Arlington County, Virginia

Internal Audit of
Cash Collection and Handling of the
Department of Libraries - Central Library
Fiscal Year 2015

Prepared By:

McGladrey

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Pursuant to the contract and related statement of work for Arlington County, Virginia ("the County"), we hereby present the internal audit of Cash Collection and Handling of the County's Department of Libraries - Central Library. Our report is organized in the following sections:

Executive Summary	This section gives a background summary of the function and a detailed description of the issues noted during our internal audit, recommended actions, and management's corrective action plan, including the responsible party and estimated completion date.
Background	This section provides an overview of the function within the process and pertinent operational control points and related compliance requirements.
Objectives and Approach	The internal audit objectives and focus are expanded upon in this section as well as a review of the various phases of our approach.
Process Map	This section illustrates process maps, which identifies data flow, key control points and any identified gaps.

We would like to thank the staff and all those involved in assisting McGladrey in connection with the internal audit of Cash Collection and Handling of the Department of Libraries - Central Library.

Respectfully Submitted,

McGladrey LLP

MCGLADREY

Executive Summary

Cash Collection and Handling involves those activities performed to process cash collection transactions in the ordinary course of business. It encompasses all point of sale transactions between County and program participants. Arlington County's cash collection process is decentralized with multiple cash collection points established across the County. While multiple cash collection points are necessary for the County to efficiently conduct business, it makes it inherently more challenging to control. A decentralized process with multiple cash collection points is typical for local governments.

The primary objective of this audit was to assess whether the system of internal controls over cash collection and handling, at the Department of Libraries – Central Library, is adequate and appropriate for promoting and encouraging the achievement of management's objectives for effective cash management and safeguarding. For the purposes of this project, cash is defined as actual cash and checks. This also included a review and assessment of the draft County-level Funds Handling policy and procedures to determine the adequacy of internal control over cash collection and handling.   The scope encompassed the process(es) in its current state and included a review of transactions as of mid-December 2014, on a sample basis, for the Department of Libraries – Central Library. Central Library is one of eight locations in the Department of Libraries. Total collections (cash, checks, and credit card) for Central Library were $208,912 for Fiscal Year ended June 30, 2014 and $103,407 from July 1, 2014 to December 31, 2014.

A detail of the issues identified and their relative risk ratings is provided below, including recommendations and management's response. We have assigned relative risk factors to each issue identified. This is the evaluation of the severity of the concern and the potential impact on the operations. There are many areas of risk to consider in determining the relative risk rating of an issue, including financial, operational, and/or compliance, as well as public perception or 'brand' risk. Items are rated as High, Moderate, or Low.
- *High Risk Items* are considered to be of immediate concern and could cause significant operational issues if not addressed in a timely manner.
- *Moderate Risk Items* may also cause operational issues and do not require immediate attention, but should be addressed as soon as possible.
- *Low Risk Items* could escalate into operational issues, but can be addressed through the normal course of conducting business.

Issues	Risk Rating
1. Segregation of Duties	**High**

We noted the following during our review:

<u>Segregation of Duties</u>
- User access rights granted to Sierra (Library system of record for tracking customer accounts, including accrued fines, and for tracking library inventory), specifically to those employees tasked with collecting payments, include the ability to waive fines that are accrued by the system related to overdue library rentals;
- Employees collecting payments and recording receipts in the Staff Transaction Station ("STS"), Point of Sale ("POS") system, are also performing the daily reconciliation and preparing deposits;
- The daily deposit and reconciliation are prepared by one individual, with no secondary count of the receipts included in the deposit; and
- The individual responsible for opening the mail and collecting mail-in payments is the same person clearing the associated fine or fee from the Sierra system.

Without proper segregation of duties and user access controls surrounding cash, there is an increased likelihood that errors, misappropriation of funds, or other types of irregularities may occur without being detected and corrected in a timely manner.

<u>User Access</u>: A formalized process does not exist for the review of user access additions/changes/deletions and performance of periodic reviews of existing user access rights for reasonableness and necessity.

The absence of a formalized review process around user access rights increases the risk that access rights are inappropriate for current employee roles or are granted to employees no longer associated with the Library and/or County.

Issues	Risk Rating
1. Segregation of Duties - continued	**High**

Recommendation

We recommend the following:
- Employees responsible for recording adjustments or waiving fees on customer accounts should not have access to customer payments. If this separation of responsibilities is not operationally feasible, a review of waived fees, per a report from Sierra, should be conducted on a periodic basis, at least monthly, to gain comfort over the reasonableness of volume of waived fees and who is waiving fees. *See also Issue #3*
- Employees who collect cash receipts should not be solely tasked with the preparation of the daily reconciliation and deposit process. In this scenario, employees who collected the cash will submit documentation of the cash collected from the POS and prepare their respective reconciliation, including sign off on what was submitted. *See issue #2 regarding User IDs.* A non cash collector would then verify the cash submitted and sign off on the reconciliation, record cash to the customer account in Sierra, and prepare the deposit.
- Someone independent of the reconciliation, recordkeeping and deposit preparation should be tasked with opening all mail and logging payments received.   The payments received in the mail, along with the log, would then be submitted to someone responsible for verification of cash received, including sign off on the log, recording cash to the customer account in Sierra and preparation of the deposit.
- User access additions/changes/deletions should be formally documented, including authorization by someone outside of IT.
- User access should be reviewed, on at least an annual basis, and updated as needed.

Management's Response

Response:
- With current Libraries staffing levels, it is not operationally feasible to separate waiving fines and accepting customer payments. Management will review all waived fees on a monthly basis.
- Collection of cash receipts will be completed at the end of each day and stored in the safe overnight.   A non-cash collector will then verify the cash submitted and sign off on the reconciliation, record cash to the customer account in Sierra, and prepare the deposit the following morning.
- All available administrative staff are used in preparing deposits for deposit to the Treasurer and are necessary for the timely and appropriate completion of this duty.   Libraries has lost several administrative positions over several years of budget reductions. At this time, Libraries does not have an additional and separate administrative staff member to open all mail and log payments received. As checks are made out to Arlington Public Library and cannot be transferred to another entity or person, management views having the same person opening the mail and depositing the checks received as a low-risk activity. Management is prepared to accept this risk.
- Management will formally document all user additions, changes, and deletions. The additions, change, and deletions will be authorized by the Administrative Services Division Chief.
- The Library IT team will annually review all user access (both Sierra and STS POS) and update as needed.

Responsible Party: Central Services Division Chief and Administrative Services Division Chief

Estimated Complete Date: July 2015

Issues	Risk Rating
2. Cash Collections and Reconciliation	**High**

We noted the following during our review:

Cash Drawer
We noted the following regarding Central Library's controls over the cash drawer:

- Multiple individuals commingle their cashiering transactions in a single cash drawer, with a daily starting bank of $100;
- Accountability over cash is not required for shift changes, i.e. cash drawers are not counted when shift changes occur;
- Cash drawer reconciliations may not be performed by the respective cash collectors;
- Central Library utilizes a shared generic login to the STS POS system and, consequently, the login is not employee specific based on cash drawer ownership.

Lack of individual personnel accountability increases the risk that an error or cash shortage would not be traceable to the responsible party.

Reconciliations
Cash transactions require a series of reconciliations to ensure the prompt detection of fraud and errors. We noted the following:

- Once the deposit has been submitted to the Treasurer's office for recount, posting and deposit, Central Library does not perform a reconciliation of the deposit information submitted to the Treasurer's office to what was posted in PRISM (Oracle ERP and the County's financial system); and
- Due to STS POS and Sierra lacking the ability to "talk" to each other, complete processing of fee payments received requires entry of the fee payment in the STS POS system when the cash is received and removal of the fine or fee from the customer account in Sierra.   Central Library does not perform a reconciliation of transaction activity between the two systems.

Proper reconciliations are essential to detect errors or irregularities and deter theft or loss of County funds due to fraud.

Recommendation

We recommend that Central Library implement the following:

- Requirement of individual User IDs to the STS POS system;
- Prohibit process of employees working simultaneously out of the same cash drawer during the same shift;
- Require cash drawers to be counted and reconciled in accordance with the process recommended in Issue #1 at the time of a shift change; and
- Require that reconciliations be performed between the deposit submitted to the Treasurer's office, CRIF, and to what was posted in PRISM.

If management is unable to segregate cash drawers to individual persons during each shift, it is recommended that, at a minimum, unique user IDs be implemented for access to the STS POS system, and a reconciliation of transactions per the STS POS system to transactions per Sierra (which requires the initialing of transactions by the employees) be performed, at least monthly, by a non-cash collector. Results of the reconciliation, including any variances identified and subsequent explanation or resolution of the variances, should be documented and maintained as support for the performance of the control.

Issues	Risk Rating
2. Cash Collections and Reconciliation - continued	**High**
Management's Response	

Response: Management will require unique individual IDs to the STS POS system. It is not operationally feasible to segregate cash drawers to individual persons during each shift or count and reconcile cash drawers at the time of shift changes. Staff on the desks change every hour while the library is open. Due to space limitations and POS license limitations, only one cash drawer is used at each Library location. In order to provide acceptable customer service, more than one staff person must have access to the single cash drawer during busy periods. Once individual user IDs are set up in the STS POS system, at least monthly there will be a reconciliation of one day's transactions per the STS POS system to transactions per Sierra by a non-cash collector.

Responsible Party: Central Services Division Chief, Branch Services Division Chief, and Administrative Services Division Chief

Estimated Completion Date: July 2015

Issues	Risk Rating
3. Monitoring of Cash Collections and Handling	**High**

Internal controls need to be monitored to assess whether controls are effective and operating as intended. On-going monitoring occurs through routine and documented managerial activities such as supervision, reconciliations, checklists, comparisons, performance evaluations, and status reports; monitoring may also occur through separate internal evaluations.

We noted the following issues as they related to monitoring the cash collections:
- Library Management performs an informal periodic review of revenue financial reports;
- An informal review process exists wherein the Office Supervisor tracks revenue intake by specific categories in a manual spreadsheet. When significant, defined judgmentally, variances (month to month comparisons) are noted by the Office Supervisor and they are escalated to the Division Chief or Director. However, no formal process exists for documenting the follow up or resolution of this process; and
- As noted in *Issue #1*, each person involved in the cash collection process is able to waive fines in customer accounts in Sierra. While these individuals are required to electronically initial the waiver at the time of waiving a fine, there is not currently a process for reviewing waived fines for reasonableness or for follow up with employees waiving fines to verify an appropriate business reason exists for the waived fine.

Without regular and on-going monitoring there is an increased likelihood of errors, misappropriation of funds, or other types of irregularities occurring without being detected or resolved in a timely manner. Without documenting monitoring activities there is no assurance that the activities occurred and no assurance the risk and errors are being reduced.

Recommendation

Management should continuously review cash collection and handling processes to ensure controls are appropriate, are being followed and that unusual activity is investigated. We recommend that the following be reviewed, including documentation of the review on at least, a monthly basis:
- Cash over/short reports, including follow-up on large or unusual amounts;
- Financial reports (revenue/cash receipts per PRISM and STS);
- Report from Sierra of fees waived, by person;
- Review and approve returns, refunds and void transactions; and
- Report of overdue accounts by customer for the purpose of monitoring and identifying long outstanding accounts that may be uncollectible and need to be written off, in accordance with any applicable County-level policies.

Also, the Department of Libraries should consider implementing performance of "unannounced cash audits" of collection points, including follow-up on issues identified for monitoring of remediation and closure. This should include distribution of at a least a summary of findings to the other Library locations so that all key personnel are informed and aware of findings in order to increase awareness at the respective locations.

Management's Response

Response: Management will institute a formal review of the reports and transactions listed in the above recommendations on a monthly basis, and will document the review when completed.

Responsible Party: Administrative Services Division Chief

Estimated Completion Date: July 2015

Issues	Risk Rating
4. Timeliness of Deposit	**High**

Deposits are picked up by a driver once a week for delivery to the Treasurer's office. The Treasurer's office is responsible for verifying that the deposit is accurate (i.e. cash deposited agrees to CRIF provided), submitting the deposit to the financial institution, and posting into PRISM. We noted that for all 6 collection dates reviewed, the deposit from Central Library to the Treasurer's Office was over 5 business days (6-16 business days) of the initial collection, resulting in delayed deposit to the bank.

Deposits to the bank should be made within at least 5 business days of initial collection to reduce the opportunity for theft or other loss.

Recommendation

We recommend that a process be put in place at the Central Library to allow deposits be made within at least 5 business days of initial collection. There may be times/situations where the deposit is not made within at least 5 days of initial collections, but this should be on an exception basis and documented as to why.

Management's Response

Response: Management will put a process in place to count money and prepare deposits twice a week instead of once a week, which will allow Libraries to make deposits within at least 5 business days of initial collection.

Responsible Party: Administrative Services Division Chief

Estimated Completion Date: September 2015

Issues	Risk Rating
5. Department-Level Procedures	**Moderate**

The Department of Libraries does not have documented cash collection and handling department-level procedures in place.

The absence of clear written procedures increases the risk of the cash collection and handling process being executed inconsistently or inaccurately at the various cash collection locations. Also, in the event of employee turnover, addition of staff, or other interruption in normal operations, a lack of well documented department procedures increases the risk of miscommunication, error, and internal control failure.

Recommendation

We recommend that department-level cash collection and handling procedures be documented and distributed to each cash collection location for reference. Procedures should be reviewed annually and updated as needed at the time of review.

It was noted that County level policies and procedures governing cash collection and handling are in draft form. Once finalized, the Department of Libraries should use this as a guide for development of Library cash collection and handling procedures tailored to their specific risks and activity.

Management's Response

Response: Management will use the County-level cash handling policy as a guide for development of a Libraries specific cash collection and handling policy when this County-level policy is made available.

Responsible Party: Administrative Services Division Chief

Estimated Completion Date: July 2015

Issues	Risk Rating
6. Cash Receipts Security/Safeguarding of Assets	**Low**

We noted that the safe located in the Library Assistant Supervisor's office is accessible by seven employees that work at the Circulation desk. This safe is used for storage of the library change bank, register cash drawer bank, and daily cash and check collections. Additionally, it was noted that the safe is regularly accessed throughout the day by employees to make change from the register.

Failure to ensure cash is properly secured may result in theft or loss of County funds.

Recommendation

We recommend that access to the safe be restricted and granted to only key library personnel, preferably two – three employees, with at least one-two being independent of cash collections. The individuals with access should be tasked with making any change needed for the register and securing the cash drawer in the safe at the close of business.

Management's Response

Response: Based on the number of hours the library is open to the public (7 days a week and up to 11 hours per day), this recommendation is not operationally feasible. All seven staff members perform closing duties alone as part of their regularly scheduled duties and therefore require access to the safe. In addition, patron lost valuables are kept in the safe and it is possible that any one of seven staff members might be the only staff member present and working when a patron comes to retrieve a lost item.

Responsible Party: N/A

Estimated Completion Date: N/A

7. Change Bank Fund	**Low**

It was noted that Central Library maintains a cash change bank of $40 and a loose change bank, of an untracked amount. The purpose of the change banks is to provide change to the register at the circulation desk when smaller bills are not available based on cash collections for the day. The change bank is not counted and reconciled on a periodic basis.

The lack of monitoring, formal documentation, or tracking of change bank funds increases the risk of the misuse or misappropriation of cash.

Recommendation

We recommend implementation of a monitoring process over the change bank fund. Specifically, the change bank should be counted and reconciled on at least a weekly basis, including review and sign off on the reconciliation by someone of the appropriate level.

Management's Response

Response: Management will implement a process to count and reconcile the Central Library cash change bank at least once a week.

Responsible Party: Central Services Division Chief

Estimated Complete Date: July 2015

Issues	Risk Rating
1. Policies and Procedures	**Moderate**

We reviewed the draft County-level Funds Handling policy and procedures and compared them to current and industry best practices noting the following suggestions for possible improvements:

- Record retention guidance was not addressed in the Funds Handling Policy. It was noted through inquiry, that a County level record retention policy exists. The cash policy should, at a minimum, be updated to include a reference to this record retention policy.
- Current draft policy language around funds received through mail states that "Documentation should include the date, amount of cash received and signatures of the employees counting and verifying the cash received." Opportunities exist for clarifying documentation methods for funds received. The current language does not specify the type of documentation needed to be maintained. For instance, employees should maintain a copy of the system receipt generated upon entering the payment and, in the case of checks received, maintain a copy of the check.
- Current draft policy language around Segregation of Duties does not speak to the controls needed to maintain accountability of a cash drawer, specifically with regard to prohibiting use of the same cash drawer concurrently by multiple employees and requiring drawer counts at shift changes.
- Current draft policy language around the location of lock boxes and drop safes indicates that "All locations receiving funds must have a drop safe available." The policy might be enhanced in this area by including more specific instructions for appropriate lock box and safe locations. Specifically, the policy should reflect the exact placement, with access only to limited and appropriate personnel.
- Inclusion of the requirement of periodic background checks on employees who have cash handling responsibilities.

Centralized, standardized, and documented procedures provide vital information to employees in the event of absence and employee turnover, and assist with succession/back up planning or other occurrences. Documented policies and procedures provide detailed instruction to help ensure accurate and consistent process functioning, monitoring and reporting. This practice also provides management with a benchmark to monitor against to ensure that staff performs processes that are consistent, accurate, on schedule, and that are properly reviewed, where applicable.

Consistent standardized policies and procedures reduce opportunities for misuse or fraud, strengthen the ability to provide proper management over cash collections and handling.

Recommendation

We recommended that the County consider the above as revisions to the draft Funds Handling policy and procedures. Once the draft policy and procedures have been approved, we recommend that the County provide training to those involved with cash collection and handling. This initial re-training should be mandatory, with updates on a periodic basis. The periodic training for updates can be attended by new persons involved in the process and as a refresher to existing persons. Training attendance should be maintained for each employee that attends to ensure all personnel involved in cash collection and handling complete the necessary training.

Issues	Risk Rating
1. Policies and Procedures - continued	**Moderate**
Management's Response	

Response: County will consider all of the recommendations provided in the report and revise the draft Funds Handling Policy and Procedures. Once revised, the new policy will be posted on the County's intranet and training will be scheduled for all those involved with cash collection and handling responsibilities county-wide. Thereafter, periodic training will be scheduled each fiscal year for new persons involved in the process and as a refresher for existing persons. Attendance will be maintained for all training sessions provided.

Responsible Party: Department of Management and Finance

Estimated Completion Date: Revised Cash Handling Policy and Procedures – September 1, 2015; one training will be scheduled prior to February 2016 for all county staff involved with cash collection and handling responsibilities and another one by the end of 2016 for new persons involved in the process and existing persons who would like a refresher.

Background

Background

Overview

Cash Collection and Handling involves those activities performed to process cash collection transactions in the ordinary course of business at each location within the scope of this internal audit For the purposes of this project, cash is defined as actual cash and checks. It encompasses all point of sale transactions between the County and program participants at each location. Cash collected throughout the County is sent to the Treasurer's office, where the cash is posted in PRISM, the County's financial system (an Oracle ERP). The Department of Management and Finance has developed a draft county-wide Funds Handling policy, which has not yet been finalized or distributed. The Department of Libraries – Central Library has implemented department level procedures that support the cash collection and cash handling functions. However, not all of the procedures are documented or completely documented.

Cash collection points are established when a need is identified and the County has coordinated with the Treasurer's office to bring the location into operation. Once established, cash collection and handling procedures are put in place and must be monitored to ensure that receipts are properly recorded in the system and cash collected is properly safeguarded. Effective monitoring includes the following activities:

- Proper issuance of receipts to customers and document retention by the cash collection point;
- Inspection of payment method for appropriateness and completeness, i.e. checking for counterfeits and validating a check is endorsed accurately;
- Entry of the payment to the point of sale system, including appropriate segregation of duties in the cash handling process;
- Preparation of a daily reconciliation and deposit;
- Verify deposit posting to the bank;
- Verify appropriate entry/posting of cash receipts into PRISM, the County's financial system of record, including verification of appropriate general ledger account and ensuring posting agrees to supporting documentation; and
- Verify proper documentation is maintained to support the process, in compliance with the document retention policy.

Central Library

Central Library is one of eight locations in the Department of Libraries. The Department of Libraries utilizes two main systems for cash collection and handling. The Point of Sale ("POS") system, for processing cash receipts, is Staff Transaction Station ("STS") from Envisionware. The current version being utilized is 4 and version 5 is being researched and considered by Library management for a possible upgrade. The Department of Libraries system software is from Innovative Interfaces, Inc ("Innovative"), which is the system of record for tracking customer accounts, including accrued fines, and for tracking Library inventory. The current version as of December 9, 2014 is Sierra and the previous version was Millennium.

The specific nature and extent of the cash collection and handling process can vary by location and by the nature of the transaction. Central Library primarily collects and processes cash for fees related to overdue library materials, sale of library merchandise, customer use of printers and copiers, and cash collected on behalf of the "Friends of the Library" that sell books at the Central Library location. Customers receive receipts at the time of transaction from STS. Individuals involved in this aspect of the cash collection process are members of the Circulation desk team. Central Library currently has seven individuals on staff to cover shift needs of the Circulation desk. Each of these seven individuals is authorized to participate in the daily count of cash collections and preparation of daily collection deposits, which includes transaction detail reports from STS and a Revenue Report of all monies in the deposit. The daily collections deposit is provided to the Administrative Suite on the second floor of Central Library for inclusion in the weekly consolidated deposit of all library branch collections.

Background - continued

Central Library - **continued**

Central Library is also responsible for the handling and processing of cash from all eight branch locations, specifically for the purpose of counting and consolidating the cash for delivery to the Treasurer's office for a secondary count of collections and posting of the consolidated amount to the general ledger. The consolidation of all branch collections is performed by Administrative staff and overseen by the Office Supervisor at Central Library, and the deposit is picked up by a driver once a week for delivery to the Treasurer's office. The consolidated deposit to the Treasurer's office includes all revenue reports provided by the branch locations with their respective collections, a summary excel spreadsheet of all monies collected at each location and included in the deposit, and completed Cash Receipt Input Form ("CRIF"). The Treasurer's office is responsible for verifying that the deposit is accurate, submitting the deposit to the financial institution and posting into PRISM. Total collections (cash, check and credit card) for Central Library were $208,912 for Fiscal Year ended June 30, 2014 and $103,407 from July 1, 2014 to December 31, 2014.

Objectives and Approach

Objectives and Approach

Objectives

The primary objective of this audit was to assess whether the system of internal controls over cash collection and handling for the Department of Libraries – Central Library, is adequate and appropriate for promoting and encouraging the achievement of management's objectives for effective cash management and safeguarding. The scope encompassed the process(es) at its current state and review of transactions as of mid-December 2014, on a sample basis.

Approach

Our audit approach consisted of the following three phases:

Understanding and Documentation of the Process
During the first phase we performed the following:

- Conducted individual entrance conferences with representatives from the Department of Libraries – Central Library, including representatives from the Department of Management and Finance ("DMF") at both, to discuss the scope and objectives of the audit work, obtain preliminary data, and establish working arrangements;
- Obtained copies of financial reports and other documentation deemed necessary and appropriate to gain an understanding of the existing control environment;
- Reviewed the applicable department level policies and procedures and the County's draft policies and procedures, where available, related to this internal audit;
- Conducted interviews with key personnel involved in cash collection and handling for Central Library in order to obtain an understanding of the unique aspects of each process in order to perform our testing; and
- Developed flowcharts of the process(es), which are included in this report.

Evaluation of the Process and Controls Design and Testing of Operating Effectiveness
The Process and Control Evaluation phase of this engagement consisted of an evaluation of the design and testing of operating effectiveness, based on our understanding of the cash collection and handling process. We performed walkthroughs and detailed testing utilizing sampling and other auditing techniques to meet our audit objectives outlined above. The time period covered by testing was July 1, 2014 through December 5, 2014. Specific procedures performed included:

- Performance of testing over cash collections and handling for agreement to the collections recorded by the systems (if applicable);
- Performance of testing of daily collection for agreement to the bank deposit;
- Review of timely recording in general ledger;
- Assessment of safeguarding of cash, including access to the safe(s) and lockbox(es);
- Review for adequacy of recordkeeping;
- Assessment of segregation of duties related to cash handling, recording and reconciliation;
- Review for compliance with department and best practice procedures;
- Review of existing user access rights to the systems (Sierra and STS POS) for appropriateness;
- Review for records of cash overages/shortages and monitoring; and
- Benchmarked the County's draft cash collection and handling policies and procedures to industry best practices.

Reporting
At the conclusion of this audit, we vetted the facts and exceptions noted with the Department of Libraries - Central Library, along with the Department of Management and Finance. The draft report was submitted to DMF, and then to the Auditee after review. An exit meeting was held with the Auditee and County Management to formally review and discuss the draft report and modify accordingly. Management's corrective action plan with estimated completion dates has been provided and included in the report.

Process Maps

Process Maps

Central Library

Circulation Desk

Start

Logs into STS utilizing unique ID

Collects payment from customer either in person, on-line (credit card) or via mail in **Note 1**

Enters and processes transaction in the POS system and clears fine in Sierra, if appropriate

At the end of each shift, closes the register and prints credit card transaction, sales by product, and drawer close reports

Library Assistant Supervisor

Places drawer in safe overnight, including credit card receipts, checks, cash, and 3 end of day reports

Page 2

STS POS System

Transaction is processed

Receipt is generated, if credit card a signed merchant copy is maintained

A report of cleared fines is periodically reconciled to transaction report

End

Sierra

Fine is removed from customer account

Flowchart Legend:

Start/End   Database   Document   Decision   Process Sep/ Control Point

Note 1: All point of sale users are logged in under the same user name and mail-in payments are collected from the mail and associated fines are cleared by the same individual.
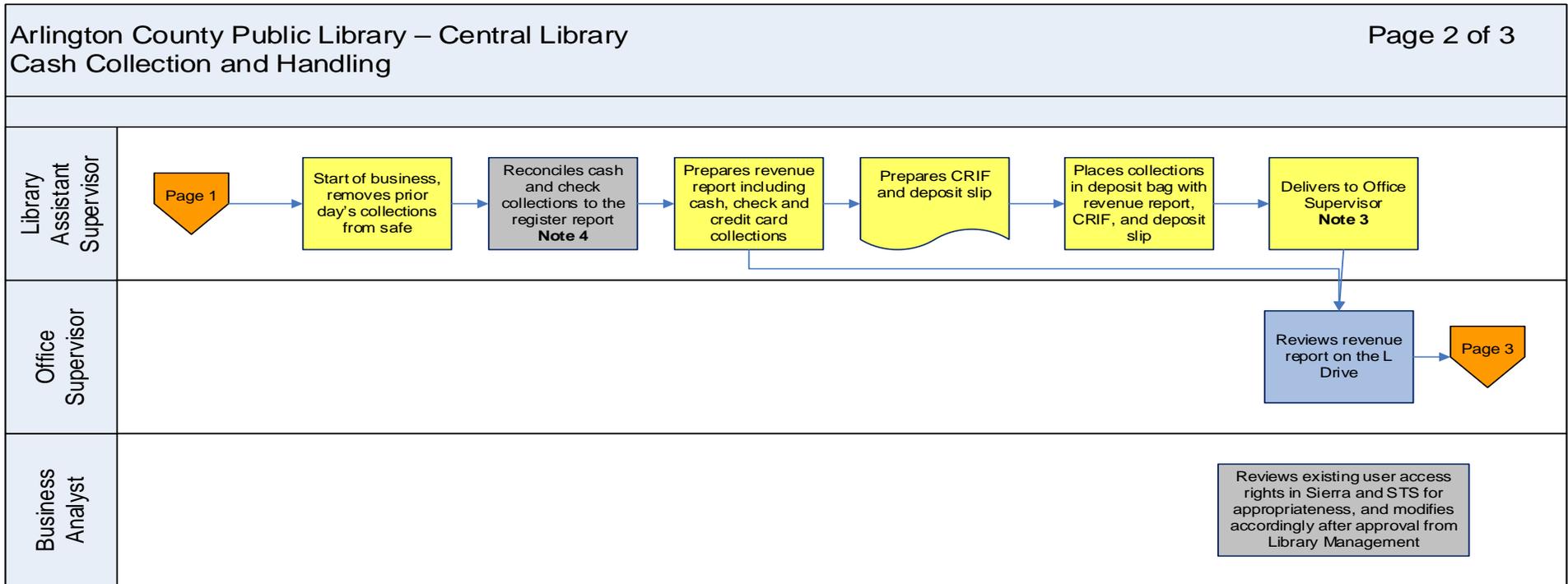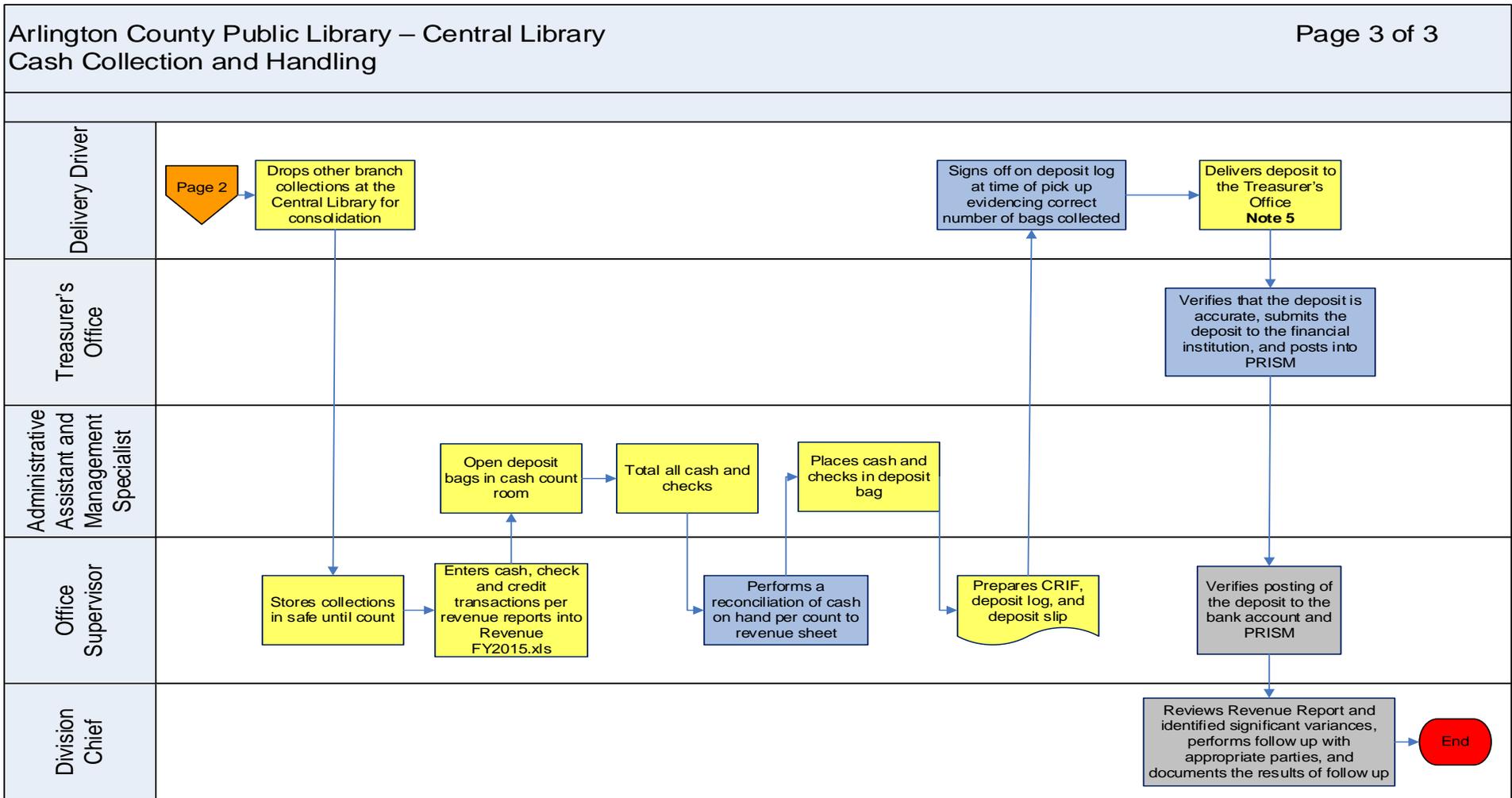
Legend:

Process Step	Key Control	Gap

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Arlington County Public Library – Central Library
Cash Collection and Handling

Library Assistant Supervisor

Page 1 → Start of business, removes prior day's collections from safe → Reconciles cash and check collections to the register report **Note 4** → Prepares revenue report including cash, check and credit card collections → Prepares CRIF and deposit slip → Places collections in deposit bag with revenue report, CRIF, and deposit slip → Delivers to Office Supervisor **Note 3**

Office Supervisor

Reviews revenue report on the L Drive → Page 3

Business Analyst

Reviews existing user access rights in Sierra and STS for appropriateness, and modifies accordingly after approval from Library Management

Note 3: Central Library is the location for the count and consolidation of all receipts from all branches. As such, the Central Library related receipts are carried up to the Administrative Suite by an employee, rather than collected and delivered by the Delivery Driver carrying other branch receipts.
Note 4: Library Assistant Supervisor is also a cash collector.

Legend: Process Step | Key Control | Gap

Arlington County Public Library – Central Library　　　　　　　　　　　Page 3 of 3
Cash Collection and Handling

Delivery Driver	Page 2 → Drops other branch collections at the Central Library for consolidation … Signs off on deposit log at time of pick up evidencing correct number of bags collected → Delivers deposit to the Treasurer's Office **Note 5**
Treasurer's Office	Verifies that the deposit is accurate, submits the deposit to the financial institution, and posts into PRISM
Administrative Assistant and Management Specialist	Open deposit bags in cash count room → Total all cash and checks … Places cash and checks in deposit bag
Office Supervisor	Stores collections in safe until count → Enters cash, check and credit transactions per revenue reports into Revenue FY2015.xls … Performs a reconciliation of cash on hand per count to revenue sheet … Prepares CRIF, deposit log, and deposit slip … Verifies posting of the deposit to the bank account and PRISM
Division Chief	Reviews Revenue Report and identified significant variances, performs follow up with appropriate parties, and documents the results of follow up → End

Note 5: Deposits are delivered to the Treasurer's Office on Thursday every week.

Legend:

Process Step	Key Control	Gap

Our Promise to YOU

At McGladrey, it's all about understanding our clients -
Your business,
Your aspirations,
Your challenges.
And bringing fresh insights and
tailored expertise to help you succeed.

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