



# Middle Country Public Library

## Treasurer

### Report of Examination

Period Covered:

July 1, 2014 – June 30, 2015

2015M-291



Thomas P. DiNapoli

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# State of New York Office of the State Comptroller

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## **Division of Local Government and School Accountability**

January 2016

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 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 Middle Country Public Library, entitled Treasurer. 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 Middle Country Public Library (Library) is located in the Town of Brookhaven in Suffolk County. The Library is a school district public library<sup>1</sup> that received its charter from the State Board of Regents in 1960 and is overseen by the New York State Education Department. The Library serves approximately 63,000 patrons.

An elected five-member Board of Trustees (Board) governs the Library and is primarily responsible for overseeing its financial affairs. The Board-appointed Library Director (Director) is responsible for the Library's day-to-day administration. Annually, the Board appoints a Treasurer as the disbursing officer who is authorized to sign all Library checks.

## Objective

The objective of our audit was to review the Library's Treasurer position. Our audit addressed the following related question:

- Has the Board established an appropriate Treasurer position?

## Scope and Methodology

We examined the Treasurer's position for the period July 1, 2014 through June 30, 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 B of this report. Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

## 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 recommendations and indicated they planned to take corrective action.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and

<sup>1</sup> A school district public library is an autonomous entity (separate from the school district) and is established by the school district's voters, who vote on the library's budget. The school district levies and collects taxes for, and remits those taxes to, the library. The library is subject to civil service and public procurement laws and regulations.

recommendations in this report should be prepared and forwarded to our office within 90 days, pursuant to Section 35 of 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

A school district public library board of trustees has the power to appoint library officers and employees, including a library treasurer. The treasurer is responsible for depositing and disbursing library funds, maintaining appropriate accounting records and providing a monthly treasurer's report to the board. Because the typical duties of a library treasurer include the custody and disbursement of public funds, they carry with them a high degree of public trust. Without express statutory authority, these functions may not be delegated to an independent contractor. Consequently, the library may not contract with a private party to perform the functions that involve the custody and disbursement of public funds. New York State Public Officers Law requires public officers to take and file an oath of office prior to performing their official duties.

The Board appoints an individual as Treasurer each year at its reorganization meeting. However, the functions of this individual are limited to signing checks for Library disbursements. The Treasurer does not maintain any Library accounting records or prepare and submit monthly reports to the Board.

In addition, the Treasurer's status, as either a Library officer or independent contractor, is unclear. Library officials told us that the Board considers the Treasurer an independent contractor. However, Library records show that an insurance policy in effect during our audit period for "employee theft" specifically defines "employee" to include the Treasurer. This factor suggests that the Board intended the Treasurer to be a Library officer and not a contractor. The Board does not require the Treasurer to take an oath of office. Further, the Treasurer is not paid a salary, but instead submits a monthly invoice to the Library for "acting in the capacity of Treasurer (for signatory purposes only)" and was paid a total of \$3,176 during our audit period.<sup>2</sup>

Even if it were clear that the Treasurer was engaged as a contractor, we believe this arrangement would be inappropriate. Because the Treasurer is responsible for the care and custody of Library funds, the Board cannot delegate these functions to an independent contractor. In addition, it is essential that the Treasurer, not other Library staff,

<sup>2</sup> The Library did not have a written agreement with the Treasurer during our audit period. After our audit period ended, the Library entered into a written agreement with the Treasurer for check-signing services for the 2015 fiscal year at a rate of \$55 per hour.

performs the duties for which the Treasurer is responsible, including maintaining accounting records, depositing and disbursing funds and providing a monthly Treasurer's report to the Board.

## **Recommendations**

The Board should:

1. Consult with its legal counsel and take steps to clarify that the Treasurer's position is a public office.
2. Ensure that the Treasurer meets all the requirements of a Library officer, including filing an oath of office and being compensated through the payroll.
3. Ensure that the Treasurer performs duties related to safeguarding Library funds, including maintaining Library accounting records, depositing and disbursing funds and providing monthly reports to the Board.

## **APPENDIX A**

### **RESPONSE FROM LIBRARY OFFICIALS**

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

January 13 , 2016

Mr. Ira McCracken, Chief Examiner  
Office of the NYS Comptroller  
NYS Office Bldg., Room 3A10  
250 Veterans Memorial Highway  
Hauppauge, NY 11788-5533

Re: Middle Country Public Library, *Treasurer*,  
*Report of Examination 2015M-291*

Dear. Mr. McCracken,

Please consider this to be a response to the Report of Examination 2015M-291. The Middle Country Public Library has received and reviewed the Draft Audit Report entitled *Treasurer*, for the period of July 1, 2014-June 30, 2015.

On behalf of the Middle Country Public Library Board of Trustees and Library Administration, I would like to thank the New York State Comptroller's Office for the time spent at the Library and for the professional manner in which the audit was conducted. We appreciate their recommendations and guidance regarding the library's treasurer position.

Our Corrective Action Plan will follow shortly. Once again, thank you for reviewing the library's fiscal practices and procedures.

Sincerely,

Sophia Serlis-McPhillips  
Library Director

cc: Middle Country Public Library Board of Trustees  
cc: Martha Vail, Treasurer



Middle Country Public Library

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[www.middlecountrypubliclibrary.org](http://www.middlecountrypubliclibrary.org)

## **APPENDIX B**

### **AUDIT METHODOLOGY AND STANDARDS**

To achieve our objective and to obtain valid audit evidence, we performed the following procedures:

- We interviewed Library officials and staff involved in financial transactions to gain an understanding of the Library's operating policies and procedures.
- We reviewed the Library's bylaws, Board meeting minutes and policies.
- We reviewed agreements between the Library and the Treasurer.
- We reviewed invoices submitted by the Treasurer for payment.

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 C

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