

Claymont Public Library
Tuscarawas County, Ohio

Regular Audit

January 1, 2008 through December 31, 2009

Fiscal Years Audited Under GAGAS: 2009 and 2008



Balestra, Harr & Scherer, CPAs, Inc.

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Dave Yost • Auditor of State

Board of Trustees
Claymont Public Library
215 East Third Street
Uhrichsville, Ohio 44683

We have reviewed the *Independent Auditor's Report* of the Claymont Public Library, Tuscarawas County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery

The Library fiscal officer, Michelle Haff was provided with a Library credit card to be used for purchasing Library supplies. During 2009, Michelle Haff used the credit card to make purchases of \$482. Of this amount \$335 was not supported by documentation or was for purchases unrelated to Library operations. Due to the lack of documentation, we concluded certain unsupported charges were not related to the operation of the Library based on the description and nature of the vendor listed on the credit card statements.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is issued against you in the amount of \$335, and in favor of the Claymont Public Library's General Fund.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Claymont Public Library is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

October 13, 2011

Claymont Public Library
Tuscarawas County, Ohio
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Independent Auditor's Report

Board of Trustees
Claymont Public Library
Tuscarawas County
215 East 3rd Street
Uhrichsville, Ohio 44683

We have audited the accompanying financial statements of the Claymont Public Library, Tuscarawas County, Ohio, (the Library), as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as described in the fourth following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Library's larger (i.e. major) funds separately. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Governments to reformat their statements. The Library has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the third following paragraph.

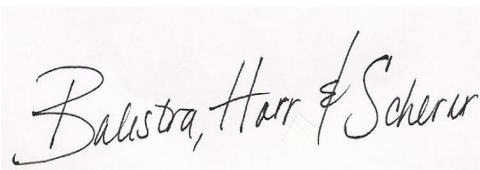
In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Claymont Public Library, Tuscarawas County, Ohio, as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Because of the inadequacy of accounting records for the year ended December 31, 2008, we were unable to satisfy ourselves as to the completeness or occurrence of patron fines and fees, interest on investments, and non-payroll disbursements as recorded in the accompanying combined statement of cash receipts, cash disbursements, and changes in fund cash balances all governmental funds at December 31, 2008. Because of improper calculation and frequency of payroll disbursements for the year ended December 31, 2008, we were unable to satisfy ourselves as to the completeness and occurrence of payroll disbursements as recorded in the accompanying combined statement of cash receipts, cash disbursements, and changes in fund cash balances all governmental funds at December 31, 2008.

Also, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves about the completeness and occurrence of patron fines and fees, interest on investments, payroll disbursements and non-payroll disbursements as described in the preceding paragraph for the year ended December 31, 2008, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Claymont Public Library, Tuscarawas County, Ohio, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2011, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in dark ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.
July 22, 2011

Claymont Public Library
Tuscarawas County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
For the Year Ended December 31, 2009

	<u>Governmental Fund Types</u>		<u>Totals</u>
	<u>General</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
Receipts:			
Library & Local Government Support	\$ 359,181	\$ -	\$ 359,181
Intergovernmental	900	-	900
Fines and Fees	10,512	-	10,512
Unrestricted Donations	2,139	-	2,139
Earnings on Investments	3,928	2,023	5,951
Miscellaneous	23	-	23
Total Receipts	376,683	2,023	378,706
Disbursements:			
Salaries	207,622	-	207,622
Fringe Benefits	56,186	-	56,186
Contractual Services	69,777	26,678	96,455
Materials and Information	52,417	-	52,417
Supplies	6,967	-	6,967
Other	4,660	-	4,660
Capital Outlay	-	9,930	9,930
Total Disbursements	397,629	36,608	434,237
Total Receipts Over/(Under) Disbursements	(20,946)	(34,585)	(55,531)
Fund Balance, January 1	359,529	716,003	1,075,532
Fund Balance, December 31	\$ 338,583	\$ 681,418	\$ 1,020,001
Reserved for Encumbrances	\$ 11,954	\$ 1,120	\$ 13,074

See the Notes to the Basic Financial Statements.

Claymont Public Library
Tuscarawas County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
For the Year Ended December 31, 2008

	<u>Governmental Fund Types</u>		<u>Totals</u>
	<u>General</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
Receipts:			
Library & Local Government Support	\$ 445,360	\$ -	\$ 445,360
Intergovernmental	5,000	-	5,000
Fines and Fees	8,644	-	8,644
Unrestricted Donations	1,165	-	1,165
Earnings on Investments	10,039	20,301	30,340
Miscellaneous	176	10	186
Total Receipts	470,384	20,311	490,695
Disbursements:			
Salaries	245,639	-	245,639
Fringe Benefits	56,408	-	56,408
Contractual Services	50,075	3,298	53,373
Materials and Information	93,091	-	93,091
Supplies	14,080	-	14,080
Other	4,908	-	4,908
Capital Outlay	80	15,108	15,188
Total Disbursements	464,281	18,406	482,687
Total Receipts Over/(Under) Disbursements	6,103	1,905	8,008
Fund Balance, January 1, Restated See Note 8	353,426	714,098	1,067,524
Fund Balance, December 31	\$ 359,529	\$ 716,003	\$ 1,075,532
Reserved for Encumbrances	\$ 38,600	\$ 2,078	\$ 40,678

See the Notes to the Basic Financial Statements.

**CLAYMONT PUBLIC LIBRARY
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Claymont Public Library was created by a merger of the Uhrichsville Library and Dennison Library in 1965. These two libraries were free public libraries created by adoption of a resolution by the local school boards. In any school district in which a free public library has been established by resolution adopted by the board of education of such school district, prior to September 4, 1947 such library shall be under control and management of a board of library trustees consisting of seven members. Such trustees shall serve a term of seven years and without compensation. The board of education shall make appointments to the board of library trustees not later than 45 days after the date a member's term expires or after the date a vacancy occurs whichever is applicable. If an appointment is not made at that time, the appointment shall be made within the next 14 days by the probate court of the county in which the library is situated. The Claymont Public Library provides the public with reading materials and other free public library services.

The Library's management believes these financial statements present all activities for which the Library is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Library's accounting basis includes investments as assets. The basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Library's investment in federal agency securities is reported at cost. The Library's investments in STAR Ohio (the State Treasurer's Investment Pool) are reported at the value of their shares, which approximates fair value.

D. Fund Accounting

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**CLAYMONT PUBLIC LIBRARY
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Capital Projects Fund

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds).

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and function level of control. Although not required by the Ohio Administrative Code to use encumbrance accounting, the Library has elected to use encumbrance accounting. Also, the Ohio Administrative Code does not require the Library to estimate resources, however, the Library has elected to estimate resources for budgetary control.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

Acquisitions of property, plant, and equipment are recorded as disbursements (capital outlays) when paid. These items are not reflected in the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Library.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Library maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31, 2009 and 2008 was as follows:

	<u>2009</u>	<u>2008</u>
Demand Deposits	\$ 36,470	\$ 66,244
Certificates of Deposit	280,698	278,453
Total Deposits	317,168	344,697
StarOhio	702,833	730,835
Total Deposits and Investments	<u>\$1,020,001</u>	<u>\$1,075,532</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**CLAYMONT PUBLIC LIBRARY
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$503,070	\$376,683	(\$126,387)
Capital Projects	1,000	2,023	3,023
Total	<u>\$504,070</u>	<u>\$378,706</u>	<u>(\$125,364)</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$609,430	\$409,583	\$199,847
Capital Projects	69,578	37,728	31,850
Total	<u>\$679,008</u>	<u>\$447,311</u>	<u>\$231,697</u>

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$471,733	\$470,384	(\$1,349)
Capital Projects	1,000	20,311	19,311
Total	<u>\$472,733</u>	<u>\$490,695</u>	<u>\$17,962</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$609,065	\$502,881	\$106,184
Capital Projects	59,300	20,484	38,816
Total	<u>\$668,365</u>	<u>\$523,365</u>	<u>\$145,000</u>

Although actual receipts were less than budgetary estimates in 2009 and 2008, actual resources were greater than appropriations and an amended certificate of estimated resources was not required.

4. GRANTS-IN-AID AND TAX RECEIPTS

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each County based on the total tax revenue credited to the State's General Revenue Fund during the preceding month. The County Budget Commission allocates these funds to the Library based on its needs such as the construction of new library buildings, parts of buildings, improvements, operation, maintenance, or other expenses. The County Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives.

**CLAYMONT PUBLIC LIBRARY
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

5. RETIREMENT SYSTEMS

The Library's full-time employees belong to the Public Employees Retirement System of Ohio (PERS). PERS is a cost-sharing, multiple employer plan. This plan provides retirement benefits including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2009 and 2008, members of PERS contributed 10% of their gross salaries. The Library contributed an equal to 14% for 2009 and 2008 of participants' gross salaries. The Library has paid all contributions required through December 31, 2009.

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks: comprehensive property and general liability, public official's liability, and employers liability. Claims have not exceeded coverage in the past three years.

The Library also provides health insurance to full-time employees.

7. COMPLIANCE

Ohio Revised Code Section 149.43 requires the Library to have a policy in place for compliance with Public Records Laws. Records were removed without action of the Library's records commission.

8. RESTATEMENT OF BALANCES

The Library's cash balance at December 31, 2007 was understated due to an accounting error. The restatement had the following effect on fund balances:

	General Fund	Capital Projects Fund
Balances as of December 31, 2007	\$343,173	\$702,504
Cash Restatement	10,253	11,594
Restated Balances as of January 1, 2008	<u>\$353,426</u>	<u>\$714,098</u>

9. SUBSEQUENT EVENTS

The Library is the plaintiff in a lawsuit against a former employee. Although management cannot presently determine the outcome of this suit, management believes the resolution of this matter will not materially adversely affect the Library's financial condition.



**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Required by *Government Auditing Standards***

Claymont Public Library
Tuscarawas County
215 East 3rd Street
Uhrichsville, Ohio 44683

To the Board of Trustees:

We have audited the financial statements of the Claymont Public Library, Tuscarawas County, (the Library) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated July 22, 2011, wherein we noted that the Library follows accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America, and that we were unable to satisfy ourselves as to the accuracy of the Library patron fines and fees, interest on investments, non-payroll disbursements, and payroll disbursements for the year ended December 31, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting that we consider material weaknesses and another deficiency we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Library's financial statements will not be presented, or detected and timely corrected. We consider findings 2009-001 through 2009-008 described in the accompanying Schedule of Findings to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2009-009 described in the accompanying Schedule of Findings to be a significant deficiency.

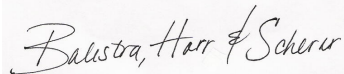
Board of Trustees
Claymont Public Library
Tuscarawas County
Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Required by *Government Auditing Standards*
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Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2009-001.

The Library's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Library's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the audit committee, management and others within the Library. We intend it for no one other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.
July 22, 2011

**CLAYMONT PUBLIC LIBRARY
TUSCARAWAS COUNTY
DECEMBER 31, 2009 AND 2008**

SCHEDULE OF FINDINGS

FINDING NUMBER 2009-001

Material Noncompliance/Material Weakness

Ohio Revised Code Section 149.43 requires every public office to have a policy in place for compliance with Public Records Laws. There are three specific items that public offices cannot have in their public records policies. The policy cannot: (1) limit the number of public records it will make available to a single person; (2) limit the number of public records it will make available during a fixed period of time; or (3) establish a fixed period of time before it will respond to a request for inspection/copying of public records unless that period is less than eight hours. The entity shall have available a copy of its current records retention schedule at a location readily available to the public. Any application or schedule for the destruction of records must be sent to the Ohio Historical Society for review to determine whether any of the records are of historical value.

Ohio Revised Code Section 149.351(A) requires all records of a public office be retained unless removed under the rules adopted by the records commission.

Documentation for the receipt of some cash collections from each of the two Library branches and documentation such as check stubs and invoices for some disbursements was not available to support the validity of these transactions. Errors may occur and remain undetected for a period of time.

The Library should establish a formal records retention policy and should develop controls to help ensure that all records are adequately safeguarded.

Client Response: The Library has or is in the process of addressing this issue.

FINDING NUMBER 2009-002

Material Weakness – Support for Expenditures

Several instances were noted where the Library could not produce proper support for expenditures. All expenditures should include support to document that it is for proper public purpose. This could lead to misappropriation of public funds and/or potential fraud. Payment should not be made for expenditures that lack the proper documentation to determine whether the expenditure is for proper public purpose.

Response:

The Board President and/or the Board Secretary will sign checks bi-weekly and review any backup material needed for the disbursement.

**CLAYMONT PUBLIC LIBRARY
TUSCARAWAS COUNTY
DECEMBER 31, 2009 AND 2008**

**SCHEDULE OF FINDINGS
(Continued)**

FINDING NUMBER 2009-003

Material Weakness – Support for Receipts

Several instances were noted where the Library could not produce proper support for receipts. Duplicate receipts were not always issued to ensure accountability is maintained when collecting fines and fees from patrons. Bank deposits were not reviewed by a person independent of the individual responsible for recording the transaction and depositing monies in the bank.

We recommend the Library Director review the deposits that are prepared by the Fiscal Officer. The Director should sign off on the deposit records documenting her review and authorization to make the deposit. We recommend the Library issue a duplicate receipt to patrons for all monies collected regardless of the amount or purpose. The Library branch managers should maintain copies of records at each branch documenting what was collected on a weekly basis and turned over to the Fiscal Officer.

Response:

The Library has or is in the process of addressing this issue.

FINDING NUMBER 2009-004

Material Weakness – Internal Control over Fiscal Officer's Pay

We noted that the Fiscal Officer was paid \$1,461.56 in 2008 more than the Board approved salary amount of \$19,000. The apparent overpayment was a result of additional hours that the fiscal officer had worked beyond her normal hours. These additional payments are noncompliant with the standard board policy which states that when the fiscal officer works additional hours she is compensated leave time for the additional hours as opposed to increased wages.

We also noted that the Fiscal Officer could not support the aforementioned payroll disbursements with supporting documentation such as time cards.

We recommend that the Library establish proper internal control over the Fiscal Officer's payroll transactions. Good internal control procedures would include the Fiscal Officer completing a time card each week which should be reviewed and approved by the Director of the Library or the Board of Directors. Further, payroll reports should be generated and reviewed and approved by somebody independent of payroll processing such as the Library Director or the Board of Directors.

Client Response:

The Fiscal Officer will keep track of all hours.

**CLAYMONT PUBLIC LIBRARY
TUSCARAWAS COUNTY
DECEMBER 31, 2009 AND 2008**

**SCHEDULE OF FINDINGS
(Continued)**

FINDING NUMBER 2009-005

Material Weakness – Disbursement Controls

We identified that unused checks were signed by a board member prior to being used. Pre-signing checks circumvents the internal control system established by the Board adopted policies and procedures of the Library. It also could lead to misuse of public funds going undetected for a long period of time.

The Library should adhere to Board Policies that require the signature of a Board Member and the Fiscal Officer on each check after the purchase has been reviewed and approved.

Response:

There are no signed checks on the premises or in the safes.

FINDING NUMBER 2009-006

Material Weakness – Credit Card Disbursement Controls

The Library credit card policy states “The Director, Trustee, or employee designated by the Director, may use the credit card(s). They may be used for the purchase of goods or services obtained on behalf of the Library as well as for lodging and meals. All credit card charges must be business related and not personal in nature.” The policy does not require employees to submit itemized receipts for credit card charges incurred. During the audit period, the Library paid credit card expenses that were not itemized and were not supported by receipts. Through review of available documents, we identified employees who charged personal expenses on the Library credit cards for non-business related items.

Failure to require and review detailed itemized documentation can lead to a lack of accountability for purchases and the possibility of incurring purchases unrelated to the operations of the Library.

We recommend the Library adopt more stringent controls over credit card usage, including, but not limited to, requiring the employee to provide a detailed itemized receipt as well as the credit card slip. All purchases made by credit card should be supported as to the purpose. We also recommend the Library implement procedures that include a detailed examination of charges and resolution of questioned items. The review procedures should include whether the charges were supported, for a library-related purpose and in accordance with Library policies.

Response:

The Library has or is in the process of addressing this issue.

**CLAYMONT PUBLIC LIBRARY
TUSCARAWAS COUNTY
DECEMBER 31, 2009 AND 2008**

**SCHEDULE OF FINDINGS
(Continued)**

FINDING NUMBER 2009-007

Material Weakness – Travel Expense Reimbursement Controls

Through review of the Library’s Policies and Procedures Employee Handbook, we determined the Library has not adopted a formal travel expense policy that addresses items such as allowable meals, mileage reimbursement rates, lodging limitations, personal telephone calls and prohibited expenses. The risk of inappropriate travel expense expenditures is increased without a formal policy.

Our review of travel expense reimbursements indicated several expenditures were made without documentation to support the expenditure. Failure to require and review detailed itemized documentation can lead to a lack of accountability for expense reimbursements and the possibility of reimbursing expenses that may have been excessive and/or personal in nature.

We recommend the Library implement a policy to specifically identify allowable travel expenses. The Library should consider establishing limitations on meal charges and gratuities, in-state and out-of-state hotel rates, and whether movies and personal phone calls will be reimbursed. If an employee is unable to find lodging within the established maximum rates, we recommend the Library create a “hotel exception form” to substantiate the excess charge, with a supervisor’s approval. Additionally, we recommend employees provide more detailed information as to the reasons for the travel such as the location traveling to and from as well as the purpose of the travel and the name of the conference attended. Also, the Library should include in the policy that all employees are required to provide evidence of travel expensed through itemized receipts and those receipts should be maintained in the Library’s accounting records. Prior to reimbursing employees travel expenses or paying for travel related credit card charges, the Board or the Director should review hotel expenses for compliance with Library policies.

Response:

The Library has or is in the process of addressing this issue.

FINDING NUMBER 2009-008

Material Weakness – Fiscal Officer Surety Bond

During the audit period, the Fiscal Officer was responsible for depositing money collected on behalf of the Library. She also prepared disbursements, maintained supporting documentation for expenditures, and controlled the Library’s credit cards and bank accounts. Although the Library maintained an insurance policy covering employee theft, the Fiscal Officer was not bonded in case of a loss or theft. To reduce the risk of loss of Library assets, employees in a position having broad financial responsibilities should be bonded in an amount that is commensurate with their responsibility.

We recommend the Library obtain a surety bond for the employee holding the position of fiscal Officer.

Response:

The Library has or is in the process of addressing this issue.

**CLAYMONT PUBLIC LIBRARY
TUSCARAWAS COUNTY
DECEMBER 31, 2009 AND 2008**

**SCHEDULE OF FINDINGS
(Continued)**

FINDING NUMBER 2009-009

Significant Deficiency – Approval of Time Cards

Through review of the Library's payroll process, we noted instances where employee time cards were not approved by a supervisor. Failure to require supervisory approval of employee's time may lead to pay for time not worked.

We recommend the Library require all pay be supported by time cards approved by an employee's supervisor.

Response:

The Library has or is in the process of addressing this issue.

**CLAYMONT PUBLIC LIBRARY
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2007-001	Noncompliance Citation – ORC Section 121.22 Board minutes shall be recorded and open for public inspection.	Yes	
2007-002	Noncompliance Citation – ORC 102.03(D) Library shall have a policy for the reimbursement of travel expenses.	No	Not Corrected – See current year finding 2009-007.
2007-003	Material Weakness – Support for Expenditures	No	Not Corrected – See current year finding 2009-002.
2007-004	Material Weakness – Monthly Bank Reconciliations	Yes	
2007-005	Material Weakness – Internal Control over Clerk/Treasurer’s Pay	No	Not Corrected – See current year finding 2009-004.
2007-006	Material Weakness – Disbursement Controls	No	Not Corrected – See current year finding 2009-005.



Dave Yost • Auditor of State

CLAYMONT PUBLIC LIBRARY

TUSCARAWAS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 25, 2011