

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

PRINCETON-PATOKA TOWNSHIP PUBLIC LIBRARY

GIBSON COUNTY, INDIANA

January 1, 2020 to December 31, 2021



FILED

10/25/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Brenda M. Williams Shannon Linsday	01-01-20 to 11-05-21 11-06-21 to 12-31-22
Treasurer	Bruce McIntosh Julie A. Sheridan	01-01-20 to 05-17-21 05-18-21 to 12-31-22
President of the Library Board	Matt Wallace	01-01-20 to 12-31-22



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE PRINCETON-PATOKA TOWNSHIP
PUBLIC LIBRARY, GIBSON COUNTY, INDIANA

This report is supplemental to our audit report of the Princeton-Patoka Township 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 18, 2022

PRINCETON-PATOKA TOWNSHIP PUBLIC LIBRARY
AUDIT RESULTS AND COMMENTS

CAPITAL ASSETS

Condition and Context

The Library did not have a complete detailed listing of its capital assets. All additions and deletions during the audit period were not properly recorded into the records. Additionally, a physical inventory had not been taken in the past two years.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

INTERNAL CONTROLS

Condition and Context

There were deficiencies in the internal control system of the Library related to payroll disbursements. The Director and Library Board approved payroll; however, the payroll docket did not adequately detail the payroll fund appropriations associated with each employee or the types of payroll withholdings. There were no documented internal controls in place to prevent, or detect and correct, errors in payroll disbursements such as an oversight, 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"

PRINCETON-PATOKA TOWNSHIP PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on October 18, 2022, with Shannon Lindsay, Director; Susan Storckman, Bookkeeper; Cindy Petty, Library Board member; and Barbara Wood, Library Board member.