

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

MONTEREY-TIPPECANOE TOWNSHIP LIBRARY

PULASKI COUNTY, INDIANA

January 1, 2016 to December 31, 2020



FILED

05/13/2022

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|--------------------------------|-----------------------------------|--|
| Director | Renita A. Potthoff Toni Mersch | 01-01-16 to 08-31-21 09-01-21 to 12-31-22 |
| Treasurer | Jennifer J. Smith Karen Jones | 01-01-16 to 04-30-21 05-01-21 to 12-31-22 |
| President of the Library Board | Melvin R. Brown | 01-01-16 to 12-31-22 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE MONTEREY-TIPPECANOE TOWNSHIP
LIBRARY, PULASKI COUNTY, INDIANA

This report is supplemental to our audit report of the Monterey-Tippecanoe Township Library (Library), for the period from January 1, 2016 to December 31, 2020. 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 Statements Audit Report of the Library, which provides our opinions on the Library's financial statements. 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.

Beth Kelley, CPA, CFE
Deputy State Examiner

April 27, 2022

MONTEREY-TIPPECANOE TOWNSHIP LIBRARY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

Condition and Context

There were deficiencies in the internal control system of the Library related to cash and investments and financial close and reporting.

Cash and Investments

The Library did not design or implement a system of internal controls over cash and investment balances. The Director prepared the bank reconciliation without a review or approval process.

Financial Close and Reporting

The Director entered and submitted financial information into the Indiana Gateway for Government Units financial reporting system, which was the source of the Annual Financial Reports and the financial statements, without a review or approval process.

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. . . ."

MONTEREY-TIPPECANOE TOWNSHIP LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on April 27, 2022, with Toni Mersch, Director; Karen Jones, Treasurer; and Mary Penska, Vice President of the Library Board.