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January 5, 2023

To: The Officials of Tippecanoe County Contractual Library
Tippecanoe County Contractual Library
627 South Street
Lafayette, IN 47901

This report is supplemental to the audit report of Tippecanoe County Contractual Library (Library), for the period from January 1, 2019 to December 31, 2020. It has been provided as a separate report so that the reader may easily identify any Examination Findings that pertain to the Library. It should be read in conjunction with the financial statement audit report of the Library, which provides an opinion on the Library's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the Library and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Findings and Results contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the Supplemental Audit Report for Tippecanoe County Contractual Library prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2019 to December 31, 2020. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

We call your attention to the findings in the report on pages 3-4.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in black ink that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

**COMPLIANCE EXAMINATION OF
Tippecanoe County Contractual Library**

Tippecanoe County, Indiana
January 1, 2019 to December 31, 2020

TIPPECANOE COUNTY CONTRACTUAL LIBRARY
Tippecanoe County, Indiana
January 1, 2019 to December 31, 2020

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TIPPECANOE COUNTY CONTRACTUAL LIBRARY
SCHEDULE OF OFFICIALS
January 1, 2019 to December 31, 2020

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Librarian	Jos N. Holman	01-01-19 to 12-31-20
Treasurer	David Lahr	01-01-19 to 12-31-20
President of the Library Board	Gail Summers	01-01-20 to 12-31-20
	Lora Goonewardene	01-01-19 to 12-31-19

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of Tippecanoe County Contractual Library

We have examined Tippecanoe County Contractual Library's ("Library") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Libraries* during the period January 1, 2019 to December 31, 2020. Management of the Library is responsible for the Library's compliance with the specified requirements. Our responsibility is to express an opinion on the Library's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Library complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Library complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

Our examination does not provide a legal determination on the Library's compliance with specified requirements.

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Libraries* applicable to the Library during the period January 1, 2019 to December 31, 2020, as described in items 2020-001, 2020-002 and 2020-003 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the Library complied, in all material respects, with the aforementioned requirements during the period January 1, 2019 to December 31, 2020.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
December 28, 2022

TIPPECANOE COUNTY CONTRACTUAL LIBRARY
 SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
 January 1, 2019 to December 31, 2020

FINDING 2020-001: INTERNAL CONTROLS

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 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."*

Condition: During our audit and compliance examination procedures, we noted that the Library did not meet the minimum standards of internal control. Specifically, the review and approval of the monthly bank account reconciliations was not documented. This is considered a material weakness in internal control over financial reporting and is a repeat finding (as reported in prior Report B53710). A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

FINDING 2020-002: CONDITION OF RECORDS

Criteria: Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual states in part, *"At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee."*

Condition: During our audit procedures, we noted that amounts reported on the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the financial statements, were not supported by the Library's financial reports produced by the Banyon accounting system or from bank statements. There were unreconciled differences between the amounts reported in the financial statements and the detailed fund ledger cash receipts listings, detailed cash disbursements listings, and the cash and investment account balances. The adjusted bank statements and investment accounts did not reconcile to the financial statements or funds ledgers (Banyon). The original information presented for audit included the following:

	<u>01-01-19</u>	<u>12-31-19</u>	<u>12-31-20</u>
Total Cash (and Investments) per Original Funds Ledgers	11,145,528	7,444,819	6,564,210
Total Adjusted Bank Balances and Investment Stmt Balances	9,887,591	7,192,347	6,517,642
<i>Differences between Original Funds Ledgers and Reconciled Bank / Investment Accounts</i>	1,257,937	252,472	46,568
Total Cash and Investments per Original AFR / FS	10,173,725	4,328,751	3,708,147
<i>Differences between Original Funds Ledgers and Original AFR / FS</i>	971,803	3,116,068	2,856,063
<i>Differences between Adjusted Bank / Investment Accounts and Original AFR / FS</i>	(286,134)	2,863,596	2,809,495

(Continued)

TIPPECANOE COUNTY CONTRACTUAL LIBRARY
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
January 1, 2019 to December 31, 2020

This is considered a material weakness in internal control over financial reporting and is a repeat finding (as reported in prior Report B53710).

FINDING 2020-003: CAPITAL ASSETS

Criteria: Chapter 1 of the *Accounting and Uniform Compliance Guidelines Manual for Libraries* states in part, "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."

Condition: During our compliance examination procedures, we noted the Library did not have a detail listing of capital assets owned by the Library. We also noted that a physical inventory of capital assets is not performed at least every two years.

FINDING 2020-004: MISSING ANNUAL AND MONTHLY UPLOADS

Criteria: State Directive 2018-1 states in part, "Beginning with July 2018 files, which will be due September 15, 2018, all cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients.

The following files and governmental unit information are required to be uploaded monthly by all units:

- 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

The following files and governmental unit information are required to be uploaded annually by all units:

- Year-end Investment Statements
- Detail of Receipts for the year
- Detail of Disbursements for the year
- Current year Salary Ordinance (or Schedule) and Amendments (except Schools)
- 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

Condition: During testing we noted that required uploads were not completed during the audit period. The Library did not submit:

- 1) The Year End Investment Statements annual upload for 2019;
- 2) The Current Year Salary Ordinance and Amendments annual upload for 2019 and 2020;
- 3) The Annual Payroll History Report annual upload for 2020.

TIPPECANOE COUNTY CONTRACTUAL LIBRARY
EXIT CONFERENCE
January 1, 2019 to December 31, 2020

The contents of this report were discussed on December 28, 2022 with Jos N. Holman, County Librarian, Loretta Carter, Controller, and David Lahr, Treasurer.