

ROCHESTER PUBLIC LIBRARY  
WINTON BRANCH LIBRARY  
CASH HANDLING REVIEW

Distribution:

Malik D. Evans, Mayor  
Patrick Cunningham, Deputy Mayor  
Patty Uttaro, Library Director  
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Office of Public Integrity  
Date: August 16, 2022  
Contact: Tony Grugnale  
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## I. EXECUTIVE SUMMARY

In this review, the Office of Public Integrity (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 Winton Branch Library. We accounted for all reported cash receipts within the test period. Additionally, the results of this review indicate, in general, adequate internal control procedures over the location's operations and compliance with City and Library cash handling policies. However, we noted the following findings that require management attention to improve administrative and internal controls and to ensure compliance with prescribed policies.

- ◆ OPI noted that library personnel do not always follow the cash deposit procedures outlined in the City's and Library's cash collection policies. Library personnel deposited revenue collected on 9 of the 195 days in the test period beyond the period required by City and Library policy.
- ◆ Library policy requires that library personnel take cash register "x-reads" on all days branch libraries are in operation for more than six hours. We noted that library personnel did not take these x-reads for 87 of the 174 days required during our test period.

## II. 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 Winton Branch Library.

### B. Background

The Winton Branch 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. The Winton Branch Library along with all other libraries in Monroe County was closed to the public through the spring of 2021. The Winton Branch Library restarted normal business operations on April 26, 2021 and reported \$6,677.06 in revenue through December 31, 2021.

Winton Branch Library personnel enter cash collection transactions in both the cash register and the Library Corporation's CARL.X product (CARL), which is the library automation system of material available for borrowing, material on loan to patrons, patron history and a history of cash transactions. The two systems are not integrated.

C. Objective and Scope

The objectives of the review were to assess the adequacy of internal controls over daily receipts, to determine the validity of reported cash receipts and to determine that library employees follow City and Library cash handling policies. The Office of Public Integrity examined all recorded cash transactions at the Winton Branch Library during the period January 1, 2021 through December 31, 2021. During this period, the Winton Branch Library reported revenue of \$6,677.06. The review included an analysis of cash handling procedures and an examination of supporting documentation.

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.

Because of inherent limitations in any system of internal accounting and administrative control, errors or irregularities may nevertheless occur and not be detected. Also, 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 Generally Accepted Government Auditing Standards (GAGAS). 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.

### III. RESULTS OF REVIEW

The results of our testing indicate, in general, adequate internal control procedures over the Winton Branch Library's operations and compliance with City and Library cash handling policies. We were able to determine that Winton Branch Library personnel deposited all revenue recorded on the cash register. However, we noted the following deficiencies in administrative and internal control and non-compliance with prescribed policies that require management attention.

#### A. Untimely Deposits

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. The Office of Public Integrity noted that library personnel do not always deposit daily revenue in accordance with these policies.

For the period January 1, 2021 through December 31, 2021, the Winton Branch Library collected a total of \$6,677.06 in revenue. OPI noted that library personnel delinquent deposited cash collected on 9 of the 195 days in this period. These 9 days account for \$285.75 or 4.3% of the total revenue collected in the test period. The following table summarizes these late deposits.

Rochester Public Library  
Winton Branch  
Analysis of Delinquent Cash and Check Deposits  
For the Period January 1, 2021 to December 31, 2021

Frequency of Occurrence

<u>Days Deposited Late</u>	<u>Number</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Timely Deposits	186	95.38%	\$6,391.31	95.74%
Deposited 1 day late	6	3.07%	144.40	2.15%
Deposited 2 days late	3	1.55%	141.35	2.11%
Totals	<u>195</u>	<u>100.00%</u>	<u>\$6,677.06</u>	<u>100.00%</u>

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.

B. Required "X" Reads Not Always Completed

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.

During our test period, there were 174 days that the Winton Branch 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 87 of these days. This is an exception rate of 50%.

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.

IV. DEPARTMENT RESPONSE

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



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TO: Timothy Weir, Director, OPI  
Tony Grugnale, Jr., OPI  
FROM: Patricia Uttaro, Director, Library  
DATE: August 12, 2022  
Re: **Winton Branch Library – Cash Handling Review Response**

This memo is a follow up to the Winton Branch Library cash handling review for a period of January 1, 2021 through December 1, 2021. We appreciate the review meeting virtually today and agree with the findings of adequate internal controls and compliance with City and Library cash handling policies.

With respect to X-read recommendations, we wish to note that the period of survey was a continuation of the limited operations of Library branches due to the COVID pandemic. Hours of operation were truncated, and staffing was limited due to isolation and quarantine during this time. Several dates of deposit were delayed due to staff illnesses or absences during the period of observation.

Prior procedural documentation noted a library shift as six (6) hours, and for some periods during COVID (and Saturdays) the Winton branch was open less than that. As a result, the Winton Branch staff did not consistently consider an X-read as they did not consider the day of business the whole shift. Branch administration has clarified this with staff communications and procedure updates, noting that end of day, regardless of hours within shift, the X-read is run.

Since the cash handling observation from OPI, the Library has offered a Cash Handling training for all members of the Monroe County Library System, based on existing training materials and sample best practice documents available on our system ePortal. For Rochester Public Library staff, our Cash Handling Policy, forms and recording of this training is readily available.

We appreciate the time and professionalism of OPI staff during the review process.

xc: Melanie Lewis, Library  
Brie Harrison, Library