

Salt Lake County Auditor's Office

Craig B. Sorensen, *AUDITOR*



June 2, 2003

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Chief Deputy

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RE: Bingham Creek Library Cash Audit

Dear James:

We recently completed an unannounced count of the change fund at the Bingham Creek Library (BCL). We also audited cash collections, depositing procedures, and fixed and controlled assets. Cash handling and fixed and controlled assets management are generally adequate, but we found areas where improvements are needed. Our findings and recommendations are discussed below.

CASH COLLECTIONS AND DEPOSITING

During our audit, we examined the cash receipting and depositing process to determine whether Bingham Creek Library was in compliance with Countywide Policy #1062, "Management of Public Funds." BCL operates four cash registers, and has an authorized change fund that is divided among the four registers. They do not maintain a petty cash fund. During our audit we noted the following:

- **Cashiers do not verify change fund amounts at the beginning of their shift.**

Cashiers do not verify change fund amounts at the beginning of their shift. Throughout a typical day, as many as ten different cashiers will work at any one of the four cash registers. Generally, cashiers are assigned to one cash register for an hour and fifteen minutes and then rotated to either another register or assignment.

BCL's Circulation Supervisor prepares the cash register drawers at the beginning of each day. She counts out the change fund amount for each cash drawer. Drawers #1 and #4 are given \$50 each, drawers #2 and #3, \$80 each. The cashiers themselves do not independently verify the accuracy of the change fund at the start of the day, nor do cashiers on succeeding shifts verify the subsequent cash count in the drawer. 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 will affect the accuracy of collections, and any resulting overages or shortages. We do recognize that the frequent rotation of cashiers from one register to another, makes fund verification inconvenient. Nonetheless, Countywide Policy #1062, "Management of Public Funds," Section 2.4.3, states, "*The Agency Cashier and each cashier will verify accountability for their cash advance daily. This will enable cashiers to quickly detect and identify any discrepancies and promotes appropriate attention to control over and accountability for county funds.*"

In addition, we noted that each cashier is assigned an identification code which they must enter into the cash register each time they process a transaction. BCL's Circulation Supervisor, who is also a cashier, assigns each cashier their ID code. When a code is entered, the cash register creates a log and prints onto the z-tape the name of the cashier conducting the transaction. Therefore, all transactions can be traced to a specific cashier.

A list of cashier identification codes is kept in the library's safe. However, the safe remains open throughout the day, leaving the codes open to view by anyone accessing the safe. A more discreet location should be used to file these codes.

RECOMMENDATIONS

- 1. We recommend that all cashiers count their change fund at the beginning of the day, and that the feasibility of cash counts at the beginning of each shift be explored.***
- 2. We recommend that cashier ID codes be maintained in a discreet location to prevent others from having access to them.***

FIXED AND CONTROLLED ASSETS

To determine if fixed and controlled assets are adequately controlled and accounted for, we evaluated the degree of compliance with Countywide Policy #1125, "Safeguarding Property/Assets." A fixed asset is an item owned by the County that costs \$5,000 or more and has an estimated life expectancy of more than two years. A controlled asset is a personal property item, which is sensitive to conversion to personal use, and costing \$100 or greater, but less than the current capitalization rate of \$5,000. Cell phones, pagers and radios are considered controlled assets regardless of their cost. Unlike fixed assets, controlled assets are not tracked centrally by the Auditor's Office like fixed assets, but are the responsibility of the organization possessing them. During our review of Bingham Creek Library's fixed and controlled assets, we found that:

- **The list of controlled assets maintained by the property manager is incomplete and in some cases inaccurate.**

The list of controlled assets maintained by the property manager is incomplete and in some cases inaccurate. During our inventory of controlled assets, we located four items at the Bingham Creek Library that were not recorded on the controlled asset inventory report. These items are as follows:

ITEM	SERIAL #	BAR CODE #
Canon CFX-L400 fax machine	UYJ20494	31181043427427
Sharp SF-2514 printer	86502256	31181043427435
Micron Millenia monitor	YA009846120755	31181043429365
Micron Millenia CPU	1464585-0040	31181043425181

Furthermore, we noted the following five items on the controlled asset inventory report that could not be located:

ITEM	SERIAL #	BAR CODE #
Micron Pentium II 300 CPU	1242154-0003	31181043428383
Micron Pentium II 300 CPU	1242155-0004	31181043427922
Micron SVGA monitor	8165L1118017	31181043428359
Brother P-Touch printer	E43917475	31181043427310
Panasonic KX-P2023 printer	3FMBVE91639	31181043418749

Library Information Systems (I/S) staff stated that, as a matter of routine, malfunctioning computer equipment is immediately replaced. The broken equipment is transferred to Whitmore Library where it is repaired. The item is then transferred to another library that is in need of a replacement item. If efforts to repair an item are unsuccessful, it is transferred to surplus. The frequent movement of equipment makes it difficult to maintain an accurate controlled assets inventory report. Nonetheless, Countywide Policy #1125, Safeguarding Property/Assets, Section 2.2, states, "*Property Managers assigned by their Administrators are responsible for...accounting for all controlled assets within the organization's operational and/or physical custody.*" Assets cannot be properly

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safeguarded if items have not been recorded on the inventory report. Additionally, controlled assets are sensitive to conversion to personal use when they are not closely tracked by management.

Bingham Creek management stated that Library I/S staff perform an annual inventory of controlled assets. However, the process is not formalized or documented to show a completion date and a positive affirmation, such as a check mark, that items were indeed observed. Therefore, the process is not verifiable. An inventory, by its very nature, would include the updating of the controlled assets report. Moreover, items should be added or deleted to the controlled assets inventory report as purchases occur or as assets are transferred to surplus or to another library location.

RECOMMENDATION:

We recommend that the controlled asset inventory report be updated on a continuous basis to accurately reflect the assets at the Bingham Creek Library.

In closing, we express appreciation to the staff at the Bingham Creek Library for the cooperation and assistance they gave to us during our audit. The staff was both friendly and helpful in completing this project. We are confident that our work will be of benefit to you and help you strengthen internal controls throughout the Library System. If we can be of further assistance to you in this regard, please contact us.

Sincerely,

James B. Wightman, CPA
Director, Internal Audit Division

cc: Michael Stoker
Cheryl Mansen