

August 24, 2009

Internal Audit Report 2009-10
Library Donations
Anchorage Public Library

Introduction. The Anchorage Public Library (Library) receives donations to help fund operations. Donations typically are comprised of books and/or cash. Most of the donations given to the Library were used at their discretion. However, some donors asked the Library to use their donations for specific purposes. Donor specified donations are evaluated, and if approved, a notice is sent to the donor and the request is fulfilled.

Objective and Scope. The objective of this audit was to determine whether donations were properly accounted for and used for the purpose specified. Our audit included a review of donations from 2007 through 2009 and a review of the Library's donation policy and procedures. Furthermore, we reviewed records to verify donations were processed, tracked, and accounted for properly.

The audit was conducted in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review, and accordingly, included tests of accounting records and such other auditing procedures as we considered necessary in the circumstances. The audit was performed during the period of May through June 2009. The audit was requested by the Assembly.

Overall Evaluation. The Library has not always properly accounted for donations made for specific purposes. For example, procedures had not been implemented to ensure monetary donations were spent in accordance with the donors' wishes. As a result, 15 of 16 donations received between 2007 and 2009 specifying a specific purpose had not been satisfied at the time of the audit. In addition, controls over monetary donations received by mail need to be strengthened.

FINDINGS AND RECOMMENDATIONS

1. **No Tracking Procedures for Donations.**

- a. **Finding.** Procedures had not been implemented to ensure monetary donations were spent in accordance with the donor's wishes. While the Library did have a donation log, the log was not accurate. We found instances where some donations were not entered in the log. Donations are typically for the purchase of books and can include a request that the name of the donor be placed on the book. For example, in May 2007 a citizen donated \$200 for the purchase of books primarily for the Alaska Collection. However, the books had not yet been purchased even though the funds had been appropriated. In addition, we found that 15 out of 16 donations received between 2007 and 2009 specifying a specific purpose had not been satisfied at the time of the audit.
- b. **Recommendation.** The Library Director should implement procedures to ensure monetary donations are spent in accordance with the donor's request in a timely manner.
- c. **Management Comments.** Management stated, "Management concurs with the audit finding. Policies and procedures will be developed to ensure that Library donations are spent in accordance with the donor's wishes in a timely manner. We plan to have these policies and procedures implemented by November 1, 2009. Donations received in 2008 were appropriated in April 2009 and are currently being spent according to the donors' wishes."
- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

2. **Controls Require Strengthening for Donations Received by Mail.**

- a. **Finding.** Controls over monetary donations received through the mail need to be strengthened. Our review of Library procedures disclosed that mail with monetary donations was delivered to any number of locations within the Library system. However, there were no standard procedures on how to document and process the donations. Sometimes donations were deposited when received. In other instances, donations were sent to the Administrative Office for processing and deposit. Policy and Procedure 24-1 requires that all payments received by mail must be processed, reported and deposited on the date of receipt through established cash collection procedures. Sending cash or checks through the courier system is discouraged.
- b. **Recommendation.** The Library Director should develop written procedures for processing cash or checks through the mail. The procedures should require that all donations are entered on a log and deposited at the location where the cash or check is received. The log should show the date of receipt, the name of the individual who received the checks and/or cash, and if applicable, a supervisory verification of the deposit with the log. The procedures should also require segregation of duties between the individual opening the mail and making the deposit, if possible.
- c. **Management Comments.** Management stated, “Management concurs with the audit finding. Policies and procedures will be developed to ensure that donations are deposited and accounted for properly. We plan to have these policies and procedures implemented by November 1, 2009.”
- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

Discussion With Responsible Officials. The results of this audit were discussed with appropriate Municipal officials on July 10, 2009.

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