

Rochester Public Library
Community Library
FY2024 Library - Frederick Douglass Audit

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Office of Public Integrity
Date: 6/20/2024
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EXECUTIVE SUMMARY

The Office of Public Integrity (OPI) conducted a review of cash handling at the Frederick Douglass branch of the Rochester Public Library. OPI examined the accountability of reported cash collections, the adequacy of internal control procedures, and compliance with City and Library cash handling policies at the Frederick Douglass Branch Library. We accounted for all reported cash receipts within the test period..

The results of the review indicate that, in general, adequate internal control procedures and compliance with City and Department policies. However, we noted the following findings that require management attention to improve administrative and internal controls, and to ensure compliance with prescribed policies.

- During our test period, there were 252 days that the Frederick Douglass Community Library required an “X” reading and verification of cash in the register to be done. OPI noted that library personnel did not take “X” reads on 35 of these days. This is an exception rate of 13.89%.
- For the period January 1, 2023 through December 31, 2023, the Frederick Douglass Community Library collected a total of \$2,243.41 in revenue. OPI noted that library personnel delinquently deposited cash collected on 27 of the 301 days in this period. These 27 days account for \$151.87 or 6.7% of the total revenue collected in the test period.

BACKGROUND OBJECTIVES AND SCOPE

A. Assignment

The Office of Public Integrity routinely examines systems and City-administered cash collection processes as well as compliance with established policies. As part of our annual work program, we conducted an examination of cash receipts reported by the Frederick Douglass Community Library.

B. Background

The Frederick Douglass Community Library lends and receives library materials, collects fines, and provides patrons access to the internet and personal computing needs. The library offers programs such as story hours, lectures and English language learning. In conjunction with these responsibilities, the unit handles cash transactions resulting from fines, reserves, book sales, lost book fees, audiovisual equipment fees, printing fees, facsimiles, program fees and meeting room fees.

C. Objectives and Scope

The objectives of this audit were to assess the adequacy of the internal controls over daily receipts, to verify the validity of reported cash receipts, to determine compliance with the City's Cash Handling Policies, and to determine the timeliness of receipt deposits.

The scope of the audit will be collections that occurred from 1/1/2023 through 12/31/2023.

Management is responsible for establishing and maintaining a system of internal accounting and administrative control. Fulfilling this responsibility requires estimates and judgments by management to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of accurate, informative reports that are fairly stated.

Due to inherent limitations in any system of internal accounting and administrative control, errors or irregularities may nevertheless occur and not be detected. In addition, projection of any system evaluation to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with procedures may deteriorate.

We conducted this audit in accordance with the International Standards for Professional Practice of Internal Auditing. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The recommendations presented in this report include the more significant areas of potential improvement that came to our attention during the course of the examination, but do not include all possible improvements that a more extensive review might develop.

RESULTS OF REVIEW

The Office of Public Integrity (OPI) conducted a review of cash handling at the Frederick Douglass branch of the Rochester Public Library. OPI examined accountability of reported cash collections, the adequacy of internal control procedures, and compliance with City and Library cash handling policies at the Frederick Douglass Branch Library. We accounted for all reported cash receipts within the test period..

However, we noted several internal control deficiencies, which require management attention to ensure compliance with City and departmental policies.

A. Required X-reads Performed Inconsistently

During our test period, there were 252 days that the Frederick Douglass Community Library required an “X” reading and verification of cash in the register to be done. OPI noted that library personnel did not take “X” reads on 35 of these days. This is an exception rate of 13.89%.

Rochester Public Library Cash Handling Policy requires that, for all days the Library is in operation for more than six hours, library personnel take cash register “X” reads, count and verify the cash in the register, and record the information on “X Readings” forms. The policy requires that this be done at a shift change or at the mid-point of daily operations if there is no official shift change.

Non-adherence to cash handling policies diminishes internal controls over library operations.

- Recommendation

Library personnel should take “X” reads and count and verify the cash in the register in accordance with the Library’s Cash Handling Policy.

B. Untimely Deposits

For the period January 1, 2023 through December 31, 2023, the Frederick Douglass Community Library collected a total of \$2,243.41 in revenue. OPI noted that library personnel delinquently deposited cash collected on 27 of the 301 days in this period. These 27 days account for \$151.87 or 6.7% of the total revenue collected in the test period.

City Cash Collection Policies and the Library Cash Handling policy require that City personnel deposit all cash within five days of receipt or immediately upon the accumulation of \$300, whichever occurs first.

Timely deposits of cash are important because a delay in deposit results in a greater risk of loss, theft or diversion. Additionally, personal checks received in payment may be good upon receipt, but not at a later point in time. Finally, undeposited cash is idle cash and does not contribute to the best possible utilization of City resources.

- Recommendation

Library personnel should deposit cash collections in accordance with City and Library policies.

DEPARTMENTAL RESPONSE

The response to this report of the Rochester Public Library begins on the next page.



City of Rochester

Inter-Departmental Correspondence

To: Timothy R. Weir, Director Office of Public Integrity
From: Patricia Uttaro, Director Rochester Public Library and MCLS
Date: June 18, 2024
Subject: Rochester Public Library FY2024 Library - Frederick Douglass Audit

Below is the response to the Office of Public Integrity (OPI) examination of Rochester Public Library FY2024 Library - Frederick Douglass Audit. This memorandum is offered regarding your findings.

1. OPI Recommendation

Library personnel should take “X” reads and count and verify the cash in the register in accordance with the Library’s Cash Handling Policy.

Department Response: All staff at the Douglass Branch will be required to complete additional cash handling training in the coming months. The Library Finance Office will review the Library's Cash Handling Policy with staff and emphasize the importance of running X reads per the policy.

2. OPI Recommendation

Library personnel should deposit cash collections in accordance with City and Library policies.

Department Response: During the aforementioned Library Cash Handling training, the Library Finance Office will review the required time period in which staff must deposit any cash and the risk factors of depositing cash delinquent. The Library Finance Office will also distribute reminders to all Library staff regarding the City and Library cash handling policies.