



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B60160

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November 9, 2022

TO: THE OFFICIALS OF THE ORLAND JOYCE LIBRARY  
ASSOCIATION, STEUBEN COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Orland Joyce Library Association (Library), Steuben County, for the period of January 1, 2018 to December 31, 2021, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Management is responsible for preparing and maintaining its accounting records and related documents, as well as compliance with applicable state laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Library's Annual Financial Reports filed by management can be found on the Gateway Website: [www.gateway.ifonline.org](http://www.gateway.ifonline.org).

The Comments contained herein describe the identified reportable instances of noncompliance found as a result of the procedures we performed. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

***Comments***

***ANNUAL FINANCIAL REPORT***

***Condition and Context***

The Library's financial information was entered into the Indiana Gateway for Government Units financial reporting system, which was the source for the Annual Financial Report (AFR) and financial statements.

In 2021, the Library understated both receipts and the cash and investments ending balance of the General fund by \$10,416.

Adjustments were proposed, approved by management, and made to the financial statements.

The 2021 AFR was due on March 1, 2022, but the Library did not file until March 29, 2022, which was 28 days after the due date.

### *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](#)."

## **MONTHLY AND ANNUAL GATEWAY UPLOADS**

### *Condition and Context*

The Library did not upload a portion of the required monthly and required annual files on the Indiana Gateway for Government Units financial reporting system throughout the engagement period.

### *Criteria*

State Examiner Directive 2018-1, as amended, requires the following files and governmental unit information to be uploaded monthly.

- Bank Reconcilements, Bank Statements, and Outstanding Check Lists
- Approved Board Minutes, please see the user guide for more information and examples
- Funds Ledger, summarizing total receipts, disbursements, and beginning and ending balances by fund

State Examiner Directive 2018-1, as amended, requires the following files and governmental unit information to be uploaded annually by March 1:

- Year-end Investment Statements
- Detail of Receipts for the year
- Detail of Disbursements for the year
- Current year Salary Ordinance (or Schedule) and Amendments
- Annual Vendor History Report
- Annual Payroll History Report, without social security numbers
- Annual Funds Ledger, summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund
- Optional: Excel Data Capture/Data Dump (in lieu of Detail of Receipts and Disbursements

Exceptions to certain requirements set forth in this Directive, such as for manual records, units audited by private CPA firms, and other exceptions, are discussed in the Gateway User Guide <https://gateway.ifionline.org/userguides/engagementguide>. Contact information for questions and other help, including a "Frequently Asked Questions" section, is also available on the User Guide. (Library Bulletin and Uniform Compliance Guidelines, December 2021)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

## **BANK ACCOUNT RECONCILIATIONS**

### *Condition and Context*

Depository reconciliations of the fund balances to the bank account balances were conducted; however, they were incomplete. The Library had not included all depository accounts, including certificates of deposit in the reconciliations.

### *Criteria*

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

## **CAPITAL ASSETS**

### *Condition and Context*

The Library did not have a capital asset policy that details the threshold at which an item is considered a capital asset. The Library did not maintain a detailed listing of its capital assets that reflected acquisition value, nor did the Library complete a physical inventory every 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)

## **TRAINING ON INTERNAL CONTROL STANDARDS**

### *Condition and Context*

Library employees whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the Library, had not received training over internal control standards that was developed or approved by the Indiana State Board of Accounts.

### *Criteria*

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

## **CERTIFICATION ON INTERNAL CONTROL STANDARDS**

A similar comment also appeared in prior Report B50507, entitled *CERTIFICATION ON INTERNAL CONTROL STANDARDS*.

### *Condition and Context*

The Library certified on the Indiana Gateway for Government Units financial reporting system in/for 2020, and 2021, that all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning the internal control standards adopted by the Library; however, during the engagement, information provided by the Library indicated that all personnel had not received training concerning internal control standards.

### *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](#)."

## **COMPENSATION**

### *Condition and Context*

The Library had not provided an annual salary resolution or ordinance, Library Board minutes, or other documentation setting and approving the salaries of Library officers and employees during the engagement period.

### *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)

## **TRANSACTION RECORDING**

### *Condition and Context*

There were 7 of the 28 receipts tested that were not recorded at the time of the transaction. The transactions, totaling \$2,782, were recorded between a week to two months after the transactions occurred.

### *Criteria*

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

## **REGISTER OF INVESTMENTS - GENERAL FORM 350**

### *Condition and Context*

The Library did not maintain a Register of Investments (General Form 350), or alternative form to keep a record of its certificates of deposit during the engagement period.

### *Criteria*

The Investment Register, General Form 350, or an alternative form providing the same information should be used for keeping a record of all investments purchased by the political subdivision. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

This form is designed to record investment transactions as they occur. It is similar in use to a trust register, except that instead of reflecting trust funds received and disbursed, it will reflect investments purchased and sold (or exchanged).

The current inventory at all times will consist of those investments for which no disposal data is entered and must be represented either by safekeeping receipts from a duly designated depository or actual custody of the securities.

The Register of Investments is to be kept by the custodian of the securities. A duplicate register may be kept by the custodian of the records.

A separate line should be used for recording each security, and separate sheet(s) should be used for each investment fund. More than one investment may be kept in the same post binder.

The register should be set up as soon as forms are received by entering the data for all investments on hand. Thereafter, entries will be made chronologically as investments are sold and/or purchased. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

## **CREDIT CARDS**

### *Condition and Context*

The Library used a credit card to purchase items without an approved credit card policy. Adequate supporting documentation for 5 of the 6 credit card disbursements tested was not provided to determine if the disbursements were proper. The unsupported transactions totaled \$291.

### *Criteria*

The SBOA will not take exception to the use of credit cards by a unit provided the following criteria are observed:

1. The governing body must authorize credit card use through an ordinance /resolution, which has been approved in a meeting and documented in the minutes.
2. Issuance and use must be handled by an official or employee designated by the governing body.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance/resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card must be returned to the custody of the responsible person.
5. The designated responsible official or employee must maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned.
6. Credit cards must not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing body and other officials with timely and accurate accounting information and monitoring of the accounting system.

7. Payment cannot be made on the basis of a statement or a credit card slip only. Procedures for payments must be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee may be the personal obligation of the responsible officer or employee.
8. If authorized, an annual fee may be paid.

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

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

The Schedule of Cash and Investment Balances - Regulatory Basis, is presented as other information. It has not been subjected to any auditing procedures, and, accordingly, we do not express an opinion or provide any assurance on it.

SCHEDULE OF CASH AND INVESTMENT  
BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2021

Fund	Cash and Investments 12-31-21
General	\$ 36,785
Rainy Day	<u>27,115</u>
Total	<u><u>\$ 63,900</u></u>

Any Official Response to the Comments, incorporated within this report, was not verified for accuracy.

The contents of this report were communicated to Patricia Kellett, Treasurer; Wendy Kellett, Library Board member; and Celia Motz, Library Board member, on October 12, 2022.

Respectfully,



Beth Kelley, CPA, CFE  
Deputy State Examiner