

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

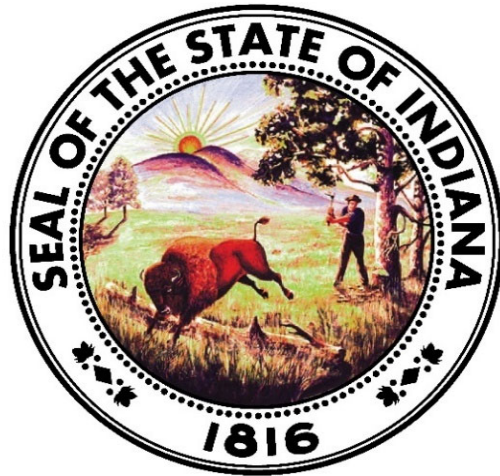
SUPPLEMENTAL COMPLIANCE REPORT

OF

NEWBURGH CHANDLER PUBLIC LIBRARY

WARRICK COUNTY, INDIANA

January 1, 2020 to December 31, 2021



**FILED**

10/18/2022



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Trista Smith	01-01-20 to 12-31-22
Treasurer	Brad Mathis	01-01-20 to 12-31-22
President of the Library Board	Blake Larson John H. Goth	01-01-20 to 12-31-20 01-01-21 to 12-31-22



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE NEWBURGH CHANDLER  
PUBLIC LIBRARY, WARRICK COUNTY, INDIANA

This report is supplemental to our audit report of the Newburgh Chandler Public Library (Library), for the period from January 1, 2020 to December 31, 2021. 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/](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 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

September 28, 2022

NEWBURGH CHANDLER PUBLIC LIBRARY  
AUDIT RESULT AND COMMENT

**INTERNAL CONTROLS**

*Condition and Context*

There were deficiencies in the internal control system of the Library related to financial transactions and reporting. The Library had not established an effective internal control system that separated incompatible activities related to receipts, payroll disbursements, and financial close and reporting.

*Receipts*

There was no documentation presented of an oversight or review over the receipts issued to ensure that all receipt activity was accurately recorded and deposited. The Library branches' supporting documentation for the audit period was destroyed prior to the audit due to a lack of space; however, the Library maintained an excel log of the branches' activities.

*Payroll Disbursements*

Of the 14 payroll checks that were selected for testing, there was no evidence of a supervisor's approval. There were no documented internal controls in place such as an oversight, review, or approval process to prevent, or detect and correct, errors in disbursements.

*Financial Close and Reporting*

The Director entered financial information into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the Annual Financial Report (AFR) and financial statement. While the Director 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. As a result, the Library reported on the financial statement and combining schedules receipts, which were overstated by \$2,106,863 in 2020, and understated \$247,393 in 2021, disbursements were overstated by \$2,107,000 in 2020, and understated \$247,884 in 2021, and the ending cash and investments balance was understated by \$137 in 2020, and overstated by \$354 in 2021.

Audit adjustments were proposed, accepted by the Library, and made to the financial statement.

NEWBURGH CHANDLER PUBLIC LIBRARY  
AUDIT RESULT AND COMMENT  
(Continued)

*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. . . ."

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](#)."

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

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)

NEWBURGH CHANDLER PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on September 28, 2022, with Brad Mathis, Treasurer; John H. Goth, President of the Library Board; and Trista Smith, Director.