented a proper oversight, review, or approval process over cash and investments, receipts, or payroll disbursements. The failure to establish these controls could enable material misstatements to occur and remain undetected.

Cash and Investments

Controls had not been developed to ensure that all bank account reconciliations had an independent review by someone other than the preparer.

Receipts

All of the receipting and depositing duties were performed by the same individual, there was no independent review or oversight.

FULTON COUNTY PUBLIC LIBRARY
AUDIT RESULTS AND COMMENTS
(Continued)

Payroll Disbursements

There were no controls in place to ensure that the correct pay rates were entered in to the computer. Pay rates were calculated by the Director and then given to the Business Manager to enter into the payroll system; however, there was no oversight to ensure that the correct pay rates were processed and that payroll checks were properly calculated. A payroll register was run every pay period, but there was no independent review of this register.

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. . . ."

FULTON COUNTY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on October 21, 2019, with Andrea Stineback, Director; Jo McCollough, Business Manager; Linda Wentzel, Treasurer; Glenda Sayger, former Treasurer and current Library Board member; Raenae Overmyer, Library Board member; and Keith McGrew, President of the Library Board.