

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CARMEL CLAY PUBLIC LIBRARY

HAMILTON COUNTY, INDIANA

January 1, 2018 to December 31, 2019



FILED
12/22/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Bob Swanay	01-01-18 to 12-31-20
Treasurer	Dan Kramer	01-01-18 to 12-31-20
President of the Library Board	Ranjit Puthran Jim Hehner Jim Garretson	01-01-18 to 06-30-19 07-01-19 to 06-30-20 07-01-20 to 12-31-20



STATE OF INDIANA
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TO: THE OFFICIALS OF THE CARMEL CLAY PUBLIC LIBRARY, HAMILTON COUNTY, INDIANA

This report is supplemental to our audit report of the Carmel Clay 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 pertains 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

December 18, 2020

CARMEL CLAY PUBLIC LIBRARY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

A similar comment appeared in the prior Report B50126.

Condition and Context

There were deficiencies in the internal control system for the Library related to financial transactions and reporting. The Library had not separated incompatible activities related to cash and investments and financial close and reporting. The failure to establish these internal controls was a systemic issue throughout the audit period and could have enabled material misstatements to occur and remain undetected.

Cash and Investments

The Library prepared the monthly bank reconciliations without a documented oversight, review, or approval process in place to ensure their accuracy.

Financial Close and Reporting

The Library's financial information was entered into the Indiana Gateway for Government Units financial reporting system, which was the source for the Annual Financial Reports (AFR) and financial statement. The Library prepared the AFR without a documented oversight, review, or approval process in place to ensure its accuracy.

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. . . ."

CARMEL CLAY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on December 18, 2020, with Dan Kramer, Treasurer; Bob Swanay, Director; and Jim Garretson, President of the Library Board.