

Salt Lake County Auditor's Office

Craig B. Sorensen, *AUDITOR*

April 9, 2003



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RE: Magna Library Cash Audit

Dear Jim:

We recently completed an audit of cash and fixed and controlled assets at the Magna Library. Our audit criteria encompassed guidelines for cash handling and depositing found in Countywide Policy #1062, "Management of Public Funds," and also standards for managing fixed and controlled assets as found in Countywide Policy #1125, "Safeguarding Property/Assets." We examined cash and fixed and controlled asset practices for compliance with provisions in these policies and for efficiency in accounting operations. In accordance with the areas examined during our audit, we have divided this letter into two sections: 1) Cash Receipting and Depositing, and 2) Fixed and Controlled Asset Management.

CASH RECEIPTING AND DEPOSITING

We found cash receipting and depositing to be in compliance with Countywide Policy 1062. Checks were restrictively endorsed upon receipt, identification was requested from patrons who presented personal checks for payment of library fines and other fees, and bank deposits were made within three days from the time funds were collected. The Magna Library has one cash register, and, like all other libraries in the county system, they do not accept credit cards.

Our surprise count of the cash register drawer showed that it balanced to cash register tape totals without exception. We also counted coins and currency in the two copy machines at the library, and found them to be in balance within 50 cents. The Magna Library has no petty cash fund.

The Salt Lake County Library System as a whole has changed and improved its bank deposit process since our last audit. In the past, each library counted its collections, without preparing a deposit slip, and sent them to the administrative offices at Whitmore Library where they were then recounted and the bank deposit was prepared. Now, each individual branch prepares its own deposit

and places funds in a sealed bag. Daily deposit bags from each of the 17 library branches are then collected at Whitmore and retrieved by a bonded courier for delivery to the bank. The repetitive process of recounting collections from all 17 branches has been eliminated.

Countywide Policy 1062 is explicit in requiring the use of an over/short log. Section 2.5.3 of the policy plainly states, "*All overages and shortages, regardless of the amount, must be recorded and reported daily by the agency on MPF Form 10, CASH OVER/SHORT LOG.*" The infrequent and relatively small overs and shorts we observed at the Magna Library were not recorded on an MPF Form 10. However, they were shown on a monthly summary of daily deposits prepared by the Library administrative office at Whitmore and delivered to Magna. The same purpose envisioned in MPF Form 10 is achieved through the monthly summary, and therefore, the library is deemed to be in compliance.

As part of our audit, we selected a sample of deposits from 36 different days over the past year and compared the daily summary of cash receipts, as found on the cash register Z-tape, to the balancing sheet and the deposit slip copy. Overall, the deposit process was well organized and documented, and the lack of excessive overs and shorts demonstrated conscientious effort by library employees to accurately record all transactions. However, we did note two findings that should be brought to the attention of library staff:

- **Cash/check composition errors occurred in our review of the cash collection and receipting process.**
- **Copies of bank deposit slips were not kept on file at the Magna Library as documentation for daily deposits.**

Cash/check composition errors occurred in our review of the cash collection and receipting process. A check/cash composition error occurs when a check is entered into the cash register as cash, or conversely, when cash is entered as a check. For example, a \$25 check not properly entered will add \$25 to the cash balance, while the balance in the detail of checks stays the same, without being increased. At the end of the day, when comparing the tape total to the actual count of collections, checks appear over by \$25, and cash appears equally short.

During our audit we found cash/check composition errors in 4 out of 36 deposits we examined at the Magna Library. While these errors were not frequent or large, ranging from \$2 to \$21, the necessity of correctly entering the composition on all transactions should be emphasized. Errors are bound to occur from time to time; however, they could be an indication of a cash/check swapping scheme used to steal money. While such a scheme is not our concern at Magna, the importance of correctly entering the composition of each transaction should be emphasized.

RECOMMENDATION:

We recommend that Magna library employees be reminded of the importance of entering the correct cash or check composition on all transactions.

Copies of bank deposit slips were not kept on file at the Magna Library as documentation for daily deposits. Countywide Policy 1062, Section 3.7.1.1 states, “*The agency should prepare sufficient additional copies of deposit slips to accommodate agency record keeping needs and audit requirements.*” The Magna Library prepares its own bank deposit but does not retain a copy of the deposit slip in its records. All copies go to the administrative office at Whitmore. Though not an issue of major concern, the retention of a deposit slip copy should be part of Magna’s deposit preparation process.

RECOMMENDATION:

We recommend that deposit slip copies be kept at the Magna Library as documentation for daily cash collection and deposit preparation.

FIXED AND CONTROLLED ASSETS

The Auditor’s Office AFIN0801 report shows no fixed assets assigned to the Magna Library. However, Magna does have a number of controlled assets, defined as items with a value greater than \$100, but less than the capitalization rate of \$5,000, and sensitive to conversion to personal use. Controlled assets are comprised mostly of computer equipment, including personal computers (PCs), four of which are assigned to administrative staff at Magna and another 13 which are available for use by library patrons.

The Library information services (I/S) office maintains the computer listing, a list that local branches, including Magna, do not receive. However, local branches do have a schedule of their non-computer controlled assets, a list that for Magna shows 10 items, including a cassette player, desk top copier, microphone/podium, and a TV. Therefore, controlled assets are maintained by two parties, Library I/S and local branch administration, on two separate lists, one computer-related and the other one non-computer related. Most controlled assets are computer-related. Tables and chairs, because of their quantity and the perceived difficulty in removing them from the premises, are not included in the controlled assets listing.

The Library has a commendable system for tracking fixed and controlled assets. The same type of bar code affixed to books is also attached to all fixed and controlled assets. This system allows for easy inventory tracking as bar-coded equipment can be scanned and compared to a data base

listing of items that should be on hand. Fixed and controlled assets are maintained in an Access database; library books are maintained in the on-line DYNIX library management system. In spite of these efficiencies in controlled assets management, we did note the following as findings where improvement should be made:

- **The controlled assets list is not current because some items were listed but not tagged, and other items were found but not listed.**
- **An annual inventory of controlled assets is not being performed, as required by Countywide Policy 1125.**

The controlled assets list is not current because some items were listed but not tagged, and other items were found but not listed. Magna Library has 105 controlled assets. Ten of these are non-computer equipment items shown on a listing maintained locally at the Magna Library. We found all 10 in our inventory count. Of the remaining 95 items, mostly PCs and other computer equipment, we located 50, but were unable to locate another 22 items. In addition, we noted 23 other controlled assets, most of which were tagged, that did not appear on any listing provided to us. We obtained the schedule of computer equipment from administrative personnel at Whitmore Library, a list that, as noted previously, Magna itself did not have. Nevertheless, Magna should be provided with this list to ensure better accountability for controlled assets and provide increased communication between administration and the local library branches.

The 95 items of computer equipment and other controlled assets, either found, not found, or not listed, are shown in Attachment A. Library administration feels the I/S section is understaffed to adequately manage the tracking of controlled assets. Nevertheless, maintaining this list, though at times tedious and a matter of low priority, should become routine to ensure that controlled assets are adequately designated by location and that acquisitions and items sent to surplus are properly recorded.

RECOMMENDATIONS:

1. ***We recommend that the Magna Library be provided with its own listing of computer equipment to ensure proper controlled assets management.***
2. ***We recommend that the Library update its controlled assets list to include items found, but not listed, and to ensure that items listed for the Magna Library can be found on-site at the library.***

An annual inventory of controlled assets is not being performed, as required by Countywide Policy 1125. Countywide Policy # 1125, "Safeguarding Property/Assets, Section 2.2.11

James Cooper
April 9, 2003
Page 5

states, "At least annually, conduct [a] physical inventory of fixed assets and controlled assets, to ensure complete accountability for all property owned by, or assigned to the organization." Library I/S personnel, and not local library branches themselves, have been given responsibility for the tracking of all computer equipment. Library administration feels that I/S operations, with six employees whose main duties are the management and maintenance of all library computer systems, are inadequately staffed to update controlled assets lists and complete annual controlled assets inventories at all 17 library locations.

Nevertheless, efficiencies in staffing should be found that will allow for the completion of annual inventories. Another option would be to delegate this responsibility to the local branches. Delegating to the local branches avails additional staff to the process as a way of more quickly completing this task.

We have discussed controlled assets management with library fiscal personnel. They are aware of deficiencies, and have stated their intention to make improvements. In addition, annual inventories should be documented to include the date performed and a controlled assets listing that show items observed as being checked-off.

RECOMMENDATION:

We recommend that an annual inventory be conducted of all controlled assets at the Magna Library and that it include documentation of the date it was performed and a listing of controlled assets that shows items observed being checked-off.

The Magna Library is the first in a number of branches that will be audited as part of a routine review of organizations countywide. We appreciated the prompt and efficient attention provided to us by the Magna Library staff. The recommendations made in this letter will help to improve operations at Magna and ensure the maintenance and security of county assets.

Sincerely,

James, B. Wightman
Director, Internal Audit Division

cc: Mike Stoker
Ruby Cheesman

Magna Library Computer Equipment and Controlled Assets Not Listed

List provided by Library I/S

	Not on list	Found	Property Description	Make	Model	Serial Number	Physical Location	Date		Bar Code Number	Asset #
1		x	Computer	Gateway	PIII 450	0016510187	Public Access #06		31181	48102280	
2		x	Computer	Micron	Pentium/133	801734-0010	Public Access #05		31181	43417097	95896
3		x	Computer	Micron	PII 350	1464565-0005	Public Access #03	Nov-99	31181	43418525	
4		x	Computer	Micron	PII 350	1464565-0047	Public Access #01	Feb-00	31181	43417071	
5		x	Computer-Gates	Gateway	GP7-600	0018105154	Public Access #12	Apr-00	31181	41202491	
6		x	Computer-Gates	Gateway	GP7-600	0018105155	Public Access #11	Apr-00	31181	41202509	
7		x	Computer-Gates	Gateway	GP7-600	0018105153	Public Access #13	Apr-00	31181	41202483	
8		x	Computer-Gates	Gateway	GP7-600	1108105157	Public Access #10	Apr-00	31181	41202434	
9		x	Computer-Gates	Gateway	PIII 800	0021056277	Pub Access #09	Dec-00	31181	43388827	
10		x	Computer-Gates	Gateway	PIII 800	0021056280	Pub Access #08	Dec-00	31181	43389676	
11		x	Computer-Gates	Gateway	PIII 800	0021056284	Pub Access #07	Dec-00	31181	43389197	
12		x	Copier-Mike	Sharp	SF-2030	80608274	Public Access		31181	43431999	
13		x	Copier-Mike	Sharp	SF-2030	80603324	Public Access		31181	43432005	
14		x	Fax Machine	Muratex	F70R	D2139019003494	Office		31181	43417311	92120
15		x	HUB-16 PORT	SynOptics	2803	SBAT1Y0B6V	Back Room		31181	43422170	
16		x	HUB-16 PORT	SynOptics	2813	4466329	Back Room	Nov-99	31181	48100649	
17		x	Laminator	Graphic	03	PM-III25-3269	Public Access		31181	43421013	
18		x	Monitor	Micron	SVGA	YA009848122750	Public Access #06		31181	43417063	
19		x	Monitor	Micron	SVGA	FS7444481	Ref Desk		31181	43416925	
20		x	Monitor	Micron	SVGA	YA009848122664	Public Access #05		31181	43417105	
21		x	Monitor	Micron	SVGA	YA009848122716	Public Access #01		31181	43417121	
22		x	Monitor	Micron	SVGA	YA009846120731	Back Room	Dec-99	31181	43429431	
23		x	Monitor	Touch	SVGA	816720277AL	Public Access #02		31181	43417048	
24		x	Monitor-Gates	Gateway	EV700-17	HDE2K8204478	Pub Access #09	Dec-00	31181	43389452	
25		x	Monitor-Gates	Gateway	EV700-17	HDE2K8204461	Pub Access #07	Dec-00	31181	43388660	
26		x	Monitor-Gates	Gateway	EV700-17	HDE2K8204463	Pub Access #08	Dec-00	31181	43390161	
27		x	Monitor-Gates	Gateway	SVGA 17	17054F-177940	Public Access #12	Apr-00	31181	43421305	
28		x	Monitor-Gates	Gateway	SVGA 17	17054F-174610	Public Access #10	Apr-00	31181	43421297	
29		x	Monitor-Gates	Gateway	SVGA 17	17054F-140425	Public Access #11	Apr-00	31181	43421321	
30		x	Monitor-Gates	Gateway	SVGA	17054F-169282	Public Access #13	Apr-00	31181	43421313	
31		x	Printer	Brother	P-Touch	D439B4271	Back Room		31181	43417295	
32		x	Printer	HP	6L	USHB915114	Back Room		31181	43417287	
33		x	Printer	HP	6P	USH043255	Ref Desk		31181	43416933	
34		x	Printer	HP	LaserJet 400N	USEB022331	Public Access		31181	43417014	
35		x	Printer	HP	LaserJet 4P	USCN031745	Childrens Area		31181	43417055	92976
36		x	Printer-Gates	HP	HPLJ405DN	USQF036667	Public Access	Apr-00	31181	48101365	
37		x	Printer-Gates	HP	LJ4050N	USHB022488	Public Access		31181	43889056	
38		x	Receipt Printer	Epson	M51JD	1GZ0400804	Circ Desk		31181	43417188	
39		x	Receipt Printer	Epson	M51JD	1GZ0400803	Circ Desk		31181	43417162	

Magna Library Computer Equipment and Controlled Assets Not Listed

List provided by Library I/S

	Not on list	Found	Property Description	Make	Model	Serial Number	Physical Location	Date		Bar Code Number	Asset #
40		x	Receipt Printer	Epson	TM-U200D	AXYK002338	Ref Desk	Nov-00	31181	43431056	
41		x	Receipt Printer	Epson	TM-U200D	AXYK002336	Circ Desk	Nov-00	31181	43429167	
42		x	Bar Code Scanner	Symbol	LS4004	E712134	Circ Desk		31181	43417204	
43		x	Bar Code Scanner	Symbol	LS4004	E552218	Circ Desk		31181	43417139	
44		x	Term Server	Chase	IOLAN	CS416-71329	Back Room		31181	43422188	
45		x	Terminal	WYSE	WY-150	0HZ14400220	Circ Desk		31181	43417196	
46		x	Terminal	WYSE	WY-150	0HZ13C01364	Circ Desk		31181	43417147	
47		x	Terminal	WYSE	WY-150	0JE14901252	Ref Desk		31181	43438747	
48		x	Terminal	WYSE	WY-150	0JE14B01276	PAC Terminal		31181	43416990	
49		x	Terminal, Winterm	WYSE	Winterm	12U17800010	Pub Access #W01		31181	43417022	
50		x	Terminal, Winterm	WYSE	Winterm	16318500836	Pub Access #W01		31181	43417006	
51			Computer	Gateway	PIII 450	0015366780	Ref Desk		31181	43420281	
52			Computer	Micron	Pentium/133	801734-0001	Public Access #02		31181	43417030	95892
53			Computer	Micron	Pentium/133	801734-0002	Back Room		31181	43417279	95895
54			Computer	Micron	Pentium/200	1067579-0009	Back Room		31181	43416941	
55			Computer	Micron	PII 350	1464565-0022	Public Access #04	Nov-99	31181	43424721	
56			CSU/DSU	Motorola	T1	00763870	Phone Closet		31181	43417352	
57			Maxibar	Barcode	1002	014754	Circ Desk		31181	43432021	
58			Monitor	Micron	SVGA	YA009848122726	Back Room		31181	43417261	
59			Monitor	Micron	SVGA	YA009846120945	Public Access #04	Nov-99	31181	43429100	
60			Monitor	Micron	SVGA	YA009846120781	Public Access #03	Nov-99	31181	43429481	
61			Printer	HP	630C	MY99EF23QJ	Back Room	Dec-99	31181	48102306	
62			Scanner	Symbol	SL-6700	A518294	Circ Desk		31181	43417170	89409
63			Surge Protector	APC	NET9RM	HA0029102421	Back Room	Dec-00	31181	43388561	
64			Terminal	WYSE	WY-150	0JE18300113	PAC Terminal		31181	43416974	
65			Terminal	WYSE	WY-150	0JE14B02351	PAC Terminal	Aug-01	31181	43416982	
66			Terminal	WYSE	WY-150	0JED6700985	PAC Terminal		31181	43437046	
67			Terminal	WYSE	WY-150	0JE14901324	Circ Desk	Feb-01	31181	43439133	
68			TV-Mike	NEC	PM-1971A	84005868	Auditorium		31181	43431957	
69			Typewriter	IBM	Series II	11-0222813	Public Access		31181	43431981	
70			VCR-Mike	NEC	PV-1400A	B7600604	Auditorium		31181	43431965	
71			Y-Connector	Symbol	ST140-0200	J03132B	Circ Desk		31181	43417246	
72			Y-Connector	Symbol	ST180-0100	J030980	Circ Desk		31181	43417238	
73	x		Receipt Printer	Epson					31181	43389338	
74	x		Computer	Compaq		7P28KHL87038	Public Access				
75	x		Printer	HP	HPDJ900cxi				31181	43452359	
76	x		Computer	no name			Ruby's office		31181	43422154	
77	x		VCR	JVC					31181	43451054	
78	x		Overhead Projector						31181	43431973	

