

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

EVANSVILLE VANDERBURGH PUBLIC LIBRARY

VANDERBURGH COUNTY, INDIANA

January 1, 2018 to December 31, 2019



FILED
09/17/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Cyndee Landrum	01-01-18 to 06-07-19
	(Vacant)	06-08-19 to 06-11-19
	Marcia A. Learned-Au	06-12-19 to 01-05-20
	R. Scott Kinney	01-06-20 to 12-31-20
Treasurer	Dr. Velinda L. Stubbs	01-01-18 to 12-31-18
	Timothy Wilhelmus	01-01-19 to 12-31-19
	Eric R. Williams	01-01-20 to 12-31-20
President of the Library Board	Bix Branson	01-01-18 to 12-31-18
	Charles A. Whobrey	01-01-19 to 12-31-20



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF THE EVANSVILLE VANDERBURGH
PUBLIC LIBRARY, VANDERBURGH COUNTY, INDIANA

This report is supplemental to our audit report of the Evansville Vanderburgh Public Library (Library), for the period from January 1, 2018 to December 31, 2019. 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 opinions 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

August 3, 2020

EVANSVILLE VANDERBURGH PUBLIC LIBRARY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

Condition and Context

There were deficiencies in the internal control system of the Library. The Library had not established an effective internal control system related to payroll disbursements. Payroll disbursements were made without supporting documentation and approvals.

Of the 20 payroll checks that were selected for testing, four full-time employee's timesheets did not include the signature of an approving supervisor. In addition, one of these employees, the Inquiry and Impact Officer (Officer), only turned time cards in from January 1, 2018 through August 11, 2018; none of these time cards were on the prescribed form. Subsequent to August 11, 2018, the Officer did not provide a time card and resigned on June 14, 2019. Due to the lack of biweekly time cards for the Officer, there was no evidence to substantiate the paid time-off, of 116 hours leave time, that was submitted to the Human Resources Manager on June 6, 2019.

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. . . ."

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

General Form 99A, Employee's Service Record
General Form 99B, Employee's Earnings Record
General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor.

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

OFFICIAL RESPONSE

August 12, 2020

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

Re: Response to Audit Findings for 2018 – 2019

This is the official response of the Evansville Vanderburgh Public Library to the *Report Communicating Internal Control Related Matters Identified In An Audit* for the period of January 1, 2018 to December 31, 2019. Specifically, deficiencies found in the internal control system of the Library related to payroll disbursements made without supporting documentation and approvals.

The Evansville Vanderburgh Public Library implemented a new HRIS / Payroll system in October 2019, and electronic time sheets as part of the time and attendance module in December. With the new system, time sheets are now recorded electronically in the system by each employee, and prior to Payroll being processed the employee's Supervisor must electronically verify the weekly time sheets pertaining to that pay period. This new system establishes mitigating measures and the supporting documentation necessary to strengthen the internal control system over time sheets and the Payroll process.



R. Scott Kinney,
CEO - Director

DISCOVER.

EXPLORE.

CONNECT.

EVANSVILLE VANDERBURGH PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on August 3, 2020, with Lori Tomlin, Stewardship and Governance Officer; R. Scott Kinney, Director; Charles A. Whobrey, President of the Library Board; Dr. Velinda L. Stubbs, Treasurer; Richard Clements, Secretary of the Board; and Eric R. Williams, Treasurer.