

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CENTERVILLE-CENTER TOWNSHIP PUBLIC LIBRARY

WAYNE COUNTY, INDIANA

January 1, 2020 to December 31, 2021



FILED

10/26/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Kim Goble Curran Koehler	01-01-20 to 08-23-20 08-24-20 to 12-31-22
Treasurer	Susan Dillman	01-01-20 to 12-31-22
President of the Library Board	Kevin Smith	01-01-20 to 12-31-22



STATE OF INDIANA
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TO: THE OFFICIALS OF THE CENTERVILLE-CENTER TOWNSHIP
PUBLIC LIBRARY, WAYNE COUNTY, INDIANA

This report is supplemental to our audit report of the Centerville-Center 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

September 26, 2022

CENTERVILLE-CENTER TOWNSHIP PUBLIC LIBRARY
AUDIT RESULTS AND COMMENTS

RECORD OF HOURS WORKED

Condition and Context

Attendance or time records were not kept for employees.

Criteria

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

General Form 99A, Employee's Service Record
General Form 99B, Employee's Earnings Record
General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor.

(Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

COMPENSATION AND BENEFITS

Condition and Context

A salary ordinance was not prepared and approved by the Library Board for the year 2020 or 2021. A schedule used for budgeting purposes was used for the basis of the raises given in each year.

Criteria

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS

The same comment appeared in prior Reports B51868 and B56174.

Condition and Context

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

CENTERVILLE-CENTER TOWNSHIP PUBLIC LIBRARY
AUDIT RESULTS AND COMMENTS
(Continued)

Cash and Investments

One individual was responsible for preparing the bank reconciliation without a sufficient oversight, review, or approval process.

Receipts

The posting and depositing functions were not properly segregated between employees. One individual was responsible for reconciling, posting, and depositing all collections without an oversight, review, or approval process.

Vendor Disbursements

One employee was responsible for auditing the claims and writing, posting, signing, and distributing the checks without an oversight, review, or approval process prior to disbursement.

Financial Close and Reporting

The Library had not established a system of internal control over the financial information entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the Annual Financial Reports and the financial statement. There was no documented evidence of an internal control such as an oversight, review, or approval process.

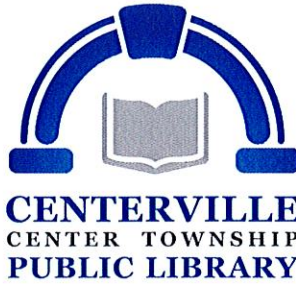
Criteria

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. . . ."



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From:
Centerville-Center Township Public Library
126 E. Main St.
Centerville, IN 47330

Date: 9/28/2022

To:
The Indiana State Board of Accounts

Official Response to the SBOA & Auditor's Determination:

The audit results related to the library's Record of Hours Worked and Compensation and Benefits have been corrected, and our Internal Controls over Financial Transactions will be modified to be compliant with current required standards.



Curran Koehler, Director

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www.centervillelibrary.info
Be sure to follow us on Facebook @centervillelibrary

CENTERVILLE-CENTER TOWNSHIP PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on September 26, 2022, with Curran Koehler, Director; Kevin Smith, President of the Library Board; Susan Dillman, Treasurer; and Connie Gareiss, Library Board member.