

**Salt Lake County Auditor's Office**

Craig B. Sorensen, *AUDITOR*



David L. Beck  
*Chief Deputy*

June 5, 2000

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Terry Hogan, Interim Director  
Salt Lake County Library System  
2197 Fort Union Blvd  
Salt Lake City, UT 84121

Dear Terry:

We have recently completed a cash audit of the Library System. The focus of our audit was the system of cash collection, receipting and depositing, and the controls and safeguards of that system. Additionally, we reviewed the procedures and controls in place over fixed and controlled assets.

As part of our work, we visited each branch and reviewed the procedures and controls in place at the local level. A summary of the findings relative to cash handling on a branch by branch basis is included as Enclosure 1. Other findings and recommendations are below.

**Cash collections are not reconciled to the Dynix library management system.** The Library System is continuing its use of the Dynix System for inventory control (check-out/check-in). Dynix also automatically charges the fines and fees associated with overdue, lost or damaged items but does not have an integrated cash receipting module. When fines or fees are paid, the payment must be entered into both the Dynix System and the cash register.

We recommended in a previous audit that a "reconciliation between the Dynix System and the Monthly Report of Cash Receipts" be performed (Recommendation 1.3.5, p 12, December 1995). This action, which has yet to be implemented, would provide a key detection control should a cashier only enter payments into the Dynix System and not the cash register.

During the course of this audit, with the cooperation of the fiscal manager and the library information services manager, an ad-hoc Dynix System report was developed which shows the amounts collected on a branch by branch basis. Initial comparisons to the cash register system have shown near but not complete agreement.

**RECOMMENDATION:**

***We recommend that the Dynix report of cash collected by branch be developed and refined until a daily reconciliation to cash register totals is possible.***

Collections are in process four days before being deposited. The Library averaged \$5,100 in daily collections in 1999. Current procedures call for daily branch cash collections to be tabulated and forwarded to administration on the day following the collection. The next day administration counts, summarizes and prepares the money for deposit. The day after that the money is picked up by the armored car service and taken for deposit. (Monday's collections are tabulated and forwarded on Tuesday, counted and prepared for deposit on Wednesday and picked up and deposited on Thursday). This process takes four days from collection to bank deposit.

Currently the armored car service arrives about 9:00 a.m. to pick up the deposit prepared the previous day. By scheduling the armored car pick-up for 1:30 p.m., or later, the bank deposit would be made the same day administration prepares the deposit. This would reduce the time in transit by one day (from four days to three).

Under the current system, the deposit is held in the safe until it is picked up the next morning. Same-day pick-up would eliminate the risk of theft from keeping deposits overnight at administration.

**RECOMMENDATION:**

***We recommend that the armored car service be scheduled to pick up the deposit the same day it is prepared.***

Controlled assets are not being inventoried or monitored as called for in Policy 1125. At some branches, the most recent record of inventory activity was dated 1995. A spot check of controlled assets at the branches did not reveal any missing items. However, Policy 1125 requires "At least annually, conduct [a] physical inventory of fixed assets and controlled assets, ...". Assets under the control of the library information services department (such as personal computers and printers) are being tracked as to location as the department upgrades, repairs and moves equipment. Library facilities and maintenance is tracking the tool room inventory. In each case however, no comprehensive physical inventory was completed.

During the audit all of the fixed assets were either located or accounted for. With regard to fixed assets, we believe that the Library System is in full compliance with Policy 1125 "Safeguarding Property/Assets."

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**RECOMMENDATION:**

***We recommend that the Library complete a physical inventory of controlled assets and begin a program of annual inventories in compliance with Policy 1125.***

In closing, I would like to thank your staff for their assistance during this audit. The Library staff was very helpful throughout the audit. I trust that our work will be beneficial to your staff. If we can be of any further assistance, please let us know.

Sincerely,

David L. Beck  
Chief Deputy

Enclosure

cc:  
Kerry Steadman  
Mike Stoker

Summary of Findings - Library System Cash Audits

BRANCH	Safe NOT Bolted to Floor	Number of Cash Over/Short >50%*	Checks NOT Restrictively Endorsed	No ID Noted on Checks	Change Fund Custodian/ Amount Incorrect	Receipts Not Given	Unauthorized Money found in Safe
Bingham Creek		XX					
Draper					Amt		
East Millcreek							<\$15.00
Holladay	XX						
Hunter		XX			Amt		
Kearns		XX					
Magna Park				66%		XX	
Riverton					Amt/Cust		
Sandy					Amt		
Smith					Amt		
South Jordan					Amt/Cust		<\$35.00
South Salt Lake					Cust		
Tyler					Amt		
West Jordan		XX					
West Valley	XX	\$XX		50%	Amt		
Whitmore							
Facilities	XX						

\* refers to frequency of Over/Short occurrences, >50% of days in previous month's activity  
 \$ refers to dollar amount of Over/Short event > \$10.00