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July 6, 2012

Peter Corroon, Mayor
Salt Lake County
2001 South State Street N2100
Salt Lake City, UT 84114-4575

Re: A Limited Scope Audit of the Bingham Creek Library

Dear Mayor Corroon:

We recently completed an analysis of the financial records of the Bingham Creek Library (Library). Our scope was limited to verification of the accuracy and completeness of financial records, and compliance with internal controls related to cash handling, asset controls, and management of capital and controlled assets. Our audit covered the one-year period between May 2011 and April 2012 and included an unannounced count of the change fund. We also reviewed cash receipting and depositing procedures, and capital and controlled asset management. Our audit objectives were to determine compliance with the guidelines for cash handling found in Countywide Policy #1062, "*Management of Public Funds*," and asset management found in Countywide Policy #1125, "*Safeguarding Property/Assets*."

Our work at the Library was designed to provide reasonable, but not absolute, assurance that the system of internal controls was adequate, records were current, and daily transactions were valid. Our review of deposits was done on a sample basis; therefore, problems may have occurred in deposits that were not selected for review. However, a statistically significant random sample is designed to provide a degree of assurance that the complete nature of transactions and processes is examined. In addition, findings relating to non-compliance with Countywide Policies may be present in areas not examined. We have limited our comments to significant findings and recommendations, and have divided the report into the following sections:

- **Cash Handling and Depositing**
- **Capital and Controlled Assets**

We noted several positive control activities for cash handling in place at the time of our audit, including the following:

- Staff members were professional in fulfilling their duties and were aware of the need for internal controls over cash handling.
- Deposit documentation was orderly, well documented, and secured in a locked cabinet.

- All voided transactions we reviewed were approved by a second person and were documented with a Library void form.
- During our unannounced cash count, funds in the cash registers balanced to the change fund amount and register reports of collections.

In addition, the Library Fiscal Team conducted an audit of the Bingham Creek Library in March 2011. We commend them for conducting this review as mandated in Countywide Policy #1062, *Management of Public Funds*.

Overall, many sound internal control procedures are in place and functioning properly. The Bingham Creek Library management and staff are to be commended for their efforts in this regard. Nonetheless, we did find some areas where improvements could be made. See Appendix A for the written response from Library management.

CASH HANDLING AND DEPOSITING

The money collected at Bingham Creek Library is primarily for fines paid for overdue books, CDs, DVDs, or other materials that are checked out plus replacement fees, and costs of lost or damaged books and materials. Money is also collected for sales of used library materials, equipment rentals, replacement of lost library cards, and purchases of out-of-County library cards. The Library has two cashier stations, two coin-operated copiers, and an EnvisionWare coin box which is used to collect money from patrons who want to print copies of Internet pages.

We examined the cash receipting and depositing process to determine whether the Library was in compliance with Countywide Policy #1062, *Management of Public Funds*. To initiate our work, we performed an unannounced count of the change fund and collections in each of the cash registers, copiers, and coin box machine. The Library's change fund balance, when counted with that day's collections, was \$1.65 short of its authorized amount. This relatively minor shortage occurred entirely in the count of the cash in one of the copiers and the EnvisionWare coin box. Funds in the two cash registers balanced to their assigned change fund amounts plus that day's collections without exception.

During our review, we noted some issues with the timeliness of deposits and some areas of deposit preparation procedures which could be improved. In addition, we identified some concerns in regard to proper segregation of duties among Library cashiers which had an effect on daily cash balancing and deposit preparation. We have detailed our findings in the area of Cash Handling and Depositing and included recommendations for improving these procedures. The findings resulting from our review of cash handling procedures and testing of deposit documentation are as follows:

- *Some deposits occurred after the State-mandated deadline of no later than three days following collection.*

- *More than one cashier uses a cash drawer during the day.*
 - *Individual accountability for overages and shortages in cash drawers was not established.*
 - *There was an inadequate separation of duties between cash receipting, the transfer of receipted funds to the safe, and the preparation of the deposit.*
 - *The staff who authorize and approve the “Fine and Fee Waiver” forms occasionally only initialed the forms.*
-

Some deposits occurred after the State-mandated deadline of no later than three days following collection. Funds collected at the cash registers are in the form of cash, check, and credit cards. Funds collected in the copiers and the EnvisionWare coin machine are also included in the deposit. The deposit is prepared by one of four Library staff members in the Circulation section.

At the end of the day, the designated staff in the Circulation section closes the day’s activity in the cash registers which provides summary and detail reports of the day’s transactions. The funds, together with the cash register documentation (e.g., credit card receipts, waivers, voids, “No Sales,” etc.) are placed in the safe overnight.

The following morning, or Monday morning for Friday and Saturday activity, the staff member responsible for preparing the deposit removes the cash, checks, credit card receipts, and other cash handling documents (e.g., waivers, vouchers, void slips, etc.) from the safe. The coin boxes for the copiers and the EnvisionWare machine are opened each day, the activity is noted on a worksheet, and the appropriate amount of cash is removed from the machines.

An employee in the Circulation section (usually the Circulation Supervisor or Assistant Circulation Supervisor) counts the total cash, checks, and credit card receipts in the cash drawer. A “Daily Cash Collections Form” and a “Daily Cash Balance Sheet Form” are completed and the deposit is prepared. The deposit is placed in a tamper-proof deposit bag and held in the safe for pick-up.

One of the objectives of our review was to determine timeliness of the deposits, an objective we accomplished by examining a statistical sample of 38 deposits from May 2011 through April 2012. We found that 14 of the 38 deposits examined, or 37 percent, were made four or more days after the receipt of the funds, as shown in Table 1, on page 4.

Timeliness of Deposits		
Number of Days Between Collection Date and Deposit Date	Number of Deposit Occurrences	Percentage
2	21	55%
3	3	8%
4	10	26%
5	3	8%
6	1	3%
Total Sample	38	100%

Table 1: *Number of days between collection of funds and when funds were deposited.*

Countywide Policy #1062, *Management of Public Funds*, Section 4.1.2 states,

As required by § 51-4-2, Utah Code Annotated, all public funds shall be deposited daily whenever practicable, but not later than three days after receipt.

Deposits were delinquent due to the process in place for transferring deposits to the bank. The Library is open until 9:00 p.m. Monday through Thursday, and until 6:00 p.m. on Friday and Saturday, which is after most banks are closed. Therefore, at least one day's delay occurs before the deposits could be made. In addition, the current process used by the Library System for transporting deposits to various Library branches prior to the deposits being sent to the bank adds to the delay, and also puts the funds at risk. *Note: We do not discuss in this report the details of the current depositing procedure for security purposes.*

In a review of past audit reports prepared by the Salt Lake County Auditor's Office, this condition has been identified at other library branch locations. This issue has been addressed with Salt Lake County Library Administration and management has responded by stating that the Library could not implement the recommendation to have library employees at each branch deliver deposits to the bank on a daily basis due to limited staff size and questionable benefit due to the size of the average deposit.

Undeposited funds are not as secure as they would be in the bank, and they lose interest that would otherwise accrue from investments made by the County Treasurer. The daily collections on the days tested in our review of deposits ranged from \$101.80 to \$486.06.

RECOMMENDATION:

We recommend that the Library revise the current deposit process to ensure that deposits are made in accordance with Countywide Policy.

More than one cashier uses a cash drawer during the day. Throughout a typical day, several cashiers work at the two cash registers. Generally, cashiers are assigned to one cash register for a limited amount of time and then rotated to another assignment. The cashiers do not independently verify the accuracy of the money in the cash register when they begin their cashiering shift. Therefore, responsibility for cash outages cannot be assigned to any one cashier.

When the amount of cash in the drawer is established, cashiers have assurance that their actions affect the accuracy of collections, and any resulting overages or shortages. We recognize that the frequent rotation of cashiers at the cash register makes verification inconvenient. Nonetheless, to have the best internal control, there should be a single cashier accountable for a single cash drawer at a time. If multiple cashiers are assigned to a single cash drawer, it will be more difficult to track any potential problems. In addition, cashiers may feel less responsibility than they would if they were wholly responsible for their cash drawer.

We noted that each cashier is assigned an identification code which they must enter into the cash register each time they process a transaction. When the code is entered, the cash register software creates a log of all transactions and activity performed by the cashier. Therefore, a transaction can be traced to a specific cashier. However, the log cannot be used to trace the origin of overages and shortages.

RECOMMENDATION:

We recommend that one cashier be assigned a cash drawer. If management elects to continue the procedure of having more than one cashier using a cash drawer, the feasibility of cash counts and transfers of funds to the incoming cashier at the beginning of each shift should be explored.

Individual accountability for overages and shortages in cash drawers was not established. Section 5.3.1 of Countywide Policy #1062 requires that overages and shortages be recorded by each cashier on MPF Form 11, *Cash Over/Short Log*. The form prescribed for this use in the policy is designed to be an individual form as it has a line for the employee's name at the top and a column for their initials next to each day's over/short entry. By having this form completed on an individual basis, management can monitor each cashier's pattern of overages and shortages, and thereby review for both potential theft and other performance issues.

However, during our review at the Bingham Creek Library, we noted that the Library has created their own Cash Over/Short Log and that only cumulative overages and shortages for each day are recorded and monitored. On the 38 days in our random sample, these cumulative outages ranged from an overage of \$15.00 to a shortage of (\$17.00). Current practices at the Library make it impossible to determine individual responsibility for these outages, as cashiers on each cash register change regularly throughout the day, based on a pre-determined schedule, and only the reports at the end of the day are used to complete balancing procedures.

During the period of our review, May 2011 through April 2012, we noted that deposit overages in the sample occurred 12 times, or 32 percent of the time, and that deposit shortages occurred 9 times, or 24 percent of the time. Table 2, below, summarizes the occurrences of overages and shortages that were noted in the random sample of 38 deposit dates.

Overs/Shorts on Daily Cash Balancing in Sample of Deposits			
Deposit Condition	Number of Occurrences	Percentage	Largest Amount
Over	12	31%	\$15.00
Short	9	24%	(\$17.00)
Balanced	17	45%	-
Total Sample	38	100%	-

Table 2: Daily cash receipts were over or short 21 times, or 55 percent of the time in a sample of 38 deposit dates. Note: Days which had only over/short amounts from the copier or EnvisionWare coin boxes were not included in the total outages.

We reviewed 12 Monthly Over/Short Logs for accuracy, completeness, and approval by both the Circulation Supervisor and Library Manager. Table 3, below, summarizes the data from the Library's Monthly Over/Short Logs for the 12-month period from May 2011 to April 2012. According to the Monthly Over/Short Logs, cash receipts were either over or short 152 times during the 12-month period.

Summary of Monthly Cash Over/Short Logs					
Month	Number of Overages	Number of Shortages	Total Number of Overs/Shorts	Largest Overage	Largest Shortage
May 2011	7	4	11	\$.90	(\$1.01)
June 2011	10	4	14	\$8.70	(\$.50)
July 2011	7	5	12	\$9.51	(\$.70)
Aug. 2011	12	4	16	\$15.00	(\$9.95)
Sept. 2011	7	5	12	\$1.00	(\$10.00)
Oct. 2011	10	7	17	\$46.95*	(\$5.00)
Nov. 2011	10	5	15	\$26.95*	(\$1.02)
Dec. 2011	3	5	8	\$1.25	(\$17.00)
Jan. 2012	7	6	13	\$.50	(\$1.00)
Feb. 2012	3	8	11	\$1.00	(\$1.00)
Mar 2012	7	7	14	\$1.05	(\$5.00)
April 2012	6	3	9	\$1.00	(\$1.38)
Totals	89	63	152		

Table 3: During the 12-month period we reviewed, there were 152 total outages in the cash receipts. *Overage due to Smart Money Manager Software not correctly showing waiver transactions and/or skipping transactions. Note: Days which had only over/short amounts from the copier or EnvisionWare coin boxes were not included in the total outages.

Although we found that daily cash overages and shortages were consistently documented by using the Monthly Over/Short Logs created by the Library, there were no internal controls in place that allowed the Library Manager to trace overages or shortages to their origin. When Library employees were asked about what could be common causes for excessive outages, they indicated that cashiers more than likely gave back incorrect change or did not collect the correct amount from the patron when processing a transaction.

Countywide Policy #1062, *Management of Public Funds*, Section 5.3.1 states,

All overages and shortages, regardless of the amount, should be recorded daily by each cashier on MPF Form 11, Cash Over/Short Log. When a significant shortage or a pattern of shortages occurs in the accounts of any cashier, Agency Management shall conduct an investigation of the circumstances and report their findings to the Auditor's Office. This reporting can be accomplished informally by email.

By knowing that they are not held individually responsible for any outages of daily collections, the risk that Library cashiers could misappropriate funds is greatly increased. Properly documenting and holding individual cashiers responsible for overages or shortages would help mitigate some of the risk that an embezzlement of funds could occur.

The Library has two cash register drawers which could be assigned to individual Library cashiers to process transactions. Individual cashiers could then be assigned responsibility for cash register funds and any overages or shortages that occur could be traced back to a specific cashier. If a significant shortage or pattern of outages occurs in the accounts of any cashier, the situation could be investigated.

In the event that a cashier finds it necessary to transfer cashiering duties to another cashier during the day, the transfer could be properly documented with an MPF Form 7A, *Fund Transfer Form*, and the new cashier could assume cashiering duties from that cash register drawer.

RECOMMENDATIONS:

- 1. We recommend that the Library significantly improve their ability to establish individual cash drawer accountability by scheduling their cashier shifts for two to three hours in duration, assigning one cashier to a cash drawer, and counting the money in the drawer before a new cashier begins a shift.***
- 2. We recommend that each cashier's overages and shortages be listed on a separate Over/Short Log, initialed by the cashier, and reviewed and signed by a supervisor each month.***

There was an inadequate separation of duties between cash receipting, the transfer of receipted funds to the safe, and the preparation of the deposit. The employee who prepares the deposit also covers one or more of the day's cashiering shifts. As a result, that person receives some of the funds that are also counted and included in the deposit.

While an employee at Library Administration does review the deposit paperwork, this is done after funds have already been placed in a sealed tamper-proof deposit bag. The current situation

allows some employees to exclusively control transactions from the receipt of funds to the sealing of those funds in a deposit bag, which creates an opportunity for funds to be diverted to personal use.

Separating these duties to the maximum extent possible is in harmony with the intent of Countywide Policy #1062. The policy's introduction states:

In managing public funds, basic internal controls require a clear segregation of duties between persons having custody of funds and/or performing cashiering duties, and those having access to and maintaining accounting records related to those public funds. Segregating these functions protects the employees involved and mitigates the risk of theft, embezzlement, or misuse of public funds through fraudulent record keeping.

For effective internal control, a single employee should not exclusively control a monetary transaction. The duties of individuals should be so divided as to maximize employee protection and minimize the potential for collusion, perpetration of inequities, and falsification of accounts.

RECOMMENDATION:

We recommend that deposit preparers not be scheduled to perform cashier duties and collecting funds that they will handle while preparing the deposit; if Library management determines that the cost of compliance is too high to implement, compensating controls should be introduced.

The staff who authorize and approve the “Fine and Fee Waiver” forms occasionally only initialed the forms. Each library employee at the Circulation Desk can waive fines or fees depending on the circumstances from the patron, and if the reason corresponds to one of the reasons that has been established by the Library Administration. There must be “good cause” for such an action, and the waiver of fines/fees must be approved by a supervisor.

A “Fine and Fee Waiver” form (Form #C32 6-10 TRH) is completed each time a fine/fee is waived. The forms have a pre-printed receipt number on them and sections for the following information:

- Library Branch
- Date
- Card number of the patron
- Amount of the waiver
- Name of the employee authorizing the waiver
- Name of the employee approving the waiver
- Reason(s) for the waiver
- Explanation for the waived amount
- Customer signature*

*If the waiver is done over the telephone, there is not a customer signature.

On occasion, the Library offers special waivers to patrons. Examples of special waivers include the food for fines program, where a non-perishable food item may be brought to the Library to “pay” for fines, and the read off your fines program, where patrons are allowed to read in exchange for waiving fines on their library records.

The “Fine and Fee Waiver” forms are used as evidence that a fine/fee has been deleted from a patron’s record. The use of the form helps the Library keep a record of amounts that are waived. Figure 1, below, shows the total count and amount for the monthly waivers from May 2011 through April 2012.

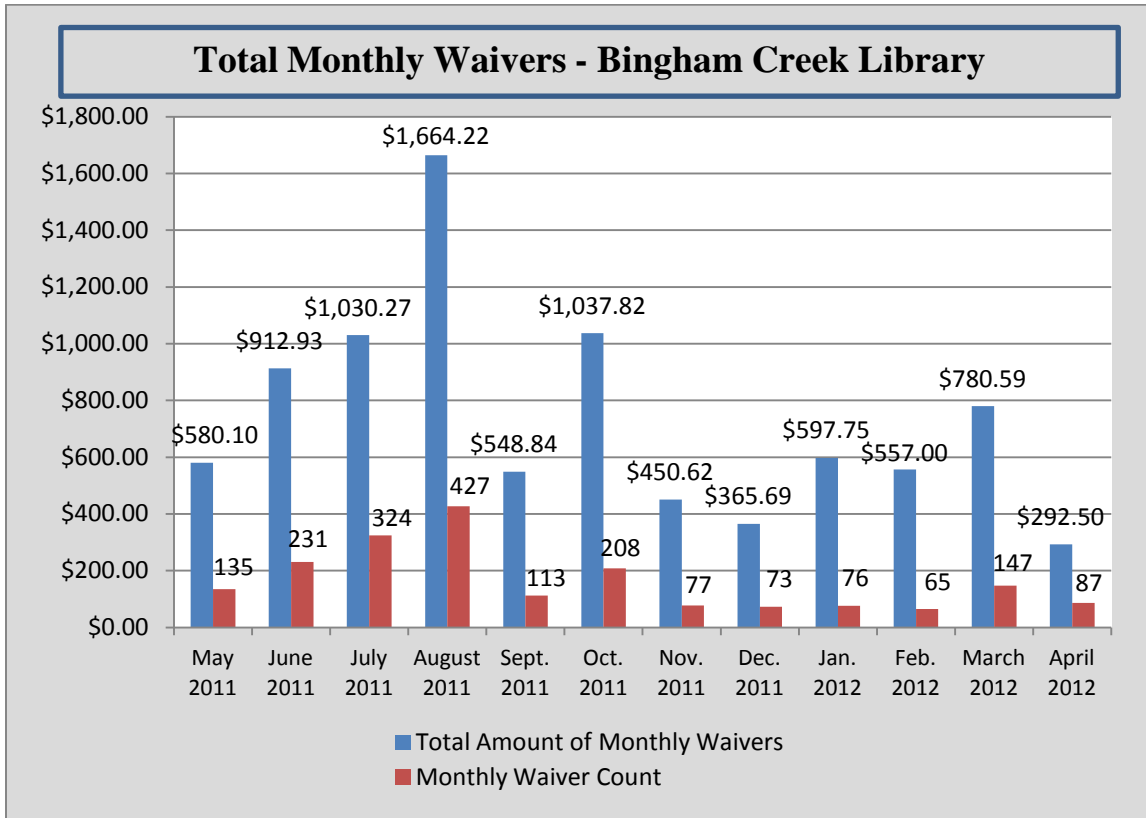


Figure 1: Monthly waivers at Bingham Creek Library increase during the summer months due to special waivers given to patrons who read in exchange for waiving fines on their library records.

During our review of the “Fine and Fee Waiver” forms, we noted that an explanation and reason for the waiver was listed on each waiver form as well as the amount waived and the card number of the patron. The customer signature was completed in all cases except when the waiver was initiated over the phone.

We noted, however, that the staff who authorize and approve the “Fine and Fee Waiver” forms occasionally only initialed the forms. The signatures on the “Fine and Fee Waiver” forms signify knowledge, approval, and acceptance of the waived amount. Although one’s initials are an abbreviated form of a signature, best business practices indicate that a form should be signed rather than simply initialed. Furthermore, the section in the Salt Lake County Library’s Circulation Manual regarding fine and fee waivers states that, “. . . the form must be signed by the customer and by the staff member and then approved by the supervisor.”

RECOMMENDATION:

We recommend that Library staff authorize and approve the “Fine and Fee Waiver” forms with signatures rather than putting initials on the forms.

CAPITAL AND CONTROLLED ASSETS

We reviewed capital and controlled asset management practices for compliance with the provisions in Countywide Policy #1125, “Safeguarding Property/Assets.” Our review included an inventory of a statistical sample of controlled assets to verify their existence and determine if proper internal controls were in place to help mitigate the risk that these assets could be lost, stolen, or otherwise converted to personal use.

We also reviewed the capital assets at the Library. By definition, a capital asset is an individual item owned by the County that meets the criteria for capitalization. Currently, the capitalization threshold is \$5,000. A controlled asset is an item having a cost of \$100 or greater, but less than the current capitalization threshold, and which is sensitive to conversion to personal use. However, personal communication equipment, such as a cell phone or PDA, is considered a controlled asset regardless of the cost of the individual item.

To identify capital assets at the Library, we obtained a Salt Lake County Capital Asset Inventory Report (AFIN0801) for the Library System. The capital assets report showed seven capital assets for the Bingham Creek Library; we located these assets.

Controlled assets are not tracked centrally by the County as capital assets are. For controlled assets, the Library System maintains two lists, one for computer-related equipment and peripherals, and one for non-computer equipment. The Library System assigns responsibility for controlled assets to both a central Property Manager, who works out of Library Administration at the West Jordan Library, and to individual Library Branch Managers. Oversight of computer equipment and peripherals, such as monitors, printers, processors, and scanners is assigned to Library Information Services (I.S.) personnel. The I.S. personnel maintain a list of computer-related equipment and peripherals, and the Library Manager maintains the inventory of non-computer related controlled assets at the Library.

During our review of capital and controlled assets, we found that:

- *The Controlled Assets Inventory Lists were incomplete.*

The Controlled Assets Inventory Lists were incomplete. We obtained current copies of both of the Controlled Assets Inventory Lists and examined a statistical random sample of 67 controlled assets out of 300 total controlled assets. We were able to locate and identify all 67 controlled assets in the sample. We found that the controlled assets included

in our sample were properly identified and documented in the Library’s controlled asset records.

In addition to reviewing assets which were on the Controlled Assets Inventory Lists, we also looked at assets that were at the Library, but were not on the lists. During the inventory of controlled assets, we found six controlled assets that were not on either Controlled Assets Inventory List. Five of the six assets each had a Library Bar Code tag on them. Table 4, below, shows the assets that were not on the Controlled Assets Inventory Lists.

Controlled Assets at Library, But Not on Asset Lists				
Bar Code	Description	Manufacturer	Model	Serial Number
31181086224079	Monitor	Dell	1707FP	CN-09TVYF-72872-1C8-J1NT
31181066307282	Computer	Dell	Optiplex 780	8QROKM1
31181085606854	Fax Machine	Canon	Laser Class 310	SPW10604
None	Printer	Sharp	AR-M160	35091597
31181063299706	Scanner	Symbol	LS4007I-100	M3A5W9
31181071905062	Laminator	3M	DL1001	34542

Table 4: Six assets were found at the Bingham Creek Library that were not on the Controlled Assets Inventory Lists.

General accountability for controlled assets is the responsibility of each organization's Property Manager. In addition, individual accountability rest with each employee assigned controlled assets.

Countywide Policy #1125, “*Safeguarding Property/Assets*” Sections 2.2.3 and 2.2.4 state,

Maintain records as to current physical location of all fixed [capital] assets and controlled assets within the organization's operational and/or physical custody.

Safeguard all property subject to this policy for which the organization has custodial responsibility.

Controlled assets are easy targets for conversion to personal use if they are not included on an Agency’s Controlled Assets Inventory List. Assets cannot be properly safeguarded if items have not been recorded on the list. Additionally, controlled assets are sensitive to conversion to personal use when they are not closely tracked by management.

The Controlled Assets Inventory Lists should be updated to reflect additions and deletions of assets which will provide an accurate basis for conducting annual inventories. Moreover, items should be added to or deleted from the respective Controlled Assets Inventory List as purchases occur or as assets are transferred to surplus or to another library location.

We discussed the controlled assets with the employee who is in charge of the controlled assets list for computer-related assets. He stated that the computer and monitor had recently been transferred to the Bingham Creek Library. He also stated that the fax machine and the laminator are not considered an I.S. asset and would not be included on the Controlled Assets Inventory List for computer-related items.

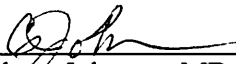
RECOMMENDATIONS:

1. *We recommend that the Controlled Assets Inventory Lists be updated on a continuous basis to accurately reflect the assets at the Bingham Creek Library.*
2. *We recommend that the Library Manager, the Property Manager, and the I.S. staff in charge of computer-related controlled assets determine the types of items to be included on each Controlled Assets Inventory List to ensure that all items are included on one or the other of the lists.*

In closing, we express appreciation to the staff at the Bingham Creek Library for the cooperation and assistance they gave us during our audit. We trust that implementation of the recommendations made in this letter will help to improve operations, ensure the security of County assets, and strengthen internal controls throughout the Library. If we can be of further assistance to you in this regard, please contact us.

Sincerely,

Gregory P. Hawkins
Salt Lake County Auditor

By: 
Cherylan Johnson, MBA, CIA, CFE
Senior Deputy Auditor

Cc: James D. Cooper
Ruby Cheesman
Javaid Lal



HUMAN SERVICES
DEPARTMENT
"Making a positive
difference"

October 15, 2012

Gregory P. Hawkins
Salt Lake County Auditor
2001 S. State Street – N3300
Salt Lake City, UT 84190

RE: Management Response to the Limited Scope Audit for the Bingham
Creek Library

Dear Mr. Hawkins:

This letter is in response to the draft audit report of the Bingham Creek Library. We'd like to thank Cherylann Johnson, the lead auditor for planning and completing limited scope audit in accordance with the Countywide Policy # 1062 and 1125. The findings of the audit were discussed with the lead auditor on October 05, 2012.

Although, we concur with the findings of the audit, Library management has determined that some of the recommendations are not feasible or cost-effective to implement.

Attached are the Library management's written responses. As reflected in the responses, we are committed to strengthen our internal financial controls and reasonably implement audit recommendations whenever applicable. If you have any questions or require further information, please call me at 801-944-7504.

JAMES D. COOPER
LIBRARY DIRECTOR
jimcooper@slcolibrary.org

LIBRARY
ADMINISTRATION

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Sincerely,

A handwritten signature in blue ink that reads 'James D. Cooper'. Below the signature, the name 'James D. Cooper, Director' is printed in a black serif font.

James D. Cooper, Director

Response to the Limited Scope Audit at the Bingham Creek Library

Finding:

1. Some deposits occurred after the State-mandated deadline of no later than three days following collection

Recommendation:

We recommend that the Library revise the current deposit process to ensure that deposits are made in accordance with Countywide Policy.

Management Response:

We concur with the findings. The logistics of transfer of funds from the branch to the bank add an additional day in the process. The Library management has considered alternative options including deposit by the library employees or requesting a courier service. It was concluded that alternative options may not be feasible due to staffing issues, employee safety and cost-effectiveness of the courier service. The Library management will make a concerted effort to meet the 3-days mandate and comply with the County policy.

Finding:

2. More than one cashier uses a cash drawer during the day.

Recommendation:

We recommend that one cashier be assigned a cash drawer. If management elects to continue the procedure of having more than one cashier using a cash drawer, the feasibility of cash counts and transfers of funds to the incoming cashier at the beginning of each shift should be explored.

Management Response:

We concur with the findings. However, the current procedure allows library staff to cross-train and offer better customer service experience to library patrons. Assigning a permanent cashier to each cash register would require additional staffing resource. The size and number of transactions do not merit such proposition.

Finding:

3. Individual accountability for overages and shortages in cash drawers was not established.

Recommendations:

1. We recommend that the Library significantly improve their ability to establish individual cash drawer accountability by scheduling their cashier shifts for two to three hours in duration, assigning one cashier to a cash drawer, and counting the money in the drawer before a new cashier begins a shift.

Response to the Limited Scope Audit at the Bingham Creek Library

2. We recommend that each cashier's overages and shortages be listed on a separate Over/Short Log, initialed by the cashier, and reviewed and signed by a supervisor each month.

Management Response:

We concur with the findings. The finding is correlated with the Auditor's finding # 2. Since the library assigns multiple employees to each register, it is difficult to establish individual responsibility for any overages or shortages. The Library fiscal administration reviews all overages and shortages on daily basis. Any excessive overage or shortage is investigated. The Library is developing a plan to conduct multiple cash counts throughout the day to mitigate this risk.

Finding:

4. There was an inadequate separation of duties between cash receipting, the transfer of receipted funds to the safe, and the preparation of the deposit.

Recommendation:

We recommend that deposit preparers not be scheduled to perform cashier duties and collecting funds that they will handle while preparing the deposit; if Library management determines that the cost of compliance is too high to implement, compensating controls should be introduced.

Management Response:

We concur with the finding. The library manager has established procedures to ensure that closing cashier is not preparing deposit in the morning. Furthermore, a new system-wide procedure is implemented to count and document cash receipts prior to the closing.

Finding

5. The staff who authorize and approve the "Fine and Fee Waiver" forms occasionally only initialed the forms.

Recommendation:

We recommend that Library staff authorize and approve the "Fine and Fee Waiver" forms with signatures rather than putting initials on the forms.

Management Response:

We concur with the findings. The Library manager will enforce signatures on the waiver forms. The Library is also developing an electronic waiver form with a unique transaction ID and proper audit trail. The Library has already implemented a new "Special Waive Form" to distinguish between regular waiver and special waivers.

Response to the Limited Scope Audit at the Bingham Creek Library

Finding

6. *The Controlled Assets Inventory Lists were incomplete.*

Recommendation:

1. We recommend that the Controlled Assets Inventory Lists be updated on a continuous basis to accurately reflect the assets at the Bingham Creek Library.
2. We recommend that the Library Manager, the Property Manager, and the I.S. staff in charge of computer-related controlled assets determine the types of items to be included on each Controlled Assets Inventory List to ensure that all items are included on one or the other of the lists.

Management Response:

We concur with the findings. The Library will conduct its year-end controlled assets inventory and reconcile all discrepancies.