



Cheektowaga Public Library Treasurer's Reports

Report of Examination

Period Covered:

January 1, 2012 – May 11, 2015

2015M-136



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

September 2015

Dear Library Officials:

A top priority of the Office of the State Comptroller is to help local government officials manage government resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations and Board of Trustee governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard local government assets.

Following is a report of our audit of the Cheektowaga Public Library, entitled Treasurer's Reports. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law.

This audit's results and recommendations are resources for local government officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller
Division of Local Government
and School Accountability*

Introduction

Background

The Cheektowaga Public Library (Library) is located in the Town of Cheektowaga (Town), Erie County. The Library, which consists of two branches, received its charter from the Board of Regents of the New York State Education Department (SED) in October 1969. The Library is governed by a five member Board of Trustees (Board), which is appointed by the Town Board. The Board is responsible for the general management of the Library's financial affairs and the safeguarding of Library resources. The Library Director (Director) is appointed by the Board and is responsible for the day-to-day management of the Library. The Board also appoints a Treasurer annually.

The Library is a member of the Buffalo and Erie County Public Library System (System), pursuant to a written contract. The contract also contains the annual budget for the Library. The System allocates a portion of its real property tax revenue to fund most of the Library's personal service costs, books, equipment and various utilities.¹ The Town also provides funding² for the Library, which is generally used for building maintenance, supplies and Library programs.³ According to the System contract, revenues from fines and fees that exceed expenditures paid directly by the Library are required to be remitted to the System. Other revenues, as specified in the System contract, are retained by the Library and used for miscellaneous expenditures, such as additional library programs and presentations.

For the 2014 fiscal year, Library expenditures totaled \$1.18 million. This includes \$1.07 million funded by the System, \$62,434 funded by the Town and \$26,098 funded by State grants. The remaining \$14,039 in expenditures was funded by Library revenues and the Library remitted \$57,481 of fine and fee revenue to the System. As of December 31, 2014, \$28,016 was on deposit in the Library's operating account.

Objective

The objective of our audit was to review the Board's oversight of Library financial operations. Our audit addressed the following related question:

¹ These expenditures are paid by the System.

² The Library pays for expenditures up to \$600 and the Town reimburses the Library based on invoices submitted to the Town by the Library. If an expenditure is more than \$600, the Town procures the item and pays the vendor directly.

³ Library programming also includes personal service costs.

- Does the Treasurer provide the Board with timely and relevant financial reports to enable the Board to monitor revenues and expenditures?

**Scope and
Methodology**

We assessed the Board's oversight of the Library's finances for the period January 1, 2012 through May 11, 2015.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit are included in Appendix C of this report.

**Comments of
Library Officials and
Corrective Action**

The results of our audit and recommendations have been discussed with Library officials, and their comments, which appear in Appendix A, have been considered in preparing this report. Library officials generally agreed with our findings and indicated they plan to initiate corrective action. Appendix B includes our comment on an issue raised in the Library's response letter.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and forwarded to our office within 90 days, pursuant to Section 35 of the General Municipal Law. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Board to make this plan available for public review in the Director's office.

Treasurer's Reports

According to the Library Trustee Handbook (Handbook) issued by SED, the Board is responsible for the oversight of the Library's finances. The Library's contract with the System also requires the Board to monitor and manage the Library budget. In order to ensure proper oversight of Library finances, the Treasurer should provide the Board with a monthly financial report showing all revenues, all expenditures and a comparison with the adopted budget.

We found that the Treasurer does not prepare monthly financial reports for distribution to the Board for its review. Therefore, the Board cannot properly monitor actual revenues and expenditures with the adopted budget. Furthermore, the Director and Board President⁴ receive quarterly budget-to-actual reports from the System, but these reports only include System-paid expenditures and are not distributed to all Board members. A senior clerk updated a spreadsheet of Library revenues and expenditures monthly. This spreadsheet was shared with the System; however, it was not reviewed by anyone at the Library.

Although the Board appoints a Treasurer annually, it has not outlined the Treasurer's duties in the bylaws, as required by the Handbook.⁵ Therefore, the Treasurer was not aware that she should be preparing a monthly financial report or that the System sent a quarterly report to the Director.

We examined annual budget-to-actual reports from the System and the revenue and expenditure accounting records⁶ maintained by the senior clerk for fiscal years ending 2012 through 2014 and found them to be reliable. We also found that no appropriation accounts had been overexpended. Although no overexpenditures had occurred, the Board is not in a position to make informed decisions because it is not receiving appropriate financial reports from the Treasurer. This could lead to the overexpenditure of appropriations in the future.

Recommendations

1. The Board should update the bylaws to include the Treasurer's duties.
2. The Treasurer should prepare monthly financial reports consisting of actual revenues and expenditures compared to budgeted amounts and distribute this report to the Board.

⁴ The Board President started receiving reports from the System in 2015.

⁵ In the absence of the Treasurer, the Board can designate his or her duties to another member of the Board.

⁶ See Appendix C for a list of accounting records reviewed.

APPENDIX A

RESPONSE FROM LIBRARY OFFICIALS

The Library officials' response to this audit can be found on the following pages.

Please note that the Library officials' response letter refers to page numbers that appear in the draft report. The page numbers have been changed during the formatting of this final report.

CHEEKTOWAGA PUBLIC LIBRARY

Administration Office
1030 Losson Road
Cheektowaga, NY 14227-2676
716-668-4991 Ext. 16/ FAX 716-668-4806



August 19, 2015

Jeffery D. Mazula, Chief Examiner
Buffalo Regional Office
Division of Local Government and School Accountability
Office of the State Comptroller
295 Main Street, Suite 1032
Buffalo, New York 14203-2510

**Re: Response and Corrective Action Plan
Cheektowaga Public Library – Treasurer’s Reports, Audit Report #2015M-136**

Dear Mr. Mazula:

The Cheektowaga Public Library Board of Trustees has received and reviewed the Office of the State Comptroller’s draft Report of Examination – Treasurer’s Reports, covering the period January 1, 2012 through May 11, 2015. We appreciate the recommendations offered to ensure the Library Board of Trustees has the information needed to make fully informed decisions regarding monitoring the budget.

We will work to implement the recommendations pursuant to the attached Corrective Action Plan (CAP). This Corrective Action Plan was approved by the Board of Trustees at their meeting of: August 19, 2015.

We offer the following minor clarifications to the draft report:

Introduction Section, page 4:

- 2nd paragraph 2nd sentence – “personal service” would better read personnel services;
- 2nd paragraph, referencing the Town providing funding for building maintenance, supplies and Library programs: Town support for Library programs includes limited support for personnel expense in addition to system funding;
- 2nd footnote, referencing the Town funded expenditures reported to the System each month: the items procured and paid directly by the Town are not reported to the Library System, those items are included in the Town’s budget reporting; and

Page 6:

- Referencing the distribution of system provided quarterly reports: beginning in January 2015, the system reports have been included as an agenda item for the subsequent board meeting and distributed to all board members. This practice will continue.

See
Note 1
Page 9

Julia Boyer Reinstein Library

1030 Losson Road
Cheektowaga, NY 14227-2676
716-668-4991 / FAX 716-668-4806

www.BuffaloLib.org



Anna M. Reinstein Library

2580 Harlem Road
Cheektowaga, NY 14225-4099
716-892-8089 / FAX 716-892-3370

Thank you for your consideration in this matter.

Sincerely,

Mark E. Weber
President, Board of Trustees
Cheektowaga Public Library

cc: Cheektowaga Public Library Board of Trustees
Christine Bazan, Cheektowaga Public Library Director
Mary Jean Jakubowski, Director, Buffalo & Erie County Public Library
Mary Holtz, Supervisor, Town of Cheektowaga

CHEEKTOWAGA PUBLIC LIBRARY – TREASURER’S REPORTS

AUDIT REPORT #2015 M-136

CORRECTIVE ACTION PLAN

Audit Recommendation #1: *The Board should update the bylaws to include the Treasurer’s duties.*

Implementation Plan of Action: The Board of Trustees will review and revise the bylaws to delineate the Treasurer’s duties, including the need to regularly provide financial reports.

Implementation Date: 12/31/2015

Person(s) Responsible for Implementation: Board President and Board of Trustees.

Audit Recommendation #2: *The Treasurer should prepare monthly financial reports consisting of actual revenues and expenditures compared to budgeted amounts and distribute this report to the Board.*

Implementation Plan of Action: The Treasurer will review the staff prepared spreadsheet of Library Revenues monthly and distribute same to the full Board of Trustees for their review. The Treasurer will also review the quarterly reports sent by the Buffalo & Erie County Library System and distribute same to the full Board of Trustees for their review.

Implementation Date: 08/31/2015

Person(s) Responsible for Implementation: Library Director and Treasurer.

APPENDIX B

OSC COMMENT ON THE LIBRARY'S RESPONSE

Note 1

We revised the report to clarify the reporting of Town-paid expenditures.

APPENDIX C

AUDIT METHODOLOGY AND STANDARDS

The objective of our audit was to assess the Board's oversight of the Library's financial activities for the period January 1, 2012 through May 11, 2015. To achieve our audit objective and obtain valid audit evidence, we performed the following audit procedures:

- We reviewed the Handbook issued by SED, Board minutes, bylaws and the annual contract with the System.
- We interviewed Library officials to determine what financial reports they prepare and review.
- We determined whether information is provided to Board members that would assist them in effectively monitoring the Library's financial operations.
- We reviewed annual budget-to-actual reports prepared by the System and the revenue and expenditure accounting records to determine if they are reliable and if unfavorable budget variances existed. This included tracing canceled check images to the ledger, verifying the posting of a selected invoice from each vendor and corroborating the cash receipts journal to the bank statements for the audit period.

We conducted this performance audit in accordance with 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

APPENDIX D

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