

## COUNTY OF PLACER

## OFFICE OF AUDITOR-CONTROLLER

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May 4, 2011

Ms. Mary George  
Director of Library Services  
350 Nevada St.  
Auburn, CA 95603

Re: Library Cash Handling Review

Dear Ms. George:

The Internal Audit Division of the Auditor-Controller's Office performed a review of controls over cash collections at the Library Department (Department) for the period July through December 2010.

The objectives of our review were to determine whether department internal controls regarding cash handling have been designed to safeguard County assets and detect fraud and/or abuse and prevent it from occurring, and that internal controls have been placed into operation and are operating as designed; and cash handling procedures continue to be followed in accordance with the Accounting Policies and Procedures Manual, Cash Handling Handbook, and the Accounting Manual for Cash.

Based on our review, which consisted of interviewing staff and sampling various transactions, we noted a few areas where internal controls could be strengthened within the Department. Our summary of findings and recommendations are as follows.

### **Fines and Fees Forgiven**

During our testing, it was noted Department clerks have the ability to completely forgive a fine or fee without having to provide any justification or supporting documentation to substantiate the decision.

We recommend all fines and fees be collected from every owing patron and all 'forgiving' of fees be suspended, unless there are unusual circumstances, in which case an explanation should be provided.

*Department Response:*

*Library Administration agrees with this finding. Plans are to develop guidelines in which only supervisors can approve fine waivers, or "forgive fines". In addition, all fine waivers will be documented. Documentation will include a computer system screen print of the patron's record reflecting the fine, a justification for the waiver, and the supervisor's signature approving the waiver.*

**Control Totals**

We noted there are no summary control totals from the branches to ensure what amount of fines and fees were taken into the branch daily and should be included in the daily deposit. This issue is compounded since receipts are only given for transactions greater than \$5.00.

We recommend the Department research existing functionality in the circulation system to mitigate risk related to the daily receiving of cash. A report containing daily branch summary totals could be utilized only by the supervisor in Auburn to verify and reconcile the Daily Transfer Memos.

*Department Response:*

*Library Administration's recommendation is to continue to issue receipts only for transactions greater than \$5.00. Library staff is in the process of developing targeted reports that reflect the total of all daily fines and fees paid into the Integrated Library System (ILS) called Sirsi.*

*This report will be reconciled with daily Transfer Memos created at the Library Branches. This system will support the monitoring of un-receipted fines and fees as the two figures are balanced. At this time, there has been no specific outage threshold determined which will require action. However, it is anticipated that this method of reconciliation will reveal a pattern of abuse should such a pattern occur.*

**Timeliness of Deposits**

During the review period, the deposits for the Department were consistently averaging 30 days from the date of the Transfer Memo until the deposit posted in the County Treasury.

We recommend the Department make deposits in accordance with the procedures in the County's Accounting Manual for Cash, page 6, "All monies received shall be deposited intact into the County Treasury or a commercial bank account at least weekly and preferably daily, if the revenue volume warrants. Placer County Code, Section 2.46(b) states that a deposit is required when the department has more than \$25.00 in cash; or \$100 in checks, other negotiable instruments, and currency and coin."

*Department Response:*

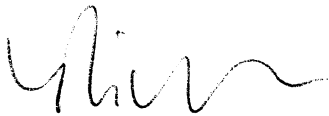
*Library Administration's goal is to deposit funds to the County Treasury as expeditiously as possible. The Placer County Library System includes 13 Branch Libraries. These Branches send negotiable items such as cash, checks, and receipts together with the accompanying Transfer Memo form in a locked container to the Library Branch Department for initial verification and secure storage in a fireproof safe. Funds are transported from the outlying Branches via a commercial courier service. Library Administrative staff completes the deposit process by allocating funds to the appropriate PAS account coding, and preparing a deposit to the County Treasury.*

*The attached spreadsheet provides a summary of sample deposits made to the County Treasury and the length of time required to process deposits from point of origin to destination. The longest length of time taken to process these sample deposits was 29 days; the shortest was 5 days. Library Administration works diligently to process these deposits as quickly as possible, and is satisfied at this time with the length of the deposit timeline given the business needs of the Department.*

The Department's responses to the recommendations identified in our review are described above. We did not audit the Department's responses or attachment provided and, accordingly, we express no opinion on them.

We appreciate the Department staff's courtesy and cooperation throughout the course of this review.

*Department Response: The Library staff would like to thank Nicole Howard and her staff for their careful review of the Library's cash handling processes, and welcome additional suggestions for streamlining these processes.*



Nicole C. Howard, CPA  
Internal Audit Manager

cc: Diane McDonnell, Administrative Services Officer, Library  
Katherine Martinis, Auditor-Controller  
Placer County Audit Committee

# DEPT 15 - LIBRARY

## Summary of Sample Deposits

Sample Month	Transfer Memo #	Location	Date Transfer Memo Completed at Branch	Date Received in Branch Svcs. Dept.	Date of Deposit to County Treasurer	Deposit #	# Days
JANUARY	AU - 161	Auburn	01/25/11	01/27/11	02/09/11	RE191714	15
	AP - 28	Applegate	01/28/11	02/07/11	02/09/11	RE191714	12
	FH - 24	Foresthill	01/11/11	01/19/11	02/09/11	RE191709	29
	LW - 05	Law Library	01/11/11	01/13/11	02/09/11	RE191709	29
	RL - 67	Rocklin	01/11/11	01/13/11	02/08/11	RE191674	28
FEBRUARY	AU - 182	Auburn	02/26/11	02/28/11	03/10/11	RE192827	12
	CX - 33	Colfax	02/15/11	02/23/11	02/24/11	RE192287	9
	MV - 32	Meadow Vista	02/04/11	02/10/11	02/24/11	RE192235	20
	PN - 24	Penryn	02/26/11	03/03/11	03/10/11	RE192854	12
	TC - 35	Tahoe City	02/22/11	02/23/11	03/10/11	RE192827	16
MARCH	AU - 196	Auburn	03/09/11	03/10/11	03/21/11	RE193137	12
	CX - 35	Colfax	03/01/11	03/07/11	03/10/11	RE192854	9
	GB - 66	Granite Bay	03/17/11	03/21/11	04/08/11	RE194022	22
	KB - 36	Kings Beach	03/05/11	03/10/11	03/21/11	RE193137	16
	LM - 25	Loomis	03/18/11	03/21/11	04/08/11	RE194022	21
APRIL	AU - 230	Auburn	04/19/11	04/20/11	04/29/11	RE194520	10
	AP - 37	Applegate	04/22/11	04/28/11	05/06/11	RE195117	14
	FH - 36	Foresthill	04/02/11	04/07/11	04/20/11	RE194477	18
	LM - 27	Loomis	04/15/11	04/18/11	04/20/11	RE194481	5
	RL - 168	Rocklin	04/25/11	05/02/11	05/06/11	RE195117	11
MAY	AU - 248	Auburn	05/11/11	05/11/11	05/19/11	RE195641	8
	CX - 44	Colfax	05/03/11	05/09/11	05/19/11	RE195639	16
	MV - 48	Meadow Vista	05/21/11	06/06/11	06/09/11	RE196445	19
	PN - 37	Penryn	05/26/11	05/31/11	06/02/11	RE196163	7
	TC - 46	Tahoe City	05/07/11	05/11/11	05/19/11	RE195641	12
JUNE	AU - 265	Auburn	06/03/11	06/06/11	06/09/11	RE196445	6
	AP - 47	Applegate	06/01/11	06/06/11	06/09/11	RE196445	8
	LW - 09	Law Library	06/01/11	06/06/11	06/09/11	RE196445	8
	PN - 39	Penryn	06/02/11	06/06/11	06/09/11	RE196445	7
	RL - 199	Rocklin	06/03/11	06/06/11	06/09/11	RE196445	6