

AUDITOR/CONTROLLER-RECORDER COUNTY CLERK



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November 16, 2009

Ed Kieczkowski, County Librarian
Library Administration Office
104 West Fourth Street
San Bernardino, CA 92415-0035

SUBJECT: LIBRARY CASH CONTROLS FOLLOW-UP AUDIT

Introductory Remarks

In compliance with Article V, Section 6, of the San Bernardino County Charter, the Board of Supervisor's Policy Statement on Internal Operational Auditing, and the Internal Controls and Cash Manual (ICCM), we have completed a follow-up audit of the Library Overage Accounting Interoffice memo dated February 25, 2008 and Library Cash Controls audit concluded on May 13, 2008. Audits were conducted in accordance with the International Standards for the Professional Practice of Internal Auditing developed by the Institute of Internal Auditors.

Objectives, Scope and Methodology

The objective of this follow-up audit was to determine whether the Library implemented the recommendations contained in the original interoffice memo and audit report. To achieve this objective we:

- Interviewed Library employees
- Reviewed and analyzed internal controls

Conclusion

Of the fifteen recommendations from the previous interoffice memo and audit report, nine have been implemented by the Library and six remain unimplemented. No further follow-up of the implemented recommendations will be necessary.

A draft report was delivered to the Library on 7/31/2009, and the results were discussed on 8/12/2009. Library's Management response was received on 9/10/2009. Management's responses have not been altered in any way and are included below as they were provided to us.

Prior Audit's Observations, Findings and Recommendations with Current Status

The details of the prior audit's observations, findings and recommendations and their implementation status are below:

Observation: Overages and Shortages Handled Inappropriately

It was found that the Library was netting its overages with its shortages (thereby understating both) as shown on a representative sample of the Library's Daily Money Reports. This is contrary to the Internal Controls and Cash Manual (ICCM) and also violates Government Code (GC) 50050, which states:

Except as otherwise provided by law, money, excluding restitution to victims, that is not the property of a local agency that remains unclaimed in its treasury or in the official custody of its officers for three years is the property of the local agency [only] after notice if not claimed or if no verified complaint is filed and served.

Even small or non-differentiated items must be kept in a separate fund for a period of one year. As is stated in GC 50055:

Any other provision of this article notwithstanding, any individual items of less than fifteen dollars (\$15), or any amount if the depositor's name is unknown, which remain unclaimed in the treasury or in the official custody of an officer of a local agency for the period of one year or upon an order of the court may be transferred to the general fund by the legislative body without the necessity of publication of a notice in a newspaper.

By reducing the Library's overages by its shortages, the overages cannot be claimed by the patrons that overpaid, which is required by GC 50050 and 50055.

Recommendation:

We recommend that all overages be deposited in the countywide overage fund (Fund AOV-Dept OVR) and shortages be reported to the Internal Audits Section of the office of the Auditor/Controller-Recorder according to the instructions in the ICCM on pages 5-3 through 5-5 and 6-8.

Current Status: Not implemented. The Library did not concur with this recommendation at the time of the audit, is still netting its overages with its shortages and continues to oppose the changes necessary to implement this recommendation. We summarized the shortages and overages for the month of April, 2009: total overages were \$1,633 and total shortages were \$1,284. If this trend were to continue through the year, the annual totals

would be \$19,596 of overages and \$15,409 of shortages. Also, there were mathematical errors in the Daily Money Reports which indicate inadequate managerial review.

For the month of April

<u>Library Branch</u>	<u>Overages</u>	<u>Shortages</u>
Adelanto	15.98	-33.15
Apple Valley	19.94	-56.63
Barstow	130.95	-109.4
Big Bear	24.8	-4.85
Bloomington	44.91	-3.26
Carter High School	51.98	-25.14
Chino	52.98	-66.74
Chino Hills	14.93	-74.87
Crestline	0	-91.98
Fontana	33.09	-147.77
Grand Terrace	48.81	-12.15
Hesperia	58.68	-102.55
Joshua Tree	5.6	-2.05
Highland	137.77	-66.17
Kaiser	32.59	-45.92
Lake Arrowhead	43.95	-30.4
Loma Linda	40.39	-26.64
Lucerne	6.23	-6.6
Mentone	162.71	-103.99
Montclair	221.5	-39.69
Needles	13.3	-17.2
Needles Bookmobile	0	0
Rialto	121.36	-56.91
Serrano	38.8	-47.04
Summit	177.57	-8.65
Running Springs	0	0
29 Palms	24.85	-27.5
Trona	0	0
Wrightwood	10	-1.9
Yucaipa	40.62	-50.11
Yucca Valley	58.7	-24.85
Total	1632.99	-1284.11

While the Library has the ultimate responsibility for assuming the risk associated with cash handling, these procedures are required by both County policy (Internal Controls and Cash Manual) and the law (GC 50050 and 50055) and therefore must be followed.

Management Response: The Library does not concur at this time.

The Library's automated circulation system is its only method of accounting for cash received, but it is not a cash register system. It is a library materials circulation system, with a basic capability of accounting for cash receipts. It does not allow for online correction of entry errors, which if detected during the transaction, are recorded manually for management review and reconciliation. The totals reported by the system cannot be altered, so there will inevitably be differences between that reported amount and actual deposits; however the differences in the amounts is not significant by any standards. The Library's management reviews focus on detecting potential theft, and not on ensuring exact matches of reported receipts and cash received. Entry errors that are not detected during the transaction remain recorded and reflect on the daily money reports as overages or shortages, even when the appropriate amounts of cash have been tendered and received. Because the functionality of the system is not specifically cash handling, these differences are as likely to be keying errors as actual cash-handling errors.

Two Government Code sections, 50050 and 50055 (see attached) are cited to support the mandated deposit of overages into a separate account. 50050 in fact refers to "money . . . that is not the property of a local agency that remains unclaimed in its treasury or in the official custody of its officers for three years," is then to be advertised in local newspapers per Section 50051 with the total amount and notice that if unclaimed the property will become the property of the local agency. There are noticing exceptions for individual items of less than \$15, but there is no way to discern whether any overage is the result of a single transaction over \$15. This code reference is clearly inappropriate to the amounts being considered "overages" by the Library. Patrons paying fees or paying for books at sales are given receipts for the amounts they've tendered, and no one has ever returned at a later date to claim he paid too much and requested a reimbursement. And as noted above, keying errors will not produce future claimants to this "unclaimed property." Section 50055 refers to the "depositor" clearly indicating the intent of this section is other than applicable to library fines and fees.

Similarly, the amounts labeled as "shortages," again are as likely to be attributed to keying errors as actual mishandling of money. Reporting these as "shortages" is not appropriate because there is no way to determine whether they are actual shortages or keying errors that cannot be adjusted in the circulation system. Reporting and recording these amounts for "reimbursement" from Library accounts at a later date creates extra staff time/costs and also a significant expense to the Library with no clear benefit.

The Government Code sections cited and the provisions in the Cash Manual would appear to apply to different situations than that of Library operations, and to be appropriately applied would require a type of library circulation system that doesn't exist, as the Auditor/Controller-Recorder's office has previously determined. No other County library system to our knowledge in the State is compelled to follow such recommended guidelines. Furthermore the amounts of money involved, as compared to the Library's total operations revenue, are not significant. The Library cannot determine the amount of overage or shortage per transaction and the cumulative daily amount of a shortage or overage is often less than \$1.00 per day per branch location and the average shortage per pay station is \$.02 per day and the average overage is \$.03 per station per day. The amount of staff time involved in cumulating overages and shortages to specific thresholds and forwarding cumulated overages and requesting cumulative reimbursements would be significant and would serve no practical purpose. No staff member can recall any request from a customer for reimbursement of an overage (unclaimed property) in the several million transactions that have occurred during the past 5 years.

Recent budget reductions have left the library's staffing significantly diminished. However, the library would consider the auditor's recommendation, when staffing allows or when technology changes diminish staff involvement.

Auditor's Response:

The Library's response does not correct or provide a plan to correct any of the deficiencies described in the observation.

The office of the Auditor/Controller-Recorder has a responsibility to report any and all deficiencies noted during an audit. While it is the Library's prerogative to determine if the deficiency will be corrected, as the ultimate responsibility for assuming the risk remains with the Library, non-accountability in government is not an acceptable option.

APPLE VALLEY LIBRARY

Finding 1: Lack of Accountability for Cash

Cashiers did not sign for change funds when they took possession of them.

In addition, management allowed multiple staff members to work from the same cash drawer. The Library did not have a cashiering system that allowed each cashier to operate a separate cash drawer.

The Library had documented numerous shortages and overages in daily cash receipts. Because employees work from the same cash drawer, management was unable to determine the source of these discrepancies. Therefore, management was unable to take the appropriate actions to reduce daily errors.

Recommendation:

We recommend that Management:

- Modify the current library management system configuration to assign each individual cashier a unique user log-on identification;
- Modify the current library management system configuration to print a separate revenue report for each Cashier logged on to a workstation;
- Assign each employee a separate cash drawer with its own key; and
- Ensure that each employee counts and signs for their cash before beginning their shift.

Current Status: Not implemented. The Library did not concur with this finding at the time of the audit and continues to oppose the staffing changes necessary to implement this finding. As stated in the previous report,

While it is the Library's prerogative to determine if the deficiency will be reported as the ultimate responsibility for assuming the risk remains with the Library, accountability in government is not an option to be chosen by a single department head. Chapter 2 of the Internal Controls and Cash Manual clearly states that "County managers are responsible for safeguarding assets".

Management Response: The Library does not concur at this time.

Audit staff reiterated its recommendation that the Library adopt a system of issuing each staff member assigned to a cash-handling site with separate cash drawers. The Library responded at length to the impracticality of this recommendation in its response dated May 8, 2008. The Library pointed out that individual branch libraries cannot be staffed with regular cashiers; staff members in all branches move in and out of cash-handling stations, and even attempting to assign 2-hour blocks of time to a given person would necessitate extensive staff time in counting receipts at the end of shifts and re-issuing drawers. Furthermore, as was pointed out, the system's reported receipts for a given station are not available until the following day, and then only in total, so that no reconciliation of cash drawer to reported receipts would be possible; as noted in response One above. The Library's circulation system was developed to track library materials and is not a cash register system.

Finally, the system is proprietary and cannot be modified. Therefore, the Library continues to not concur with this recommendation at this time.

Recent budget reductions have left the library's staffing significantly diminished. However, the library would consider the auditor's recommendation, when staffing allows or when technology changes diminish staff involvement.

Auditor's Response:

The Library's response does not correct or provide a plan to correct any of the deficiencies described in the finding.

The office of the Auditor/Controller-Recorder has a responsibility to report any and all deficiencies noted during an audit. While it is the Library's prerogative to determine if the deficiency will be corrected, as the ultimate responsibility for assuming the risk remains with the Library, non-accountability in government is not an acceptable option.

Finding 2: Possession of an Unauthorized Fund

The Library had possession of several unauthorized funds totaling \$208.51 in its safe when we conducted a surprise cash count. The funds belonged to the Friends of the Apple Valley Library (FAVL), an agency outside of the County of San Bernardino. The Library uses the money to help pay for small items that are needed.

Recommendation:

We recommend that the Library return the funds to FAVL. However, if the Library wants to maintain the funds for FAVL, we recommend that Library management request authority from the Board of Supervisors. If the Board grants approval, we also recommend Library management draft policies and procedures in the Library Branch Manual regarding how to maintain a departmental record of the outside agency's fund and communicate those policies to staff.

Current Status: Implemented.

BIG BEAR LIBRARY

Finding 1: Lack of Accountability for Cash

Cashiers did not sign for change funds when they took possession of them.

In addition, management allowed multiple staff members to work from the same cash drawer. The Library did not have a cashiering system that allowed each Cashier to operate a separate cash drawer.

The Library had documented numerous shortages and overages in daily cash receipts. Because employees work from the same cash drawer, management was unable to determine the source of these discrepancies. Therefore, management was unable to take the appropriate actions to reduce daily errors.

Recommendation:

We recommend that Management:

- Modify the current library management system configuration to assign each individual cashier a unique user log-on identification;
- Modify the current library management system configuration to print a separate revenue report for each Cashier logged on to a workstation;
- Assign each employee a separate cash drawer with its own key; and
- Ensure that each employee counts and signs for their cash before beginning their shift.

Current Status: Not implemented. The Library did not concur with this finding at the time of the audit and continues to oppose the staffing changes necessary to implement this finding. As stated in the previous report,

While it is the Library's prerogative to determine if the deficiency will be reported as the ultimate responsibility for assuming the risk remains with the Library, accountability in government is not an option to be chosen by a single department head. Chapter 2 of the Internal Controls and Cash Manual clearly states that "County managers are responsible for safeguarding assets".

Management Response: The Library does not concur at this time.

Audit staff reiterated its recommendation that the Library adopt a system of issuing each staff member assigned to a cash-handling site with separate cash drawers. The Library responded at length to the impracticality of this recommendation in its response dated May 8, 2008. The Library pointed out that individual branch libraries cannot be staffed with regular cashiers; staff members in all branches move in and out of cash-handling stations, and even attempting to assign 2-hour blocks of time to a given person would necessitate extensive staff time in counting

receipts at the end of shifts and re-issuing drawers. Furthermore, as was pointed out, the system's reported receipts for a given station are not available until the following day, and then only in total, so that no reconciliation of cash drawer to reported receipts would be possible; as noted in response One above. The Library's circulation system was developed to track library materials and is not a cash register system. Finally, the system is proprietary and cannot be modified. Therefore, the Library continues to not concur with this recommendation at this time.

Recent budget reductions have left the library's staffing significantly diminished. However, the library would consider the auditor's recommendation, when staffing allows or when technology changes diminish staff involvement.

Auditor's Response:

The Library's response does not correct or provide a plan to correct any of the deficiencies described in the finding.

The office of the Auditor/Controller-Recorder has a responsibility to report any and all deficiencies noted during an audit. While it is the Library's prerogative to determine if the deficiency will be corrected, as the ultimate responsibility for assuming the risk remains with the Library, non-accountability in government is not an acceptable option.

Finding 2: Possession of an Unauthorized Fund

The Library had possession of an unauthorized petty cash fund of \$100.00 in its safe when we conducted a surprise cash count. The Friends of Big Bear Valley Library (FBBVL), an agency outside of the County of San Bernardino, provided the petty cash fund to the Library. The Library uses the money to help pay for small items that are needed. The Library also had \$90.00 in ticket sales that it collected for a FBBVL fundraiser in the safe at the time of the surprise cash count.

Recommendation:

We recommend that the Library return the funds to FBBVL. However, if the Library wants to maintain the funds for FBBVL, we recommend that Library management request authority from the Board of Supervisors. If the Board grants approval, we also recommend Library management draft policies and procedures in the Library Branch Manual regarding how to maintain a departmental record of the outside agency's fund and communicate those policies to staff.

Current Status: Implemented.

CHINO HILLS LIBRARY

Finding 1: Lack of Accountability for Cash

Cashiers did not sign for change funds when they took possession of them.

We also found that multiple staff members worked from the same cash drawer, and Cashier's did not secure cash drawers when unattended. Specifically, cabinets holding cash drawers did not have locks on them to properly safeguard the cash.

The library had documented numerous shortages and overages in daily cash receipts. Because employees work from the same cash drawer, management was unable to determine the source of these discrepancies. Therefore, management was unable to take the appropriate actions to reduce daily errors.

Recommendation:

We recommend that Management:

- Modify the current library management system configuration to assign each individual cashier a unique user log-on identification;
- Modify the current library management system configuration to print a separate revenue report for each Cashier logged on to a workstation;
- Assign each employee a separate cash drawer with its own key; and

Ensure that each employee counts and signs for their cash before beginning their shift.

Current Status: Not implemented. The Library did not concur with this finding at the time of the audit and continues to oppose the staffing changes necessary to implement this finding. As stated in the previous report,

While it is the Library's prerogative to determine if the deficiency will be reported as the ultimate responsibility for assuming the risk remains with the Library, accountability in government is not an option to be chosen by a single department head. Chapter 2 of the Internal Controls and Cash Manual clearly states that "County managers are responsible for safeguarding assets".

Management Response: The Library does not concur at this time.

Audit staff reiterated its recommendation that the Library adopt a system of issuing each staff member assigned to a cash-handling site with separate cash drawers. The Library responded at length to the impracticality of this recommendation in its response dated May 8, 2008. The Library pointed out that individual branch libraries cannot be staffed with regular cashiers; staff members in all branches move in and out of cash-handling stations, and even attempting to assign 2-hour blocks of time to a given person would necessitate extensive staff time in counting receipts at the end of shifts and re-issuing drawers. Furthermore, as was pointed out, the system's reported receipts for a given station are not available until the following day, and then only in total, so that no reconciliation of cash drawer to reported receipts would be possible; as noted in response One above. The Library's circulation system was developed to track library materials and is not a cash register system. Finally, the system is proprietary and cannot be modified. Therefore, the Library continues to not concur with this recommendation at this time.

Recent budget reductions have left the library's staffing significantly diminished. However, the library would consider the auditor's recommendation, when staffing allows or when technology changes diminish staff involvement.

Auditor's Response:

The Library's response does not correct or provide a plan to correct any of the deficiencies described in the finding.

The office of the Auditor/Controller-Recorder has a responsibility to report any and all deficiencies noted during an audit. While it is the Library's prerogative to determine if the deficiency will be corrected, as the ultimate responsibility for assuming the risk remains with the Library, non-accountability in government is not an acceptable option.

Finding 2: Safe Access not Limited

Library management had not changed the safe combination in accordance with the ICCM.

Recommendation:

We recommend that the Branch Manager change the safe combination when an employee is terminated, transferred to another department or changes duties or at least annually.

Current Status: Implemented.

HESPERIA LIBRARY

Finding 1: Lack of Accountability for Cash

Cashiers did not sign for change funds when they took possession of them.

In addition, management allowed multiple staff members to work from the same cash drawer. The Library did not have a cashiering system that allowed each Cashier to operate a separate cash drawer.

The Library had documented numerous shortages and overages in daily cash receipts. Because employees work from the same cash drawer, management was unable to determine the source of these discrepancies. Therefore, management was unable to take the appropriate actions to reduce daily errors.

Recommendation:

We recommend that Management:

- Modify the current library management system configuration to assign each individual cashier a unique user log-on identification;
- Modify the current library management system configuration to print a separate revenue report for each Cashier logged on to a workstation;
- Assign each employee a separate cash drawer with its own key; and
- Ensure that each employee counts and signs for their cash before beginning their shift.

Current Status: Not implemented. The Library did not concur with this finding at the time of the audit and continues to oppose the staffing changes necessary to implement this finding. As stated in the previous report,

While it is the Library's prerogative to determine if the deficiency will be reported as the ultimate responsibility for assuming the risk remains with the Library, accountability in government is not an option to be chosen by a single department head. Chapter 2 of the Internal Controls and Cash Manual clearly states that "County managers are responsible for safeguarding assets".

Management Response: The Library does not concur at this time.

Audit staff reiterated its recommendation that the Library adopt a system of issuing each staff member assigned to a cash-handling site with separate cash drawers. The Library responded at length to the impracticality of this recommendation in its response dated May 8, 2008. The Library pointed out that individual branch libraries cannot be staffed with regular cashiers; staff members in all branches move in and out of cash-handling stations, and even attempting to assign 2-hour blocks of time to a given person would necessitate extensive staff time in counting receipts at the end of shifts and re-issuing drawers. Furthermore, as was pointed out, the system's reported receipts for a given station are not available until the following day, and then only in total, so that no reconciliation of cash drawer to reported receipts would be possible; as noted in response One above. The Library's circulation system was developed to track library materials and is not a cash register system. Finally, the system is proprietary and cannot be modified. Therefore, the Library continues to not concur with this recommendation at this time.

Recent budget reductions have left the library's staffing significantly diminished. However, the library would consider the auditor's recommendation, when staffing allows or when technology changes diminish staff involvement.

Auditor's Response:

The Library's response does not correct or provide a plan to correct any of the deficiencies described in the finding.

The office of the Auditor/Controller-Recorder has a responsibility to report any and all deficiencies noted during an audit. While it is the Library's prerogative to determine if the deficiency will be corrected, as the ultimate responsibility for assuming the risk remains with the Library, non-accountability in government is not an acceptable option.

Finding 2: Possession of an Unauthorized Fund

The Library had possession of an unauthorized fund of \$263.71 in its safe when we conducted a surprise cash count. The fund belonged to the City of Hesperia, an agency outside the County of San Bernardino.

Recommendation:

We recommend that the Library not maintain any funds for outside agencies. However, if the Hesperia branch wants to maintain funds for

outside agencies, we recommend that Library management request authority from the Board of Supervisors. If the Board grants approval, we also recommend Library management draft policies and procedures in the Library Branch Manual regarding how to maintain a departmental record of the outside agency's funds and communicate those policies to staff.

Current Status: Implemented.

Finding 3: Lack of Segregation of Duties

The employee who performed cashiering duties also maintained records, made deposits and reviewed the record of the cash count. The Library manager did not enforce the policy documented in the Library Branch Manual and in the Internal Controls and Cash Manual.

Recommendation:

We recommend that the Library Branch Manager:

- Ensure that all employees are following County and departmental policy;
- Ensure the employee collecting cash receipts counts his/her money and completes and initials the Daily Money Report; and,
- Review and initial the Daily Money Reports.

Current Status: Implemented.

NEEDLES LIBRARY

Finding 1: Lack of Accountability for Cash

Cashiers did not sign for change funds when they took possession of them.

In addition, management allowed multiple staff members to work from the same cash drawer. The Library did not have a cashiering system that allowed each cashier to operate a separate cash drawer.

Because employees worked from the same cash drawer, management was unable to take the appropriate actions to reduce daily errors.

Recommendation:

We recommend that Management:

- Modify the current library management system configuration to assign each individual cashier a unique user log-on identification;

- Modify the current library management system configuration to print a separate revenue report for each Cashier logged on to a workstation;
- Assign each employee a separate cash drawer with its own key; and
- Ensure that each employee counts and signs for their cash before beginning their shift.

Current Status: Not implemented. The Library did not concur with this finding at the time of the audit and continues to oppose the staffing changes necessary to implement this finding. As stated in the previous report,

While it is the Library's prerogative to determine if the deficiency will be reported as the ultimate responsibility for assuming the risk remains with the Library, accountability in government is not an option to be chosen by a single department head. Chapter 2 of the Internal Controls and Cash Manual clearly states that "County managers are responsible for safeguarding assets".

Management Response: The Library does not concur at this time.

Audit staff reiterated its recommendation that the Library adopt a system of issuing each staff member assigned to a cash-handling site with separate cash drawers. The Library responded at length to the impracticality of this recommendation in its response dated May 8, 2008. The Library pointed out that individual branch libraries cannot be staffed with regular cashiers; staff members in all branches move in and out of cash-handling stations, and even attempting to assign 2-hour blocks of time to a given person would necessitate extensive staff time in counting receipts at the end of shifts and re-issuing drawers. Furthermore, as was pointed out, the system's reported receipts for a given station are not available until the following day, and then only in total, so that no reconciliation of cash drawer to reported receipts would be possible; as noted in response One above. The Library's circulation system was developed to track library materials and is not a cash register system. Finally, the system is proprietary and cannot be modified. Therefore, the Library continues to not concur with this recommendation at this time.

Recent budget reductions have left the library's staffing significantly diminished. However, the library would consider the auditor's recommendation, when staffing allows or when technology changes diminish staff involvement.

Auditor's Response:

The Library's response does not correct or provide a plan to correct any of the deficiencies described in the finding.

The office of the Auditor/Controller-Recorder has a responsibility to report any and all deficiencies noted during an audit. While it is the Library's prerogative to determine if the deficiency will be corrected, as the ultimate responsibility for assuming the risk remains with the Library, non-accountability in government is not an acceptable option.

Finding 2: Inadequate safeguarding of Cash

Library Staff stored one of the Library's cash boxes on a shelf in a room overnight. They stored the only other cash box in a desk on the Bookmobile overnight. The Library's safe was not large enough to hold both cash boxes. In addition, the safe was in a room that the public can access during business hours.

The cash box that the cashiers used during business hours did not have a lock. Since the check out area did not have any cabinets to hold a cash drawer, the cash box was located behind the checkout counter on a shelf when it was not in use.

Recommendation:

We recommend the Branch Manager:

- Purchase a safe or locked file cabinet large enough to hold the cash boxes or take the cash from the cash boxes and place it, without commingling it, into the existing safe overnight;
- Move the safe into the Manager's office or in an area away from the public;
- Install cabinets, a cash drawer, or some alternate mechanism to keep cash in a location that is not accessible to unauthorized persons during business hours; and
- Ensure cashiers lock the cash drawer when not in use.

Current Status: Implemented.

Finding 3: Inadequate Deposit Procedures

The Branch Manager withheld small amounts of cash from the weekly deposits.

Recommendation:

We recommend that the Branch Manager deposit all cash receipts intact, as required by County policy.

Current Status: Implemented.

Finding 4: Receipts Not Always Issued

During the course of our audit, some cashiers did not issue a receipt to every patron for payments received. The Library does not have a policy to give receipts to all customers. Additionally, the prior Branch Manager trained the current Branch Manager to keep receipts to balance the library's books.

Recommendation:

We recommend that the Branch Manager use the online SIRSI Money Report to verify daily revenues earned as required by Library policy. We also recommend that the Branch Manager draft a formal policy that requires staff to issue receipts to patrons for any monies received and communicate that policy to all staff.

Current Status: Implemented.

LIBRARY ADMINISTRATION (PETTY CASH)

Finding 1: Lack of Accountability for Cash

Library Staff had not reconciled the Library's petty cash bank account in over three years.

During our review of petty cash records, the petty cash fund appeared to have been \$750.00 over the \$2,500 authorized amount. However, since no one in the Library Administration Office reconciled the petty cash bank account, there may have been outstanding checks recorded in the balance. Therefore, the true balance of the fund was impossible to determine without an accompanying reconciliation. Because of the lack of reconciliation, library management was unable to detect and resolve the inaccurate balance.

Recommendation:

We recommend that the Library's Staff Analyst perform a monthly reconciliation of the Library's petty cash bank account. We also recommend that Library management ensure that the Staff Analyst

performs a monthly reconciliation by performing a supervisory review of the reconciliation.

Current Status: Implemented.

Thank you very much for the cooperation extended by your staff during the course of this audit.

Respectfully submitted,

Larry Walker
Auditor/Controller-Recorder

By: _____
Howard Ochi, CPA
Chief Deputy Auditor
Internal Audits Section

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