A REPORT

TO THE CITIZENS OF SALT LAKE COUNTY

BEN McADAMS, MAYOR

An Audit of the Key Controls of

Taylorsville Library

September 05, 2013

GREGORY P. HAWKINS

SALT LAKE COUNTY AUDITOR

GREGORY P. HAWKINS
Salt Lake County Auditor

LONN LITCHFIELD, JD, LLM
Chief Deputy Auditor

2001 South State Street, N3300
PO Box 144575
Salt Lake City, UT 84114-4575

(385) 468-7200
(385) 468-7201 / fax
GHawkins@slco.org

September 05, 2013

Ben McAdams, Mayor
Salt Lake County
2001 S State St #N2100
Salt Lake City, UT 84114-4575

Re: An Audit of the Key Controls of Taylorsville Library

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Taylorsville Library in compliance with Utah Code Ann. § 17-19a-204. Our purpose was to verify the accuracy and completeness of selected financial records and to assess compliance with certain internal controls that we have identified as key to good financial management. We also sought to identify areas of material risk to determine whether we should commit more of our limited resources in further auditing or investigation. A report of our findings and recommendations is attached.

Our work was designed to provide reasonable but not absolute assurance that records were accurate and complete and that the system of internal controls was adequate. There may be inaccurate or incomplete financial records that were not selected for review. Further, there may also be instances of noncompliance in areas not examined.

We appreciate the time spent by the staff at Taylorsville Library and the cooperation from Javaid Lal, Margaret Mills, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Taylorsville Library during our audit. The staff was friendly, courteous, and very helpful. We trust that the implementation of the recommendations will provide for more efficient operations and better safeguarded County assets. Please feel free to contact me with any questions.

Sincerely,

Gregory P. Hawkins
Salt Lake County Auditor

By Scott Ball
Deputy Auditor

cc: Jim Cooper, Library Director
     Javaid Lal, Administrative and Fiscal Manager
     Margaret Mills, Library Manager

Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of Taylorsville Library. Our purpose was to verify the accuracy and completeness of selected financial records and to assess compliance with certain internal controls that are key to good financial management. We also sought to identify areas of material risk.

Conclusion

Taylorsville Library has put into place key internal controls for managing public funds, safeguarding public assets, accessing sensitive information, and payroll reporting. Most risks identified were minor and would not be expected to result in the material loss of County assets. However, the risks discovered dealing with asset inventories and inadequate controls over receipt re-printing have a higher likelihood of leading to loss of County property. Also, security of personal identifiers transmitted over the internet is insufficient.

Findings, Recommendations, and Management Responses

Finding # 1 - Personal data was unsecured during the online library card sign up process.

Risk Level: High

Salt Lake County Code of Ordinances Chapter 2.81 "Security of Personal Identifiers", Section 2.81.020 states:

"Each agency shall have in place a written regulation or policy which establishes procedures for the secure collection, maintenance, transmission, transfer, or disposal of personal identifiers."

The public can sign up for a library card on the Internet. When the public signs up for a library card through the Internet, the information goes across the wire plain text (non-SSL) and is not secure.

We observed that personal identifiers were entered into the form and sent to the host unprotected.

Unsecured personal identifiers are an unnecessary liability for the County.

Recommendation

We recommend that Library Services establish an SSL certificate in the area of the website intended for signing up for a library card.

Finding # 2 - Receipts could be re-printed for prior transactions.

Risk Level: Moderate

Standard business practice is that cashiers should not be able to reprint receipts from prior transactions.

During the course of our review we found that receipts for prior transactions could be re-printed. The reprinted receipt was identical to the original receipt.

When receipts can be reprinted, the accuracy of transactions cannot be ensured and the risk of errors and misappropriation of funds is increased.

Recommendation

We recommend that the ability of cashiers to reprint a receipt for an existing transaction be disabled.

Finding # 3 - The "Controlled Assets Inventory Form-Employee" was not being used.

Risk Level: Low

Countywide Policy #1125, "Safeguarding Property and Assets", Section 4.3 states:

"The Property Manager shall maintain records to manage controlled assets using the following forms (or forms that contain substantially the same information) and procedures. 4.3.1 Exhibit 3 - 'Controlled Assets Inventory Form-Employee' is used for those assets that due to their nature, are used by and therefore readily assignable to an individual."

Within Taylorsville Library, some assets, such as computers and printers, were assigned to specific employees. The controlled asset list provided during our fieldwork did not indicate which employee the assets were assigned to. In addition, the "Controlled Assets Inventory Form-Employee" was not in use.

The Property Manager stated that she was not aware of the policy requirement.

When accountability for assets is not fully established, assets are at a greater risk for being lost or stolen.

Recommendation

We recommend that assets readily assignable to one employee be included on the "Controlled Assets Inventory Form-Employee" and that the employee sign a new form each year.

Finding # 4 - There was more than one person to a cash drawer.

Risk Level: Low

Countywide Policy #1062 "Management of Public Funds," Section 5.3.1 states:

"All overages and shortages, regardless of the amount, should be recorded daily by each Cashier on MPF Form 11, Cash Over/Short Log. When a significant shortage or a pattern of shortages occurs in the accounts of any Cashier, Agency Management shall conduct an investigation of the circumstances and report their findings to the Auditor's office. This reporting can be accomplished informally by email."

The Taylorsville Library cashiers did not balance their cash drawers when changing cashiers.   Accountability of cash overages and shortages could not be identified to individuals.

When cash overages and shortages are not reported by each individual cashier, Agency Management will not be able to determine when a significant pattern of shortages occurs for a cashier.

Recommendation

We recommend that each cashier record daily any overages or shortages on MPF Form 11.

Finding # 5 - An SAQ representing Library Agency management's compliance with PCI had not been completed and was not on file.

Risk Level: Low

Countywide Policy #1400-7 "Payment Card Industry Data Security Standard Policy," Section 3.0 states:

"Any County agency that accepts, processes, transmits or stores cardholder data using any County IT Resource or system shall comply with the Payment Card Industry Data Security Standard (PCI-DSS) in its entirety."

An SAQ representing Library Agency management's compliance with PCI had not been completed and was not on file.

Not completing this self-evaluating questionnaire for PCI-DSS increases the risk of fines and an inability of accepting credit cards as payments.

Recommendation

We recommend that Library Agency management complete and sign an annual SAQ and that Taylorsville Library keep a copy of the SAQ on file to show they are aware of and compliant with PCI requirements.

Additional Information

Background

The Taylorsville Library is located at 4870 South 2700 West, Salt Lake City, Utah. The mission of Salt Lake County Library Services is to make a positive difference in the lives of customers by responsively providing materials, information, and services at community libraries located throughout the Salt Lake Valley. Today over 70% of area residents hold a library card. To serve the needs of a growing and diverse population, Salt Lake County operates 19 libraries and two reading rooms. Advancements in library technology has allowed express check-in at several locations, self-checkout at all libraries, and access to the world of electronic information through a new library website.

Scope

Our work included a formal examination of financial records related to the following key internal controls, to the degree applicable:

- Change fund
- Petty Cash and Imprest Accounts
- Cash Receipting
- Cash Depositing
- Credit / Debit Card
- Capital and Controlled Assets and Software Inventory
- Financial Computer Controls
- Purchasing Card Use
- Payroll Practices

Our examination period covered up to twelve months ending April 30, 2013. In addition to reviewing financial records, we reviewed and examined current practices through observation. Sampling of daily cash deposits, where applicable, was performed to assess compliance with Countywide policy and standard business and internal control practices.

Management response to findings in this report, when received, will be attached as Appendix A.

SALT LAKE
COUNTY
LIBRARY SERVICES

HUMAN SERVICES
DEPARTMENT
"Making a positive
difference"

September 4, 2013

Gregory P. Hawkins
Salt Lake County Auditor
2001 S. State Street – N3300
Salt Lake City, UT 84190

RE: Management Response to the Audit of the Key Controls of Salt
Lake County Taylorsville Library

Dear Mr. Hawkins:

This letter is in response to the audit report of Salt Lake County
Taylorsville Library. We'd like to thank Scott Ball, the lead auditor for
planning and completing the audit in accordance with the Countywide
Policy # 1062, Management of Public Funds, Countywide Policy# 1125,
Safeguarding Property/Assets, Countywide Policy 1400-7, Payment Card
Industry Data Security Standard Policy and Taylorsville Library's internal
policies and procedures.

The draft responses were submitted to the Auditor's Office on August 21,
2013. Please enclosed find final written responses to the audit findings.
As reflected in the responses, we are committed to strengthen our internal
financial controls and reasonably implement audit recommendations
whenever applicable. If you have any questions or require further
information, please call me at 801-944-7504.

Sincerely,

Jim Cooper
Director

JAMES D. COOPER
LIBRARY DIRECTOR
jimcooper@slcolibrary.org

LIBRARY
ADMINISTRATION

8030 SOUTH 1825 WEST
WEST JORDAN CITY
UTAH 84088-5625
PHONE: (801) 943-4636
FAX: (801) 561-3506

slcolibrary.org

An Audit of the Key Controls of

Salt Lake County Taylorsville Library

Management Response to the Audit Findings

Salt Lake County Library management is ultimately responsible for implementing internal controls to protect assets, information and to ensure policy objectives are achieved. Taylorsville Library conforms to the County policies and procedures as directed by the Library management. All policies and procedures are implemented system-wide with few exceptions.

Finding # 1 Personal data was unsecured during the online card sign up process.

Risk Level: High

Recommendation:
We recommend that Library Services establish an SSL certificate in the area of the website intended for signing up for a library card.

Management Response:
Library IT department is in the process of acquiring SSL certification for the web application. Salt Lake County Library regularly reviews its systems and processes to ensure that patrons' information is protected and meets industry standards.

Finding # 2 - Receipts could be re-printed for prior transactions.

Risk Level: Low

Recommendation:
We recommend that the ability for cashiers to reprint a receipt for an existing transaction be disabled.

Management Response:
The ability to reprint is built-in feature in our Point of Sale (POS) software. All financial transactions have a unique transaction ID # with time and data stamp that reduces potential risks associated with such document. The vendor is aware of this finding. However, in some cases, a reprint of receipt is required to assist library patrons.

Finding # 3 - The Controlled Asset Inventory Form-Employee was not being used.

Risk Level: Low

Recommendation:
We recommend that assets readily assignable to one employee be included on the "Controlled Assets Inventory Form-Employee" and that the employee sign a new form each year.

Management Response:
The majority of the Taylorsville Library computers and printers have a shared use, therefore, cannot be assigned individually. Library manager is ultimately responsible for custody of all assets. Library management will identify individually assigned assets and complete "Controlled Assets Inventory Form-Employee" during our annual controlled assets inventory.

Finding # 4 – There is more than one cashier to a cash drawer.

Risk Level: Low

Recommendation:
We recommend that each cashier record daily any overages or shortages on MPF Form 11.

Management Response:
Due to low volume and low monetary value of transactions, Taylorsville Library staff and Library Fiscal department staff reviews all shortages and overage in the aggregate on daily basis. All outages over $2 are reviewed and investigated to identify patterns. It would not be cost-effective for the library to assign a dedicated cashier to each cash register. The Library staff is cross-trained in different areas of library operations to better utilize their time and to provide better customer service.

Finding # 5 - An SAQ representing Library Agency's compliance with PCI had not been completed and was not on file.

Risk Level: Low

Recommendation
We recommend that Library Agency management complete and sign an annual SAQ and that Taylorsville Library keep a copy of the SAQ on file to show they are aware of and compliant with PCI requirements.

Management Response:
Salt Lake County Library's IT department is working on a system-wide PCI compliance process. The Library is currently at 78% completion on SAQ-C certificate based on data from a third party PCI scanning service. A plan is in place to complete Level-C compliance in 2013. Taylorsville Library is not directly responsible for an SAQ and compliance with PCI.