



O R A N G E C O U N T Y

**AUDITOR-CONTROLLER**

I N T E R N A L A U D I T

# **CASH COMPLIANCE AUDIT:**

## **OC COMMUNITY RESOURCES/ OC PUBLIC LIBRARIES**

### **For Fiscal Year 2015-16**



**Audit Number 1579**

**Report Date: April 1, 2016**



O R A N G E C O U N T Y  
**AUDITOR-CONTROLLER**  
I N T E R N A L A U D I T

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**Orange County Auditor-Controller**

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**ERIC H. WOOLERY, CPA**  
AUDITOR-CONTROLLER



**Transmittal Letter**

**Audit No. 1579**

**April 1, 2016**

**TO:** Steve Franks, Director  
OC Community Resources

**SUBJECT:** Cash Compliance Audit: OC Community Resources/OC Public Libraries for  
Fiscal Year 2015-16

We have completed our audit of OCCR/OC Public Libraries' Petty Cash, Cash Difference, and Cashiering Funds internal controls. Our final report is attached for your review.

I submit an **Audit Status Report** quarterly to the Audit Oversight Committee (AOC) and a monthly report to the Board of Supervisors (BOS) where I detail any critical and significant audit findings released in reports during the prior month and the implementation status of audit recommendations as disclosed by our Follow-Up Audits. Accordingly, the results of this Cash Compliance Review will be included in future status reports to the AOC and BOS.

A handwritten signature in blue ink, appearing to read "Toni Smart".

Toni Smart, CPA, Director  
Auditor-Controller Internal Audit Division

**Attachments**

Other recipients of this report:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- Eric H. Woolery, Auditor-Controller
- Frank Kim, County Executive Officer
- Mark Denny, Chief Operating Officer
- Lilly Simmering, Deputy Chief Operating Officer
- Helen Fried, County Librarian
- Brian Rayburn, Manager, Business Practices, OC Community Resources
- Fue Tuiteleleapaga, Manager, Purchasing, OCCR
- Tonya Riley, Director, A-C Satellite Accounting Operations
- Win Swe, Accounting Manager III, OCCR Accounting
- Susan Long, Accounting Manager II, OCCR Accounting
- Foreperson, Grand Jury
- Robin Stieler, Clerk of the Board of Supervisors
- Macias Gini & O'Connell LLP, County External Auditor



# Internal Auditor's Report

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***Cash Compliance Audit:  
OC Community Resources/OC Public Libraries  
Fiscal Year 2015-16  
Audit No. 1579***

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# Internal Auditor's Report

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**Audit No. 1579**

**April 1, 2016**

TO: Steve Franks, Director  
OC Community Resources

FROM: Toni Smart, CPA, Director  
Auditor-Controller Internal Audit Division

SUBJECT: Cash Compliance Audit: OC Community Resources/OC Public Libraries for  
FY 2015-16

## OBJECTIVE

We completed our audit of OCCR/OC Public Libraries' Petty Cash, Cash Difference, and Cashiering fund internal controls. Our audit was to determine whether OC Public Libraries are performing cash handling duties in accordance with Auditor-Controller (A-C) County Accounting Manual (CAM) C-4 *Depositing*, A-C County Accounting Manual C-7 *Revolving Cash Fund*, A-C County Accounting Manual S-2 *Internal Control Systems*, and OC Community Resources (OCCR) policies and procedures. This audit was conducted in conformance with the Professional Practice of Internal Auditing prescribed by the Institute of Internal Auditors.

## RESULTS

We are pleased to report that OCCR and OC Public Libraries took appropriate corrective action based on the findings and recommendations made in the prior cash handling review conducted during FY 2012-13 and made significant improvements to processes and controls over petty cash, cash differences, and cash handling. Several of the prior findings are considered closed with some exceptions as noted in this report. This audit also identified opportunities to further enhance the existing processes and controls at the branches. An overall Summary of Findings and Requirements is included in **ATTACHMENT A**. Specific Findings by Location are included in **ATTACHMENT B**. See OCCR/OC Public Libraries' Management Responses in **ATTACHMENT D**.

## PETTY CASH

Petty Cash has been centralized and is located at OCCR Administration and no branches now have petty cash funds. We audited the internal control structure to determine whether the current structure provides for adequate internal controls. Based on our audit, we found that internal controls are in place to ensure compliance with A-C CAM requirements and OCCR policies and procedures. **We have no findings and recommendations for Petty Cash.**

## CASH DIFFERENCE FUND

The Cash Difference Fund is located at Library Headquarters. We audited this process to determine whether the current structure provides for adequate internal controls. Based on our audit, internal controls are in place to ensure compliance with County and OCCR policies and procedures. **We have no findings and recommendations for the Cash Difference Fund.**



# Internal Auditor's Report

## CASH HANDLING

Based on our audit of cash handling at 24 Library branches, we found that internal controls are in place to ensure compliance with County procedures and OCCR policies and procedures. We noted where OC Public Libraries can further enhance internal controls over cash handling. We identified **11 Control Findings** and recommendations that will help strengthen cash handling controls as summarized below.

Also see [Attachment A - Summary of Findings and Requirements](#).

**Summary Table of Findings, Recommendations, and Management Responses**

Finding No.	Finding Classification	Finding	Recommendation	Management Response
C1	<b>Control Finding</b>	\$25 discrepancy in opening balance from cash loss outstanding from Jan 2015.	Foothill Branch resolve and report cash loss to replenish change fund.	<b>Concur.</b> Library Administration verified that difference in the opening balance has been resolved.
C2	<b>Control Finding</b>	When performing surprise cash counts at the branches, auditor identification and authorization was not always verified with Library Management.	Review and communicate policy on the verification and identification of non-Library personnel conducting business at the branches.	<b>Concur.</b> Library Administration directed Branch Managers to remind staff that (1) they must verify identification of non-library personnel conducting business at the branches, and (2) if the Branch manager is not present, they must call headquarters for authorization of any work to be done at the branches.
C3	<b>Control Finding</b>	Costa Mesa Tech lacked a plan for segregating duties of receiving cash, daily balancing and depositing, and/or recording in CAPS+ when staffing is limited.	Costa Mesa Tech develop a written plan to segregate duties of cash receipting, recording and depositing when staffing is limited.	<b>Concur.</b> Library Administration sent a copy of the <i>Cash Control Guidelines</i> to all staff and reminded the Branch Managers that the policy must be followed. Additionally, Library Management will ensure that the Costa Mesa Tech Branch maintains and adheres to the <i>Segregation of Duties Schedule</i> within 60 days.
C4	<b>Control Finding</b>	Most branches did not have written transfer of accountability when placing monies into the safe overnight for deposit.	Implement a requirement for branches to document transfer of accountability between the closing and opening shifts for deposits placed in the safe.	<b>Concur.</b> Library Administration provided all branches with a copy of the <i>Transfer of Accountability</i> log and covered instructions on its use with Branch Managers.
C5	<b>Control Finding</b> (Repeat Finding)	One branch did not have a sign posted informing customers to request a receipt.	Tustin Branch post a sign informing customers to ask for a receipt.	<b>Concur.</b> The Tustin Branch Manager posted a sign informing customers to ask for a receipt.



# Internal Auditor's Report

Finding No.	Finding Classification	Finding	Recommendation	Management Response
C6	<b>Control Finding</b> (Repeat Finding)	One branch did not reconcile cash receipts to the Library system (SIRSI).	El Toro Branch establish a process to reconcile daily cash receipts to SIRSI.	<b>Concur.</b> Library Administration called El Toro Branch Manager to ensure that she is on the distribution list for the <i>Daily Branch Transaction Report</i> .
C7	<b>Control Finding</b> (Repeat Finding)	At all branches, no documentation was maintained for changing safe combinations and keys. In some branches, changes to safe combinations are not made and/or have never been changed.	Ensure appropriate safe controls are in place at all branches. This includes maintaining a log of staff with access to the safe combination and/or keys, and establishing a policy for changing safe combinations and/or retrieving keys when employees leave.	<b>Concur.</b> Library Administration will establish policy and procedures to ensure appropriate safe controls, including maintenance of access logs and procedures for controlling access, within the next six months and concurrent with the purchase of new digital safes.
C8	<b>Control Finding</b>	One branch had a safe in a non-secure location.	La Palma Branch keep its safe in a secure location.	<b>Concur.</b> Library Administration plans to purchase new digital safes for all branches within the next six months. The new safe at the La Palma branch will be located in a secure location outside of public view, behind a locking door.
C9	<b>Control Finding</b>	Copy machine reconciliations have not been performed at some branches.	Library Management implement a requirement to reconcile copier machine receipts on a monthly basis.	<b>Concur.</b> Library Administration reminded Branch Managers that public copiers must be reconciled monthly in accordance with Section 4 of the <i>Copy Machine Monthly Reconciliation and Deposit Policy</i> . Additionally, Library Administration will review the <i>Public Copiers Meter Forms</i> and <i>Copier Fund Worksheets</i> to ensure accuracy and timeliness in accordance with this policy.
C10	<b>Control Finding</b>	Some branches did not deposit cash receipts timely as required by cash handling policy.	Deposit cash receipts in accordance with County and OCCR policy.	<b>Concur.</b> Library Administration reminded the Cypress, Stanton, and Tustin Branch Managers that the copy machine deposits must be added to the CAPS+ form and deposited monthly according to the <i>Copy Machine Monthly Reconciliation and Deposit Policy</i> .





# Internal Auditor's Report

Finding No.	Finding Classification	Finding	Recommendation	Management Response
C11	<b>Control Finding</b>	Library staff approve each other's cash receipt voids and adjustments. At most branches, there are no periodic reviews of these transactions by the Branch Managers.	Library Management should implement a requirement for periodic reviews by Branch Managers of voids, corrections, and adjustments that Library staff approve for each other.	<b>Concur.</b> Library Administration reviewed the <i>Cash Control Guidelines</i> policy with all Branch Managers. Consistent with that policy, Library Administration will formalize procedures to periodically review voids, corrections, and adjustments.

**Note:** Our audit was conducted at a sample of 24 branches. **It is important that OC Public Libraries' management review internal controls at the branches that were not reviewed and determine whether the above internal controls need to be implemented at those locations.**

Library Management should review the control findings identified in this report and implement procedures to address the recommendations. If Library Management determines that a required internal control cannot be implemented, this should be documented and discussed with the OCCR Administrative Services and/or Business Practices to agree on the accepted risk. The Auditor-Controller Internal Audit Division is available to partner with your staff so that they can successfully implement or mitigate difficult audit recommendations.

## BACKGROUND

OCCR/OC Public Libraries has **33 library branches** throughout Orange County, and a library headquarters located in Santa Ana. OC Public Libraries has **Petty Cash of \$49,475** and **Cash change funds of \$3,525** totaling \$53,000 in Revolving Funds. They also have a Cash Difference fund totaling \$300. During the FY 2014-15, OC Public Libraries received **\$853,790 in fines, fees, and lost materials charges.**

OCCR Accounting conducted a cash handling review during FY 2012-13. The final report included 15 Petty Cash findings and 16 Cashiering findings. Our current audit found that the Petty Cash findings were closed as a result of centralizing the Petty Cash fund at OCCR Administration. As such, we determined that all prior Petty Cash findings were appropriately addressed and are closed. Our audit also found that the libraries implemented the Cash Control Guidelines, effective September 13, 2013, which resulted in 13 of the prior 16 Cash Handling findings being closed. The 11 findings and recommendations made in this report include three (3) repeat findings from the prior review and eight (8) recommendations to further enhance internal controls and processes.

## SCOPE AND METHODOLOGY

Auditor-Controller Internal Audit staff performed a preliminary risk assessment of all 34 library locations (including headquarters). The purpose of the risk assessment was to ensure high and medium risk locations were audited. Additionally, three (3) of the nine (9) low risk libraries were reviewed as part of our sample to get a representation of all 33 branches.





# Internal Auditor's Report

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We identified four (4) risk areas applicable to cash handling and assigned a number to each of the identified risk areas from one to five (one as low risk and five as high risk). The four (4) risk areas included:

- Cash register dollar activity for a three month period
- Change fund balance
- Reported cash losses or cash shortages in FY 2014-15
- Number of cash compliance review findings identified in FY 2012-13

An overall score was calculated to determine high, medium, and low risk areas. The locations audited (total of 24) based on a rating of high risk, medium risk, and low risk are included in **Attachment B** of this report. Our cash compliance audit included:

1. Unannounced visits to confirm petty cash, cash difference fund cash, and cash drawer amounts on hand at the time of the visit agree to Accounting records.
2. Interviews with the Petty Cash Fund Custodian, Cash Difference Fund Custodian, and Cashiering staff.
3. Completion of Internal Control Questionnaires.
4. Review of a sample of petty cash vouchers for compliance with A-C Accounting procedures.
5. Prepared Segregation of Duties matrices for Cash Receipt, Cash Difference, and Petty Cash activities.
6. Review of the status of findings in the prior cash compliance report.

## **FOLLOW-UP PROCESS**

Please note we have a structured and rigorous **Follow-Up Audit** process in response to recommendations and suggestions made by the Audit Oversight Committee (AOC) and the Board of Supervisors (BOS). Our **First Follow-Up Audit** of any Significant and Critical Control Weaknesses will begin at six months from the official release of the report. A copy of all our Follow-Up Audit reports is provided to the BOS as well as to all those individuals indicated on our standard routing distribution list.

The AOC and BOS expect that audit recommendations will typically be implemented within six months and often sooner for significant and higher risk issues. Our **Second Follow-Up Audit** of any Significant and Critical Control Weaknesses will begin at six months from the release of the first Follow-Up Audit report, and any Control Findings will be followed up with our next Cash Compliance Audit, by which time **all** audit recommendations are expected to be addressed and implemented. We bring to the AOC's attention any audit recommendations we find still not implemented or mitigated after the second Follow-Up Audit. Such open issues appear on the AOC agenda at their next scheduled meeting for discussion.

## **MANAGEMENT'S RESPONSIBILITIES FOR INTERNAL CONTROLS**

In accordance with the Auditor-Controller's County Accounting Manual Section S-2 Internal Control Systems: "All County departments/agencies shall maintain effective internal control systems as an integral part of their management practices. This is because management has primary responsibility for establishing and maintaining the internal control system. All levels of management must be involved in assessing and strengthening internal controls."



# Internal Auditor's Report

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Control systems shall be continuously evaluated by Management and weaknesses, when detected, must be promptly corrected. The criteria for evaluating an entity's internal control structure is the Committee of Sponsoring Organizations (COSO) control framework. Our Internal Control Audit enhances and complements, but does not substitute for the OCCR/OC Public Libraries' continuing emphasis on control activities and self-assessment of control risks.

## **Inherent Limitations in Any System of Internal Control**

Because of inherent limitations in any system of internal controls, errors or irregularities may nevertheless occur and not be detected. Specific examples of limitations include, but are not limited to, resource constraints, unintentional errors, management override, circumvention by collusion, and poor judgment. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or the degree of compliance with the procedures may deteriorate. Accordingly, our audit would not necessarily disclose all weaknesses in the OCCR/OC Public Libraries' operating procedures, accounting practices, and compliance with County policy.

## **ACKNOWLEDGMENT**

The cooperation of OCCR and OC Public Libraries staff during this audit is greatly appreciated. If you have any questions or concerns, please contact me at (714) 834-5442, or Scott Suzuki, Assistant Director at (714) 834-5509.



# Internal Auditor's Report

## ATTACHMENT A: Summary of Findings and Requirements

Finding #	Finding	A-C Procedure Name and #	A-C Procedure Requirement and OCCR Policy
C1	A cash loss resulted in a difference of \$25 to the opening balance amount at the <b>Foothill Ranch</b> Branch. This difference has been outstanding since January 2015.	Revolving Cash Fund C.7 2.5.1 Cash Shortages  OCCR Policy – Cash Control Guidelines section IV.B.ii	“Cash shortages in a revolving cash fund should be replenished in accordance with Procedure C-2, Cash Difference Fund. Departments without a Cash Difference Fund must follow Procedure C-3, Cash Losses.”  “Money in cash register drawers should be counted at opening and closing each day.”
C2	Library Management’s expectation is for branch personnel to verify the identity and authority of non-Library personnel conducting business at the branches. Auditor’s identity was not verified when performing surprise cash count at all branches. Some branches asked for an ID, but none verified the cash counts with Library Administration.	Internal OC Public Library Policy	All library personnel need to verify the existence of anyone asking to perform any type of job at the library, whether it is an Auditor-Controller employee or a repair person, all need to have permission.  If the Branch Manager is not aware of someone coming out for a specific reason, they need to call Library Headquarters and get permission to allow the activity to occur.
C3	<b>Costa Mesa Tech</b> lacked a plan for segregating duties of receiving cash, daily balancing and depositing, and/or recording in CAPS+ when staffing is limited.	Deposits C.4 2.1 Segregation of Duties	“Responsibilities for receiving and depositing monies should be segregated between several employees to establish control over collections. An essential segregation of duties is having someone other than the employee receiving monies preparing the Deposit Order. Similarly, the person verifying the final Deposit Order should not be the person who prepared it.”
C4	Most branches did not have written transfer of accountability when placing monies into the safe overnight for deposit.	Deposits C.4 2.2 Accountability  2.1 Segregation of Duties	“When monies are subsequently transferred between employees during the collection and deposit process, the employees should document the transfer of accountability in writing. It should be stressed to employees that it is to their own benefit to verify the amounts being transferred to them, prior to signing for the funds. In the event of a loss, the transfer of accountability provides management with a method to determine where, when and possibly how the loss occurred.”
C5	At the <b>Tustin</b> Branch, a sign is not posted informing customers to request a receipt.  <b>Note:</b> This is a repeat finding from the prior cash compliance review.	Deposits C.4 2.2 Accountability	“Accountability should be established when monies are initially collected or received by preparing some type of Initial Collection Record (examples include receipt forms, lists and calculator tapes.)



# Internal Auditor's Report

Finding #	Finding	A-C Procedure Name and #	A-C Procedure Requirement and OCCR Policy
C6	At the <b>El Toro</b> Branch, cash receipts are not reconciled to SIRSI.  <b>Note:</b> This is a repeat finding from the prior cash compliance review	Deposits C.4 2.3 Deposit Order Verification by Department/Agencies	"Upon receipt of the validated Deposit Order, the department/agency shall compare it to the original Deposit Order and to the Initial Collection Records to ensure all collections are deposited."
C7	At all branches, no documentation was maintained for changing safe combinations/keys. In some branches, changes to safe combinations are not made and/or have never been changed.  <b>Note:</b> This is a repeat finding from the prior cash compliance review.	Internal Control Systems S-2 3.2 Access to Assets	"Access to County assets should be limited to authorized personnel who require these assets in the performance of their assigned duties."
C8	Safe is not in a secure location at the <b>La Palma</b> Branch.	Internal Control Systems S-2 3.2 Access to Assets	"Access to County assets should be limited to authorized personnel who require these assets in the performance of their assigned duties."
C9	Copy machine reconciliations have not been performed at some branches.	OCCR Policy – Copy Machine Reconciliation and Deposit Section II	"Copy machine coin and bill boxes should be reconciled monthly."
C10	Deposits are not made as required at the <b>Cypress, Stanton, and Tustin</b> Branches.	OCCR Policy – Copy Machine Reconciliation and Deposit Section II, III.b, IV.d and IV.e	"Coins and cash totals should be added to the CAPS+ form and deposited in the bank. Managers will ensure...deposits are made monthly. Amount should be added to the CAPS+ deposit form for the day and deposited in the bank. If money cannot be deposited on that day, the money shall be held in the safe until it can be deposited."
C11	Library staff approves each other's voids and adjustments to cash receipts. At most branches, there are no periodic reviews of these transactions by the Branch Managers.	Internal Control Systems S-2 3.3 Authorization, Execution and recording of Transactions	"Independent evidence shall be maintained to document that authorizations are issued by persons acting within the scope of their authority and that transactions conform with the terms of the authorizations."





# Internal Auditor's Report

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## ATTACHMENT C: Report Item Classifications

For purposes of reporting our audit findings and recommendations, we will classify audit report items into three distinct categories:

▶ **Critical Control Weaknesses:**

These are Audit Findings or a combination of Auditing Findings that represent critical exceptions to the audit objective(s) and/or business goals. Such conditions may involve either actual or potential large dollar errors or be of such a nature as to compromise the Department's or County's reputation for integrity. Management is expected to address Critical Control Weaknesses brought to their attention immediately.

▶ **Significant Control Weaknesses:**

These are Audit Findings or a combination of Audit Findings that represent a significant deficiency in the design or operation of internal controls. Significant Control Weaknesses require prompt corrective actions.

▶ **Control Findings:**

These are Audit Findings concerning internal controls, compliance issues, or efficiency/effectiveness issues that require management's corrective action to implement or enhance processes and internal controls. Control Findings are expected to be addressed within our follow-up process of six months, but no later than twelve months.



# Internal Auditor's Report

## ATTACHMENT D: OCCR/OC Public Libraries' Management Responses



March 18, 2016

**STEVE FRANKS**  
DIRECTOR  
OC COMMUNITY RESOURCES

**JENNIFER HAWKINS, DVM**  
DIRECTOR  
OC ANIMAL CARE

**KAREN ROPER**  
DIRECTOR  
OC COMMUNITY SERVICES

**STACY BLACKWOOD**  
DIRECTOR  
OC PARKS

**HELEN FRIED**  
COUNTY LIBRARIAN  
OC PUBLIC LIBRARIES

To: Toni Smart, Director  
Auditor-Controller Internal Audit Division

RE: Audit Report #1579

The Auditor-Controller Internal Audit Division completed an audit of OC Community Resources/ OC Public Libraries' Petty Cash, Cash Difference, and Cashiering Funds internal controls. Below are OC Community Resources' responses to the audit findings and recommendations.

**Control Finding No. 1:** \$25 discrepancy in opening balance from cash loss outstanding rom Jan 2015.

- **Recommendation:** Foothill Branch resolve and report cash loss to replenish change fund.
- **OCCR Response:** Concur. Library Administration verified that difference in the opening balance has been resolved.

**Control Finding No. 2:** When performing surprise cash counts at the branches, auditor identification and authorization was not always verified with Library Management.

- **Recommendation:** Review and communicate policy on the verification and identification of non-Library personnel conducting business at the branches.
- **OCCR Response:** Concur. Library Administration directed Branch Managers to remind staff that (1) they must verify identification of non-library personnel conducting business at the branches, and (2) if the Branch manager is not present, they must call headquarters for authorization of any work to be done at the branches.

**Control Finding No. 3:** Costa Mesa Tech lacked a plan for segregating duties of receiving cash, daily balancing and depositing and/or recording in CAPS+ when staffing is limited.

- **Recommendation:** Costa Mesa Tech develop a written plan to segregate duties of cash receipting, recording and depositing when staffing is limited.



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# Internal Auditor's Report

## ATTACHMENT D: OCCR/OC Public Libraries' Management Responses (continued)

OCCR RESPONSE TO AUDIT REPORT #1579  
PAGE 3 OF 3  
MARCH 18, 2016

OCCR Response: Concur. Library Administration sent a copy of the *Cash Control Guidelines* to all staff and reminded the Branch Managers that the policy must be followed. Additionally, Library Management will ensure that the Costa Mesa Tech Branch maintains and adheres to the *Segregation of Duties Schedule* within 60 days.

Control Finding No. 4: Most branches did not have written transfer of accountability when placing monies into the safe overnight for deposit.

- Recommendation: Implement a requirement for branches to document transfer of accountability between the closing and opening shifts for deposits placed in the safe.
- OCCR Response: Concur. Library Administration provided all branches with a copy of the *Transfer of Accountability* log and covered instructions on its use with Branch Managers.

Control Finding No. 5: One branch did not have a sign posted informing customers to request a receipt.

- Recommendation: Tustin Branch post a sign informing customers to ask for a receipt.
- OCCR Response: Concur. The Tustin Branch Manager posted a sign informing customers to ask for a receipt.

Control Finding No. 6: One branch did not reconcile cash receipts to the Library system (SIRSI).

- Recommendation: El Toro Branch establish a process to reconcile daily cash receipts to SIRSI.
- OCCR Response: Concur. Library Administration called El Toro Branch Manager to ensure that she is on the distribution list for the *Daily Branch Transaction Report*.

Control Finding No. 7: At all branches, no documentation was maintained for changing safe combinations and keys. In some branches, changes to safe combinations are not made and/or have never been changed.

- Recommendation: Ensure appropriate safe controls are in place at all branches. This includes maintaining a log of staff with access to the safe combination and/or keys, and establishing a policy for changing safe combinations and/or retrieving keys when employees leave.
- OCCR Response: Concur. Library Administration will establish policy and procedures to ensure appropriate safe controls, including maintenance of access logs and procedures for controlling access, within the next six months and concurrent with the purchase of new digital safes.

Control Finding No. 8: One branch had a safe in a non-secure location.

- Recommendation: La Palma Branch keep its safe in a secure location.
- OCCR Response: Concur. Library Administration plans to purchase new digital safes for all branches within the next six months. The new safe at the La Palma branch will be located in a secure location outside of public view, behind a locking door.



# Internal Auditor's Report

## ATTACHMENT D: OCCR/OC Public Libraries' Management Responses (continued)

OCCR RESPONSE TO AUDIT REPORT #1579  
PAGE 3 OF 3  
MARCH 18, 2016

Control Finding No. 9: Copy machine reconciliations have not been performed at some branches.

- Recommendation: Library Management implement a requirement to reconcile copier machine receipts on a monthly basis.
- OCCR Response: Concur. Library Administration reminded Branch Managers that public copiers must be reconciled monthly in accordance with Section 4 of the *Copy Machine Monthly Reconciliation and Deposit Policy*. Additionally, Library Administration will review the *Public Copiers Meter Forms* and *Copier Fund Worksheets* to ensure accuracy and timeliness in accordance with this policy.

Control Finding No. 10: Some branches did not deposit cash receipts timely as required by cash handling policy.


- Recommendation: Deposit cash receipts in accordance with County and OCCR policy.
- OCCR Response: Concur. Library Administration reminded the Cypress, Stanton and Tustin Branch Managers that the copy machine deposits must be added to the CAPS+ form and deposited monthly according to the *Copy Machine Monthly Reconciliation and Deposit Policy*.

Control Finding No. 11: Library staff approve each other's cash receipt voids and adjustments. At most branches, there are no periodic reviews of these transactions by the Branch Managers.

- Recommendation: Library Management should implement a requirement for periodic reviews by Branch Managers of voids, corrections and adjustments that Library staff approve for each other.
- OCCR Response: Concur. Library Administration reviewed the *Cash Control Guidelines* policy with all Branch Managers. Consistent with that policy, Library Administration will formalize procedures to periodically review voids, corrections, and adjustments.

If you have any questions related to these responses, please contact Brian Rayburn, OCCR Business Office Manager, at (714) 480-2885.

Sincerely,

  
\_\_\_\_\_  
Steve Franks, Director  
OC Community Resources

3/18/16  
\_\_\_\_\_  
Date

SAF:bwr