

A REPORT  
TO THE CITIZENS OF SALT LAKE COUNTY

BEN McADAMS, MAYOR



An Audit of the Key Controls of  
**Sandy Library**

April 21, 2014

**GREGORY P. HAWKINS**

SALT LAKE COUNTY AUDITOR

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April 09, 2014

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 Sandy Library

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Sandy 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 Sandy Library and the cooperation from Jeanine Alby, Circulation Supervisor, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Sandy 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 James Fire MBA/Acc  
Deputy Auditor

cc: Jim Cooper, Library Director  
Javaid M. Lal, Fiscal Manager  
Darin Butler, Library Manager

GREGORY P. HAWKINS  
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## Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of Sandy 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

We re-examined prior findings issued in the Sandy Library Audit Report released to the public in May 2013. There were seven findings issued and six had been addressed. The remaining finding was re-issued with this report. Areas that we examined included receipting and depositing, capital and controlled assets, fraud, and purchasing cards. A finding was issued for deposits that were posted beyond the three-day policy.

## Findings and Recommendations

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### *Finding # 1 - Deposits were not always made in a timely manner.*

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#### **Risk Level: Low**

Countywide Policy #1062, "Management of Public Funds," Section 4.1.2 states:

"As required by § 51-4-2, Utah Code Annotated, all public funds shall be deposited daily whenever practicable, but no later than three days after receipt."

We found that 18 out of 25 deposits examined were deposited more than three days after receipt of collections.

When funds are not deposited on a timely basis, they are more susceptible to loss or theft. In addition, interest is lost that would otherwise be accrued.

#### **Recommendation**

We recommend that funds be deposited on the same day, whenever practicable, but no later than three days after receipt.

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### *Finding # 2 - An SAQ representing Library Agency management's compliance with PCI-DSS had not been completed and was not on file.*

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#### **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.”

A previous audit conducted in May 2013 found that Library Agency management's compliance with PCI-DSS had not been completed and was not on file. A retest showed that Library Agency management was still not compliant with PCI-DSS.

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 Sandy Library keep a copy of the SAQ on file to show they are aware of and compliant with PCI-DSS requirements.

## **Additional Information**

### **Background**

The Sandy Library is located at 10100 South Petunia Way, Sandy, 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. In early 1939, the Salt Lake County Library opened in two rooms of the old Midvale School. Today over 70% of area residents hold a library card. Serving 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
- Accounts Receivable
- Accounts Payable
- Third Party Contracts

Our examination period covered up to twelve months ending March 28, 2014. 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. Retesting of prior audit findings was also performed, where applicable.

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





HUMAN SERVICES  
DEPARTMENT

"Making a positive  
difference"

April 17, 2014

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 Sandy Library

Dear Mr. Hawkins:

This letter is in response to the audit report of Salt Lake County Sandy  
Library. We'd like to thank James Fire for planning and completing the  
audit in accordance with Utah Code Ann. §17-19a-204.

As reflected in our responses, we are committed to strengthening our  
internal financial controls and reasonably implement audit  
recommendations.

If you have any questions or need any additional information, please feel  
free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Cooper', written over a faint, larger version of the same signature.

James D. Cooper  
Director

**JAMES D. COOPER**  
LIBRARY DIRECTOR  
jimcooper@slcolibrary.org

**LIBRARY  
ADMINISTRATION**

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[slcolibrary.org](http://slcolibrary.org)

**Salt Lake County Sandy 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. Sandy 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.

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**Finding # 1** - Deposits were not always made in a timely manner.

Risk Level: **Low**

We recommend that funds be deposited on the same day, whenever practicable, but no later than three days after receipt.

**Management Response:**

*As a result of recommendations from previous audits, On April 1, 2014, Salt Lake County Library started a pilot project consisting of 8 libraries of which Sandy Library is participating. This pilot project is requiring that each library be responsible for making their own bank deposit on a daily basis. It is anticipated that all libraries will be on board within the next few months. With this new procedure in place deposits will be made within 3 days of receiving funds.*

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**Finding # 2** - An SAQ representing Library Agency management's compliance with PCI-DSS 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 Sandy Library keep a copy of the SAQ on file to show they are aware of and compliant with PCI-DSS requirements.

**Management Response:**

*Salt Lake County Library is currently seeking a system-wide PCI compliance. The Library is at 85% completion on SAQ-C certificate based on scanning data from a third party PCI scanning service. The Library is also working with the County Information Services to provided PCI Awareness training to library staff that handles credit card payments; training is expected to begin in June 2014.*

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