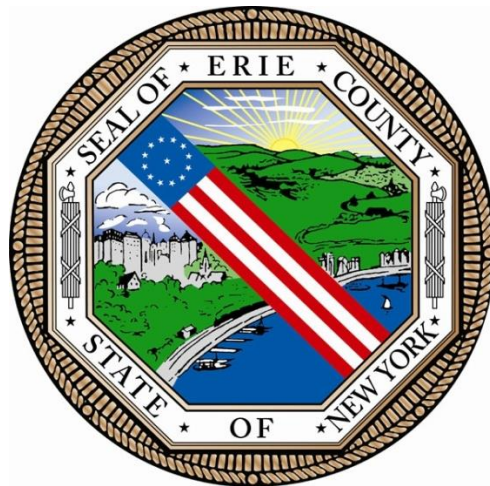


October 2020

**Audit of the Buffalo & Erie County Public Library
Operating Budget of Revenues in the Central Library
July 1, 2019 through December 31, 2019**



**STEFAN I. MYCHAJLIW
ERIE COUNTY COMPTROLLER**

**HON. STEFAN I. MYCHAJLIW
ERIE COUNTY COMPTROLLER'S OFFICE
DIVISION OF AUDIT & CONTROL
95 FRANKLIN STREET
BUFFALO, NEW YORK 14202**



September 4, 2020

Erie County Legislature
92 Franklin Street, 4th Floor
Buffalo, New York 14202

Dear Honorable Members:

The Erie County Comptroller's Office has completed an Audit of the Buffalo & Erie County Public Library Fine Revenues in the Central Library ("Library") for the period of July 1, 2019 through December 31, 2019.

Management of the Buffalo & Erie County Public Library is responsible for establishing and maintaining a system of internal control. The objectives of such a system are to provide management with reasonable, but not absolute, assurance that transactions are executed in accordance with management's authorization and are recorded properly. Due to the inherent limitations in the system of internal control, errors or irregularities may nevertheless occur and not be detected.

Our responsibility is to express an opinion based on our audit. We conducted our audit in accordance with Generally Accepted Government Auditing Standards. 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. Our objectives were to test and evaluate Library fine revenue transactions in the operating budget and to evaluate the internal controls over such transactions. We believe that the evidence obtained provides a reasonable basis for our findings and recommendations based on our audit objectives.

Opinion

In our opinion, the internal controls over the Library fine revenues in the operating budget are adequately designed, and operating effectively.

No other specific matters adversely affecting compliance and procedures came to our attention. Our audit was made for the purpose previously discussed, and would not necessarily disclose all instances of noncompliance with respect to areas of operations not audited.

BACKGROUND

The Central Library (“Library”), a branch of the Buffalo & Erie County Public Library, is located in Downtown Buffalo. This audit focused on revenue transactions for the Central Library in General Ledger (“GL”) Account 419000 Library Charges – Fines (“419000”). GL Account 419000 is budgeted in the Buffalo & Erie County Public Library fund 820, cost centers 4202220 and 4202225, and revenue is recorded in fund 820, cost center 4203305.

Fines are posted to Library Card Accounts and are comprised of overdue library materials, printing, copying, lost library materials, and replacement library cards due to loss of the original. When a library card holder does not pay their fines, their account will be put on hold or suspended depending on the fine balance. The Library allows card holders to pay their fines by accepting various types of payments in-person, by phone, by mail, and online (“Ecommerce”). The types of payments accepted are cash, credit card and check.

AUDIT RESULTS AND RECOMMENDATIONS

1. Daily Receipts

A random sample of 26 of 184 payment days was selected for testing of Daily Ecommerce Receipts, Daily On-site Credit Card Receipts, and Daily Cash Receipts. Only 25 payment days were recognized for testing of Daily Ecommerce Receipts and On-site Credit Card Receipts. One (1) day selected for testing was excluded due to it being outside of the audit time period.

- a. Daily Ecommerce Receipts - 25 of 25 days were tested with no discrepancies noted. The total revenue recorded for each day was traced for completeness from the SIRSI Ecommerce Reports, bank statements and to SAP.
- b. Daily On-site Credit Card Receipts - 25 of 25 days were tested with no discrepancies noted. The total revenue recorded for each day was traced for completeness from the Daily Cash Receipt Worksheets, Master Summaries, bank statements, and to SAP.

During testing, we noted that a check log is not utilized by the Library to provide a record of checks received from patrons for payment of fines. The Library stated that a check log is not utilized due to patron security concerns, but they will consider modifying their procedures to include this documentation.

We recommend the Library’s Business Office update the written policies and procedures related to receiving and recording revenue, and train staff working in the Library’s Borrower’s Office. The Library has stated that they are in the process of updating written policies and procedures.

2. Weekly Cash Deposits

A haphazard sample of six (6) of 26 Weekly Cash Deposits (“Deposits”) was selected for testing. The total revenue recorded for deposits was traced and recalculated for completeness by testing the Library’s excel workbooks, deposit documentation, bank statements, and SAP reports. The following discrepancies were found:

- a. In three (3) of six (6) deposits tested, the total revenue deposited did not agree with the recalculation of the total deposit. Minor errors occurred in the range of \$5.50 to \$15.04 within these deposits which contributed to the difference of total revenue deposited into the bank and the recalculated deposit. Collected revenue was incorrectly recorded in the

“Other” account on the Daily Cash Receipt Worksheets. The “Other” account was not included on the Totals Page or the Entry tab, so the collected revenue recorded in this account was not included in the total bank deposit.

- b. Six (6) of six (6) deposits tested did not have an authorization signature on the entry tab in the excel workbook “Library Central Deposit Slip” or on the hard copy of the bank deposit transmittal. We cannot verify if the bank deposit transmittal was authorized prior to deposit. The Library stated their authorization procedure was modified to verbal authorization when they started sending bank deposit transmittals electronically. The Library stated that they will consider modifying their authorization procedure to document authorization.

We recommend that the Library modify the Daily Cash Receipt Worksheet to accurately record all revenue collected.

RESULTS OF EXIT CONFERENCE

An exit conference was held on October 21, 2020 with the Director, Deputy Director-COO, and Deputy Director-CFO of the Buffalo & Erie County Public Library, along with the Library Administrative Manager and the Assistant Library Administrative Manager of the Central Library. The draft of the audit report was reviewed and discussed. The Director reviewed the draft report and is in general agreement with our findings and had no further questions or concerns.

The Auditee stated that their written response to the draft report would serve as the Buffalo & Erie County Public Library’s response to the audit. A copy of the letter is included in this report as Appendix A.

The Erie County Comptroller’s Office would like to thank the Director of the Buffalo & Erie County Public Library and staff of the Central Library for the courtesy extended to us during the audit.

ERIE COUNTY COMPTROLLER’S OFFICE

Cc: Mary Jean Jakubowski, Director of Buffalo & Erie County Public Library
Kathleen Berens Bucki, MLS, Chair of Buffalo & Erie County Public Library Board of Trustees
Hon. Mark C. Poloncarz, County Executive
Robert W. Keating, Director of Budget and Management
Stefan I. Mychajliw, Erie County Comptroller
Erie County Fiscal Stability Authority

Appendix

Appendix A: Auditee's response to the audit report.

