

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

COMPLIANCE REPORT  
OF  
NAPPANEE PUBLIC LIBRARY  
ELKHART COUNTY, INDIANA  
January 1, 2020 to December 31, 2020



**FILED**  
03/30/2022



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Lissa Krull	01-01-20 to 03-01-20
	Lana McCoy	03-02-20 to 04-19-20
	Jason Fields	04-20-20 to 02-11-22
	Sarah Marty-Schlipf	02-12-22 to 12-31-22
Treasurer	John Leavitt	01-01-20 to 12-31-22
President of the Library Board	Julie Dijkstra	01-01-20 to 12-31-22



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE NAPPANEE PUBLIC LIBRARY, ELKHART COUNTY, INDIANA

The Nappanee Public Library (Library) is considered a component unit of Elkhart County (County) under accounting principles generally accepted in the United States of America. The Library's financial information was audited as part of the County's financial statements for the period from January 1, 2020 to December 31, 2020. The Financial Statements Audit Report of the County, which provides our opinions on the County's financial statements and which includes the Library's financial information, 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 Result and Comment contained herein describes the identified reportable instances of noncompliance found as a result of these procedures for the Library. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

The Library's Annual Financial Report information can be found on the Indiana Gateway for Government Units financial reporting system website: <https://gateway.ifionline.org> and has not been subjected to any audit procedures.

Any Official Response to the Audit Result and Comment, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE  
Deputy State Examiner

March 16, 2022

NAPPANEE PUBLIC LIBRARY  
AUDIT RESULT AND COMMENT

**INTERNAL CONTROLS**

*Condition and Context*

The Library had not established an effective internal control system to prevent, or detect and correct, material misstatements related to financial close and reporting and payroll.

*Financial Close and Reporting*

The Business Manager entered financial information into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the Annual Financial Report (AFR). While the Treasurer submitted the AFR through Gateway, there was no documented evidence of a review, oversight, or approval process to ensure the financial information entered into Gateway was accurate prior to submission.

*Payroll*

The Library used a service organization to process payroll during the audit period. There was no audit evidence provided that documented whether employee timesheets or attendance records were approved by another individual for 5 out of 10 employees sampled.

*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. . . ."

NAPPANEE PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on March 16, 2022, with Tamera Sims, Business Manager; Sarah Marty-Schlipf, Director; Julie Dijkstra, President of the Library Board; and John Leavitt, Treasurer.