



**COUNTY OF SAN LUIS OBISPO**


**AUDITOR - CONTROLLER • TREASURER - TAX COLLECTOR**

**James W. Hamilton, CPA** Auditor-Controller • Treasurer-Tax Collector

**Lydia J. Corr, CPA** Assistant Auditor-Controller • Treasurer-Tax Collector

---

TO: CHRIS BARNICKEL, LIBRARY DIRECTOR

FROM: JAMES W. HAMILTON, CPA, AUDITOR-CONTROLLER-TREASURER-TAX COLLECTOR 

DATE: FEBRUARY 4, 2020

SUBJECT: FOLLOW-UP AUDIT TO RECOMMENDATIONS MADE IN THE LIBRARY'S FY 2018-19 CASH PROCEDURES AND INTERNAL CONTROLS AUDIT

Our office previously issued a cash procedures and internal controls audit report of the Library in March 2019. We recently performed a follow-up audit on January 29, 2020 to determine whether the recommendations we identified in our initial report were implemented. We conducted our follow-up audit in conformance with the *International Standards for the Professional Practice of Internal Auditing*. We determined all three of the recommendations made were implemented. The recommendations from the March 2019 report and results from our follow-up are detailed below.

**1. Change Funds Lacked Security**

Two locations did not secure their change funds after business hours. The ACTTC's Cash Handling Policy requires departments maintain an adequate safeguard of all cash and cash equivalents in their possession. Staff believed because there are a limited number of authorized personnel who have access to the building outside of business hours, the overnight storage location of the change funds was adequate. Failure to physically safeguard cash increases the County's risk of financial loss.

**Recommendation**

We recommend the Library find a means to secure the cash drawers after hours by either having desk drawers re-keyed so that there are keys available to the staff or finding an alternate locked location in the branch to store the box overnight.

**Follow-up Results**

The audit recommendation was implemented.

**2. Incomplete Cash Reconciliations**

The Library maintains an operational relationship with the Friends of the Library (Friends), with the branches selling goods (books, headphones, etc.) on behalf of Friends. Friends related sales are processed through the Library's cash register, and at the end of the day the Friends' sales are separated out from the Library's sales. However, the Library excludes the Friends' sales from

the daily cash register sales summary form, making it difficult to reconcile the daily sales summary to total sales receipts for the day. The ACTTC's Cash Handling Policy requires departments complete a daily reconciliation of receipts to their deposit permits. Due to the sales not being for Library services, the department excluded the Friends' receipts from the daily reconciliation form used to summarize the fees collected for the day. The lack of complete documentation to indicate which sales belong to the Library and which belong to the Friends increases the risk of an error in the Library's fees deposit and the remittance of the correct sales amount to the Friends.

### **Recommendation**

We recommend the Library update their cash register sales summary form to include a line for Friends of the Library's sales, ensuring the complete reconciliation of Library's daily sales summary to the cash register's sales receipts.

### **Follow-up Results**

The audit recommendation was implemented.

## **3. Receipts Not Issued for Donations**

Donations made to the Library were being accepted by department staff without the issuance of a receipt. To reduce the risk of error and theft the ACTTC's Cash Handling Policy requires cash taken by staff be issued a receipt immediately. Staff were not aware the donations should be handled with the same care and documentation as the department's cash fees collected. The lack of documentation for donations received increases the opportunity for misappropriation, loss or theft of funds.

### **Recommendation**

We recommend that receipts be issued for all donations when they are received.

### **Follow-up Results**

The audit recommendation was implemented.

Thank you for the courteous attitude and cooperation your staff provided. If you have any questions please contact Desiré Harris, Internal Auditor, at (805) 781-5099 or email [dlharris@co.slo.ca.us](mailto:dlharris@co.slo.ca.us)