

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

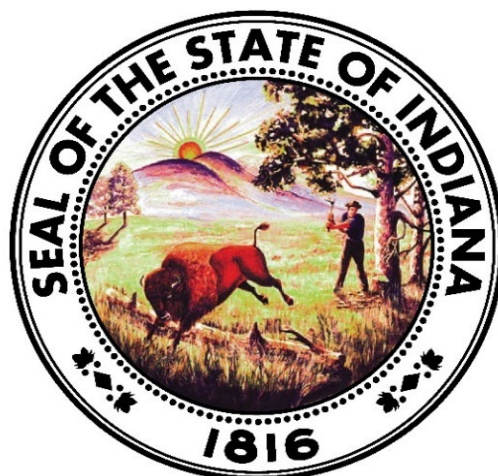
SUPPLEMENTAL COMPLIANCE REPORT

OF

LEBANON PUBLIC LIBRARY

BOONE COUNTY, INDIANA

January 1, 2020 to December 31, 2021



FILED
10/24/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Beau Cunnyngnam	01-01-20 to 12-31-22
Treasurer	Aaron Wilhoite	01-01-20 to 12-31-22
President of the Library Board	Richard Milam	01-01-20 to 12-31-22



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE LEBANON PUBLIC LIBRARY, BOONE COUNTY, INDIANA

This report is supplemental to our audit report of the Lebanon 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/.

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 Results and Comments contained herein describe the identified reportable instances 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 Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

October 6, 2022

LEBANON PUBLIC LIBRARY
AUDIT RESULTS AND COMMENTS

SUPPLEMENTAL SCHEDULE IN ANNUAL FINANCIAL REPORT

Condition and Context

The Supplemental Schedule of Capital Assets in the Annual Financial Report, as reported on the Indiana Gateway for Government Units financial reporting system, contained material errors.

1. Land was understated by \$200,000.
2. Infrastructure totaling \$114,829 was combined with improvements other than buildings.
3. Machinery, equipment, and vehicles did not include additions or deletions throughout the year totaling \$38,826.
4. Construction in Progress totaling \$1,700,000 was omitted.
5. Books and other was overstated by \$728,243.

Adjustments were proposed, accepted by the Library, and made to the Schedule of Capital Assets presented in the Financial Statement Audit Report.

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](#)."

INTERNAL CONTROLS

A similar comment appeared in prior Reports B48952 and B55916, entitled *INTERNAL CONTROLS*.

Condition and Context

There were deficiencies in the internal control system of Library related to receipts and financial transactions and reporting. The Library had not separated incompatible activities related to receipts and financial transactions and reporting.

LEBANON PUBLIC LIBRARY
AUDIT RESULTS AND COMMENTS
(Continued)

Receipts

The Library did not have an effective system of internal control to ensure that receipts were properly recorded. One employee was responsible for preparing deposit slips, depositing, and recording transactions to the records; however, there was no review process to ensure receipts were recorded accurately.

Financial Transactions and Reporting

The Library did not have an effective system of internal control to ensure the financial information entered into the Indiana Gateway for Government Units financial reporting system, which is the source of the Annual Financial Report and the financial statement, was accurate. The Library Director submitted the information without an oversight or review 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. . . ."

LEBANON PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on October 6, 2022, with Richard Milam, President of the Library Board; Aaron Wilhoite, Treasurer; Beau Cunyngnam, Library Director; Chrissy Johnson, Business Manager; Anthony Robbins, CPA; and David Truitt, Library Attorney.