



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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September 14, 2021

TO: THE OFFICIALS OF THE HENRY HENLEY PUBLIC LIBRARY, RUSH COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Henry Henley Public Library (Library), Rush County, for the period of January 1, 2016 to December 31, 2020, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Management is responsible for preparing and maintaining its accounting records and related documents, as well as compliance with applicable state laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Library's Annual Financial Reports filed by management can be found on the Gateway Website: www.gateway.ifionline.org.

The Comments contained herein describe the identified reportable instances of noncompliance found as a result of the procedures we performed. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Comments

ADOPTION OF INTERNAL CONTROL STANDARDS

Condition and Context

The Library had not adopted the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts.

Criteria

Indiana Code 5-11-1-27(g) states in part:

"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 . . ."

TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

Library employees whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the Library, had not received training over internal control standards that was developed or approved by the Indiana State Board of Accounts.

Criteria

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The Library incorrectly certified on the Indiana Gateway for Government Units financial reporting system that the Library had adopted and provided training on internal control standards for 2017, 2018, 2019, and 2020.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity 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](#)."

COMPENSATION AND BENEFITS

A similar comment also appeared in prior Report B47002.

Condition and Context

In 2017, 2018, 2019, and 2020, Library employees were paid without federal taxes being withheld. In 2017, an employee was paid without state and local taxes being withheld. In addition, IRS Form W-2 (for all Library employees in 2016) and Quarterly Tax Form 941's for 2016 were not presented for review during the engagement.

Criteria

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

The Schedule of Cash and Investment Balances - Regulatory Basis, is presented as other information. It has not been subjected to any auditing procedures, and, accordingly, we do not express an opinion or provide any assurance on it.


SCHEDULE OF CASH AND INVESTMENT
BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2020

| Fund | Cash and Investments 12-31-20 |
|-----------------|-------------------------------------|
| General | \$ 30,773 |
| Gift Fund | 800 |
| Petty Cash Fund | <u>25</u> |
| Total | <u>\$ 31,598</u> |

Any Official Response to the Comments, incorporated within this report, was not verified for accuracy.

The contents of this report were communicated to Arlene Reynolds, Library Director, and Jim Neal, President of the Library Board, on August 16, 2021.

Respectfully,


Paul D. Joyce, CPA
State Examiner